

Company Law of the People’s Republic of China (2024 Revision)

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Chapter I — General Provisions

Article 1 — This Law is enacted in order to regulate the organization and conduct of companies, protect the legitimate 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, in accordance with the Constitution.

Article 2 — The term “company” as used in this Law refers to limited liability companies and joint stock limited companies 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 the right to legal person property. The company shall be liable for its debts to the extent of all its property.

In the case of a limited liability company, shareholders shall be liable to the company to the extent of their respective subscribed capital contributions. In the case of a joint stock limited company, shareholders shall be liable to the company to the extent of their respective subscribed shares.

Article 4 — Shareholders of a company shall enjoy the rights to asset returns, participation in major decision-making and selection of managers, and other rights in accordance with the law.

A company shall, in compliance with the law, protect the legitimate rights and interests of its employees, enter into labor contracts with its employees, participate in social insurance, strengthen labor protection, and achieve safe production.

Where a company is converted into a joint stock limited company, its total share capital shall not exceed its net asset value.

Article 5 — A company shall, in the course of its business operations, abide by laws and administrative regulations, observe social mores and business ethics, act in good faith, and accept supervision by the government and the public.

A company shall assume social responsibilities.

Article 6 — The registration authority for companies shall be the market regulatory administration department.

Where laws and administrative regulations provide that the establishment of a company shall be subject to approval, such approval procedures shall be completed in accordance with the law prior to company registration.

The public may apply to the company registration authority to consult company registration matters, and the company registration authority shall provide enquiry services.

Article 7 — For a company lawfully established in accordance with this Law, the company registration authority shall issue a business license. The date of issuance of the business license shall be the date of establishment of the company.

The business license shall state the company name, domicile, registered capital, business scope, name of the legal representative, and other matters.

Where any matter stated in the business license is changed, the company shall undergo modification registration in accordance with the law, and the company registration authority shall issue a new business license.

Article 8 — A limited liability company shall include the words “limited liability company” or “limited company” in its name.

A joint stock limited company shall include the words “joint stock limited company” or “joint stock company” in its name.

Article 9 — The change of a limited liability company to a joint stock limited company shall satisfy the conditions for a joint stock limited company as provided for in this Law. The change of a joint stock limited company to a limited liability company shall satisfy the conditions for a limited liability company as provided for in this Law.

Where a company changes its form as specified in the preceding paragraph, the claims and debts prior to the change shall be succeeded by the company after the change.

Article 10 — The domicile of a company shall be the place where its principal office is located.

Article 11 — Articles of association of a company shall be formulated in accordance with the law. The articles of association shall be binding on the company, its shareholders, directors, supervisors and senior management.

Article 12 — The business scope of a company shall be defined in its articles of association and registered in accordance with the law. A company may amend its articles of association to change its business scope but shall undergo modification registration.

Where the business scope of a company includes any item that is subject to approval under laws or administrative regulations, such approval shall be obtained in accordance with the law.

Article 13 — The legal representative of a company shall be a director or manager who represents the company in executing company affairs, as specified in the articles of association.

Where the legal representative of a company causes damage to another person in the performance of duties, the company shall bear civil liability; after the company bears civil liability, it may, in accordance with the law or the company’s articles of association, seek recovery from the legal representative at fault.

Article 14 — A company may establish branches. To establish a branch, the company shall apply for registration with the company registration authority and obtain a business license for the branch.

A branch shall not possess the status of a legal person, and its civil liabilities shall be borne by the company.

A company may establish subsidiaries. Subsidiaries shall possess the status of legal persons and shall independently bear civil liability in accordance with the law.

Article 15 — When a company invests in another enterprise, it shall not become a contributor bearing joint and several liability for the debts of the enterprise in which it invests, unless otherwise provided by law.

Article 16 — Where a company intends to provide a guarantee for another person, the decision shall be made by the board of directors or the shareholders meeting or the general meeting in accordance with the provisions of the articles of association.

Where a company intends to provide a guarantee for a shareholder or actual controller of the company, a resolution shall be adopted by the shareholders meeting or general meeting.

Where the total amount of guarantee provided by a company exceeds a limit prescribed in the articles of association, or the company provides a guarantee for a person whose asset-liability ratio exceeds a limit prescribed in the articles of association, the matter shall be resolved by the shareholders meeting or general meeting.

