



## Measures for the supervision and administration of overseas investment of central enterprises

Article Source: Propaganda Bureau Release time: 2017-01-18

# Order of the State-owned Assets Supervision and Administration Commission of the State Council

No. 35

The Measures for the Supervision and Administration of Overseas Investment of Central Enterprises have been deliberated and adopted at the executive meeting of the Director of the State-owned Assets Supervision and Administration Commission of the State Council. They are hereby promulgated and shall come into force as of the date of promulgation. The Interim Measures for the Supervision and Administration of Overseas Investment of Central Enterprises (Order No. 28 of SASAC) promulgated in 2012 shall be repealed at the same time.

Xiao Yaqing, Director of the State-owned Assets Supervision and Administration Commission of the State Council

January 7, 2017

### Measures for the supervision and administration of overseas investment of central enterprises

#### Chapter I General Provisions

Article 1 In order to strengthen the supervision and management of overseas investment of central enterprises and promote central enterprises to improve the level of international operation, in accordance with the Company Law of the People's Republic of China, the Law of the People's Republic of China on State-owned Assets of Enterprises, the Guiding Opinions on Deepening the Reform of State-owned Enterprises (Zhongfa [2015] No. 22) and the Some Opinions on Reforming and Improving the State-owned Assets Management System (Guo Fa [2015] No. 63) and other laws, regulations and documents formulated these Measures.

Article 2 The "central enterprise" mentioned in these Measures refers to the state-funded enterprise of the State-owned Assets Supervision and Administration Commission of the State Council (hereinafter referred to as the State-owned Assets Supervision and Administration Commission) that performs the functions of investor on behalf of the State Council. The term "Overseas investment" as mentioned in these Measures refers to the fixed asset investment and equity investment carried out by central enterprises abroad. The "Overseas major investment projects" mentioned in these Measures refer to overseas investment projects studied and decided by the board of directors by the central enterprise in accordance with the provisions of the enterprise's articles of association and investment management system. The main business mentioned in these Measures refers to the main business of the enterprise determined by the development strategy and plan of the central enterprise and confirmed and published by the SASAC; the non-main business refers to the business other than the main business.

Article 3 In accordance with the principle of strengthening supervision based on capital management, SASAC shall establish a central enterprise environment with information symmetry, equal rights and responsibilities, operation standards and strong risk control in accordance with the law, focusing on grasping the investment direction of investment, optimizing capital layout, strict decision-making procedures, standardizing capital operation, improving capital returns and maintaining capital security. The foreign investment supervision and management system promotes central enterprises to strengthen the comprehensive supervision of overseas investment behavior.

Article 4 The State-owned Assets Supervision and Administration Commission shall guide central enterprises to establish and improve the overseas investment management system, strengthen strategic planning guidance, clarify investment decision-making procedures, standardize overseas business practices, strengthen overseas risk control, promote overseas model innovation, formulate a negative list of overseas investment projects of central enterprises, and conduct overseas investment projects of central enterprises. Carry out classified supervision, supervise and inspect the implementation of the overseas investment management system of central enterprises, the decision-making and implementation of major overseas investment projects, organize the post-evaluation of major overseas investment projects, and investigate the responsibility for the loss of state-owned assets and other serious adverse consequences caused by illegal overseas investment.

Article 5 Central enterprises are the decision-making, executive and responsible subjects of overseas investment projects. Central enterprises should establish an overseas investment management system, improve the overseas investment management system, scientifically compile overseas investment plans, study and formulate negative lists of overseas investment projects, earnestly strengthen overseas project management, improve the ability of overseas investment risk prevention and control, organize overseas inspection and audit, and investigate responsibility according to their duties.

Article 6 The overseas investment of central enterprises shall follow the following principles:

(I) Strategic leadership. It is in line with the enterprise development strategy and international business plan, adhere to focusing on the main business, pay attention to business coordination at home and abroad, and improve innovation ability and international competitiveness.

(II) Compliance according to law. Comply with the laws and regulations, business rules and cultural customs of China and the country where the investment is located, operate in accordance with the law and develop in an orderly manner.

