國楓律師事務所
GRANDWAY LAW OFFICES

Newsletter

Update March 31, 2025

Update

CSRC Revises Information Disclosure Rules for Listed Companies

On March 28, 2025, the CSRC issued the revised *Administrative Measures for Information Disclosure by Listed Companies*, which will come into effect on July 1, 2025.

Firstly, the revision incorporates supervisory experience gained in recent years, strengthens risk disclosure requirements, clarifies industry operational information disclosure standards, specifies information release rules outside trading hours, introduces a system for deferred or exempt disclosure, and mandates that listed companies publish sustainability reports in line with stock exchange regulations. Secondly, it enhances supervision over key matters by adding requirements for regulating “outsourced” information disclosure practices, optimizing timing for material event disclosures, expanding the scope of entities making public commitments to fulfill disclosure obligations, and including acquirers, asset transaction counterparties, bankruptcy restructuring investors, and other relevant parties as commitment subjects.

Thirdly, it aligns with the new Company Law by revising provisions related to supervisory committee and supervisor information disclosure, including deleting redundant clauses on supervisors and specifying audit committee oversight mechanisms for periodic report preparation. Additionally, the maximum penalty amount has been adjusted to RMB 100,000.

China Further Expands Pilot Program for Equity Investment by Financial Asset Investment Companies

On March 5, 2025, the National Financial Regulatory Administration (NFRA) issued the *Notice on Further Expanding the Pilot Program for Equity Investment by Financial Asset Investment Companies* (the "Notice"), which took effect immediately. The Notice aims to further optimize and refine the existing pilot policy.

The Notice expands the pilot program in the following three aspects:

First, it broadens the scope of equity investment by financial asset investment companies to the provinces where the pilot cities are located. The Notice clearly states that relevant funds can conduct equity investments within these provinces, aiming to attract and encourage more social capital to participate in fundraising.

Second, the Notice supports eligible commercial banks in initiating the establishment of financial asset investment companies.

Third, it encourages insurance funds in participating in the equity investment pilot program of financial asset investment companies. The notice specifies that insurance funds are allowed to invest in private equity investment funds issued by the affiliated institutions of financial asset investment companies, bonds issued by financial asset investment companies, or to acquire stakes in financial asset investment companies, all in accordance with laws and regulations.

NDRC Director: National Venture Capital Guidance Fund to Be Established to Support Development of New Quality Productivity

On March 6, 2025, the Third Session of the 14th National People's Congress held an economic-themed press conference. Officials from the National Development and Reform Commission (NDRC), the Ministry of Finance, the Ministry of Commerce, the People's Bank of China, and the China Securities Regulatory Commission attended the meeting.

Regarding the development of new quality productivity, the Director of the NDRC stated a clear focus on "funding, talent, and ecosystem," outlining three key areas. In terms of funding, a National Venture Capital Guidance Fund will be established to leverage nearly RMB 1 trillion of local funds and social capital. This fund will focus on hard technology, adhere to long cycles, and increase tolerance for errors, investing in technology-based enterprises through market-oriented methods. Additionally, policies on mergers and acquisitions, share transfers, and other areas will be improved to encourage the development of merger and acquisition funds, facilitating the exit channels of venture capital. This aims to attract more social capital into venture capital, achieving the market-oriented restructuring of the technology chain, industrial chain, and supply chain.

China to Further Open Up Service Sector and Introduce Multi-Pronged Measures to Support Foreign Trade Enterprises

On March 20, 2025, the Ministry of Commerce (MOFCOM) held a regular press conference where spokesman He Yongqian briefed on China's foreign investment and cooperation in January-February 2025 and addressed MOFCOM's initiatives to advance domestic-foreign trade integration and assist foreign trade enterprises in expanding domestic sales.

He Yongqian outlined four key measures: First, organising campaigns for domestic sales of quality foreign trade products, with the "China Tour of Quality Foreign Trade Products" identified as a priority initiative for 2025. Second, promoting the alignment of domestic and international standards and certifications to reduce institutional costs for market transitions. Third, strengthening policy support for integrated domestic-foreign trade development. Fourth, establishing comprehensive service platforms.

Premier Li Qiang conducted an inspection tour in Fujian from March 18-20, 2025. He stressed that foreign trade enterprises must increase R&D investment and brand-building efforts amid changing external conditions. China will further liberalise the service sector, enhance investment attraction and stabilisation, improve the overall business environment, and provide stronger support for foreign-invested enterprises.

