

How China admits foreign capital

Two pillars of one regime

national treatment

National treatment

Conditions, standards and legal protection equal to Chinese companies at the pre-investment stage

Negative List

Negative List

A closed list of exceptions — **29 items** in the 2024 edition

Legal basis

PRC Foreign Investment Law (FIL), in force since **01.01.2020**

Checked by SAMR before the business license is issued

Prohibition and restriction are different doors

prohibited

Prohibited — the door is closed

- × Foreign capital is not admitted
- × Result: registration refused

restricted

Restricted — the door is ajar

Entry is possible on condition of:

- ✓ A Chinese party's stake
- ✓ Mandatory joint venture (JV) form
- ✓ Legal representative is a PRC citizen

Not “never”, but “not without meeting the condition”

Full prohibitions: the permanent core of the list



Defense industry

sovereign state control



Rare earth and radioactive materials

exploration, mining, processing



Postal services and domestic express delivery

infrastructure of national importance



Tobacco

wholesale and retail trade



Online media, audio and video hosting, news agencies

content control



Compulsory school education, grades 1–9

and the editorial side of publishing

Attention

Workarounds via VIE structures are legally vulnerable if regulatory practice changes

Value-added telecom services: a four-zone pilot

📍 Beijing

📍 Shanghai

📍 Shenzhen

📍 Hainan

Outside the pilot

Foreign ownership cap — **50%**

In the pilot

Ownership restriction **lifted**

Condition: registration and servers inside the zone

Services: cloud services, data processing, data centers (IDC), CDN, app stores

13 first companies admitted

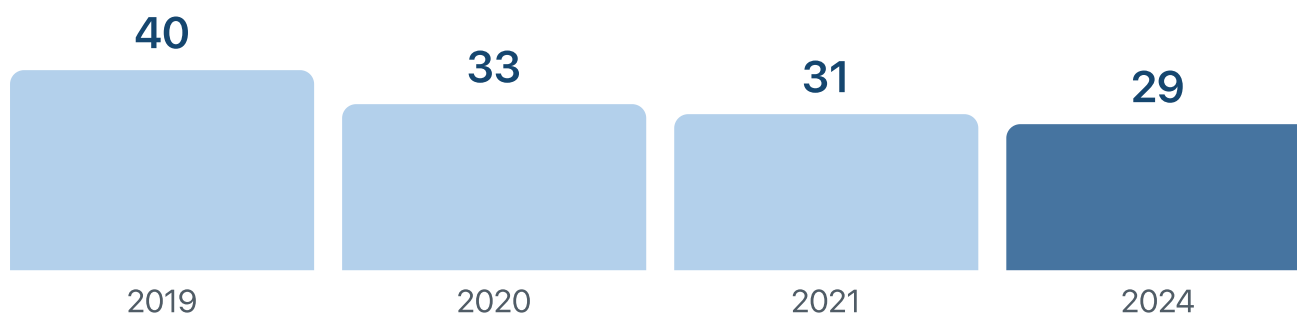
over 2,400 foreign-invested enterprises in the sector

+30% year on year (as of end of February 2025)

MIIT Notice No. 107 of 10.04.2024

Prohibitions shrink, incentives grow

Negative List, number of items



01.11.2024 — the 2024 edition takes effect (NDRC and MOFCOM Order No. 23-2024 of 06.09.2024): manufacturing fully opened

Catalogue of Encouraged Industries

+205

new items in the edition effective **01.02.2026** — advanced manufacturing, high technology

53,782 new foreign-invested enterprises in 10 months of 2025, **+14.7%**

Five steps before registration

1 Pin down the business activity

The wording in the articles of association, not a general business description

2 Check against the current edition

Only the 2024 list, 29 items. The 2020–2021 editions will lead to an unnecessary partner

3 Determine the category

Prohibited — the project is not viable. Restricted — a structuring task

4 Check the geography

FTZs and the Hainan Free Trade Port apply shorter lists: what is closed nationwide may be open in a zone

5 Calculate control, not percentages

The ownership cap decides who makes key decisions

Open in a pilot zone **does not mean open automatically** nationwide

Hainan's separate list for cross-border trade in services — 70 special measures in 11 sectors, since 26.08.2021

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