



Passion - Professionalism - Collaboration

Dear Friends,

This is a monthly newsletter focusing on legal matters in China, and related issues that shape the general business environment for foreign companies operating in China. Should you have any comments or questions, please do not hesitate to contact Ms. Anna Lukina, BD & Marketing Director at alukina@a-zlf.com.cn visit the A&Z website.

Sincerely,
The Editors



Legal Updates

STA Issues Announcement of Tax Policies Supporting Micro and Small Businesses to Finance

On August 2, The Ministry of Finance ("MOF") and the State Taxation Administration ("STA") jointly released the Announcement of Tax Policies Supporting Micro and Small Businesses to Finance (the "Announcement"), which extends the relevant policies to December 31, 2027.

As a follow-up policy of the former Notice [Caishui No.77 (2017)], the Announcement continues the related preferential policies, including exempting the value-added tax (VAT) on interest income earned by financial institutions from granting small loans to micro and small businesses and self-employed households, and exempting the stamp duty on the loan contracts signed between financial institutions and micro and small businesses. On the same day, the two authorities issued the Announcement on the Exemption of VAT on Interest Income of Financial Institutions from Granting Loans to Micro and Small Businesses [No.16 (2023)], and the Announcement on Continuing the VAT Policy for Provision of Financing Guarantee to Farmers, Micro and Small Businesses and Self-employed Households [No.18 (2023)], which extend

A&Z Past Events

August 7, Shanghai

On August 7, the 6th "Taiwan Young Legal Talent Practice Base" project was officially launched. Andrew Zhang, Senior Partner at A&Z Law Firm, was one of the representatives of the project team, and participated in the project initiation ceremony and was interviewed on-site by Phoenix TV. The initiation ceremony was presided over by Wang Liping, Director of the Taiwan Affairs Office of Jing'an District, and the project was jointly launched by Tang Bo,

the policy of exempting VAT on interest income earned by financial institutions from granting small loans to micro and small businesses and self-employed households as stipulated in [Caishui No.91 (2018)] and the policy of exempting VAT on income earned from provision of financing guarantee as stipulated in Article 6 of [Caishui No.90 (2017)] to December 31, 2027, respectively.

CAC released the Measures for the Compliance Auditing of Personal Information Processors (Exposure Draft)

On August 3, The Cyberspace Administration of China ("CAC") released the Management Measures for the Personal Information Protection Compliance Audit (Exposure Draft) (the "Measures").

The Measures specify that personal information processors, who process personal information of over 1 million people should conduct at least one personal information protection compliance audit annually; Other personal information processors should conduct a personal information protection compliance audit at least once every two years; Professional institutions conducting personal information protection compliance audits shall maintain independence and objectivity, and shall not conduct more than three consecutive personal information protection compliance audits for the same audit object. The attachment "Reference Points for Personal Information Protection Compliance Audit" released with the Measures also lists the review points for various personal information processors in various situations. The deadline for feedback is September 2nd.

SMCC Issues the Notice on the Issuance of Service Initiatives for Promoting the Steady Scale and Improving the Quality of Foreign Trade of Shanghai

On August 4, Shanghai Municipal Commission of Commerce ("SMCC") issued the Notice on the Issuance of Service Initiatives for Promoting the Steady Scale and Improving the Quality of Foreign Trade of Shanghai (the "Service Initiative").

The Service Initiative proposes to accelerate the expansion of policy credit insurance coverage, optimizes insurance and strengthens claims settlement to stabilize the basic foreign trade market, co-ordinates resources to help improve the quality and efficiency of foreign trade and economic, accelerates the expansion of the new space in key markets, accelerates the cultivation of new competitive advantages in the industry, increases the support for the new development of key enterprises, collaborates in the promotion of digital empowerment, collaborates in the promotion of credit insurance financing, supports for the new industry and new modes of business, and vigorously promotes the integration of policies to comprehensively

Deputy Secretary of the Party Committee of East China University of Political Science and Law, Wang Liping, Director of Taiwan Affairs Office of Jing'an District, and Lv Ping, Director of Jing'an District Judicial Bureau. The 6th "Taiwan Youth Legal Talent Practice Base" in 2023 is positioned as the "Year of Recovery", with the goal of "Communication, Development, and Cooperation", to promote exchanges between young legal talents across the Taiwan Strait.

August 15, Shanghai

On August 15, A&Z Law Firm held the 2nd Moot Court Competition, with Vice Director and Senior Partner Peter Zeng, Senior Partner Andrew Zhang, and the leader of the Dispute Resolution Department, Nico Xin serving as judges. Wang Liping, Director of the Taiwan Affairs Office of Jing'an District, attended the event. This event is also one of the exchange activities of the 6th "Taiwan Young Legal Talents Practice Base" organized by A&Z Law Firm. Young legal talents from Taiwan participated in the competition in the form of participation and observation.

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About A&Z Law Firm

serves the national strategy and continues to optimize the services to the enterprises.

CAC Releases the Safety Management Rules for the Application of Face Recognition Technology (for Trial Implementation) (Exposure Draft)

On August 8, The Cyberspace Administration of China (“CAC”) released the Safety Management Rules for the Application of Face Recognition Technology (for Trial Implementation) (Exposure Draft)(the “Rules”).

