



## China

The alliurisbriefing newsletter is intended to give a quick overview on the current situation in the countries of the Alliuris member firms. The information is relevant for the moment when it was issued, but we know – and, dear readers, always keep in mind – that the economic and legal framework is much influenced by the current development and its impacts on countrywide health, social life, economy and the consequently its legal framework.

If you are planning certain activities or decisions please search legal advice from lawyers – our member firms are ready to support you.

### 1. Corona / Covid 19

#### 1.1 Current Situation

The Corona / Covid 19 pandemic has been well controlled in China since March 2020. A few infected cases had been found since then, great majority of which were the persons who were infected overseas and were detected the infection during the quarantine in China. Currently, people are required to wear a mask when they enter mass transportation facilities, markets, shops and other places open to mass public. Although the inconvenience, we already resumed our normal life and work. China's economy grew 2.3% in 2020, and it is predicted that the GDP will raise 9% in 2021.

#### 1.2 Vaccination

Four (4) vaccinations developed by China scientists were approved to the market by China FDA. Seventeen (17) extra vaccines are under clinical trials, four of which have been approved conditionally. By March 2021, China has donated vaccines to 37 countries, and more than 70 countries have approved to import and use of China's vaccines. Around 150 million doses have been exported to other countries.

By April 20, around 190 million vaccination doses were administered in China, saying 13.19 per 100 people.

### 1.3 China International Import Expo (CIIE)

As part of efforts by China to foster free trade and open market and to overcome impact of the pandemic, the Ministry of Commerce and Shanghai Municipal Government, partner with WTO and departments of United Nations, hosted the Third CIIE on November 2020 in Shanghai. CIIE aims to introduce foreign product and service into China. The 3<sup>rd</sup> CIIE attracted enterprises from 124 countries. The exhibition covers a total area of nearly 360,000 square meters, and presents 411 new products, technologies and services.

The fourth (4<sup>th</sup>) CIIE will be held between November 5 and 10 in Shanghai. According to the published plan, the business exhibition will be divided to six areas, including food and agricultural products, automobiles, technical equipment, consumer goods, medical equipment and health care, and service trade. By April 18, 2021, more than 70% of the exhibition areas have been booked.

For more, please check with the [website of CIIE](#).

## 2. More Efficiency and Transparent Investment Environment

### 2.1 Free law and regulatory data base

State Law and Regulatory Database was opened in February 2021 for free. The database includes the constitution, 275 effective laws, 25 explanations to the law, 147 decisions related to law and important issues, 609 administration regulations, and 16,000 local regulations, autonomous regulations and special regulations, and regulations of the special economic zone. The database covers the majority laws and regulations of the legal system of the PRC. The website is <https://flk.npc.gov.cn>. Currently the database only provides Chinese version.

### 2.2 New Foreign Investment Law (FIL)

FIL has been effective since January 1, 2021. The new law makes the legal environment more transparent and friendly for the foreign individuals and enterprises who want to invest in China.

The main change includes:

- Abolition of 25% minimum foreign shareholding requirement (i.e. a foreign shareholder can be a minor shareholder owning less than 25% shareholdings)

- Foreign natural persons can establish joint venture with Chinese investors (only foreign enterprises were allowed to set up a JV in the past), and the material change of joint ventures can be decided by two-third shareholders' consent (unanimous consent was required before the new law).
- Foreign-investment enterprises are treated as domestic enterprises on the aspect of company governance structure. All the companies, no matter domestic enterprises or foreign-investment enterprises shall comply with the Company Law or Partnership Enterprise Law.
- Foreign technology will not be statutorily required to transfer to the foreign-investment enterprises.
- The foreign-investment enterprises, which do not fall in the category of Negative List, are no longer required to apply for approval from the ministry of commerce in advance. They only need to register with the registration administration, same as domestic companies.

To simplify the registration of enterprises, including foreign-investment enterprises, governments at all levels in China are promoting online registration systems. In Guangdong Province, for example, investors can obtain its business licenses by registering an enterprise online through a commercial entity registration website, by filling in information online and uploading application documents.

The investors generally are required to provide:

- Article of Associations
- ID of the directors, supervisors, general manager and legal representatives
- Business License or ID of shareholders.

The government commits that the registration will be complete within 20 working days.

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