(III) Competency matching. The investment scale is suitable for the capital strength, financing ability, industry experience, management level and risk resistance of the enterprise.

(IV) Reasonable return. Follow the concept of value creation, strengthen the demonstration of investment projects, strictly manage the investment process, improve the level of investment returns, and realize the preservation and appreciation of state-owned assets.

#### Chapter II Construction of Overseas Investment Supervision System

Article 7 Central enterprises shall establish and improve the overseas investment management system in accordance with the provisions of these Measures and the actual situation of the enterprise. The overseas investment management system of enterprises should include the following main contents:

- (1) The basic principles to be followed for overseas investment;
- (2) Overseas investment management process, management department and related responsibilities;
- (3) Decision-making procedures, decision-making organs and responsibilities of overseas investment;
- (4) The negative list system of overseas investment projects;
- (5) Overseas investment information management system;
- (6) Control system of overseas investment risk management;
- (7) The system of completion, suspension, termination or withdrawal of overseas investment projects;
- (8) Post-evaluation system for overseas investment projects;
- (9) Illegal investment liability investigation system;
- (10) Authorization, supervision and management system for overseas investment activities of affiliated enterprises.

The overseas investment management system of enterprises shall be reviewed and approved by the board of directors and submitted to SASAC.

Article 8 SASAC and central enterprises shall establish and optimize investment management information systems, improve the informatization level of overseas investment management, adopt informatization means to realize the dynamic monitoring, analysis and management of full coverage of overseas investment projects, monitor the risks faced by projects in real time, provide timely warning, and prevent troubles. Relevant paper documents and materials submitted by central enterprises to SASAC in accordance with the provisions of these Measures shall also submit electronic information through the Investment Management Information System of Central Enterprises.

Article 9 The State-owned Assets Supervision and Administration Commission shall, in accordance with the relevant regulations and regulatory requirements of the State, establish and publish a negative list of overseas investment projects of central enterprises, set up prohibited and specially supervised overseas investment projects, and implement classified supervision. For overseas investment projects prohibited from the negative list, the central enterprise shall not invest; for overseas investment projects included in the special supervision category of the negative list, the central enterprise shall submit it to the SASAC for the examination and verification procedure of the investor; overseas investment projects other than the negative list shall be carried out by the central enterprise in accordance with the enterprise's development strategy and plan. Self-decision. The content of the negative list of overseas investment projects of central enterprises has remained relatively stable and adjusted dynamically in time.

Central enterprises shall formulate a stricter and specific negative list of overseas investment projects of central enterprises on the basis of the negative list of overseas investment projects of central enterprises issued by SASAC and the actual situation of enterprises.

Article 10 The State-owned Assets Supervision and Administration Commission shall establish and improve the investment supervision linkage mechanism, and give full play to the joint efforts of strategic planning, legal compliance, financial supervision, property rights management, assessment and distribution, capital operation, cadre management, supervision of expatriate supervisory boards, discipline inspection and supervision, auditing and other related regulatory functions to realize the supervision of overseas investment activities of central enterprises. Manage full coverage, detect investment risks in a timely manner, and reduce investment losses.

#### Chapter III Pre-management of Overseas Investment

Article 11 Central enterprises shall formulate a clear international business plan in accordance with the outline of the five-year development plan for central enterprises, the development strategy and plan of enterprises formulated by the State-owned Assets Supervision and Administration Commission, and clarify the key areas, key areas and key projects of medium- and long-term international operation. The central enterprise shall compile an annual overseas investment plan in accordance with the international operation plan of the enterprise, incorporate it into the enterprise's annual investment plan, and manage it in accordance with the Measures for the Supervision and Administration of Investment of Central Enterprises.

Article 12 For overseas investment projects included in the negative list of overseas investment projects of central enterprises, the central enterprise shall, after performing the internal decision-making procedures of the enterprise and before the first submission of documents to the relevant departments of the state, report to the State-owned Assets Supervision and Administration Commission for examination and verification procedures. The central enterprise shall submit the following materials:

- (I) Report on project investment;
- (2) Relevant decision-making documents of the enterprise;
- (3) Project research report (due diligence) and other relevant documents;
- (IV) Project financing plan;
- (5) Project risk prevention and control report;
- (6) Other necessary materials.

