

Company Law of the People's Republic of China

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Chapter I: General Provisions

Article 1

This Law is enacted in accordance with the Constitution to regulate the organization and conduct of companies, protect the lawful rights and interests of companies, shareholders, employees, and creditors, improve the modern

enterprise system with Chinese characteristics, promote the spirit of entrepreneurship, maintain social and economic order, and promote the development of the socialist market economy.

Article 2

For the purposes of this Law, the term "company" refers to a limited liability company or a joint stock limited company established within the territory of the People's Republic of China in accordance with this Law.

Article 3

A company is an enterprise legal person with independent legal person property and enjoys the rights to such property. The company shall be liable for its debts with all its property.

The lawful rights and interests of a company shall be protected by law and shall not be infringed.

Article 4

Shareholders of a limited liability company shall be liable to the company to the extent of their subscribed capital contributions. Shareholders of a joint stock limited company shall be liable to the company to the extent of their subscribed shares.

Shareholders of a company shall, in accordance with the law, have the rights to asset returns, participation in major decision-making, and selection of managers.

Article 5

The establishment of a company shall involve the formulation of articles of association in accordance with the law. The articles of association shall be binding on the company, its shareholders, directors, supervisors, and senior management.

Article 6

A company shall have its own name. The name of a company shall comply with relevant state regulations.

The right to a company's name shall be protected by law.

Article 7

A limited liability company established in accordance with this Law shall include the words "limited liability company" or "Ltd." in its name.

A joint stock limited company established in accordance with this Law shall include the words "joint stock limited company" or "Co., Ltd." in its name.

Article 8

A company's domicile shall be the location of its principal office.

Article 9

The business scope of a company shall be stipulated in its articles of association. The company may amend its articles of association to change its business scope.

For items within the business scope that require approval as stipulated by laws or administrative regulations, such approval shall be obtained in accordance with the law.

Article 10

The legal representative of a company shall, as stipulated in the articles of association, be a director or manager who represents the company in executing its affairs.

If the director or manager serving as the legal representative resigns, they shall be deemed to have simultaneously resigned as the legal representative.

If the legal representative resigns, the company shall appoint a new legal representative within 30 days from the date of resignation.

Article 11

The legal consequences of civil activities conducted by the legal representative in the name of the company shall be borne by the company.

Restrictions on the authority of the legal representative in the articles of association or shareholders' resolutions shall not be asserted against bona fide third parties.

If the legal representative causes harm to others while performing their duties, the company shall bear civil liability. After the company bears civil liability, it may, in accordance with the law or the articles of association, seek recourse against the legal representative at fault.

Article 12

The conversion of a limited liability company into a joint stock limited company shall comply with the conditions for a joint stock limited company as stipulated in this Law. The conversion of a joint stock limited company into a limited liability company shall comply with the conditions for a limited liability company as stipulated in this Law.

When a limited liability company is converted into a joint stock limited company or vice versa, the rights and obligations of the company prior to the conversion shall be assumed by the company after the conversion.

Article 13

A company may establish subsidiaries. A subsidiary shall have the status of a legal person and shall independently bear civil liability in accordance with the law.

A company may establish branches. A branch shall not have the status of a legal person, and its civil liability shall be borne by the company.

Article 14

A company may invest in other enterprises.

Where laws stipulate that a company may not be an investor that bears joint and several liability for the debts of the invested enterprise, such provisions shall prevail.

Article 15

When a company invests in other enterprises or provides guarantees for others, resolutions shall be adopted by the board of directors or the shareholders' meeting in accordance with the articles of association. If the articles of association impose limits on the total amount of investments or guarantees or on the amount of a single investment or guarantee, such limits shall not be exceeded.

When a company provides a guarantee for its shareholder or the actual controller, a resolution of the shareholders' meeting shall be adopted.

The shareholder or the shareholder controlled by the actual controller as mentioned in the preceding paragraph shall not participate in the voting on the matter. The resolution shall be adopted by more than half of the voting rights held by the other shareholders present at the meeting.

Article 16

A company shall protect the lawful rights and interests of its employees, enter into labor contracts with them in accordance with the law, participate in social insurance, strengthen labor protection, and ensure safe production.

A company shall adopt various forms to enhance the vocational education and job training of its employees and improve their quality.

Article 17

Employees of a company shall organize a trade union in accordance with the Trade Union Law of the People's Republic of China to carry out trade union activities and safeguard the lawful rights and interests of employees. The company shall provide the necessary conditions for the activities of its trade union. The trade union of the company shall, on behalf of the employees, enter into collective contracts with the company in accordance with the law on matters such as labor remuneration, working hours, rest and leave, labor safety and hygiene, and insurance and welfare.

In accordance with the Constitution and relevant laws, a company shall establish and improve a democratic management system with the employees' congress as its basic form and implement democratic management through the employees' congress or other forms.

When a company studies and decides on matters such as restructuring, dissolution, application for bankruptcy, major operational issues, or the formulation of important rules and regulations, it shall solicit the opinions of the company's trade union and listen to the opinions and suggestions of employees through the employees' congress or other forms.

Article 18

In a company, a Communist Party of China organization shall be established in accordance with the provisions of the Constitution of the Communist Party of China to carry out Party activities. The company shall provide the necessary conditions for the activities of the Party organization.

Article 19

In conducting business activities, a company shall comply with laws and regulations, observe social morality and business ethics, act in good faith, and accept supervision by the government and the public.

Article 20

In conducting business activities, a company shall fully consider the interests of stakeholders such as employees and consumers, as well as social public interests such as ecological and environmental protection, and shall bear social responsibility.

The state encourages companies to participate in social public welfare activities and publish social responsibility reports.

Article 21

Shareholders of a company shall comply with laws, administrative regulations, and the articles of association, exercise their shareholder rights in accordance with the law, and shall not abuse their shareholder rights to harm the interests of the company or other shareholders.

If a shareholder abuses their shareholder rights and causes losses to the company or other shareholders, they shall be liable for compensation.

Article 22

The controlling shareholders, actual controllers, directors, supervisors, and senior management of a company shall not use their connected relationships to harm the interests of the company.

Whoever violates the provisions of the preceding paragraph and causes losses to the company shall be liable for compensation.

Article 23

If a shareholder abuses the independent legal person status of the company and the limited liability of shareholders to evade debts, seriously harming the interests of the company's creditors, they shall bear joint and several liability for the company's debts.

If a shareholder uses two or more companies under their control to conduct the acts specified in the preceding paragraph, each company shall bear joint and several liability for the debts of any of the companies.

If a company has only one shareholder and the shareholder cannot prove that the company's property is independent of their own property, the shareholder shall bear joint and several liability for the company's debts.

Article 24

Unless otherwise provided in the articles of association, shareholders' meetings, board meetings, and supervisory board meetings of a company may be convened and votes may be cast by means of electronic communication.

Article 25

The content of resolutions of the shareholders' meeting or the board of directors that violates laws or administrative regulations shall be void.

Article 26

If the procedures for convening a shareholders' meeting or board meeting or the voting methods violate laws, administrative regulations, or the articles of association, or if the content of the resolution violates the articles of

association, shareholders may, within 60 days from the date the resolution is adopted, request the people's court to revoke it. However, if the procedures for convening the shareholders' meeting or board meeting or the voting methods have only minor defects and do not substantially affect the resolution, this shall not apply.

A shareholder who was not notified to attend the shareholders' meeting may, within 60 days from the date they knew or should have known of the resolution, request the people's court to revoke it. If the revocation right is not exercised within one year from the date the resolution is adopted, it shall be extinguished.

Article 27

Under any of the following circumstances, a resolution of the shareholders' meeting or the board of directors shall not be established:

- (1) The resolution was adopted without convening a shareholders' meeting or board meeting;
- (2) The shareholders' meeting or board meeting did not vote on the matters resolved;
- (3) The number of attendees or the voting rights held did not reach the number or proportion stipulated in this Law or the articles of association;
- (4) The number of persons agreeing to the resolution or the voting rights held did not reach the number or proportion stipulated in this Law or the articles of association.

Article 28

If a resolution of the shareholders' meeting or the board of directors is declared void, revoked, or confirmed as not established by the people's court, the company shall apply to the company registration authority to cancel the registration already processed based on the resolution.

If a resolution of the shareholders' meeting or the board of directors is declared void, revoked, or confirmed as not established by the people's court, the civil legal relationships formed between the company and bona fide third parties based on the resolution shall not be affected.

Chapter II: Company Registration

Article 29

To establish a company, an application for establishment registration shall be filed with the company registration authority in accordance with the law.