The Rules consists 25 articles, clarifies that face recognition technology can be used to process facial information only when there is a specific purpose and a sufficient necessity, with strict protection measures in place, and getting the sole consent of the individual or the written consent of the individual according to law. If there exist other non-biometric recognition technical schemes to achieve the same purpose or meet the same business requirements, the priority shall be given to the non-biometric recognition technical schemes. The installation of image acquisition and personal identification equipment in public places should be necessary for maintaining public safety, while managers of buildings such as property service enterprises shall not take the adoption of face recognition technology for the verification of personal identity as the only way for the entry into and exit from the property management area. The deadline for feedback is September 7th.

NISSTC released a circular to solicit public opinions on the Guidance for the Practice of Network Security Standards - the Method for the Identification of Generative Artificial Intelligence Services Contents (Exposure Draft)

On August 8, the National Information Security Standardization Technical Committee (“NISSTC”) released a circular to solicit public opinions on the Guidance for the Practice of Network Security Standards -- the Method for the Identification of Generative Artificial Intelligence Services Contents (Exposure Draft) (the “Method”).

The Method provides the method for the identification of generative artificial intelligence services contents. It is applicable to the services that leverage generative artificial intelligence technologies to provide the public with generative texts, pictures, audios, videos and other contents, and defines the scenarios for the use of explicit and implicit watermark identifiers. It is clarified that in the display area that provides artificial intelligence generated content, prompt text should be continuously displayed below the display area or below the user input information area, or an explicit watermark mark containing prompt text should be added to the background of the display area; The prompt text should at least contain information such as

A&Z is a leading Chinese law firm, which employs over 50 experts composed of a team of professionals comprising attorneys, legal assistants, Japanese translators, client managers, and business specialists across 7 offices in 11 legal practices. Having been active in Shanghai since 2004, A&Z's presence was expanded through the establishment of offices in Beijing, Dalian, Wuhan, Tianjin, Xiamen and Tokyo. A&Z focuses on advising multi-national groups, major corporations, banks, and SMEs on various legal issues relevant to their business endeavors.

A&Z's practices include Foreign Investment, Overseas Investment, Competition and Antitrust, Intellectual Property, M&A and Corporate Restructuring, Labor and Social Security, Dispute Resolution, Compliance and CSR, Finance and Capital Markets, Customs Logistics and Maritime Commerce, and Environment, Health and Safety (EHS).

"generated by artificial intelligence" or "generated by AI".
The deadline for feedback is August 11th.

NMPA released the Standard System for Informationization of Drug Regulation

On August 17, The National Medical Products Administration ("NMPA") released the Standard System for Informationization of Drug Regulation (the "Document").

The Document clarifies the composition, structure and schedule of the standard system for informationization of drug regulation. It is applicable to the planning, building and implementation of informationization of drug regulation, as well as the preparation and revision of the standards for informationization of drug regulation. It is clarified that the standard system for informationization of drug regulation encompasses general standards, network infrastructure standards, data standards, application supportive standards, business application standards, information security standards and management standards.

MOT amends Regulations on Safety Management of Dangerous Goods in Ports

On August 8, The Ministry of Transport ("MOT") published the Decision on Amending the Regulations on Safety Management of Dangerous Goods in Ports ("The Decision")

The Decision has made modifications to the original regulations, which will apply to port construction projects and dangerous goods port operations that involve the construction, renovation, expansion, storage, and loading and unloading of dangerous goods within the country. It clarifies that the construction units and port operators of dangerous goods port construction projects should establish and improve a full staff safety production responsibility system and safety production rules and regulations, and increase the investment and guarantee of safety production funds, materials, technology, and personnel, improve safety production conditions, strengthen the standardization and informatization construction of safety production, establish a dual prevention mechanism of safety risk grading control and hidden danger investigation and governance, improve the risk prevention and resolution mechanism, improve the level of safety production, and ensure safety production.

Industry News

China's smart consumer goods market shows high-end trend

China Daily, August 2

China Focus: Robots propel development of multiple industries in China

Xinhua, August 20

Pony.ai, Toyota to form joint venture to advance mass production of autonomous vehicles

Xinhua, August 4

Economic Watch: Foreign companies set up R&D centers amid China's innovation boom

Xinhua, August 5

Interview: Xpeng CEO hails win-win technological cooperation with Volkswagen

Xinhua, August 8

Dr MedGPT could be omnipresent physician of medical sector in future

China Daily, August 16

ANTA revenue on upswing buoyed by Fila segment's recovery

China Daily, August 23

China approves 37 retail funds to help revive market

Reuters, August 28

Inceptio sees big jump in China sales of driver-assist truck tech, plans overseas foray

Reuters, August 29

Chinese steel demand declining less than data suggests, says Vale executive

Reuters, August 30

The information contained in this Newsletter is for reference on matters of interest only, and is not intended to be comprehensive. Although we try to ensure accuracy, please note that the application and impact of laws can vary based on contextual and circumstantial variables.

Before taking any action, please ensure that you obtain professional advice specific to your circumstances.

There are numerous ways for you to keep up-to-date with legal updates, A&Z's practice, and valuable events.

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