In accordance with relevant laws, regulations and regulations and regulations on the supervision of state-owned assets, SASAC shall carry out the review and verification procedures of investors from the aspects of project risk, equity structure, capital strength, income level, competitive order, withdrawal conditions, etc., and feedbacks written comments to enterprises within 20 working days after receiving relevant materials for the project that are received. SASAC may entrust a third-party advisory body to demonstrate the project when it deems it necessary.

Article 13 Central enterprises shall, in accordance with the enterprise development strategy and plans and the main business confirmed by SASAC, select and determine overseas investment projects, and do a good job in research and demonstration of the whole process of financing, investment, management and withdrawal of overseas investment projects. For new overseas investment projects, we should make full use of the professional services of domestic and foreign intermediaries, carry out in-depth feasibility studies and demonstration in technical, market, financial and legal aspects, and improve the quality of overseas investment decisions. Among them, equity investment projects should carry out necessary due diligence and perform asset evaluation or valuation as required. Value program.

Article 14 In principle, central enterprises shall not engage in non-main investment abroad. If there is a special need to carry out non-main business investment, it shall be submitted to the SASAC for examination and verification, and carried out through cooperation with central enterprises with relevant main business advantages.

Article 15 Central enterprises shall clarify the investment decision-making mechanism, implement unified management of overseas investment decisions, and in principle, the management level of enterprises authorized to make overseas investment decisions shall not exceed the second level. When making decisions on overseas investment projects, decision-making organs at all levels shall form decision-making documents. All personnel involved in decision-making shall sign and endorse the decision-making documents, and the opinions expressed shall be recorded and archived.

#### Chapter IV Administration of Overseas Investment

Article 16 The State-owned Assets Supervision and Administration Commission shall randomly supervise and inspect major overseas investment projects under implementation by central enterprises, focus on inspecting the decision-making, implementation and effect of major overseas investment projects of enterprises, and remind enterprises of problems found.

Article 17 Central enterprises shall regularly track and analyze overseas investment projects under implementation and operation, and make timely re-decisions according to the changes in the external environment and the situation of the project itself. If there are major adverse changes affecting the achievement of investment purposes, the mechanism of initiating suspension, termination or withdrawal should be studied. If a central enterprise involves the adjustment of its annual investment plan due to the re-decision of major overseas investment projects, it shall submit the adjusted annual investment plan to the SASAC.

Article 18 Central enterprises shall establish a phase evaluation and process accountability system for overseas investment projects, evaluate the phased progress of major overseas investment projects, identify problems, adjust them in a timely manner, hold accountable for violations of laws and disciplines throughout the process, and strengthen process control.

Article 19 Central enterprises shall, in accordance with the requirements of SASAC, submit the completion of quarterly overseas investment to SASAC through the Central Enterprise Investment Management Information System before the 10th day after the end of the first, second and third quarters of each year. The completion of quarterly overseas investment mainly includes fixed asset investment, equity investment, the completion of major investment projects, and other matters that need to be reported. Central enterprises in some key industries shall submit quarterly overseas investment analysis as required.

#### Chapter V Ex post management of overseas investment

Article 20 After the completion of annual overseas investment, the central enterprise shall prepare an annual overseas investment completion report and submit it to the SASAC before January 31 of the following year. The annual overseas investment completion report includes but is not limited to the following:

- (1) The overall situation of the completion of overseas investment in the year;
- (2) Analysis of the effect of annual overseas investment;
- (3) The progress of major overseas investment projects;
- (4) The development of the annual post-investment evaluation work;
- (5) The main problems and suggestions of annual overseas investment.

Article 21 After the implementation of major overseas investment, the central enterprise shall carry out post-evaluation in time to form a special post-evaluation report. Through post-project evaluation, improve the enterprise investment decision-making mechanism, improve the project success rate and investment return, summarize investment experience, provide reference for follow-up investment activities, and improve the level of investment management. The State-owned Assets Supervision and Administration Commission supervises and guides the post-evaluation of overseas investment projects of central enterprises, selects some major overseas investment projects to carry out post-evaluation, and informs the enterprises of the post-evaluation results to provide the beneficial experience of project development.

