

It Is Never as Easy as Now to Invest in China

Description

Foreign investments in China have continued to prosper against current global pandemic and warring backdrop, partly thanks to American and Western countries relentlessly confiscating Russian citizens' assets amid the conflict between Russia and Ukraine.



Rich people are scared of the barbarous violation of personal properties that are considered as fundamental to western civilization. So put eggs in more baskets. China is obviously a good basket to pick up given its relationship with the west.

In the meantime, legal formalities for most foreign investments have been removed or simplified after the enactment of the [new China Law Foreign Investment](#) taking effect in 2020. Except investments in those areas and industries on the so called “Negative List” (listing those investments foreign investors are prohibited or restricted from making), foreign investments are enjoying much the same simplicities and ease in China.

In brief, foreign investors in setting up companies in China are subject to the same set of corporate laws as Chinese investors, namely, China Company Law.

Currently, under China Company Law, you [can set up either a limited liability company or LLC, or a corporation limited by shares](#). You can contribute capital to your company over time when your company needs more capital, and there is no time limit on when you have to pay up your subscribed capital. Foreign investors can directly apply to company registration authority in setting up a foreign invested company without firstly going to local foreign investment department for any approval or filings.

In practice, China local governments are aggressive in luring foreign investments into their territories to boost local economy. For example, in the Greater Bay Area encompassing Hong Kong, Macau, Shenzhen, Guangzhou and a dozen other cities in Guangdong province, local Guangzhou government has stepped up measures to further streamline and simplify formalities and processes in setting up a foreign invested company in its terrain.

1. Give more latitude to foreign invested company in describing its business scope by reference to government guidelines;
2. Now foreign individuals who have already come into China may directly apply to set up his company with his passport without asking the investors to notarize and legalize his or her passport.

Foreign corporate investors while still needing to notarize and legalize certificate of incorporation at its home country may encounter less scrutiny in terms of its signatory in the process of company setup.
3. Simplify the process of transforming a foreign invested company into a domestic company and vice versa, by using one same set of pre-formatted schedules and documents. This sounds interesting as it touches on acquisition and merger deals by foreign investors of domestic companies, which is much monitored since the year of 2006. We believe certain deals may still attract more attention from local authorities.
4. Empower one staff to work through out the whole process of setting up a foreign invested company so as to save internal file transfer time, offering so called “fast channel”.
5. Simplify the formalities and process of converting a foreign company representative office into a business company.
6. Resort to AI and robotic technology to enable “whole-process electronic business registration” mode for applicants from Hong Kong, Macau and Taiwan, and later on extend the same to foreign investors from the One Road and One Belt countries.

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Author

admin