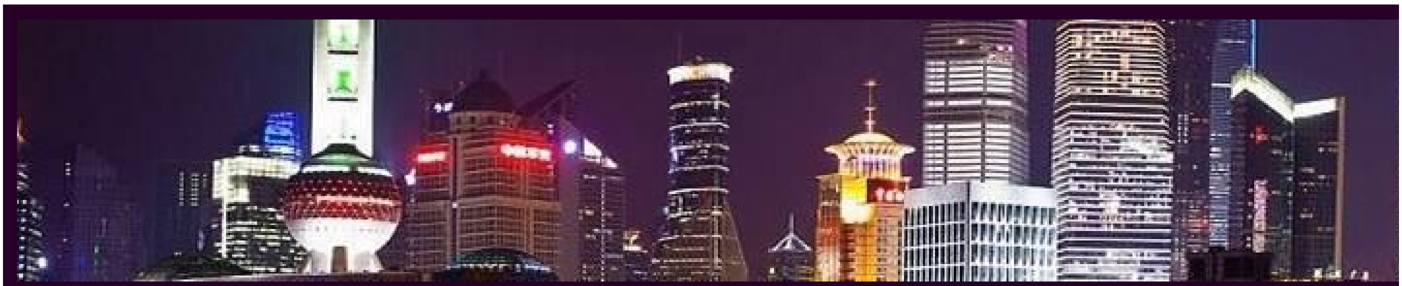
國楓律師事務所 GRANDWAY LAW OFFICES



Newsletter

Update December 31, 2025

Update

NPC Standing Committee Revises and Promulgates Foreign Trade Law

On December 27, 2025, the 19th session of the Standing Committee of the 14th National People's Congress (NPC) revised and adopted the *Foreign Trade Law*, which was promulgated by Presidential Order No. 67 and will take effect on March 1, 2026.

The revised *Foreign Trade Law* covers management of Foreign Trade Operators, import and export of Goods and Technology, International Trade in Services, Intellectual Property Protection, Trade Order, Trade Investigations, Trade Remedies, Trade Promotion, and Legal Liability, etc. The main provisions include: Foreign Trade Operators must register in accordance with the law and comply with relevant provisions; certain goods are subject to State Trading administration, and may not be imported or exported without authorization; management measures such as prohibitions, restrictions, quotas, and licenses are set for the import and export of Goods and Technology and for International Trade in Services; strengthening

Intellectual Property Protection and compliance mechanisms related to foreign trade; clarifying requirements on Antitrust and Anti-Unfair Competition; improving measures for Foreign Trade Investigations and Remedies; supporting Digital Trade, Green Trade, and the development of Small, Medium, and Micro Enterprises; and stipulating administrative and criminal liabilities for violations of relevant provisions.

Two Departments Jointly Issue New Rules on Funds Management for Overseas Listing by Domestic Enterprises

On December 24, 2025, the People's Bank of China and the State Administration of Foreign Exchange jointly issued the *Notice on Issues Concerning Funds Management for Overseas Listing by Domestic Enterprises (Yinfa [2025] No. 252)* (the "Notice"), which will take effect on April 1, 2026.

The Notice systematically standardizes funds management for overseas listing by domestic enterprises. The main provisions include: unifying policies on the management of funds in both domestic and foreign currencies; clarifying that funds raised from overseas listings and proceeds from share reductions or transfers may be remitted back in foreign currency or Renminbi; for listed entities participating in H-share "full circulation," dividends to domestic shareholders must be distributed in Renminbi within the Mainland. The Notice facilitates enterprises' use of raised funds within the Mainland and foreign exchange risk management, allowing autonomous settlement and use of raised funds; simplifies management procedures, supports Banks in directly handling registration, and relaxes registration time limits. It regulates the management of raised funds, in principle requiring timely remittance of raised funds back to the Mainland, while allowing eligible enterprises to retain and use funds offshore. It clarifies requirements for the exchange and account management of funds related to increases or decreases of holdings, share repurchases, and delisting by Domestic Enterprises and Shareholders. The Notice strengthens obligations on Anti-Money Laundering and anti-tax evasion compliance, and requires the submission of relevant materials in Chinese text.

