



Opportunity | New Company Law



What's next? Indeed, with China's new Company Law in force since July, there are some must-dos and should-dos for a foreign-invested enterprise (FIE) in China. Here are some tips – how to improve your corporate governance and article of association (AoA). Act now to save cost and troubles!

My current AoA looks like this

Tips for changes

- | | | |
|--|---|---|
| <p>01 We've not defined any timeline for capital injection. We thought this is OK. No?</p> | ➤ | <p>Sorry! You must set a deadline for a full contribution of registered capital now.</p> |
| <p>02 We've got some capital unpaid by one shareholder. There is no clue when it is coming.</p> | ➤ | <p>Too bad! Then, you are now empowered to issue a payment demand - and to forfeit its equity interest right if the demand is not met. This is critical if you are planning a dividend distribution to a shareholder in a JV that has not fulfilled its capital obligation.</p> |
| <p>03 We don't hold any board meetings. Our board is made up of "sleeping" directors. But still we've got to circulate documents for their signature, around the globe. It's a waste of time.</p> | ➤ | <p>Great! Get rid of it. Now you can replace the board with a single director – to save the cost!</p> |
| <p>04 We have a "phantom" position for a supervisor. He/she is doing nothing.</p> | ➤ | <p>Hey, get rid of it too. It's not a must either.</p> |
| <p>05 We've never updated our AoA since Day 1.</p> | ➤ | <p>Wow! You should. Likely, it's not in line with the new law.</p> |



Maggie Han	Partner	maggie.han@wts.cn
Ened Du	Partner	ened.du@wts.cn
Max Su	Senior Manger	max.yao.su@wts.cn
Sissi Shen	Manager	sissi.shen@wts.cn



WTS China Co., Ltd. 威韬商务咨询

Unit 06-07, 20th Floor, Building 1, Shengbang International Tower, No.1318 North Sichuan Road,
Hongkou District, Shanghai 200080, China

www.wts.cn [Contact us](#)

WTS China is a WTS Global Member in China

Copyright © 2024 WTS China Co., Ltd. all rights reserved.