Where laws or administrative regulations stipulate that the establishment of a company must be approved, such approval procedures shall be completed in accordance with the law before company registration.

Article 30

To apply for the establishment of a company, the application for establishment registration, the articles of association, and other documents shall be submitted. The materials submitted shall be truthful, lawful, and valid.

If the application materials are incomplete or do not conform to the statutory form, the company registration authority shall inform the applicant of all materials that need to be supplemented or corrected at once.

Article 31

If an application for the establishment of a company complies with the establishment conditions stipulated in this Law, the company registration authority shall register it as a limited liability company or a joint stock limited company. If it does not comply with the establishment conditions stipulated in this Law, it shall not be registered as a limited liability company or a joint stock limited company.

Article 32

Company registration items include:

- (1) Name;
- (2) Domicile;
- (3) Registered capital;
- (4) Business scope;

(5) Name of the legal representative;

(6) Names or titles of the shareholders of a limited liability company or the promoters of a joint stock limited company. The company registration authority shall publicize the company registration items specified in the preceding paragraph through the National Enterprise Credit Information Publicity System.

Article 33

A company established in accordance with the law shall be issued a business license by the company registration authority. The date of issuance of the company business license shall be the date of establishment of the company. The company business license shall state the company's name, domicile, registered capital, business scope, name of the legal representative, and other matters.

The company registration authority may issue an electronic business license. An electronic business license shall have the same legal effect as a paper business license.

Article 34

If company registration items are changed, the change shall be registered in accordance with the law.

Company registration items that have not been registered or changed shall not be asserted against bona fide third parties.

Article 35

To apply for a change of registration, the company shall submit to the company registration authority the application for change of registration signed by the legal representative and the resolution or decision on the change made in accordance with the law.

If the change of registration items involves amendments to the articles of association, the amended articles of association shall be submitted.

If the legal representative is changed, the application for change of registration shall be signed by the new legal representative.

Article 36

If the items recorded in the company's business license are changed, the company registration authority shall reissue the business license after the company completes the change of registration.

Article 37

If a company needs to terminate due to dissolution, declaration of bankruptcy, or other statutory reasons, it shall apply to the company registration authority for deregistration in accordance with the law, and the company registration authority shall announce the termination of the company.

Article 38

If a company establishes a branch, it shall apply to the company registration authority for registration and obtain a business license.

Article 39

If a company obtains registration of its establishment by falsely reporting registered capital, submitting false materials, or using other fraudulent means to conceal important facts, the company registration authority shall revoke the registration in accordance with the provisions of laws or administrative regulations.

Article 40

A company shall publicize the following matters through the National Enterprise Credit Information Publicity System in accordance with regulations:

(1) The amount, method, and date of capital contributions subscribed and paid by shareholders of a limited liability company, and the number of shares subscribed by promoters of a joint stock limited company;

(2) Changes in the equity or shares of shareholders of a limited liability company or promoters of a joint stock limited company;

(3) Information on the acquisition, change, or cancellation of administrative licenses;

(4) Other information stipulated by laws or administrative regulations.

The company shall ensure that the information publicized in the preceding paragraph is truthful, accurate, and complete.

Article 41

The company registration authority shall optimize the company registration process, improve the efficiency of company registration, strengthen information technology development, promote convenient methods such as online processing, and enhance the convenience of company registration.

The market supervision and administration department of the State Council shall formulate specific measures for company registration in accordance with this Law and relevant laws and administrative regulations.

Chapter III: Establishment and Organizational Structure of Limited Liability Companies

Section 1: Establishment

Article 42

A limited liability company shall be established with capital contributions from one to fifty shareholders.

Article 43

Shareholders at the time of the establishment of a limited liability company may enter into an establishment agreement to clarify their respective rights and obligations during the establishment of the company.

Article 44

The legal consequences of civil activities conducted by shareholders at the time of the establishment of a limited liability company for the purpose of establishing the company shall be borne by the company.

If the company is not established, the legal consequences shall be borne by the shareholders at the time of the establishment. If there are two or more shareholders at the time of the establishment, they shall enjoy joint and several creditor's rights and bear joint and several debts.

If a shareholder at the time of the establishment conducts civil activities in their own name for the purpose of establishing the company, the third party may choose to request the company or the shareholders at the time of the establishment to bear the civil liability.

If a shareholder at the time of the establishment causes harm to others while performing the duties of establishing the company, the company or the non-negligent shareholders shall, after bearing liability for compensation, have the right to seek recourse against the negligent shareholder.

Article 45

To establish a limited liability company, the shareholders shall jointly formulate the articles of association.

Article 46

The articles of association of a limited liability company shall specify the following matters:

- (1) The name and domicile of the company;
- (2) The business scope of the company;
- (3) The registered capital of the company;
- (4) The names or titles of the shareholders;
- (5) The amount, method, and date of capital contributions by the shareholders;
- (6) The company's organizational structure, methods of formation, powers, and rules of procedure;
- (7) The method of appointment and removal of the company's legal representative;
- (8) Other matters that the shareholders' meeting deems necessary to stipulate.

The shareholders shall sign or affix their seals to the articles of association.

Article 47

The registered capital of a limited liability company shall be the total amount of capital contributions subscribed by

all shareholders as registered with the company registration authority. The total amount of capital contributions subscribed by all shareholders shall be paid in full by the shareholders in accordance with the articles of association within five years from the date of the company's establishment.

Where laws, administrative regulations, or decisions of the State Council provide otherwise regarding the paid-up registered capital, the minimum amount of registered capital, or the time limit for capital contributions by shareholders, such provisions shall prevail.

Article 48

Shareholders may make capital contributions in currency or in kind, intellectual property rights, land use rights, equity, creditor's rights, or other non-monetary properties that can be valued in monetary terms and transferred in accordance with the law, unless otherwise provided by laws or administrative regulations.

Non-monetary properties used as capital contributions shall be assessed and verified, and their value shall not be overestimated or underestimated. Where laws or administrative regulations provide otherwise regarding the assessment of value, such provisions shall prevail.

Article 49

Shareholders shall make their respective subscribed capital contributions in full and on time as stipulated in the articles of association.

Where a shareholder makes a capital contribution in currency, the full amount of the monetary contribution shall be deposited into the bank account opened by the limited liability company. Where a shareholder makes a capital contribution in non-monetary property, the property rights shall be transferred in accordance with the law.

If a shareholder fails to make the capital contribution in full and on time, they shall not only make the contribution in full but also be liable for compensating the losses caused to the company.

Article 50

At the time of the establishment of a limited liability company, if a shareholder fails to actually make the capital contribution as stipulated in the articles of association, or if the actual value of the non-monetary property contributed as capital is significantly lower than the subscribed amount of the capital contribution, the other shareholders at the time of the establishment shall bear joint and several liability within the scope of the insufficient capital contribution.

Article 51

After the establishment of a limited liability company, the board of directors shall verify the capital contributions of the shareholders. If it is found that a shareholder has failed to make the capital contribution in full and on time as stipulated in the articles of association, the company shall issue a written notice to the shareholder demanding payment of the contribution.

If the obligation specified in the preceding paragraph is not fulfilled in a timely manner, causing losses to the company, the responsible director shall be liable for compensation.

Article 52

If a shareholder fails to make the capital contribution by the date stipulated in the articles of association, the company may, when issuing the written notice demanding payment of the contribution in accordance with the first paragraph of the preceding article, specify a grace period for payment. The grace period shall not be less than 60 days from the date the company issues the notice. If the shareholder still fails to fulfill the obligation to make the capital contribution after the expiration of the grace period, the company may, upon a resolution of the board of directors, issue a notice of disqualification to the shareholder. The notice shall be in writing. From the date the notice is issued, the shareholder shall lose the equity interest corresponding to the unpaid capital contribution.

The equity interest lost in accordance with the provisions of the preceding paragraph shall be transferred in accordance with the law, or the registered capital shall be reduced accordingly and the equity interest shall be canceled. If the equity interest is not transferred or canceled within six months, the other shareholders of the company

shall make the corresponding capital contribution in full in proportion to their capital contributions.

If a shareholder objects to the disqualification, they shall file a lawsuit with the people's court within 30 days from the date of receiving the notice of disqualification.

Article 53

After the establishment of the company, shareholders shall not withdraw their capital contributions.

Whoever violates the provisions of the preceding paragraph shall return the withdrawn capital contribution. If losses are caused to the company, the responsible directors, supervisors, and senior management shall bear joint and several liability with the shareholder.

Article 54

If a company is unable to pay its due debts, the company or the creditors whose claims are due may require shareholders who have subscribed but not yet reached the payment deadline for their capital contributions to make the contributions in advance.