Article 17 — A company shall protect the legitimate rights and interests of its employees, enter into labor contracts with its employees, participate in social insurance in accordance with the law, strengthen labor protection, and achieve safe production.

A company shall adopt various forms to strengthen vocational education and on-the-job training for its employees to improve their quality.

Article 18 — Employees of a company shall, in accordance with the Trade Union Law of the People's Republic of China, organize trade unions and carry out trade union activities to protect the legitimate rights and interests of employees. A company shall provide necessary conditions for the activities of its trade union.

A trade union shall represent employees in entering into collective contracts with the company on matters such as working conditions, remuneration, working hours, rest and leave, occupational safety and health, and insurance and welfare in accordance with the law.

Where a company discusses and decides on major matters concerning business operations or formulates important rules and regulations such as those relating to labor remuneration, working hours, rest and leave, occupational safety and health, insurance and welfare, training, labor discipline and quota management, it shall hear the opinions of the trade union and shall hear the opinions and proposals of employees through employee representative assemblies or other means.

Article 19 — A company shall, in accordance with the provisions of the Constitution of the Communist Party of China and relevant laws, establish an organization of the Communist Party of China and carry out party activities. The company shall provide necessary conditions for the activities of the party organization.

Article 20 — 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 damage the interests of the company or other shareholders.

Shareholders shall not abuse the independent status of the company as a legal person and the limited liability of shareholders to damage the interests of creditors of the company.

Where a shareholder of a company abuses shareholder rights and causes losses to the company or other shareholders, the shareholder shall bear compensation liability in accordance with the law.

Where a shareholder of a company abuses the independent status of the company as a legal person and the limited liability of shareholders to evade debts and seriously damages the interests of creditors of the company, the shareholder shall bear joint and several liability for the debts of the company.

Article 21 — Controlling shareholders, actual controllers, directors, supervisors and senior management of a company shall not take advantage of their affiliated relationships to damage the interests of the company.

Where any person in violation of the preceding paragraph causes losses to the company, the person shall bear compensation liability.

Article 22 — A resolution of the shareholders meeting or general meeting, or the board of directors, of a company that violates laws or administrative regulations shall be void.

Where the convening procedures or voting method of a shareholders meeting, general meeting or board of directors violates laws, administrative regulations or the articles of association, or the content of a resolution violates the articles of association, a shareholder may, within 60 days from the date on which the resolution is made, request a people's court to revoke the resolution. Where the resolution of the shareholders meeting or general meeting is a matter required to be publicized, the period shall commence from the date of public announcement.

Chapter II — Company Registration

Article 23 — To establish a company, an application for registration shall be filed with the company registration authority in accordance with the law. Where conditions for establishment prescribed by this Law are satisfied, the company registration authority shall register it as a limited liability company or a joint stock limited company. Where conditions for establishment prescribed by this Law are not satisfied, it shall not be registered as a limited liability company or joint stock limited company.

Article 24 — Matters for company registration shall be formulated by the State Council market regulatory administration department.

National enterprise credit information publicity system shall publicize the following matters registered by the company registration authority:

(1) name; (2) domicile; (3) registered capital; (4) business scope; (5) name of legal representative; (6) names of shareholders of limited liability companies or promoters of joint stock limited companies.

Article 25 — The company registration authority shall issue a business license. The electronic business license shall have the same legal effect as the paper business license.

Where any matter stated in the business license is changed, the company shall undergo modification registration in accordance with the law, and the company registration authority shall issue a new business license.

Article 26 — Where a company intends to change any matter specified in Article 24 of this Law, it shall apply to the company registration authority for modification registration. Where the change involves an amendment to the articles of association, the resolution on amendment to the articles of association shall be submitted.

Article 27 — Where a company intends to change its legal representative, the application for modification registration shall be signed by the new legal representative.

Article 28 — Where a company intends to deregister upon dissolution, the liquidation group shall apply for deregistration within 30 days from the completion of liquidation.

Article 29 — The establishment of a company shall be registered with the company registration authority in accordance with the law. Where laws or administrative regulations provide that the establishment shall be subject to approval, the company shall undergo approval procedures in accordance with the law and register for establishment within the approved period.

