Provisions of the State Council on the Implementation of the Registered Capital Registration Management System under the Company Law of the People’s Republic of China

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Unofficial English translation prepared for reference only. The official Chinese text prevails.

Promulgated by the State Council of the People's Republic of China on June 22, 2024
Effective: July 1, 2024

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Article 1 — These Provisions are formulated in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law") for the purpose of strengthening the administration of company registered capital registration, regulating the performance of shareholders' capital contribution obligations, and maintaining market transaction security and order.

Article 2 — Where a limited liability company is established, the shareholders shall pay up the subscribed capital contributions in full within five years from the date of establishment of the company in accordance with the provisions of its articles of association and the Company Law, unless otherwise provided by laws, administrative regulations, or decisions of the State Council. Where the period for shareholders of a limited liability company to pay up subscribed capital contributions as specified in the articles of association before the implementation of the Company Law exceeds the period specified in the preceding paragraph, it shall be gradually adjusted to the period specified in the preceding paragraph, unless otherwise provided by laws, administrative regulations, or decisions of the State Council. The specific implementation measures for such adjustment shall be prescribed by the company registration authority under the State Council. For a company limited by shares established by means of sponsorship, the promoters shall pay up all the shares subscribed for in full before the establishment of the company, unless otherwise provided by laws, administrative regulations, or decisions of the State Council.

Article 3 — Where a limited liability company increases its registered capital, the shareholders shall pay up the subscribed capital contributions for the increased capital in full within five years from the date of the resolution on capital increase, unless otherwise provided by laws, administrative regulations, or decisions of the State Council.

Article 4 — The company registration authority shall optimize the processes for capital contribution verification and registration of capital contribution timelines, guide companies to record shareholders' capital contribution amounts, contribution methods, and contribution periods truthfully in the articles of association, and shall make public such information through the National Enterprise Credit Information Publicity System. Where a company fails to adjust the capital contribution period, registered capital, or other information within the prescribed period in accordance with these Provisions, the company registration authority shall order it to make corrections. If it fails to make corrections within the prescribed period, the company registration authority shall mark the matter in the National Enterprise Credit Information Publicity System and make an announcement.

Article 5 — Where the company registration authority discovers in the course of performing its duties that a company's registered capital or capital contribution period is obviously abnormal and contrary to the principle of good faith, it may request the company to provide explanations or make adjustments in accordance with

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the law.

Article 6 — Where a shareholder of a company fails to pay his or her capital contribution in full and on time as specified in the articles of association, the company shall demand that the shareholder pay in full. If the shareholder fails to pay after being demanded, the company may, in accordance with the resolution of the board of directors of the company, issue a written notice of forfeiture of the shareholder's rights to the shareholder. Where a company reduces its registered capital, it shall follow the statutory procedures and may not circumvent the obligation to pay capital contributions through improper means such as false capital reduction.

Article 7 — Where a company is unable to pay off its debts as they fall due, and the company or a creditor who has matured claims applies to the company registration authority for deregistration, the company registration authority shall examine the application; if the conditions are met, deregistration shall be processed. Where a company reduces its registered capital due to the circumstances specified in the Company Law, it may publish an announcement through the National Enterprise Credit Information Publicity System for a period of 20 days. Where a company reduces its registered capital by means of set-off of losses in accordance with the provisions of the Company Law, it shall comply with the provisions on loss carry-forward and shall not distribute dividends to shareholders or exempt shareholders from the obligation to pay capital contributions or shares before the losses are fully set off.

Article 8 — The company registration authority shall strengthen the administration of company registered capital registration, improve regulatory measures, and use means such as random inspections and targeted inspections in accordance with the law to conduct supervision and inspection of companies' registered capital registration and shareholders' capital contributions. Where a company fails to truthfully publicize information on capital contributions or conceals the true situation or engages in fraud, the company registration authority shall handle the matter in accordance with the law and include the relevant information in the company's credit record.

Article 9 — Where a shareholder of a company makes false capital contributions, fails to make capital contributions on time, or withdraws capital contributions, the company registration authority shall impose penalties in accordance with the provisions of the Company Law and the Administrative Penalty Law of the People's Republic of China, and publicize the penalties through the National Enterprise Credit Information Publicity System.

Article 10 — Where a shareholder of a limited liability company established before the implementation of the Company Law has not fully paid up the subscribed capital contribution, and the period for payment of capital contribution provided in the articles of association exceeds five years, the company shall, within three years from the implementation of the Company Law (i.e., before June 30, 2027), amend the articles of association to adjust the remaining capital contribution period to within five years. Where the company fails to make the adjustment, the company registration authority may order the company to make corrections, and if the company still fails to do so within the prescribed period, the company registration authority may impose a fine of not less than 10,000 yuan but not more than 100,000 yuan on the company, and shall mark the matter in the National Enterprise Credit Information Publicity System and make an announcement.

Article 11 — Where a company limited by shares established by means of sponsorship and registered before the implementation of the Company Law has promoters whose subscribed shares have not been fully paid up, the promoters shall pay up the subscribed shares in full before June 30, 2027, and complete the amendment registration of the articles of association. Where the company fails to apply for amendment registration within the prescribed period, the company registration authority shall order it to make corrections. If it fails to do so within the prescribed period, it shall be dealt with in accordance with Article 10 of these Provisions.

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Article 12 — Where a company's production and business operations involve national security or social public interests, and the relevant State Council departments or local people's governments at the provincial level propose opinions, the company registration authority under the State Council may agree to extend its capital contribution period according to the actual circumstances.

Article 13 — These Provisions shall come into force on July 1, 2024.

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