Article 55

After the establishment of a limited liability company, a capital contribution certificate shall be issued to the shareholders, stating the following matters:

- (1) The name of the company;
- (2) The date of establishment of the company;
- (3) The registered capital of the company;
- (4) The name or title of the shareholder, the amount of the subscribed and paid capital contributions, the method of contribution, and the date of contribution;
- (5) The serial number of the capital contribution certificate and the date of issuance.

The capital contribution certificate shall be signed by the legal representative and affixed with the company's seal.

Article 56

A limited liability company shall prepare a register of shareholders, stating the following matters:

- (1) The names or titles and domiciles of the shareholders;
- (2) The amount, method, and date of the subscribed and paid capital contributions by the shareholders;
- (3) The serial number of the capital contribution certificate;
- (4) The date of acquisition and loss of shareholder status.

Shareholders recorded in the register of shareholders may claim to exercise shareholder rights based on the register.

Article 57

Shareholders shall have the right to consult and copy the articles of association, the register of shareholders, the minutes of shareholders' meetings, resolutions of the board of directors, resolutions of the board of supervisors, and financial and accounting reports.

Shareholders may request to consult the company's accounting books and vouchers. To request to consult the company's accounting books and vouchers, a shareholder shall submit a written request to the company stating the purpose. If the company has reasonable grounds to believe that the shareholder has an improper purpose in consulting the accounting books and vouchers, which may harm the lawful interests of the company, it may refuse to provide them for consultation and shall, within 15 days from the date the shareholder submits the written request, provide a written reply to the shareholder stating the reasons. If the company refuses to provide the materials for consultation, the shareholder may file a lawsuit with the people's court.

To consult the materials specified in the preceding paragraph, shareholders may entrust accounting firms, law firms, or other intermediary institutions to do so.

Shareholders and the accounting firms, law firms, or other intermediary institutions they entrust shall comply with the provisions of laws and administrative regulations on the protection of state secrets, trade secrets, personal privacy,

and personal information when consulting or copying the relevant materials.

The provisions of the preceding four paragraphs shall apply when shareholders request to consult or copy the relevant materials of the company's wholly-owned subsidiaries.

Section 2: Organizational Structure

Article 58

The shareholders' meeting of a limited liability company shall be composed of all shareholders. The shareholders' meeting is the company's authority and shall exercise its powers in accordance with this Law.

Article 59

The shareholders' meeting shall exercise the following powers:

- (1) To elect and replace directors and supervisors and decide on matters concerning their remuneration;
- (2) To review and approve reports of the board of directors;
- (3) To review and approve reports of the board of supervisors;
- (4) To review and approve the company's profit distribution plans and plans for making up losses;
- (5) To adopt resolutions on the increase or reduction of the company's registered capital;
- (6) To adopt resolutions on the issuance of corporate bonds;
- (7) To adopt resolutions on the merger, division, dissolution, liquidation, or change of corporate form of the company;
- (8) To amend the articles of association;
- (9) Other powers stipulated in the articles of association.

The shareholders' meeting may authorize the board of directors to adopt resolutions on the issuance of corporate bonds.

If all shareholders unanimously agree in writing on the matters listed in the first paragraph of this article, a shareholders' meeting need not be convened, and a decision may be made directly, with all shareholders signing or affixing their seals to the decision document.

Article 60

A limited liability company with only one shareholder shall not have a shareholders' meeting. When the shareholder makes decisions on the matters listed in the first paragraph of the preceding article, the decisions shall be made in writing and signed or sealed by the shareholder before being kept by the company.

Article 61

The first shareholders' meeting shall be convened and presided over by the shareholder who has made the largest capital contribution and shall exercise its powers in accordance with the provisions of this Law.

Article 62

Shareholders' meetings shall be divided into regular meetings and interim meetings.

Regular meetings shall be convened on time as stipulated in the articles of association. Interim meetings shall be convened when proposed by shareholders representing more than one-tenth of the voting rights, more than one-third of the directors, or the board of supervisors.

Article 63

Shareholders' meetings shall be convened by the board of directors and presided over by the chairman. If the chairman is unable or fails to perform the duties, the vice chairman shall preside. If the vice chairman is unable or fails to perform the duties, a director jointly recommended by more than half of the directors shall preside.

If the board of directors is unable or fails to perform the duty of convening shareholders' meetings, the board of supervisors shall convene and preside. If the board of supervisors does not convene and preside, shareholders representing more than one-tenth of the voting rights may convene and preside on their own.

Article 64

Unless otherwise provided in the articles of association or otherwise agreed by all shareholders, notice of a

shareholders' meeting shall be given to all shareholders 15 days before the meeting is held.

The shareholders' meeting shall prepare minutes of the decisions on the matters discussed, and the shareholders present at the meeting shall sign or affix their seals to the minutes.

Article 65

Unless otherwise provided in the articles of association, shareholders shall exercise voting rights at shareholders' meetings in proportion to their capital contributions.

Article 66

Unless otherwise provided in this Law, the rules of procedure and voting procedures for shareholders' meetings shall be stipulated in the articles of association.

Resolutions of the shareholders' meeting shall be adopted by shareholders representing more than half of the voting rights.

Resolutions of the shareholders' meeting on amendments to the articles of association, increase or reduction of the registered capital, merger, division, dissolution, or change of corporate form shall be adopted by shareholders representing more than two-thirds of the voting rights.

Article 67

A limited liability company shall have a board of directors, unless otherwise provided in Article 75 of this Law.

The board of directors shall exercise the following powers:

- (1) To convene shareholders' meetings and report to the shareholders' meeting;
- (2) To implement the resolutions of the shareholders' meeting;
- (3) To decide on the company's business plans and investment plans;
- (4) To formulate the company's profit distribution plans and plans for making up losses;
- (5) To formulate plans for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- (6) To formulate plans for the merger, division, dissolution, or change of corporate form of the company;
- (7) To decide on the establishment of the company's internal management departments;
- (8) To decide on the appointment or dismissal of the company's manager and matters concerning their remuneration and, upon the recommendation of the manager, to decide on the appointment or dismissal of the deputy manager(s) and the person in charge of finance and matters concerning their remuneration;
- (9) To formulate the company's basic management systems;
- (10) Other powers stipulated in the articles of association or granted by the shareholders' meeting.

Restrictions on the powers of the board of directors in the articles of association shall not be asserted against bona fide third parties.

Article 68

A limited liability company shall have three or more members on its board of directors, which may include employee representatives. A limited liability company with more than 300 employees shall, unless it has a board of supervisors with employee representatives in accordance with the law, have employee representatives on its board of directors. Employee representatives on the board of directors shall be democratically elected by the employees through the employees' congress, employees' assembly, or other forms.

The board of directors shall have one chairman and may have vice chairman(s). The method for the election of the chairman and vice chairman(s) shall be stipulated in the articles of association.

Article 69

A limited liability company may, in accordance with the provisions of its articles of association, establish an audit committee composed of directors within the board of directors to exercise the powers of the board of supervisors as stipulated in this Law, without establishing a board of supervisors or supervisors. Employee representatives on the

board of directors may become members of the audit committee.

Article 70

The term of office of directors shall be stipulated in the articles of association but shall not exceed three years per term. Directors may serve consecutive terms upon reelection.

If a director is not reelected in a timely manner upon the expiration of their term, or if the resignation of a director during their term results in the number of board members falling below the statutory number, the original director shall, before the newly elected director assumes office, continue to perform their duties as a director in accordance with the provisions of laws, administrative regulations, and the articles of association.

A resigning director shall notify the company in writing, and the resignation shall take effect on the date the company receives the notice, unless the circumstances specified in the preceding paragraph exist, in which case the director shall continue to perform their duties.

Article 71

The shareholders' meeting may adopt a resolution to remove a director, and the removal shall take effect on the date the resolution is adopted.

If a director is removed without just cause before the expiration of their term, the director may require the company to compensate them.

Article 72

Board meetings shall be convened and presided over by the chairman. If the chairman is unable or fails to perform the duties, the vice chairman shall convene and preside. If the vice chairman is unable or fails to perform the duties, a director jointly recommended by more than half of the directors shall convene and preside.

Article 73

Unless otherwise provided in this Law, the rules of procedure and voting procedures for board meetings shall be stipulated in the articles of association.

A board meeting shall be held only if more than half of the directors are present. Resolutions of the board of directors shall be adopted by more than half of all directors.

Each director shall have one vote in the voting on board resolutions.

The board of directors shall prepare minutes of the decisions on the matters discussed, and the directors present at the meeting shall sign the minutes.