Article 30 — For applications for company establishment registration, the registration authority shall register those that meet the conditions for company establishment prescribed by this Law; and shall not register those that do not meet the conditions.

Article 31 — To apply for the establishment of a company, the applicant shall submit an application for company establishment registration, the articles of association, and other documents required by laws and administrative regulations to the company registration authority.

Article 32 — Where matters in the company registration include any matter that is subject to administrative licensing, the administrative licensing certificate or approval document shall be submitted.

Chapter III — Capital Contribution and Capital System

Article 33 — The registered capital of a limited liability company shall be the amount of capital contributions subscribed for by all shareholders and registered with the company registration authority.

The registered capital of a joint stock limited company established by promotion shall be the total share capital subscribed for by all promoters and registered with the company registration authority. The registered capital of a joint stock limited company established by public offer shall be the total actually collected share capital registered with the company registration authority.

Where laws, administrative regulations or decisions of the State Council provide otherwise for the paid-in registered capital and minimum registered capital of companies, such provisions shall prevail.

Article 34 — Shareholders of a limited liability company shall fully pay their subscribed capital contributions within five years from the date of establishment of the company, as provided in the articles of association.

Where a company increases its registered capital, the shareholders' capital contributions for the increased capital shall be fully paid within five years from the date of modification registration.

Article 35 — Where laws, administrative regulations, or decisions of the State Council provide otherwise for the time limit for payment of registered capital, such provisions shall prevail.

Article 36 — Shareholders may make capital contributions in currency, or in kind, intellectual property rights, land use rights, stock rights, creditor's rights, or other non-currency property that may be valued in currency and transferred in accordance with the law, except for property that may not be used as capital contribution as provided by laws and administrative regulations.

Capital contributions made in non-currency property shall be appraised and verified, and shall not be overvalued or undervalued. Where laws or administrative regulations provide otherwise for appraisal and valuation, such provisions shall prevail.

Article 37 — Where a shareholder makes a capital contribution in currency, the full amount of the currency contribution shall be deposited into the bank account opened by the company.

Where a shareholder makes a capital contribution in non-currency property, the property rights shall be transferred in accordance with the law.

Article 38 — After the establishment of a company, where the actual value of the non-currency property used as capital contribution is significantly lower than the amount of capital contribution stated in the articles of association, the contributing shareholder shall make up the deficiency; the other shareholders at the time of establishment shall bear joint and several liability.

Article 39 — Shareholders shall pay their respective subscribed capital contributions in full and on time as stipulated in the articles of association.

Where a shareholder fails to pay the capital contribution in full and on time, in addition to paying the full amount to the company, the shareholder shall bear liability for breach of contract to the shareholders who have paid their capital contributions in full and on time.

Article 40 — After the establishment of a company, where a shareholder fails to pay the capital contribution in full and on time, or the actual value of the non-currency property contributed is significantly lower than the subscribed amount, the contributing shareholder shall make up the deficiency. The other shareholders at the time of establishment shall bear joint and several liability with the contributing shareholder to the extent of the deficiency.

Article 41 — Where a shareholder of a limited liability company fails to fully pay the capital contribution as stipulated in the articles of association, and fails to pay after being urged by the company, the company may, after notifying the shareholder, deprive the shareholder of the corresponding equity interest corresponding to

the unpaid capital contribution.

Where the company deprives a shareholder of the equity interest, the company shall reduce its registered capital and deregister the equity interest, or transfer the equity interest to another person.

Article 42 — After the establishment of a company, shareholders shall not withdraw their capital contributions.

Article 43 — A company shall issue a capital contribution certificate to each shareholder upon establishment.

A capital contribution certificate shall state the following:

(1) company name; (2) date of company establishment; (3) company registered capital; (4) shareholder name, amount of capital contribution and date of capital contribution; (5) number of the capital contribution certificate and the date of its issuance.

The capital contribution certificate shall be affixed with the company seal.

Article 44 — A company shall prepare a register of shareholders, stating the following:

(1) name or title and domicile of each shareholder; (2) amount of capital contribution subscribed by each shareholder; (3) amount of capital contribution paid by each shareholder and the date of payment; (4) number of the capital contribution certificate.

