



CHINA PRACTICE • GLOBAL VISION

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China Further Extends FIE Capital Contribution Deadline to End of 2010

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On February 12, 2010, the PRC Ministry of Commerce, the Ministry of Finance, the State Administration of Taxation, the State Administration for Industry and Commerce, the National Bureau of Statistics and the State Administration of Foreign Exchange jointly released the *Circular on the Joint Annual Inspection of Foreign-invested Enterprises for 2010* (the “Circular”). Pursuant to the Circular, the joint annual inspection of foreign-invested enterprises (“FIEs”) for the year 2010 shall be conducted from March 1, 2010 to June 30, 2010.

In consideration of the current international economic environment, the Circular made the following special provisions: (i) if the registered capital contribution deadline of a FIE is after July 1, 2008 and the FIE’s shareholders cannot pay up the full amount of its registered capital prior to such deadline due to the shortage of fund, the administration for industry and commerce will further defer such deadline to the end of 2010 per the application of the enterprise, provided that the initial capital contribution of the FIE has been paid up by the shareholders and it has been operated legitimately; (ii) if a FIE, due to the international financial crisis, fails to commence its business within six months of its establishment or suspends its business consecutively for more than six months at its own choice, the administration for industry and commerce, which has the power to cancel the business license of the FIE in accordance with the *Company Law of the People’s Republic of China*, will allow the existence of the FIE to the end of 2010., i.e. the business license of a FIE will not be cancelled if either of the above circumstances occurs before the end of 2010.

If you have any questions to the above, please feel free to contact us. Thank you.

Important Announcement

This Legal Update has been prepared for clients and professional associates of Han Kun Law Offices. Whilst every effort has been made to ensure accuracy, no responsibility can be accepted for errors and omissions, however caused. The information contained in this publication should not be relied on as legal advice and should not be regarded as a substitute for detailed advice in individual cases.

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