

Institutional Innovations of Chinese New Corporate Law

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Content

- Encouraging and promoting investment
- Respect autonomy of corporations and shareholders
- Equally treating state and private companies
- Paying great attention to the protection of creditors
- Enhancing shareholders' value and protection of minority shareholders
- Improving corporate governance
- Strengthening corporate social responsibility
- Improving feasibility of corporate law

Encouraging and promoting investment

- 1、 Lowering minimum mandatory capital: 30,000 Chinese Yuan for private companies, 5 million Chinese Yuan for public companies
- 2、 Allowing capital contributions in installments
- 3、 Allowing variable forms of contributions in kind
- 4、 Deletion of restrictions of the reinvestment in subsidiaries
- 5、 Allowing creation of public companies by private placing
- 6、 Lowering threshold of listing of corporations
- 7、 Allowing corporations to act as partner
- 8、 Creation of one-man corporation

Respect autonomy of corporations and shareholders

- WHO IS WISER:
- LEGISLATURE V. BUSINESS PEOPLE;
GOVERNMENT V. MARKET
- Paying great attention to the articles of
incorporation
- Disconnection between percentage of
shareholding and percentage of dividends

Equally treating state and private companies

- Deletion of discrimination of listing threshold
- Deletion of discrimination of debt raising capacity
- One-man corporation equally available to both state and private companies
- Impacts of new corporate law on state companies

Paying great attention to the protection of creditors

- Introduction of the doctrine of piercing corporate veil
- Restrictions of abuse of one-man corporation
- Tougher information disclosure requirements
- Mandatory audit of accounting
- Liability of shareholders of insufficient contribution

Enhancing shareholders' value and protection of minority shareholders

- The right to inspect the books and records
- the right to take derivative actions
- The right to wind up the corporation
- The right to sue against the defective resolutions of the general meeting of shareholders and the board of directors

Improving corporate governance

- Weakening the decision making powers of the chairman of the board of directors
- Empowering the board of supervisors
- Strengthening the fiduciary duties of directors and supervisors
- Independent directors in listed corporations

Strengthening corporate social responsibility

- General requirements of CSR
- Mandatory minimum percentage of employee supervisors
- Differences between business decisions and legal decisions

Improving feasibility of corporate law

- Change of legislative philosophy
- Legislation for ordinary business people
- Interpretation of new corporate law

THANK YOU

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