Shareholders recorded in the register of shareholders may exercise shareholder rights in accordance with the register of shareholders.

Article 45 — A company shall record changes in shareholder capital contributions in the register of shareholders and apply for modification registration.

Where a shareholder transfers equity, the transferee may exercise shareholder rights from the time it is recorded in the register of shareholders.

Article 46 — Where the registered capital is stated in the articles of association, no resolution of the shareholders meeting or general meeting shall be required for capital reduction that restores the original registered capital.

Chapter IV — Limited Liability Companies

Section 1 — Establishment

Article 47 — To establish a limited liability company, the following conditions shall be satisfied:

(1) the number of shareholders conforms to the statutory number; (2) the capital contributions subscribed by all shareholders comply with the provisions of this Law; (3) the shareholders have jointly formulated the articles of association; (4) the company has a name and its organizational structure conforms to the requirements for a limited liability company; (5) the company has a domicile.

Article 48 — A limited liability company shall be jointly established by not fewer than one and not more than fifty shareholders.

Article 49 — A limited liability company shall have articles of association formulated jointly by all shareholders, which shall specify the following:

(1) company name and domicile; (2) business scope; (3) registered capital; (4) names or titles of shareholders; (5) method, amount and time of capital contribution by shareholders; (6) company organizational structure, method of establishment, powers and rules of procedure; (7) legal representative of the company; (8) other matters that the shareholders meeting deems necessary.

Shareholders shall sign and affix their seals on the articles of association.

Article 50 — Shareholders of a limited liability company shall bear liability to the company to the extent of their respective subscribed capital contributions.

Section 2 — Organizational Structure

Article 51 — The shareholders meeting of a limited liability company shall be composed of all shareholders. The shareholders meeting shall be the authority of the company and shall exercise its powers in accordance with this Law.

Article 52 — The shareholders meeting shall exercise the following powers:

(1) elect and replace directors and supervisors, and decide on their remuneration; (2) examine and approve reports of the board of directors; (3) examine and approve reports of the board of supervisors or supervisors; (4) examine and approve annual financial budgets and final accounts of the company; (5) examine and approve profit distribution plans and loss recovery plans of the company; (6) resolve on increase or reduction of registered capital of the company; (7) resolve on issuance of company bonds; (8) resolve on merger, division, dissolution, liquidation or change of company form; (9) amend the articles of association; (10) other powers provided in the articles of association.

Where all shareholders agree in writing on any of the matters listed in the preceding paragraph, they may make decisions directly without convening a shareholders meeting, and all shareholders shall sign and seal the decision document.

Article 53 — A limited liability company shall establish a board of directors. The board of directors shall have at least three members.

A limited liability company with a small scale or a small number of shareholders may have one director instead of a board of directors. Such director may concurrently serve as the manager.

Article 54 — Members of the board of directors shall be elected by the shareholders meeting.

The term of office of directors shall be stipulated in the articles of association, but each term shall not exceed three years. Directors may be re-elected upon expiration of their term.

Article 55 — The board of directors shall exercise the following powers:

(1) convene the shareholders meeting and report on its work; (2) execute resolutions of the shareholders meeting; (3) decide on the company's business plans and investment schemes; (4) formulate annual financial budgets and final accounts; (5) formulate profit distribution plans and loss recovery plans; (6) formulate plans for increase or reduction of registered capital and issuance of company bonds; (7) formulate plans for merger, division, dissolution or change of company form; (8) decide on the establishment of internal management bodies; (9) appoint or dismiss the company manager and decide on his or her remuneration, and appoint or dismiss deputy managers and financial officers and decide on their remuneration upon recommendation of the manager; (10) formulate the basic management system of the company; (11) other powers stipulated in the articles of association.

Article 56 — A limited liability company with a relatively large scale shall establish a board of supervisors with at least three members.

A limited liability company with a small scale or a small number of shareholders may have one supervisor instead of a board of supervisors. The supervisor may not concurrently serve as a director or senior management.

Article 57 — The board of supervisors or the supervisor shall exercise the following powers:

(1) examine the company's financial affairs; (2) supervise the conduct of duties by directors and senior management, and propose the removal of directors and senior management who violate laws, administrative regulations, the articles of association or resolutions of the shareholders meeting; (3) demand directors and

senior management to correct their conduct that damages the interests of the company; (4) propose the convening of extraordinary shareholders meetings and convene and preside over shareholders meetings when the board of directors fails to perform its duty; (5) submit proposals to the shareholders meeting; (6) represent the company in legal proceedings against directors and senior management; (7) other powers stipulated in the articles of association.