State Council Publishes Regulations on the Implementation of the Value-Added Tax Law

On December 25, 2025, the State Council promulgated the *Regulations of the People's Republic of China on the Implementation of the Value-Added Tax Law* (the "Regulations").

The Regulations will take effect on January 1, 2026, and refine definitions and scope of application under the Value-Added Tax Law, clarifying the specific delineation of Goods, Services, Intangible Assets, and Immovable Property. They provide for the registration system for General Taxpayers and the criteria for recognizing Small-Scale Taxpayers, and set out in detail the issuance of Special VAT Invoices, Input Tax Deduction, and the handling of Sales Discounts and Returns. The Regulations clarify rules on Input Tax Deduction for Long-Term Assets, setting a demarcation line at an original value of RMB 5 million yuan. In the section on tax preferences, they define the scope of exemptions applicable to Agricultural Producers, Medical Institutions, Childcare Institutions, Elderly Care Institutions, Services Institutions for Persons with Disabilities, Schools, and others. In terms of collection and administration, they standardize taxpayer registration, invoice issuance, the time when tax obligation arises, export tax refund (exemption) declarations, and restrictions on waiving tax refunds. The Regulations also clarify the Information Access Rights of Tax Authorities and Anti-Tax-Avoidance adjustment measures.

NPC Standing Committee Issues Interpretation of Article 292 of Criminal Procedure Law

On December 27, 2025, the Standing Committee of the National People's Congress adopted the *Interpretation of the Standing Committee of the National People's Congress on Article 292 of the Criminal Procedure Law of the People's Republic of China* (the "Interpretation").

This Interpretation clarifies that "other methods permitted by the law at the place where the defendant is located" in Article 292 of the Criminal Procedure Law include various methods of service recognized by the law, precedents, customs, and judicial practice at the place where the defendant is located. Specific methods of service include, but are not limited to, postal service, public announcement, public posting, and electronic service.

Two Departments Adjust Basis Standards for Certification of Cross-Border Provision of Personal Information

On December 12, 2025, the State Administration for Market Regulation and the Cyberspace Administration of China issued the *Announcement on Changing the Basis Standards for Certification of Cross-Border Provision of Personal Information* (the "Announcement"), which took effect immediately.

The Announcement clarifies that, from the date of publication, the basis standards for certification involved in cross-border processing activities under the Personal Information Protection Certification Implementation Rules are adjusted from GB/T 35273 to GB/T 35273 and GB/T 46068. GB/T 46068 is the national standard "Data Security Technology Security Certification Requirements for Cross-Border Processing Activities of Personal Information". Enterprises conducting certification for cross-border provision of personal information shall comply with the above new standards to ensure compliance.

GACC Introduces New Round Of 23 Measures To Support And Serve High-Quality Development Of the Hengqin Guangdong-Macao In-Depth Cooperation Zone

On December 12, 2025, General Administration of Customs of China (GACC) released a new round of *23 measures* (the "Measures") to support the high-quality development of the Hengqin Guangdong-Macao In-Depth Cooperation Zone. The Measures took effect immediately. The Measures cover four areas: promoting diversified industrial development in Macao, facilitating the daily life and employment of Zhuhai-Macao residents, advancing the alignment of Zhuhai-Macao regulatory mechanisms, and serving the construction of market integration in the Guangdong-Hong Kong-Macao Greater Bay Area.

Key content includes: supporting scientific research and high-end manufacturing, establishing a green channel for the customs clearance of research goods; supporting cross-border e-commerce "online shopping bonded 1210" business; facilitating food exports and label management; and promoting the construction of the China-Portuguese (Spanish) Speaking Countries Economic And Trade Service Center.

The Measures also facilitate customs clearance for Zhuhai-Macao personnel, goods, and pets, and innovate inspection and quarantine models. The Measures further deepen paperless electronic certification for animal products inspection and quarantine, exchange of product quality and safety information, and technical cooperation in the testing of traditional Chinese medicinal materials. Optimization of the "Five Dimensions Integrated" regulatory model, promotion of Guangdong-Macao joint one-stop customs clearance, integrated logistics, and construction of smart customs are also included.