Article 74

A limited liability company may have a manager, who shall be appointed or dismissed by the board of directors.

The manager shall be accountable to the board of directors and shall exercise their powers in accordance with the provisions of the articles of association or the authorization of the board of directors. The manager shall attend board meetings as a non-voting participant.

Article 75

A small-scale or limited liability company with a small number of shareholders may not have a board of directors but shall have one director who exercises the powers of the board of directors as stipulated in this Law. The director may concurrently serve as the manager.

Article 76

A limited liability company shall have a board of supervisors, unless otherwise provided in Articles 69 and 83 of this Law.

The board of supervisors shall have three or more members. The board of supervisors shall include shareholder representatives and an appropriate proportion of employee representatives, with the proportion of employee representatives not less than one-third, as specifically stipulated in the articles of association. Employee representatives on the board of supervisors shall be democratically elected by the employees through the employees'

congress, employees' assembly, or other forms.

The board of supervisors shall have one chairman, who shall be elected by more than half of all supervisors. The chairman of the board of supervisors shall convene and preside over board of supervisors meetings. If the chairman is unable or fails to perform the duties, a supervisor jointly recommended by more than half of the supervisors shall convene and preside.

Directors and senior management shall not concurrently serve as supervisors.

Article 77

The term of office of supervisors shall be three years per term. Supervisors may serve consecutive terms upon reelection.

If a supervisor is not reelected in a timely manner upon the expiration of their term, or if the resignation of a supervisor during their term results in the number of board of supervisors members falling below the statutory number, the original supervisor shall, before the newly elected supervisor assumes office, continue to perform their duties as a supervisor in accordance with the provisions of laws, administrative regulations, and the articles of association.

Article 78

The board of supervisors shall exercise the following powers:

- (1) To inspect the company's finances;
- (2) To supervise the performance of duties by directors and senior management, and to propose the removal of any director or senior management who violates laws, administrative regulations, the articles of association, or resolutions of the shareholders' meeting;
- (3) To require directors and senior management to make corrections if their acts harm the interests of the company;
- (4) To propose the convening of interim shareholders' meetings and to convene and preside over shareholders' meetings when the board of directors does not perform the duty of convening and presiding over shareholders' meetings as stipulated in this Law;
- (5) To submit proposals to the shareholders' meeting;
- (6) To file lawsuits against directors or senior management in accordance with the provisions of Article 189 of this Law;
- (7) Other powers stipulated in the articles of association.

Article 79 Supervisors may attend board meetings and raise inquiries or make suggestions regarding matters resolved by the board.

If a supervisor discovers any irregularities in the company's operations, they may conduct an investigation. If necessary, they may engage an accounting firm or other professional institution to assist, with the expenses borne by the company.

Article 80 The board of supervisors may request directors and senior management to submit reports on the performance of their duties.

Directors and senior management shall provide the board of supervisors with truthful information and materials and must not obstruct the exercise of authority by the board of supervisors or supervisors.

Article 81 The board of supervisors shall convene at least one meeting annually. Supervisors may propose interim meetings of the board of supervisors.

The rules of procedure and voting methods of the board of supervisors shall be stipulated in the company's articles of association unless otherwise provided by this Law.

Resolutions of the board of supervisors shall be adopted by an affirmative vote of a majority of all supervisors.

Each supervisor shall have one vote in board resolutions.

The board of supervisors shall prepare minutes of the decisions made on matters discussed, and the supervisors present at the meeting shall sign the minutes.

Article 82 Necessary expenses incurred by the board of supervisors in exercising its authority shall be borne by the

company.

Article 83 A limited liability company with a small scale or a small number of shareholders may choose not to establish a board of supervisors but instead appoint one supervisor to exercise the authority of the board of supervisors as stipulated by this Law. With the unanimous consent of all shareholders, the company may also choose not to appoint a supervisor.

Chapter IV: Transfer of Equity in Limited Liability Companies

Article 84 Shareholders of a limited liability company may transfer all or part of their equity to other shareholders. If a shareholder transfers equity to a non-shareholder, they shall notify the other shareholders in writing of the quantity, price, payment method, and time limit of the transfer. The other shareholders shall have a preemptive right under the same conditions. If a shareholder fails to respond within thirty days of receiving the written notice, they shall be deemed to have waived the preemptive right. If two or more shareholders exercise the preemptive right, they shall negotiate the respective proportions of purchase; if no agreement is reached, the preemptive right shall be exercised in proportion to their respective capital contributions at the time of transfer.

If the company's articles of association provide otherwise regarding equity transfer, such provisions shall prevail.

Article 85 When a people's court transfers a shareholder's equity in accordance with compulsory enforcement procedures prescribed by law, it shall notify the company and all shareholders. Other shareholders shall have a preemptive right under the same conditions. If other shareholders fail to exercise the preemptive right within twenty days of the court's notice, they shall be deemed to have waived it.

Article 86 When a shareholder transfers equity, they shall notify the company in writing and request an update to the register of shareholders. If registration changes are required, they shall also request the company to complete such changes with the company registration authority. If the company refuses or fails to respond within a reasonable period, the transferor or transferee may file a lawsuit with a people's court in accordance with the law.

Upon the transferee's name being recorded in the register of shareholders, they may claim shareholder rights against the company.

Article 87 After an equity transfer under this Law, the company shall promptly cancel the capital contribution certificate of the original shareholder, issue a new certificate to the new shareholder, and amend the relevant records in the articles of association and the register of shareholders regarding the shareholder and their capital contribution. Such amendments to the articles of association do not require further approval by the shareholders' meeting.

Article 88 If a shareholder transfers equity for which capital contributions have been subscribed but the payment deadline has not yet expired, the transferee shall assume the obligation to make such contributions. If the transferee fails to make the contributions in full and on time, the transferor shall bear supplementary liability for the unpaid portion.

If a shareholder who has failed to make capital contributions by the deadline stipulated in the articles of association or whose non-monetary assets contributed are significantly undervalued transfers their equity, the transferor and transferee shall bear joint liability for the shortfall. If the transferee was unaware and should not have been aware of such circumstances, the transferor shall bear liability.

Article 89 Under any of the following circumstances, a shareholder who votes against the relevant resolution of the shareholders' meeting may request the company to repurchase their equity at a reasonable price:

1. The company has been profitable for five consecutive years but has not distributed profits to shareholders, despite meeting the profit distribution conditions under this Law;
2. The company merges, splits, or transfers major assets;
3. The business term stipulated in the articles of association expires or other dissolution conditions arise, but the shareholders' meeting passes a resolution to amend the articles to continue the company.

If no equity repurchase agreement is reached within sixty days of the shareholders' resolution, the shareholder may

file a lawsuit with a people's court within ninety days of the resolution.

If a controlling shareholder abuses shareholder rights, causing severe harm to the company or other shareholders, the affected shareholders may request the company to repurchase their equity at a reasonable price.

Equity repurchased by the company under Paragraph 1 or 3 of this Article shall be transferred or canceled within six months in accordance with the law.

Article 90 Upon the death of a natural-person shareholder, their legal heir may inherit the shareholder qualification, unless the articles of association provide otherwise.

Chapter V: Establishment and Organizational Structure of Joint Stock Limited Companies

Section 1: Establishment

Article 91 A joint stock limited company may be established by promotion or share offering.

Promotion means the company is established by the promoters subscribing for all shares to be issued at the time of establishment.

Share offering means the company is established by the promoters subscribing for part of the shares to be issued at the time of establishment, with the remaining shares offered to specific parties or the public.

Article 92 A joint stock limited company shall have between one and two hundred promoters, at least half of whom must have domiciles within the People's Republic of China.

Article 93 The promoters of a joint stock limited company shall handle preparatory matters for the company.

The promoters shall enter into a promoter agreement specifying their respective rights and obligations during the establishment process.

Article 94 The promoters of a joint stock limited company shall jointly formulate the articles of association.

Article 95 The articles of association of a joint stock limited company shall specify:

1. The company's name and domicile;
2. The scope of business;
3. The method of establishment;
4. The registered capital, total number of shares issued, and number of shares issued at establishment, as well as the par value per share (if applicable);
5. If different classes of shares are issued, the number of shares in each class and their respective rights and obligations;
6. The names or titles of the promoters, the number of shares subscribed, and the method of contribution;
7. The composition, authority, and rules of procedure of the board of directors;
8. The method for appointing and replacing the legal representative;
9. The composition, authority, and rules of procedure of the board of supervisors;
10. The profit distribution method;
11. The causes for dissolution and liquidation procedures;
12. The method for issuing notices and announcements;
13. Other matters deemed necessary by the shareholders' meeting.