Chapter V — Wholly State-Owned Companies

Article 58 — The provisions of this Section shall apply to the establishment and organizational structure of wholly state-owned companies. Matters not covered in this Section shall be governed by the provisions of Sections 1 and 2 of Chapter IV of this Law.

“Wholly state-owned company” refers to a limited liability company solely funded by the State and authorized by the State Council or the local people’s government to perform the contributor’s duties.

Article 59 — The articles of association of a wholly state-owned company shall be formulated by the state-owned assets supervision and administration institution, or by the board of directors of the company and submitted to the state-owned assets supervision and administration institution for approval.

Article 60 — Wholly state-owned companies shall not establish shareholders meetings. The state-owned assets supervision and administration institution shall exercise the powers of the shareholders meeting.

Article 61 — A wholly state-owned company shall establish a board of directors. The board of directors shall exercise its powers in accordance with this Law and the articles of association.

Members of the board of directors shall include employee representatives. The employee representatives shall be elected by the employee representative assembly of the company.

Article 62 — A wholly state-owned company shall have a manager, appointed and dismissed by the board of directors.

Upon approval by the state-owned assets supervision and administration institution, members of the board of directors may concurrently serve as managers.

Chapter VI — Joint Stock Limited Companies

Section 1 — Establishment

Article 63 — To establish a joint stock limited company, the following conditions shall be satisfied:

(1) the number of promoters conforms to the statutory number; (2) the share capital subscribed by all promoters or the actually collected share capital complies with the provisions of this Law; (3) the issuance and preparatory matters of shares comply with the provisions of the law; (4) the promoters have formulated the articles of association; (5) the company has a name and its organizational structure conforms to the requirements for a joint stock limited company; (6) the company has a domicile.

Article 64 — Joint stock limited companies may be established by promotion or by public offer.

Establishment by promotion means that the promoters subscribe for all shares to be issued by the company.

Establishment by public offer means that the promoters subscribe for part of the shares to be issued by the company and offer the remaining shares to the public or to specific investors.

Article 65 — For the establishment of a joint stock limited company, there shall be not fewer than two and not more than 200 promoters, of whom more than half shall have their domicile within the territory of the People’s Republic of China.

Section 2 — General Meeting

Article 66 — The general meeting of a joint stock limited company shall be composed of all shareholders. The general meeting shall be the authority of the company and shall exercise its powers in accordance with this Law.

Article 67 — The provisions of Article 52 of this Law on the powers of the shareholders meeting of a limited liability company shall apply to the general meeting of a joint stock limited company.

Article 68 — The general meeting shall be convened once a year.

Under any of the following circumstances, an extraordinary general meeting shall be convened within two months:

(1) where the number of directors is less than the number specified in this Law or two-thirds of the number specified in the articles of association; (2) where the company's uncompensated losses reach one-third of the total share capital; (3) where shareholders individually or jointly holding 10 percent or more of the company's shares request it; (4) where the board of directors deems it necessary; (5) where the board of supervisors proposes it.

Chapter VII — Organizational Structure of Directors, Supervisors and Senior Management

Article 69 — No person may serve as a director, supervisor or senior manager of a company under any of the following circumstances:

(1) lacking or having limited capacity for civil conduct; (2) having been sentenced for corruption, bribery, embezzlement, misappropriation of property or disruption of the socialist market economic order, where less than five years have elapsed since the expiration of the enforcement period; (3) having served as a director, factory director or manager of a company or enterprise that was dissolved due to poor management, where the person was personally responsible, and less than three years have elapsed since the date of dissolution; (4) having served as the legal representative of a company or enterprise whose business license was revoked due to violation of the law, where the person was personally responsible, and less than three years have elapsed; (5) having a relatively large amount of personal debts due and outstanding.

Article 70 — Directors, supervisors and senior management shall comply with laws, administrative regulations and the articles of association, and shall bear fiduciary duties and diligence duties to the company.