People's Bank of China Releases One-Time Credit Repair Policy To Support Personal Credit Restructuring

On December 19, 2025, the People's Bank of China issued the *Notice on Relevant Arrangements For Implementing the One-Time Credit Repair Policy* (the "Notice"), clarifying that individuals who repay overdue debts of no more than RMB 10,000 yuan per single item occurring between January 1, 2020 and December 31, 2025 may have their credit repaired prior to March 31, 2026, with no need for personal application. The Notice took effect immediately.

According to the Notice, if an individual makes full repayment before November 30, 2025, overdue information will no longer be displayed from January 1, 2026; if repayment occurs between December 1, 2025 and March 31, 2026, overdue information will not be displayed by the end of the following month. The Credit Reference Center is responsible for unified technical processing; individuals who find uncorrected information may file an appeal, which will be verified and processed within 30 days. Participating institutions must standardize reporting of credit information, enhance risk control capabilities, and protect individuals' credit rights. In the first half of 2026, individuals may additionally inquire about their credit report twice free of charge.

Catalogue of Industries for Encouraging Foreign Investment (2025 Edition) Officially Released

On December 15, 2025, upon approval by the State Council, the National Development and Reform Commission and the Ministry of Commerce released the *Catalogue of Industries for Encouraging Foreign Investment (2025 Edition)* (the "2025 Catalogue"), which will take effect on February 1, 2026.

The 2025 Catalogue contains a total of 1,679 items, representing a net increase of 205 items and revisions to 303 items compared with the 2022 Edition. In the Nationwide Catalogue, new additions include nucleic acid-based drugs, intelligent testing equipment, and virtual power plant operations; in the services sector, new additions include pet hospitals, sports tourism, and Internet+ medical and health services. In the Regional Catalogue, new additions include cruise tourism, ice and snow equipment, computing power infrastructure software and hardware, and wind farm operations, etc. Foreign investment in encouraged fields may enjoy policies such as tariff exemptions for imported equipment, priority land supply with price preferences, a 15% enterprise income tax rate for enterprises in Western China and Hainan, and tax credits for reinvestment of profits.

Article(s)

IP Capital Contribution Under China's New Company Law

by Esther Lin

In an era driven by innovation, intellectual property (IP) has evolved from a competitive moat into a core corporate asset. Injecting intangible intellectual achievements into a company's entity and converting them into registered capital is not only a crucial way for technology holders to realize value but also a strategic move for companies to build core competitiveness. The revised PRC Company Law, which came into effect in 2024 (hereinafter referred to as the "New Company Law"), provides a clearer and more comprehensive legal framework for capital contribution with IP.

I. The Legal Framework

The direct legal basis for IP capital contribution is Article 48 of the New Company Law. This article clearly states: "Shareholders may make capital contributions in currency or contribute with non-monetary properties such as physical assets, intellectual property, land-use rights, equity, and creditor's rights that can be valued in currency and lawfully transferred; however, properties that laws or administrative regulations prohibit from being used as contributions are excluded. Non-monetary properties contributed as capital shall be assessed and valued, and the properties shall be verified. Their value shall not be overestimated or underestimated. Where laws or administrative regulations provide otherwise on the assessment and valuation, such provisions shall prevail."

II. Eligibility Criteria: What Kind of IP Can Be Contributed

Not all intellectual property can automatically be used for capital contribution. It must meet the following statutory and practical requirements:

- Clear Title, Free of Defects: The contributor must be the legitimate rights holder, and the rights must be free of restrictions such as pledges, seizures, or licensing that could affect complete transfer, and there should be no ownership disputes.

- Capable of Monetary Valuation: The IP must have measurable economic value and be able to have its fair market value determined through professional appraisal methods.

- Legally Transferable: The nature and content of the IP must comply with legal regulations, allowing for complete transfer to the company's name and the processing of ownership change registration.

- Relevant to Company Operations: The IP should be able to provide technological advantages, brand value, or market opportunities for the company's main business, possessing commercial utility.

III. Core Process: Seven Steps for Compliant Contribution

Step 1: Internal Decision-Making and Agreement

The company's shareholders' meeting or board of directors should pass a valid resolution approving the contribution with specific IP. The contributing party and the company need to sign a detailed "Intellectual Property Capital Contribution Agreement," specifying the subject matter, value, corresponding equity, delivery, confidentiality, liability for breach, etc.

