

# Organisational Structures of Macao-funded Enterprises

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Macao-funded enterprises in the mainland are mainly run as companies, partnerships, individual businesses, or resident representative offices. The provisions of the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law") and the Law of the People's Republic of China on Partnerships (hereinafter referred to as the "Law on Partnerships") are respectively applied to the organisational form, organisational structure, and norms of conducts of foreign-invested enterprises established after January 1, 2020. Foreign-invested enterprises are no longer divided into Sino-foreign equity joint ventures, Chinese-foreign contractual joint ventures, and wholly foreign-owned enterprises.

## 1. Company

In the nine cities of the Greater Bay Area, Macao investors can incorporate:

- **A limited liability company** refers to an economic organisation that is funded and established by fewer than 50 shareholders, each of whom bears limited liability to the company within the limit of his/her subscribed capital contribution. A limited liability company shall also bear limited liability for its debts with all its assets. The incorporation of a limited liability company shall satisfy the following conditions:
  - (1) The number of shareholders accords with the quorum;
  - (2) The amount of capital contributions paid by the shareholders reaches the statutory minimum amount of the

registered capital;

(3) The articles of association are worked out jointly by shareholders;

(4) The company has a name and its organisation complies with that of a limited liability company; and

(5) The company has a domicile.

- **A joint-stock limited company** refers to an economic organisation whose registered capital is composed of equal shares that are raised through the issuance of shares (or stock warrants), whose shareholders are each liable to the company within the limit of his/her subscribed shares, and that is likewise liable for its own debts with all its assets. The incorporation of a joint stock limited company shall be initiated by 2 to 200 people, 50% of which being owners of residences in the nine cities of the Greater Bay Area.

The incorporation of a joint stock limited company shall meet the following conditions:

(1) The number of initiators meets the quorum;

(2) The capital share subscribed for and raised by the initiators reaches the minimum amount of the statutory capital;

(3) The issuance of shares and the preparatory work accord with the provisions of the law;

(4) The articles of association are formulated by the initiators, and are adopted at the inaugural assembly if the company is to be launched by means of share offer;

(5) The company has a name, and its organisation accords with that of a joint stock limited company

(6) The company has a domicile.

## 2. A general partnership

**A general partnership** is composed of general partners who bear unlimited joint and several liabilities for the debts thereof.

**A limited partnership** is composed of the general partners who bear unlimited joint and several liabilities for the debts of the partnership and the limited partners who are liable for the debts of the partnership within the limit of their subscribed capital contribution.

## 3. Individual Business

Pursuant to the Closer Economic Partnership Arrangement with Hong Kong and Macao signed by mainland China, Hong Kong and Macao residents do not need to obtain foreign investment approval for establishing an individual business with eight or fewer employees (except for franchises).

The currently permitted scope of business includes:

Retail (except for retail of tobacco products), food and beverages, hairdressing and beauty treatment services, bathing services, repair of household electrical and other daily appliances, import and export of goods and technologies, photography and photographic processing services, cleaning and dyeing services, repair and maintenance of automobiles and motorcycles, storage and warehousing (operational area for the above-listed businesses must not exceed 300 square metres); planting, animal husbandry, aquaculture, computer repair services, science and technology exchange and promotion, computing services and software, road freight-related and other transport services (except for international freight forwarding and courier services), translation and interpretation (for business activities only).

Pursuant to the Guidelines on the Registration of Individual

Businesses Established in the Mainland by Hong Kong and Macao Permanent Residents with Chinese Citizenship, Macao investors who intend to register their individual businesses are required to submit the following documents to the registration department (Administration for Industry and Commerce):

- a) An Application Form for Registration of Individual Businesses (Established by Hong Kong and Macao Residents) signed by the applicant;
- b) A copy of the applicant's identity document;
- c) The applicant's identity verification document;
- d) Proof of place of business;
- e) Other documents as required by the national laws and regulations.

Applicants who have gained approval for the company name must submit the Approval Notification Letter for the Name of the Individual Businesses (Established by Hong Kong and Macao Residents).

Applicants who intend to operate businesses that are legally subject to approval from the relevant department must submit the approval document issued by the department concerned.








## **4. Resident Representative Office**

Resident representative offices (hereinafter referred to as 'representative offices') established in the mainland by Macao enterprises must comply with the mainland laws and regulations (such as the Regulations on the Administration of Registration of Resident Representative Offices of Foreign Enterprises).

The Regulations on the Administration of Registration of Resident Representative Offices of Foreign Enterprises stipulate that:

A representative office is an office set up within the territory of China engaged in non-profit activities related to the business of foreign enterprises. It does not have the status of a legal person and is not entitled to engage in profit-making activities. A representative office is only entitled to engage in the market research, exhibitions, and publicity activities related to the products or services of foreign enterprises and the liaison activities related to foreign enterprises' product sales, service delivery, domestic sourcing, and domestic investment.

More information:

1.  [The foreign Investment Law of the People's Republic of China](#)
2.  [Regulations on the Implementation of the Foreign Investment Law of the People's Republic of China](#)
3.  [Company Law of the People's Republic of China](#)
4.  [The Law of the People's Republic of China on Partnerships](#)
5.  [Regulations on the Administration of Company Registration of the People's Republic of China](#)
6.  [Regulations on the Administration of Registration of Resident Representative Offices of Foreign Enterprises](#)
7.  ["Individual Business" Introduction by the Macao Trade and Investment Promotion Institute](#)

Source: Official websites of the National People's Congress and the Central People's Government of the People's Republic of China, Ministry of Commerce, Macao Trade and Investment Promotion Institute