

China Business Advisory

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TABLE OF CONTENTS

1. China Updates

- Comprehensive Plans for Pilot Reform in Shenzhen
- China Releases New Rules to Handle Foreign Investors' Complaints

2. Service Highlight

Comprehensive Plans for Pilot Reform in Shenzhen

On 11th October 2020, Implementation Plans for Comprehensive Reform of Building a Demonstration Pilot Zone for Socialism with Chinese Characteristics in Shenzhen

(“Reform”) was announced. The Reform cover legal, financial, technological, institutional, and social sectors. It will provide measures for easier market access in the sectors of energy, telecommunications, public utilities, transportation, and education. A list of the first batch of authorized reforms was released on 18th October 2020 (“List”).

Key provisions of the Reform and the List are summarized below:

1. Improve market-oriented allocation system and mechanism:

- (1) Introduce new approval mechanism for conversion of agricultural land to construction land.
- (2) Reform special working hours management system with the aim of meeting development needs of new technologies, formats, industries and models.
- (3) Promote the reform of registration-based IPO system in the city's startup board ChiNext.
- (4) Liberalize the communications industry by gradually removing foreign equity ratios restrictions on value-added telecommunications services sector.

(5) Support the construction of a large data platform in Guangdong-Hong Kong-Macao Greater Bay Area.

2. Create a market-oriented international business environment:

- (1) Formulate special measures to relax market access in the fields of energy, telecommunications, public utilities, transportation and education, based on the nationwide negative list.
- (2) Further relax restrictions on foreign investments in frontier technology fields.
- (3) Carry out pilot projects to protect new types of intellectual property rights.

3. Improve environment for technological innovation

- (1) Support the reform of scientific research funding.
- (2) Implement targeted training for high-level scientific and technological talents.
- (3) Provide convenience for qualified foreign high-level talents to apply for permanent residence.

4. Improve high-level open economy

- (1) Deepen the cooperation and development of the Guangdong-Hong Kong-Macao Greater Bay Area.
- (2) Improve cross-border cooperation mechanism in the field of rule of law.
- (3) Opening up financial and shipping industries.
- (4) Promote the establishment of a financial rule system in line with international standards.

5. Upgrade livelihood services:

- (1) Support the development of international cutting-edge drug clinical applications.
- (2) Explore and improve cross-border connection of medical services.
- (3) Expand the autonomy of running higher education institutions in Shenzhen.

(4) Carry out high-level Sino-foreign cooperation for schools.

6. Improve ecological environment and urban space governance system

China Releases New Rules to Handle Foreign Investors' Complaints

As part of the implementation for the “Foreign Investment Law of the People's Republic of China” along its Implementation Regulations which came into force in early 2020, the Ministry of Commerce (“MOC”) released “Measures on Handling Complaints by Foreign-Invested Enterprises (“FIE”)” (“The Measures”), which become effective from 1st October 2020. The Measures superseded the “Interim Measures” issued in 2006.

The noteworthy points are as below:

1. The scope of complaints is broadened:

- (1) Complainants can file a complaint regarding the violation of their rights and interests perpetrated by administrative agencies and their staff.
- (2) The complainants include FIEs and foreign investors who have not established an entity but are investing in China.
- (3) Business associations can report investment environment issues to complaints agencies.

2. The complaints mechanism is more complete:

- (1) Detailed provisions have been designated for file management, situation reporting, regular inspection and proposals for the protection of rights and interests.
- (2) The complainant is allowed to escalate to higher-level complaint agency when the complaint handling result is dissatisfactory.

3. Better rules for handling complaints:

- (1) Rules for handling complaints are stipulated clearly for the filing, acceptance, processing method, processing time limit, and objection to the processing result.
- (2) The complaint work agency is required to fully communicate with the complainant and the respondent, coordinate and deal with the complaint, and promote proper settlement of the complaint proactively.

4. Enhanced rights protection system:

- (1) The complaint does not affect the complainant's right to initiate administrative reconsideration and administrative litigation in accordance with the law.
- (2) The complainant's right is fully protected for participating in the complaint handling procedures.
- (3) The complaint agency is required to take effective measures to protect the complainant's business secrets, confidential business information and personal privacy information it acquires during the complaint handling process.
- (4) No one is allowed to suppress or retaliate against those who report or apply for coordination and resolution through the complaint mechanism.

The Measures will improve foreign business complaint mechanism and system in China, and promote the resolution of outstanding issues reported by foreign investors for promoting relationship between Chinese government and foreign investor through better protection of the legitimate rights and interests of foreign investors.

Service Highligh

The Chinese government has been continuously making efforts to improve the commercial conditions to ensure an advantageous and stable business environment for foreign investors, especially during this challenging pandemic time. We are committed to providing our clients our comprehensive advice on how to take good advantage of every opportunity in China for the success of their operation in this dynamic economic environment during this special period and beyond. For any assistance or support, please feel free to contact our marketing executive, Ms. Miumiu Chan, by email miumiuchan@sinobridge-consulting.com or call (852) 3579 8745.

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