Article 22 Central enterprises shall carry out normal audits of major overseas investment projects, focusing on the decision-making of major overseas investment projects, investment direction, use of funds, investment income, investment risk management, etc.

Article 23 The State-owned Assets Supervision and Administration Commission shall establish an index system for the evaluation of the international operation of central enterprises, organize and carry out the annual evaluation of the international operation of central enterprises, take overseas investment management as an important part of business evaluation, and report and publish the evaluation results regularly.

#### Chapter VI Risk Management of Overseas Investment

Article 24 Central enterprises shall take overseas investment risk management as an important part of the investment risk management system. Strengthen the early risk assessment and risk control plan formulation of overseas investment, do a good job in risk monitoring, early warning and disposal in the process of project implementation, prevent project operation and integration risks after investment, and arrange the timing and method of project withdrawal.

Article 25 Overseas investment projects of central enterprises shall actively introduce state-owned capital investment and operation companies, as well as private investment institutions, local investors and international investment institutions to invest in shares, give full play to the advantages of all kinds of investors being familiar with the project situation, have strong investment risk control ability and public relations coordination ability, and reduce overseas investment. Risk. For particularly major overseas investment projects, central enterprises should establish a risk assessment system before investment decision-making, and entrust independent third-party qualified consulting institutions to make a comprehensive assessment of the political, economic, social, cultural, market, legal, policy and other risks of the country (region) where the investment is located. Central enterprises included in the debt risk control of SASAC shall not push up the debt ratio of enterprises due to overseas investment.

Article 26 Central enterprises shall attach importance to the prevention of safety risks of overseas projects, strengthen contacts with relevant state departments and our embassies (consulates) abroad, establish a coordinated, unified, scientific and standardized safety risk assessment, monitoring, early warning and emergency response system, and effectively prevent and respond to the systemic risks faced by projects.

Article 27 Central enterprises shall make full use of policy export credit insurance and commercial insurance according to their own risk tolerance, embed insurance in the enterprise risk management mechanism, implement joint insurance and re-insurance in accordance with common international rules, and reduce the losses caused when risks occur.

Article 28 Central enterprises shall establish a correct concept of righteousness and benefit, adhere to the principle of mutual benefit and win-win results, strengthen the construction of public relations with the governments of the country (region) where the investment is located, the media, enterprises, communities and other sectors of society, actively fulfill their social responsibilities, pay attention to cross-cultural integration, and create a good external environment.

#### Chapter VII Accountability

Article 29 If a central enterprise, in violation of the provisions of these Measures, fails to perform or correctly perform its investment management duties and causes losses of state-owned assets and other serious adverse consequences, it shall be in accordance with the Law of the People's Republic of China on State-owned Assets and the General Office of the State Council on the Establishment of a liability investigation system for illegal operation and investment of state-owned enterprises. See (No. 63 [2016] of the State Council) and other relevant regulations, the relevant departments shall investigate the responsibility of the management personnel of central enterprises. The State-owned Assets Supervision and Administration Commission shall report and criticize central enterprises that conceal, falsely report and fail to submit investment information in time.

Article 30 If the relevant staff of the State-owned Assets Supervision and Administration Commission violate the provisions of these Measures and cause adverse effects, the State-owned Assets Supervision and Administration Commission shall order them to make corrections; if losses of state-owned assets are caused, they shall be punished by the relevant departments within the authority of cadres; if they are suspected of committing a crime, they shall be transferred to judicial organs for handling according to law.

#### Chapter VIII Supplementary Provisions

Article 31 The State-owned Assets Supervision and Administration Commission shall be responsible for the interpretation of these Measures.

Article 32 These Measures shall come into force as of the date of promulgation. The State-owned Assets Supervision and Administration Commission of the State Council (Order No. 28 of SASAC) promulgated by SASAC in 2012 shall be repealed at the same time.

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