

MOF Specified Issues to be Examined for Advance Recovery of Foreign Investment

Chinese version China's Ministry of Finance (MOF) specified in a recently released circular the issues to be focused on by financial authorities when they examine and approve the advance recovery of investment by foreign cooperators of cooperative enterprises.

According to the Circular on Issues Concerning the Advance Recovery of Investment by Foreign Parties of Sino-foreign Cooperative Joint Venture Enterprises released on August 6 by the MOF, the issues to be emphasized in the examination and approval include:

- (1) the rationality of the advance recovery of foreign cooperative parties;
- (2) the business and financial status of the enterprises. Prior to the offset of the loss of the enterprises, foreign cooperative parties are not allowed to recover their investment in advance; and
- (3) the commitments of foreign cooperative parties to related debts. Foreign cooperative parties must issue a commitment letter, promising that the payment of the debts of the enterprises would have precedence over their advance recovery of their investment, and they would bear linked liability of the debts of the enterprises within the advanced recovered debts.

(Source: Ministry of Finance)

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