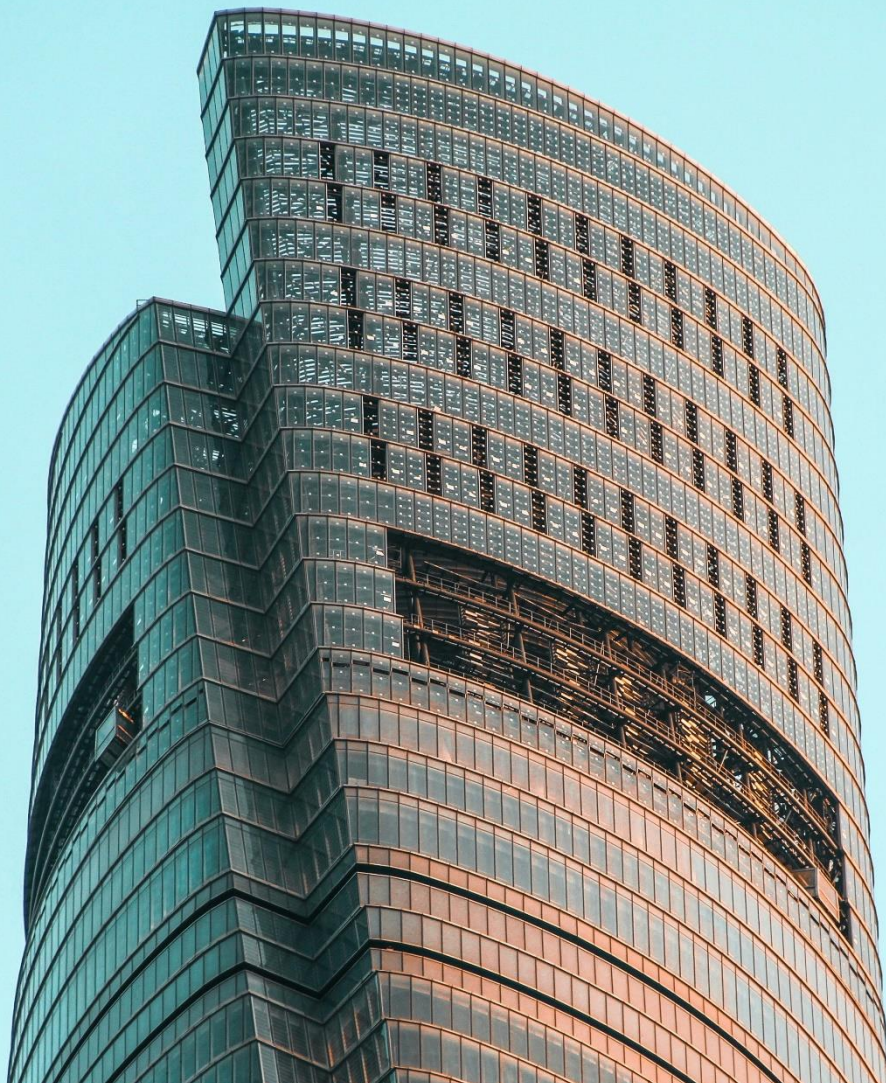


# MdME

## INSIGHT

*China to Attract More Foreign Capital by Lifting Bans  
Towards Foreign Investments*



# MdME

## Introduction

*In this three-part update, we provide key takeaways and insights regarding China's New Company Law. Part 2 will follow covering Changes to the Public information obligations and Shareholders Rights and Protections.*

### **“Zeroing out” of manufacturing restrictions**

The “Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Edition)” reduces the number of restrictions from 31 to 29 --- removing all specific restrictions related to the manufacturing industry.

Previously in 2021, foreign-invested enterprises were prohibited from participating in the printing of publications, investing in concoctions of Chinese medicinal tablets, as well as in the manufacture of confidential Chinese medicine prescription products.

With the new version of the list coming into effect on November 1, 2024, it shows China's intent to expand the manufacturing sector which will be conducive to fostering international cooperation and furnish multinational companies with more business opportunities in this sector.

### **Permission for foreign investment capital in cell and gene therapy in 4 free-trade-zones**

Foreign-invested enterprises will now be allowed to engage in the development and application of human stem cells, gene diagnostics, and therapeutic technologies within China (Beijing), China (Shanghai), China (Guangdong) Free Trade Zones, and Hainan Free Trade Port. These products can be utilized nationwide once registered, listed, and approved for production.

Foreign-invested enterprises participating in these pilot programs must comply with relevant Chinese laws and regulations. This includes adhering to guidelines related to human genetic resources

# MdME

management, drug clinical trials (including international multi-center trials), drug registration and production, and ethical reviews, as well as all applicable management procedures.

Although the reform of the current pilot policy is limited to four free-trade-zones, many industry stakeholders are feeling positive towards China's cell and gene therapy industry, particularly given that the products can be utilized nationwide. Looking ahead, it is expected that the pilot policy may expand to include more cities and regions with a robust foundation in the cell and gene therapy industry.

## **Permission for fully foreign-owned hospitals in selected major cities**

The circular also introduces the permission for the establishment of wholly foreign-owned hospitals (excluding traditional Chinese medicine and the acquisition of public hospitals) in Beijing, Tianjin, Shanghai, Nanjing, Suzhou, Fuzhou, Guangzhou, Shenzhen, and Hainan.

Previously in 2014, wholly foreign-owned hospitals were allowed in some cities on a pilot basis. However, these foreign investments could only establish hospitals through joint ventures rather than sole ownership.

With an increasing demand for medical services in China due to an aging population, as well as the effort of the Chinese government to stop a slide in foreign direct investment, China may now represent a significant market to investors in the field of medical care. These changes represent a new trend towards market liberalization in the medical field, bringing new foreign investment opportunities which can drive innovation and advancement in healthcare service models.

# MdME

## Conclusion

These recent reforms represent a substantial shift in China's investment policy strategy, offering new avenues for foreign investors in the medical and manufacturing sectors. "It is an important step in building a new system of higher-level open economy," an official from the National Development and Reform Commission said. By lifting restrictions and permitting wholly foreign-owned enterprises in new fields, China is trying to position itself as a more attractive destination for international investment.

## Our Contributors:



[Emanuel Soares](#)  
**Consultant**  
[emanuel.soares@mdme.com](mailto:emanuel.soares@mdme.com)