Article 96 The registered capital of a joint stock limited company shall be the total share capital registered with the company registration authority. No shares may be offered to others before the promoters have fully paid for their subscribed shares.

If laws, administrative regulations, or State Council regulations prescribe a minimum registered capital for joint stock limited companies, such provisions shall prevail.

Article 97 In a promotion-establishment, the promoters shall subscribe for all shares to be issued at the time of establishment as stipulated in the articles of association.

In a share-offering establishment, the promoters shall subscribe for no less than 35% of the total shares to be issued

at the time of establishment, unless laws or administrative regulations provide otherwise.

Article 98 The promoters shall pay the full amount for their subscribed shares before the company is established. The provisions of Articles 48 and 49(2) of this Law regarding capital contributions by shareholders of limited liability companies shall apply to promoters' contributions.

Article 99 If a promoter fails to pay for their subscribed shares or if non-monetary assets contributed are significantly undervalued, the other promoters shall bear joint liability for the shortfall.

Article 100 If promoters offer shares to the public, they shall publish a prospectus and prepare subscription forms. The subscription forms shall include the matters listed in Article 154(2) and (3) of this Law, and subscribers shall fill in the number of shares, amount, and domicile, then sign or seal the form. Subscribers shall pay the full amount for their subscribed shares.

Article 101 After the full payment for publicly offered shares is received, a legally established capital verification institution shall verify the funds and issue a certificate.

Article 102 A joint stock limited company shall prepare a register of shareholders and keep it at the company. The register shall include:

1. The names or titles and domiciles of shareholders;
2. The class and number of shares held by each shareholder;
3. For physical share certificates, the serial numbers of the certificates;
4. The date each shareholder acquired the shares.

Article 103 In a share-offering establishment, the promoters shall convene an inaugural meeting within thirty days after the full payment for the shares to be issued at establishment. The promoters shall notify subscribers or issue a public notice of the meeting date at least fifteen days in advance. The inaugural meeting shall require the presence of subscribers representing a majority of voting rights to proceed.

For a promotion-establishment, the procedures for convening and voting at the inaugural meeting shall be stipulated in the articles of association or the promoter agreement.

Article 104 The inaugural meeting shall exercise the following powers:

1. Review the promoters' report on the company's preparation;
2. Adopt the articles of association;
3. Elect directors and supervisors;
4. Examine the company's establishment expenses;
5. Examine the valuation of non-monetary contributions by promoters;
6. If force majeure or major changes in operating conditions directly affect the establishment, it may pass a resolution not to establish the company.

Resolutions on the matters above shall require approval by a majority of the voting rights held by subscribers present at the meeting.

Article 105 If the shares to be issued at establishment are not fully subscribed, or if the promoters fail to convene the inaugural meeting within thirty days after full payment, subscribers may demand a refund of their payments plus bank deposit interest for the same period.

Once promoters or subscribers have paid for shares or delivered non-monetary contributions, they may not withdraw their capital except in cases of failure to fully subscribe shares, failure to convene the inaugural meeting, or a resolution not to establish the company.

Article 106 The board of directors shall authorize a representative to apply for establishment registration with the company registration authority within thirty days after the inaugural meeting.

Article 107 The provisions of Articles 44, 49(3), 51, 52, and 53 of this Law shall apply to joint stock limited companies.

Article 108 When a limited liability company converts into a joint stock limited company, the total amount of

converted paid-in capital shall not exceed the company's net asset value. If the company publicly offers shares to increase registered capital during the conversion, it shall comply with legal procedures.

Article 109 A joint stock limited company shall keep the following documents at the company:

- Articles of association
- Register of shareholders
- Minutes of shareholders' meetings
- Minutes of board meetings
- Minutes of supervisory board meetings
- Financial and accounting reports
- Register of bondholders

Article 110 Shareholders have the right to inspect and copy the articles of association, register of shareholders, minutes of shareholders' meetings, resolutions of the board and supervisory board, and financial reports. They may also make suggestions or inquiries regarding the company's operations.

Shareholders who individually or jointly hold 3% or more of the company's shares for at least 180 consecutive days may request to inspect the company's accounting books and vouchers, subject to the provisions of Article 57(2)-(4) of this Law. If the articles of association prescribe a lower shareholding threshold, such provisions shall prevail.

Shareholders requesting to inspect or copy materials of wholly-owned subsidiaries shall follow the preceding two paragraphs.

Shareholders of listed companies shall comply with the *Securities Law of the People's Republic of China* and other relevant laws and regulations when inspecting or copying materials.

Section 2: Shareholders' Meeting

Article 111 The shareholders' meeting of a joint stock limited company shall consist of all shareholders and is the company's authority, exercising its powers in accordance with this Law.

Article 112 The provisions of Article 59(1)-(2) regarding the powers of limited liability company shareholders' meetings shall apply to joint stock limited companies.

The provisions of Article 60 regarding single-shareholder limited liability companies not establishing a shareholders' meeting shall apply to single-shareholder joint stock limited companies.

Article 113 The shareholders' meeting shall convene an annual meeting once a year. An interim meeting shall be convened within two months under any of the following circumstances:

1. The number of directors falls below the statutory minimum or two-thirds of the number stipulated in the articles of association;
2. The company's uncovered losses reach one-third of the total share capital;
3. Shareholders holding 10% or more of the shares individually or jointly request it;
4. The board of directors deems it necessary;
5. The supervisory board proposes it;
6. Other circumstances stipulated in the articles of association.

Article 114 The shareholders' meeting shall be convened by the board of directors and chaired by the chairman. If the chairman cannot or does not perform the duty, the vice chairman shall chair; if the vice chairman cannot or does not perform the duty, a director elected by a majority of the directors shall chair.

If the board fails to convene the meeting, the supervisory board shall promptly convene and chair it. If the supervisory board fails to do so, shareholders holding 10% or more of the shares individually or jointly for at least ninety consecutive days may convene and chair the meeting.

If shareholders holding 10% or more of the shares request an interim meeting, the board or supervisory board shall decide within ten days of receiving the request and notify the shareholders in writing.

Article 115 Notice of a shareholders' meeting, including the time, venue, and agenda, shall be given to shareholders twenty days in advance. For interim meetings, notice shall be given fifteen days in advance.

Shareholders holding 1% or more of the shares individually or jointly may propose interim motions in writing to the board ten days before the meeting. The motions shall have clear topics and specific resolutions. The board shall notify other shareholders within two days and submit the motions for deliberation, unless they violate laws, regulations, or the articles of association or fall outside the shareholders' meeting's authority. The company may not raise the shareholding threshold for proposing motions.

Publicly traded companies shall issue notices under the preceding paragraphs by announcement.

The shareholders' meeting may not adopt resolutions on unlisted matters.

Article 116 Each share carries one vote at the shareholders' meeting, except for shares of different classes. The company's own shares carry no voting rights.

Resolutions shall be passed by a majority of the voting rights present.

Resolutions to amend the articles of association, increase or decrease registered capital, or merge, split, dissolve, or change the company's form shall require a two-thirds majority of the voting rights present.

Article 117 The election of directors or supervisors may use cumulative voting, as stipulated in the articles of association or by resolution.

Cumulative voting means each share carries voting rights equal to the number of directors or supervisors to be elected, and shareholders may concentrate their votes on one or more candidates.

Article 118 A shareholder may appoint a proxy to attend the meeting by submitting a power of attorney specifying the scope, authority, and duration of the proxy.

Article 119 The shareholders' meeting shall prepare minutes signed by the chairperson and attending directors, to be kept with the attendance register and proxy forms.

Section 3: Board of Directors and Manager

Article 120 A joint stock limited company shall have a board of directors, unless Article 128 provides otherwise.

The provisions of Articles 67, 68(1), 70, and 71 shall apply to joint stock limited companies.

Article 121 A joint stock limited company may establish an audit committee within the board, composed of directors, to exercise the supervisory board's powers, in which case no supervisory board or supervisors are required.

The audit committee shall have at least three members, a majority of whom shall not hold any other position in the company besides director and shall have no relationship that may impair independence. Employee representatives on the board may serve on the audit committee.

Resolutions shall require approval by a majority of committee members, with one vote per member.

The articles of association shall prescribe procedures unless this Law provides otherwise.

The company may establish other committees within the board as stipulated in the articles of association.

Article 122 The board shall have one chairman and may have vice chairmen, elected by a majority of the directors.