Step 2: Statutory Appraisal and Valuation (Critical Procedure)
It is mandatory to commission a qualified asset appraisal institution to conduct an assessment in accordance with the "Asset Appraisal Law" and IP valuation standards, using scientific methods such as the income approach, market approach, or cost approach, and to issue a formal "Asset Appraisal Report." This report is the legal basis for determining the contribution amount.

Step 3: Processing the Transfer of Ownership
Process the transfer/recordal of rights with the competent authority according to the type of IP:

- Patent Rights/Patent Application Rights: Process the change of bibliographic data with the China National Intellectual Property Administration (CNIPA).

- Trademark Rights: Submit a transfer application to the Trademark Office of CNIPA.

- Copyright: Although registration is voluntary, it is strongly recommended to record the transfer contract with the China Copyright Protection Center to publicize the change of rights.

Step 4: Capital Verification and Amendment of Articles of Association
Although the New Company Law has abolished mandatory capital verification in some contexts, to solidify capital and avoid future disputes, it is advisable to commission an accounting firm to verify the IP contribution and issue a report. Simultaneously, amend the company's articles of association to clarify the composition of registered capital, shareholders' contribution methods, and equity ratios.

Step 5: Industrial and Commercial Change Registration
Submit the complete set of application documents to the company registration authority (Market Supervision and Administration Bureau), including but not limited to: the "Application for Change Registration," resolution of the shareholders' meeting, contribution agreement, appraisal report, proof of ownership transfer, amended articles of association, etc., to complete the change registration of the registered capital.

Step 6: Financial Booking and Tax Treatment
The company's finance department should accurately book the IP as an "intangible asset" based on the appraisal report, capital verification report, and proof of ownership. Concurrently, handle relevant tax matters: the contributing party may be involved with individual income tax (income from property transfer) or value-added tax (technology transfer); the company needs to pay stamp duty and confirm the tax basis for the intangible asset.

Step 7: Post-Contribution Management and Information Disclosure
The company should incorporate the IP into its asset management system, responsible for its maintenance (e.g., paying patent annuities), operation, and protection. Relevant information should be disclosed in accordance with the law through the National Enterprise Credit Information Publicity System.

IV. Risk Perspective and Compliance Essentials

Major Risk Points:

- Inaccurate Valuation Risk: Improper appraisal methods or overly optimistic assumptions leading to inflated value at the time of contribution.

- Title Defect Risk: Third-party claims arising after contribution, or the IP being declared invalid/revoked.

- Technology Obsolescence Risk: Rapid devaluation of the contributed IP due to fast-paced technological advancement.

- Appraisal Compliance Risk: The appraisal procedure or the institution's qualifications not complying with mandatory provisions of administrative regulations like the "Asset Appraisal Law," casting doubt on the validity of the appraisal result.

Risk Mitigation Strategies:

- In-depth Due Diligence: Conduct independent, professional investigations into the legal status, technological prospects, and market conditions of the company and the IP to be contributed, both before and after the contribution.

- Strict Selection of Appraisal Institution and Method: Ensure the appraisal institution possesses qualifications for IP valuation, and that the appraisal report is well-founded and uses appropriate methodologies.

- Careful Design of Agreement Clauses: Include clauses in the contribution agreement for value guarantees, warranties against defects, compensation for breach, and even mechanisms for compensation if value depreciates significantly within a certain period.

- Insurance for Risk Diversification: Explore purchasing IP-related insurance for high-value intellectual property to transfer some of the risks.

- Dynamic Value Management: Establish an IP asset ledger and regularly review its technological lifespan and market value.

V. Conclusion

The implementation of Article 48 of the New Company Law signifies the evolution of China's corporate capital system towards greater flexibility and standardization. As a bridge connecting innovation and capital, the compliance requirements for IP capital contribution have been raised unprecedentedly. Successful IP capitalization is not a simple matter of "appraisal-transfer"; it is a comprehensive project integrating law, technology, finance, and strategy.

For technology innovation enterprises, R&D teams, and all innovators, accurately understanding and applying the new regulations will not only enable the legal and efficient transformation of "knowledge capital" into "equity capital" but also inject the most stable core of innovation into the long-term development of the enterprise. In the wave of the knowledge economy, companies that skillfully utilize and manage intellectual property capital are destined to secure the commanding heights in future competition.

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