NFRA Launches Pilot Program to Ease M&A Loan Policies for Tech Enterprises

Recently, the National Financial Regulatory Administration (NFRA) launched a pilot program aimed at moderately easing certain provisions of the *Guidelines for M&A Loan Risk Management of Commercial Banks* (Yinjianfa [2015] No. 5) for tech enterprises.

For controlling-type mergers and acquisitions, the NFRA plans to pilot the relaxation of the loan proportion of the enterprise's M&A transaction from "should not exceed 60%" to "should not exceed 80%," and extend the loan term from "generally not exceeding seven years" to "generally not exceeding ten years." The pilot will be conducted in 18 cities, including Beijing, Shanghai, Tianjin, Chongqing, Nanjing, Hangzhou, Hefei, Jinan, Wuhan, Changsha, Guangzhou, Chengdu, Xi'an, Ningbo, Xiamen, Qingdao, Shenzhen, and Suzhou.

China Outlines Development Strategy for the Five Key Focus Areas of Finance

On March 5, 2025, the General Office of the State Council released the *Guiding Opinions on Effectively Implementing the Five Key Focus Areas of Financial Work* (the "Guide Opinions"), which took effect on March 2, 2025. The document outlines 20 specific measures.

The Guide Opinions propose financial support for major national scientific and technological initiatives and technology-based SMEs, optimizes the financing environment for such enterprises, promotes the development of equity investment, venture capital, and angel investment, and supports the cultivation of technological leaders, unicorn companies, and specialized, innovative SMEs. It also aims to improve the policy framework for financing private enterprises and legally integrate digital financial innovation into the regulatory system. Additionally, it proposes establishing a streamlined approval mechanism ("green channel") for IPOs, mergers, acquisitions, and reorganizations, while enhancing equity financing support for technology enterprises that achieve breakthroughs in core technologies. The document also emphasizes revitalizing the M&A market and facilitating the efficient integration of technology-driven and green industries.

China to Establish National Digital Economy Innovation Pilot Zones in Seven Regions

On March 13, 2025, the National Data Administration (NDA) announced its approval for the establishment of national pilot zones for digital economy innovation and development in seven regions: Tianjin, Hebei Province (Xiong'an New Area), Shanghai, Jiangsu Province, Zhejiang Province, Guangdong Province, and Sichuan Province.

These pilot zones will focus on five key tasks: promoting market-oriented allocation of data elements, optimizing data infrastructure layout, advancing breakthroughs in core digital technologies, deepening digital transformation, and promoting digital-adaptive reforms. They will compile lists of key policies, major reforms, comprehensive authorization items, expected outcomes, and major engineering projects, and develop detailed implementation plans for approval before launching targeted trials.

CSRC to Fully Launch New Round of Capital Market Reforms

On March 11, 2025, the Communist Party Committee of the China Securities Regulatory Commission (CSRC) held an enlarged meeting to deeply study the spirit of the National Two Sessions and deploy specific measures for implementing the directives in the capital market.

The meeting pointed out that in 2025, first, the CSRC will consolidate the market's bullish momentum and accelerate the implementation of guidelines to channel more medium- and long-term capital into the market. Second, it will continue to strengthen support for scientific and technological innovation and new growth drivers by supporting high-quality unprofitable tech firms to go public, prudently resuming the application of the fifth set of listing criteria on the STAR Market, and promptly releasing exemplary case studies. Third, it will comprehensively deepen capital market reforms by fully launching a new round of reforms and ensuring smooth implementation of all initiatives. Fourth, it will expand high-level institutional opening-up of the capital market through formulating a comprehensive plan for liberalisation and enhancing cross-border investment and financing facilitation. Fifth, it will enhance regulatory enforcement efficacy by leveraging technological tools to strengthen off-site supervision and on-site inspections.

Article(s)

Overview of the Regulations on Ensuring Timely Payments to Small and Medium-sized Enterprises

by Sophie Chen

The Regulations on Ensuring Timely Payments to Small and Medium-sized Enterprises ("this Regulation") issued by State Council on March 17, 2025, will take effect on June 1, 2024. This Regulation aims to address issues such as increasing arrears and prolonged payment cycles affecting small and medium-sized enterprises ("SMEs").