The chairman convenes and chairs board meetings and oversees the implementation of resolutions. The vice chairman assists, and if the chairman cannot or does not perform the duty, the vice chairman shall act; if the vice chairman cannot or does not act, a director elected by a majority shall act.

Article 123 The board shall meet at least twice a year, with notice given to all directors and supervisors ten days in advance.

Shareholders holding 10% or more of voting rights, one-third of directors, or the supervisory board may propose interim meetings, which the chairman shall convene within ten days.

Notice procedures for interim meetings may be separately determined.

Article 124 A board meeting requires a majority of directors present. Resolutions require approval by a majority of all directors, with one vote per director.

Minutes shall be prepared and signed by attending directors.

Article 125 Directors shall attend meetings in person or appoint another director in writing with specified authority. Directors shall be liable for resolutions that violate laws, regulations, the articles of association, or shareholders' resolutions, causing severe losses to the company, unless they objected and it is recorded in the minutes.

Article 126 The board shall appoint a manager, who reports to the board and exercises authority as stipulated or delegated. The manager may attend board meetings.

Article 127 The board may appoint a director to concurrently serve as manager.

Article 128 A small-scale or small-shareholder joint stock limited company may have one director instead of a board, exercising the board's powers. The director may concurrently serve as manager.

Article 129 The company shall periodically disclose compensation of directors, supervisors, and senior management to shareholders.

Section 4: Supervisory Board

Article 130 A joint stock limited company shall have a supervisory board, unless Articles 121(1) or 133 provide otherwise.

The supervisory board shall have at least three members, including shareholder representatives and no less than one-third employee representatives, as stipulated in the articles of association. Employee representatives shall be democratically elected.

The supervisory board shall have one chairperson and may have vice chairpersons, elected by a majority of supervisors. The chairperson convenes and chairs meetings; if the chairperson cannot or does not act, the vice chairperson shall act; if the vice chairperson cannot or does not act, a supervisor elected by a majority shall act.

Directors and senior management may not serve as supervisors.

The provisions of Article 77 on the term of limited liability company supervisors shall apply.

Article 131 The provisions of Articles 78 to 80 of this Law shall apply to the supervisory board of a joint stock limited company.

Necessary expenses incurred by the supervisory board in exercising its authority shall be borne by the company.

Article 132 The supervisory board shall convene at least once every six months. Supervisors may propose interim meetings.

The rules of procedure and voting methods of the supervisory board shall be stipulated in the company's articles of association unless otherwise provided by this Law.

Resolutions of the supervisory board shall be adopted by an affirmative vote of a majority of all supervisors.

Each supervisor shall have one vote in board resolutions.

The supervisory board shall prepare minutes of the decisions made on matters discussed, and the supervisors present at the meeting shall sign the minutes.

Article 133 A joint stock limited company with a small scale or a small number of shareholders may choose not to establish a supervisory board but instead appoint one supervisor to exercise the authority of the supervisory board as stipulated by this Law.

Section 5: Special Provisions on the Organizational Structure of Listed Companies

Article 134 For the purposes of this Law, a "listed company" refers to a joint stock limited company whose shares are listed and traded on a stock exchange.

Article 135 If a listed company purchases or sells major assets, or provides guarantees to others, exceeding 30% of its total assets within one year, such matters shall be resolved by the shareholders' meeting with approval by at least two-thirds of the voting rights present.

Article 136 A listed company shall have independent directors. Specific administrative measures shall be prescribed by the securities regulatory authority of the State Council.

In addition to the matters listed in Article 95 of this Law, the articles of association of a listed company shall specify the composition and authority of specialized board committees, as well as the compensation and evaluation mechanisms for directors, supervisors, and senior management, in accordance with laws and administrative regulations.

Article 137 If a listed company establishes an audit committee within the board, the following matters shall require approval by a majority of the audit committee members before the board adopts a resolution:

1. Appointment or dismissal of the accounting firm engaged for auditing;
2. Appointment or dismissal of the financial officer;
3. Disclosure of financial and accounting reports;
4. Other matters prescribed by the securities regulatory authority of the State Council.

Article 138 A listed company shall have a board secretary responsible for preparing shareholders' and board meetings, maintaining records, managing shareholder information, and handling information disclosure.

Article 139 If a listed company's director has an affiliated relationship with an enterprise or individual involved in a board resolution, the director shall promptly submit a written report to the board. The affiliated director shall not vote on the resolution or act as a proxy for another director. The board meeting may proceed with a majority of non-affiliated directors present, and resolutions shall require approval by a majority of non-affiliated directors. If fewer than three non-affiliated directors are present, the matter shall be submitted to the shareholders' meeting.

Article 140 A listed company shall disclose information on shareholders and actual controllers truthfully, accurately, and completely.

Holding shares in a listed company on behalf of others in violation of laws or regulations is prohibited.

Article 141 A listed company's controlled subsidiary shall not hold shares in the listed company.

If a controlled subsidiary acquires shares due to a merger or pledge enforcement, it shall not exercise voting rights and shall promptly dispose of the shares.

Chapter VI: Share Issuance and Transfer in Joint Stock Limited Companies

Section 1: Share Issuance

Article 142 A company's capital shall be divided into shares. All shares shall be either par-value or no-par-value shares as stipulated in the articles of association. Par-value shares shall have equal face values.

A company may convert all issued par-value shares into no-par-value shares or vice versa as stipulated in its articles of association.

For no-par-value shares, no less than half of the proceeds from issuance shall be recorded as registered capital.

Article 143 Share issuance shall follow principles of fairness and impartiality, with each share of the same class having equal rights.

Shares of the same class issued at the same time shall have identical issuance terms and prices.

Article 144 A company may issue the following classes of shares with rights differing from ordinary shares, as stipulated in its articles of association:

1. Shares with preferential or subordinated rights to profit distribution or residual assets;
2. Shares with more or fewer votes per share than ordinary shares;
3. Shares with transfer restrictions (e.g., requiring company approval);
4. Other classes prescribed by the State Council.

Publicly traded companies may not issue shares under Items 2 and 3 above, unless issued before going public.

For shares under Item 2, each class of shares shall have equal votes per share in electing or replacing supervisors or audit committee members.

Article 145 A company issuing class shares shall specify in its articles of association:

1. The order of profit or residual asset distribution for each class;

2. The number of votes per share for each class;
3. Transfer restrictions on class shares;
4. Measures to protect minority shareholders;
5. Other matters deemed necessary by the shareholders' meeting.

Article 146 For matters affecting class shareholders' rights (e.g., those under Article 116(3)), resolutions shall require both a shareholders' meeting majority and a two-thirds vote of the class shareholders present.

The articles of association may prescribe additional matters requiring class shareholder approval.

Article 147 A company's shares shall be represented by share certificates, which evidence share ownership. Share certificates shall be registered.

Article 148 Par-value shares may be issued at or above face value but not below.

Article 149 Share certificates may be in physical or electronic form as prescribed by the securities regulatory authority. Physical certificates shall state:

1. The company's name;
2. The establishment date or issuance date;
3. The share class, par value (if applicable), and number of shares represented.

Physical certificates shall also bear serial numbers, the legal representative's signature, and the company seal.

Promoters' share certificates shall be labeled as such.

Article 150 Share certificates shall be delivered to shareholders after incorporation, not before.

Article 151 For new share issuances, the shareholders' meeting shall resolve:

1. The class and number of new shares;
2. The issuance price;
3. The issuance period;
4. The class and number of shares offered to existing shareholders;
5. For no-par shares, the amount of proceeds recorded as registered capital.

The pricing plan may consider the company's operations and financial condition.

Article 152 The articles of association or shareholders' meeting may authorize the board to issue up to 50% of existing shares within three years, except for non-monetary contributions, which require shareholder approval.

Board-authorized issuances altering registered capital or share totals shall not require further shareholder approval for articles amendments.

Article 153 Board resolutions on authorized share issuances shall require a two-thirds majority of all directors.

Article 154 Public share offerings shall be registered with the securities regulatory authority, with a published prospectus.

The prospectus shall include the articles of association and specify:

1. The total shares offered;
2. The par value and price (for par-value shares) or the price (for no-par shares);
3. The use of proceeds;
4. Subscribers' rights and obligations;
5. Share classes and their rights;
6. The subscription period and withdrawal rights if undersubscribed.

For initial offerings, the number of shares subscribed by promoters shall also be stated.

Article 155 Public offerings shall be underwritten by a licensed securities firm under an underwriting agreement.

Article 156 Public offerings shall involve a share proceeds collection agreement with a bank.

The collecting bank shall hold proceeds, issue receipts, and provide proof of payment.

The company shall announce full subscription.

