



**What is different in P.
R. China on debt
collection?**



Differences in P. R. China and how do we work

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Why People's Republic of China?

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If according to laws strictly, only licensed Chinese lawyers can do debt collection.

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Till present, no individual bankrupt law system in China yet.

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The statute of limitations on filing a complaint in a Chinese Court.

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Our working procedures of collection of commercial debts.

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Our chances and time needed.

1

Why People's Republic of China? -- Brief Introduction of legal system of Greater China

In fact, Greater China (大中华区) includes four jurisdiction areas, mainland China that is People's Republic of China, Taiwan, Hong Kong and Macau who are special administrative regions of PRC but have independent legal and jurisdiction systems. Hence Greater China area has four Supreme Courts, and four different sets of lawyer systems, among them Hong Kong law system belongs to Anglo-American Law Family (Common Law), while others are closer to Continental Law Family (Civil Law).

We practice in all provinces of P. R. China (mainland China), but excluding Taiwan, Hong Kong and Macau. Nearly all lawyers in Greater China can only practice in one of above four jurisdiction areas.

2

If according to Chinese laws strictly, only licensed Chinese lawyers can do debt collection in China.

- China central government ever issued three public orders in 1993, 1995 and 2000, ordering that no commercial debt collection company was allowed to be registered in mainland China. The reason is, this business was ruined by these earlier guys, who might collect the debts with very illegal methods, like kidnap, illegal restriction on personal freedom, illegal threatening and so on, which led to serious social problems, and quite some criminal cases.
- But some organizations like AMC companies and Banks, they are allowed to have their collection departments within the companies.





Behind our company Ningbo Esteem Consulting Co., Ltd., we have two law firms, Grandall Law Firm Ningbo Office, and Beijing Tiantai Law Firm Ningbo Office, who will offer clients with debt collection services directly or indirectly. And our main teammates are practicing in one of above two law firms.

3

Till present, no individual bankrupt law system in China yet.

Only limited liability companies can go bankrupt.
This means individuals of P. R. Chinese citizen can not go to bankrupt, and their individual debt will be permanent.



4

The statute of limitations on filing a complaint in a Chinese Court.

- *Some nations may have this law system as well.*
- *This law concept means Chinese laws will not protect creditor's legal rights forever and permanently, on the contrary, the creditor must take legal actions and claim their legal rights within a certain period, in Chinese civil law, the period could be 2 or 3 or 4 years.*
- *So do not let your legal rights asleep, or Chinese laws and court will not protect your legal benefits anymore, and you will lose your money forever.*



5

Our working procedures of collection of commercial debts

Step 1. Investigate full information of opponents

Step 2. Choose tactics when we have choices

(For example, for our first letter to opponent, will it be comparably amicable, or very sharp?)

Step 3. First lawyer letter to opponents, reminding them to refund the loan or talk with we lawyers

Step 4. Negotiations via phone call or face to face

(In this step, one out-of-court settlement agreement could be signed.)

Step 5. Ultimatum, and then await for them to come to talk with us

Step 6. Prepare litigation paperwork, then suit the opponent to the court. The longest court procedure could cover three procedures, first instance of court, second instance of court, and enforcement procedure, but the case could be settled any time, this is allowed by laws.

6

Our chances and time needed

In each step from 3 to 6, we may have some chance to settle the case. In all of our before cases, about 30% of cases could be settled before court procedure.

The main element to decide whether we can collect the money successfully, especially via amicable collection, if we do not have difficulties in laws, is whether opponent has money to pay, or, whether we can catch any money of them, this is an issue of fact.

After we sign the engagement agreement, and in normal situations, for feasible cases, our duty will not be released till we collected the money. Meanwhile, some cases might be closed very soon, some cases might be closed in middle of above procedures so need some time, and some cases may need to go through all the procedure till end when the time is longer, and this is inevitable. Hence we will need time, for some cases.



Thank you

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Please just feel free to send us email if
you have any doubt or question.