Compared with the version that came into effect on September 1, 2020, this Regulation clarifies the responsibilities of governments and competent authorities at all levels, and establishes a grace period for payment by large enterprises.

I. Enterprise Classification and Scope of Application

First, it is important to clarify the scope of application of this Regulation, specifically how enterprises are categorized as large, medium, small, or micro-sized. On December 28, 2017, the National Bureau of Statistics issued *the Standards for the Statistical Classification of Large, Medium, Small and Micro-sized Enterprises*. These standards classify enterprises into four categories—large, medium, small, and micro—based on industry categories, using indicators such as number of employees, business revenue, and total assets, or substitute indicators. The classification is determined annually by the government's comprehensive statistical department based on the statistical year-end reports, and the classification is generally not adjusted during the reporting year.

In addition, please note that when entering into contracts with government agencies, public institutions, or large enterprises, SMEs are required to proactively disclose their SME status. Otherwise, based on past judicial practice, there is a risk that courts may dismiss claims under this Regulation on the grounds that such status was not properly disclosed, thereby rendering this Regulation inapplicable.

II. Payment Protection Mechanisms in SME Transactions

According to this Regulation, government agencies, public institutions, and large enterprises must make payments within a reasonable period. Government agencies and public institutions shall pay within 30 days from the delivery of goods, works, or services, and no later than 60 days if otherwise agreed. Large enterprises shall pay within 60 days from delivery; a longer term may be agreed upon, but must be reasonable and not conditional on or linked to third-party payments. This Regulation also explicitly prohibits back-to-back payment clauses—i.e., making payment to SMEs conditional upon or proportional to receipt of payment from a third party.

Furthermore, these entities are prohibited from compelling SMEs to accept non-cash payment methods such as commercial drafts or electronic accounts receivable vouchers, as a means to indirectly delay payment.

In addition, this Regulation specifically reinforces the obligation to pay undisputed amounts. Where transactions between government agencies, public institutions, or large enterprises and SMEs involve partial disputes that do not affect the performance of the remaining obligations, payment for the undisputed portion must still be made in a timely manner. This provision addresses a longstanding issue faced by SMEs—where disputes over part of a contract result in delays in receiving payment for the entire contract.

III. Administrative Supervision and Remedies

Government agencies at the county level and above, along with public institutions and large state-owned enterprises, are required to report unpaid SME payments annually to their respective supervisory authorities. Where there is poor implementation of payment policies or serious arrears to SMEs, relevant authorities may conduct interviews, issue inquiries, or supervise through public notifications. For cases involving severe arrears or negative social impact, government agencies and large enterprises may face restrictions in areas such as budget use, office space, financing access, project approvals, qualifications, and government funding support.

The department under the State Council responsible for SME promotion is tasked with creating a national-level platform for complaints related to overdue payments to SMEs. The receiving authority must forward the complaint to the appropriate department within 10 working days of formal acceptance. The responsible department must respond in writing to the complainant within 30 days, with a maximum extension to 90 days for complex or exceptional cases. This Regulation defines the rights and obligations of all parties involved in the complaint process, including the receiving and handling departments, complainants, and respondents.

This Regulation strengthens legal liability provisions. In response to the potential systemic risks caused by overdue payments from large state-owned enterprises, this Regulation expressly provide that responsible management personnel may be subject to disciplinary actions, thereby reinforcing the responsibility of state-owned asset regulators. This Regulation also supplements liability provisions for unlawful acts such as intimidation, retaliation, or other misconduct by government agencies, public institutions, large enterprises, or their employees, offering institutional protection for SMEs to safeguard their rights and reducing concerns about retaliation for asserting claims.

In addition, this Regulation promotes stronger industry self-regulation. Relevant industry associations and chambers of commerce are required to enhance self-discipline among their members and to provide SMEs with services such as information consulting, rights protection, and dispute resolution. Large enterprises are also encouraged to make public commitments regarding the payment terms and methods for purchasing goods, projects, and services from SMEs.

Contact Us

davidzou@grandwaylaw.com

www.grandwaylaw.com

23F, S2 Building, Bund Financial Center, 600 Zhongshan No. 2 Road (E), Shanghai, 200010, China

© Grandway Law Offices. All Rights Reserved.