Section 2: Share Transfer

Article 157 Shares may be transferred among shareholders or to non-shareholders unless restricted by the articles of association.

Article 158 Share transfers shall occur at licensed securities trading venues or as prescribed by the State Council.

Article 159 Share certificates shall be transferred by endorsement or other lawful means, with the transferee's details recorded in the register of shareholders.

No register changes shall be made within 20 days before a shareholders' meeting or 5 days before the dividend record date. Listed companies follow securities regulations.

Article 160 Pre-IPO shares shall not be transferred within one year of listing. Stricter rules for listed company shareholders and controllers apply.

Directors, supervisors, and senior management shall report their shareholdings and may not transfer more than 25% annually during their term or any shares within one year of listing. They are barred from transfers for six months post-resignation. The articles may impose further restrictions.

Pledged shares subject to transfer restrictions shall not be enforced during the restriction period.

Article 161 Shareholders opposing certain resolutions (e.g., no dividends for five profitable years, major asset transfers, or charter amendments to avoid dissolution) may demand share repurchase at a fair price, except for public companies.

If no repurchase agreement is reached within 60 days of the resolution, the shareholder may sue within 90 days.

Repurchased shares shall be sold or canceled within six months.

Article 162 A company may not repurchase its own shares except:

1. To reduce capital;
2. For mergers with shareholding companies;
3. For employee stock plans or equity incentives;
4. To buy out dissenting shareholders in mergers or splits;
5. To convert bonds into shares;
6. For listed companies to protect value and shareholder rights.

Items 1 and 2 require shareholder approval; Items 3, 5, and 6 may be approved by a two-thirds board majority if authorized.

Repurchased shares shall be canceled within 10 days (Item 1), sold/canceled within six months (Items 2 and 4), or held below 10% of total shares and sold/canceled within three years (Items 3, 5, and 6).

Listed companies shall disclose repurchases and conduct open market transactions for Items 3, 5, and 6.

A company may not accept its own shares as pledge collateral.

Article 163 A company may not provide gifts, loans, guarantees, or other financial assistance for others to acquire its or its parent's shares, except for employee stock plans.

With shareholder or authorized board approval, such assistance is permitted if the total does not exceed 10% of issued capital. Board resolutions require a two-thirds majority.

Violations causing losses shall render liable directors, supervisors, or officers responsible for compensation.

Article 164 Shareholders may petition a court to invalidate lost or stolen share certificates via public notice procedures under the Civil Procedure Law. Replacement certificates may then be issued.

Article 165 Listed company shares shall trade under securities laws and exchange rules.

Article 166 Listed companies shall disclose information as required by law.

Article 167 A deceased natural-person shareholder's heir may inherit the shares unless the articles of a transfer-restricted company provide otherwise.

Chapter VII: Special Provisions on State-Owned Companies

Article 168 This chapter governs state-owned companies; other provisions apply where silent.

"State-owned companies" include wholly state-owned and state-controlled companies, whether LLCs or joint stock companies.

Article 169 The State Council or local governments shall exercise state ownership rights. They may delegate this to state asset regulators or other agencies.

Such agencies are collectively termed "ownership representatives."

Article 170 The company's Communist Party organization shall exercise leadership per Party rules, deliberate major matters, and support lawful governance.

Article 171 The ownership representative shall formulate the articles of a wholly state-owned company.

Article 172 Wholly state-owned companies need no shareholders' meeting; the ownership representative exercises its powers. It may delegate some powers to the board, except for charter amendments, mergers, splits, dissolution, bankruptcy, capital changes, or profit distribution.

Article 173 The board of a wholly state-owned company exercises statutory powers.

A majority of board members shall be external, including employee representatives.

Directors are appointed by the ownership representative, except employee representatives elected by staff.

The board has one chairman (and optional vice chairmen) designated by the ownership representative.

Article 174 The board appoints or dismisses the manager.

Directors may concurrently serve as managers with ownership representative approval.

Article 175 Directors and officers of wholly state-owned companies may not hold concurrent positions elsewhere without approval.

Article 176 A wholly state-owned company may replace the supervisory board with an audit committee under Article 121.

Article 177 State-owned companies shall establish internal supervision, risk control, and compliance systems.

Chapter VIII: Qualifications and Duties of Directors, Supervisors, and Officers

Article 178 The following persons may not serve as directors, supervisors, or officers:

1. Persons without or with limited capacity;
2. Persons convicted of corruption, bribery, embezzlement, or market disruption, or deprived of political rights, within five years of completion (or two years post-probation);
3. Persons personally responsible for bankruptcy within three years of completion;
4. Persons personally responsible for revoked business licenses within three years;
5. Persons subject to court-enforced debt blacklisting.

Appointments violating this article are void. Incumbents shall be dismissed.

Article 179 Directors, supervisors, and officers shall comply with laws and the articles of association.

Article 180 Directors, supervisors, and officers owe fiduciary duties to avoid conflicts of interest and refrain from self-dealing.

They owe a duty of care, acting with reasonable diligence for the company's best interests.

These duties apply to controlling shareholders or de facto controllers who manage company affairs without directorship.

Article 181 Directors, supervisors, and senior management shall not:

1. Misappropriate company property or funds;
2. Deposit company funds in accounts under their personal names or others' names;
3. Solicit or accept bribes or other illegal benefits using their positions;
4. Pocket commissions from company-related transactions;
5. Disclose company secrets without authorization;

6. Engage in other acts breaching fiduciary duties.

Article 182 Directors, supervisors, or senior management entering contracts/transactions with the company (directly/indirectly) shall disclose relevant details to the board/shareholders' meeting for approval per the articles of association.

This applies to their close relatives, controlled enterprises, or other related parties.

Article 183 Directors, supervisors, and senior management shall not usurp company business opportunities unless:

1. Disclosed and approved per the articles; or
2. The company cannot exploit the opportunity under laws or the articles.

Article 184 Without disclosure and approval, directors, supervisors, and senior management shall not operate competing businesses.

Article 185 Interested directors shall abstain from voting on matters under Articles 182–184. If fewer than three disinterested directors remain, the matter shall go to shareholders.

Article 186 Gains from violations of Articles 181–184 shall belong to the company.

Article 187 Directors, supervisors, and senior management shall attend shareholders' meetings upon request and answer inquiries.

Article 188 Violations of laws, regulations, or the articles causing losses shall incur liability.

Article 189 Shareholders (holding 1%+ shares for 180+ days in JSCs) may request the supervisory board to sue directors/officers; if the board refuses or delays, shareholders may sue directly.

This applies to wholly-owned subsidiaries' violations or third-party infringements.

Article 190 Shareholders may sue directors/officers for damaging their interests.

Article 191 The company shall compensate for damages caused by directors/officers during duty; intentional/grossly negligent acts incur personal liability.

Article 192 Controlling shareholders/directors jointly liable for instructing harmful acts.

Article 193 Companies may obtain liability insurance for directors. Coverage details shall be reported to shareholders.

Chapter IX: Corporate Bonds

Article 194 "Corporate bonds" are negotiable instruments issued by companies promising principal/interest repayments. Issuance/trading shall comply with securities laws.

Article 195 Public bond offerings require CSRC registration and a prospectus stating:

1. Company name;
2. Use of proceeds;
3. Total/face value;
4. Interest rate mechanism;
5. Repayment terms;
6. Guarantees;
7. Issue price/period;
8. Net assets;
9. Outstanding bonds;
10. Underwriter.

Article 196 Physical bonds shall state the company name, face value, interest rate, maturity, etc., with legal rep's signature and company seal.

Article 197 Bonds shall be registered.

Article 198 A bondholder register shall list:

1. Holder names/domiciles;
2. Acquisition dates/bond numbers;

3. Total/face value, interest, repayment terms;
4. Issue date.

Article 199 Clearing institutions shall establish bond registration, custody, and payment systems.

Article 200 Bonds are transferable at agreed prices, per laws.

Article 201 Transfers require endorsement or lawful methods, with transferee details recorded.

Article 202 JSCs may issue convertible bonds via shareholder/board resolution, specifying conversion terms. Listed companies require CSRC registration.

Convertible bonds shall be labeled as such in the register.

Article 203 Companies shall convert bonds per the terms, unless holders opt out.

Article 204 Public bond issuers shall convene bondholder meetings, with resolutions binding all holders unless otherwise agreed.

Article 205 Public issuers shall appoint bond trustees to handle repayments, litigation, etc.

Article 206 Trustees shall act diligently. Conflicts may trigger replacement by bondholder vote. Violations incur liability.

Chapter X: Finance & Accounting

Article 207 Companies shall establish financial/accounting systems per laws.

Article 208 Annual financial reports shall be audited per regulations.

Article 209 LLCs shall deliver reports to shareholders per the articles; JSCs shall make reports available 20 days pre-AGM. Public companies shall publish reports.

Article 210 Post-tax profits shall allocate 10% to statutory reserves until reaching 50% of registered capital. Losses shall be covered first.

After reserves, profits may be distributed per capital contributions (or as agreed/articles provide). Treasury shares earn no dividends.

Article 211 Illegal distributions shall be refunded; liable parties shall compensate.

Article 212 Dividends shall be paid within six months of shareholder approval.

Article 213 Share premiums, no-par excess proceeds, and other prescribed items constitute capital reserves.

Article 214 Reserves cover losses, expand operations, or increase capital. Capital reserves cover losses only after other reserves.

Statutory reserves converting to capital shall retain $\geq 25\%$ pre-conversion capital.

Article 215 Hiring/firing auditors requires shareholder/board/supervisory board approval per articles. Auditors may defend during dismissal votes.

Article 216 Companies shall provide auditors full access to records.

Article 217 No parallel accounting books. No personal accounts for company funds.

Chapter XI: Mergers, Splits, Capital Changes

Article 218 Mergers may be absorptive (one survives) or consolidative (new entity).

Article 219 Mergers with 90%+ owned subsidiaries skip shareholder votes but require notice; minority shareholders may demand buyouts.

Mergers costing $\leq 10\%$ of net assets skip shareholder votes unless articles require. Board approval suffices.

Article 220 Mergers require agreements, balance sheets, and creditor notices/45-day public notices. Creditors may demand repayment/guarantees.

Article 221 Surviving/new companies assume merged entities' debts.

Article 222 Splits require asset divisions, balance sheets, and creditor notices/public notices.

Article 223 Split companies jointly liable for pre-split debts unless otherwise agreed with creditors.

Article 224 Capital reductions require balance sheets and creditor notices/public notices. Creditors may demand repayment/guarantees.

Reductions shall proportionally cut capital/ shares unless laws/articles provide otherwise.

Article 225 Post-loss-covering capital reductions forbid distributions or waiving payment obligations. Public notices required within 30 days.

No profits until reserves reach 50% of capital.

Article 226 Illegal reductions require refunds/reinstatements; liable parties compensate.

Article 227 LLC shareholders have preemptive rights on capital increases unless otherwise agreed. JSC shareholders have no preemptive rights unless articles/resolutions provide.

Article 228 Capital increase payments follow LLC/JSC formation rules.

Chapter XII: Dissolution & Liquidation

Article 229 Dissolution causes:

1. Charter term expires;
2. Shareholder resolution;
3. Merger/split;
4. License revoked;
5. Court order (per Art. 231).

Dissolution shall be publicized within 10 days.

Article 230 Companies may amend charters/resolve to continue despite dissolution causes 1 or 2, requiring 2/3+ votes (LLCs: by capital; JSCs: by present votes).

Article 231 Shareholders holding 10%+ votes may petition courts to dissolve companies facing severe operational deadlock.

Article 232 Directors are liquidators unless articles/shareholders designate others. Delays incur liability.

Article 233 Stakeholders may court-petition for liquidation if liquidators delay.

Authorities may petition for court liquidation after revocations.

Article 234 Liquidators shall:

1. Inventory assets;
2. Notify creditors;
3. Settle pending business;
4. Pay taxes;
5. Clear debts;
6. Distribute residual assets;
7. Represent in litigation.

Article 235 Creditors shall file claims within 30/45 days of notice/publication. No repayments during filing periods.

Article 236 Liquidation plans require shareholder/court approval. Residual assets distribute per capital/shares after prioritized payments.

No non-liquidation activities.

Article 237 Insolvent companies shall petition for bankruptcy.

Article 238 Liquidators owe fiduciary duties; negligence incurs liability.

Article 239 Post-liquidation reports require approval and registration cancellation.

Article 240 Debt-free companies may deregister via simplified procedures with shareholder pledges. False pledges incur joint liability.

Article 241 Authorities may deregister companies revoked for 3+ years after 60-day public notices. Original liabilities remain.

Article 242 Bankruptcy follows insolvency laws.

Chapter XIII: Foreign Company Branches

Article 243 "Foreign companies" are incorporated abroad.

Article 244 Branches require Chinese approval, registration, and licenses.

Article 245 Branches need local agents and adequate operating funds.

Article 246 Branch names shall state nationality/liability forms. Charters shall be on-site.

Article 247 Branches lack Chinese legal person status. Foreign parents bear liability.

Article 248 Branches shall obey Chinese laws and not harm public interests.

Article 249 Branch closures require debt clearance per liquidation rules. No asset transfers pre-clearance.

Chapter XIV: Legal Liability

Article 250 Fraudulent registrations incur fines (5–15% of false capital or ¥50k–¥2M), license revocations, and personal fines (¥30k–¥300k).

Article 251 Companies failing to disclose or truthfully disclose information as required by Article 40 shall be ordered to rectify by the company registration authority and may face fines between ¥10,000 and ¥50,000. For serious violations, fines range from ¥50,000 to ¥200,000, with responsible personnel fined ¥10,000 to ¥100,000.

Article 252 Promoters or shareholders making false capital contributions or failing to deliver monetary/non-monetary assets on time shall be ordered to rectify and may face fines between ¥50,000 and ¥200,000. For serious violations, fines amount to 5%–15% of the false/unpaid capital, with responsible personnel fined ¥10,000 to ¥100,000.

Article 253 Promoters or shareholders withdrawing contributions post-incorporation shall be ordered to rectify and fined 5%–15% of the withdrawn amount, with responsible personnel fined ¥30,000 to ¥300,000.

Article 254 The following acts shall be penalized by finance departments at or above county level under the *Accounting Law of the People's Republic of China* and other regulations:

1. Maintaining accounting books outside statutory requirements;
2. Submitting financial reports with false entries or material omissions.

Article 255 Companies failing to notify creditors during mergers, splits, capital reductions, or liquidation shall be ordered to rectify and fined ¥10,000 to ¥100,000.

Article 256 Concealing assets, falsifying balance sheets, or distributing assets pre-debt clearance during liquidation shall incur rectification orders and fines of 5%–10% of the concealed/distributed amount, with responsible personnel fined ¥10,000 to ¥100,000.

Article 257 Asset appraisal, capital verification, or certification agencies providing false/materially incomplete reports shall be penalized under the *Asset Appraisal Law of the People's Republic of China*, *Certified Public Accountants Law of the People's Republic of China*, etc.

Such agencies shall compensate creditors for losses due to inaccurate assessments/certifications unless proving no fault, capped at the inaccurate amount.

Article 258 Company registration authorities failing or improperly performing duties shall impose administrative sanctions on responsible personnel.

Article 259 Entities falsely using "Limited Liability Company" or "Joint Stock Limited Company" (or branch) titles without registration shall be ordered to rectify or shut down, with fines up to ¥100,000.

Article 260 Companies failing to commence business within six months post-incorporation or suspending operations for six consecutive months (excluding lawful closures) may have licenses revoked.

Unregistered changes to company details shall incur rectification orders; delays attract fines of ¥10,000 to ¥100,000.

Article 261 Foreign companies establishing unauthorized branches in China shall be ordered to rectify/close, with fines between ¥50,000 and ¥200,000.

Article 262 Companies engaged in severe illegal acts endangering national security or public interests shall have licenses revoked.

Article 263 Where civil liabilities and fines/penalties overlap, civil compensation takes priority if assets are insufficient.

Article 264 Violations constituting crimes shall incur criminal liability.

Chapter XV: Supplementary Provisions

Article 265 Definitions:

1. **Senior management:** Managers, deputy managers, financial officers, listed company board secretaries, and others specified in articles of association.
2. **Controlling shareholder:** A shareholder holding >50% of capital (LLC) or shares (JSC), or whose voting rights significantly influence resolutions.
3. **Actual controller:** A person controlling company actions via investments, agreements, or other arrangements.
4. **Affiliated relationship:** Relationships between controlling shareholders/actual controllers/directors/supervisors/senior management and directly/indirectly controlled enterprises, or other ties potentially transferring company interests. State-controlled enterprises are not affiliated solely due to shared state ownership.

Article 266 This Law shall take effect on **July 1, 2024**.

Companies registered before enactment with contribution periods exceeding this Law's limits shall gradually adjust unless laws/regulations provide otherwise. Registration authorities may require timely adjustments for abnormal contribution terms/amounts. Specific implementation measures shall be prescribed by the State Council.