Directors, supervisors and senior management shall not take advantage of their positions to accept or solicit bribes or other illegal income, or misappropriate company property.

Article 71 — Directors and senior management shall not:

(1) misappropriate company funds; (2) deposit company funds in an account in their own name or in the name of another individual; (3) lend company funds to others or provide guarantees with company property in violation of the articles of association or without the consent of the shareholders meeting, general meeting or board of directors; (4) enter into contracts or conduct transactions with the company in violation of the articles of association or without the consent of the shareholders meeting or general meeting; (5) take advantage of their positions to seek commercial opportunities belonging to the company for themselves or others, or operate the same kind of business as the company for themselves or others without the consent of the shareholders meeting or general meeting; (6) accept commissions on transactions between the company and other parties as their own; (7) disclose company secrets without authorization; (8) engage in other conduct in violation of their fiduciary duties to the company.

Chapter VIII — Company Bonds

Article 72 — The term “company bonds” refers to securities issued by a company in accordance with the prescribed procedures, agreeing to repay the principal and pay interest within a specified period.

A company may issue convertible bonds, exchangeable bonds, and other types of company bonds in accordance with the law.

Article 73 — A company issuing company bonds shall satisfy the issuance conditions prescribed by laws and administrative regulations.

Article 74 — To issue company bonds, the board of directors shall formulate a plan and the shareholders meeting or general meeting shall adopt a resolution.

Chapter IX — Financial Affairs and Accounting

Article 75 — A company shall establish its financial and accounting system in accordance with laws, administrative regulations and the provisions of the finance department of the State Council.

Article 76 — A company shall prepare financial and accounting reports at the end of each fiscal year and shall have them audited by an accounting firm in accordance with the law.

Financial and accounting reports shall be prepared in accordance with laws, administrative regulations and the provisions of the finance department of the State Council.

Article 77 — A limited liability company shall deliver financial and accounting reports to each shareholder within the period specified in the articles of association.

A joint stock limited company shall make its financial and accounting reports available at the company for inspection by shareholders 20 days before the annual general meeting. A listed company shall publicly announce its financial and accounting reports.

Article 78 — A company shall allocate 10 percent of its after-tax profits to the statutory surplus reserve fund, except where the cumulative amount of the statutory surplus reserve fund exceeds 50 percent of the registered capital, in which case no further allocation is required.

After the company allocates the statutory surplus reserve fund, it may also allocate a discretionary surplus reserve fund upon resolution of the shareholders meeting or general meeting.

Article 79 — After making up losses and allocating surplus reserve funds, the company's remaining after-tax profits shall be distributed in proportion to the capital contributions of shareholders of a limited liability company or the shareholdings of shareholders of a joint stock limited company, unless otherwise provided in the articles of association.

Chapter X — Merger, Division, Increase and Reduction of Capital

Article 80 — Company merger may take the form of merger by absorption or merger by new establishment.

In merger by absorption, one company absorbs another company and the absorbed company is dissolved. In merger by new establishment, two or more companies merge to form a new company and the original companies are all dissolved.

Article 81 — Where companies merge, the parties to the merger shall enter into a merger agreement and prepare balance sheets and property lists. A company shall notify its creditors within ten days of adopting the merger resolution and shall publish an announcement in a newspaper or via the national enterprise credit information publicity system within 30 days.

Article 82 — Where companies merge, the claims and debts of the merging parties shall be succeeded by the surviving company or the newly established company after the merger.

Article 83 — Where a company divides, its property shall be divided accordingly.

Where a company divides, it shall prepare balance sheets and property lists. The company shall notify its creditors within ten days of adopting the division resolution and shall publish an announcement in a newspaper or via the national enterprise credit information publicity system within 30 days.

Article 84 — Companies after division shall bear joint and several liability for the debts prior to the division, except where otherwise agreed in writing between the company and its creditors prior to the division.

Article 85 — A company that reduces its registered capital shall prepare balance sheets and property lists.

The company shall notify its creditors within ten days of the resolution on capital reduction and shall publish an announcement in a newspaper or via the national enterprise credit information publicity system within 30 days. Creditors may, within 30 days of receiving the notice or within 45 days of the public announcement, require the company to pay off its debts or provide corresponding security.

Article 86 — A limited liability company increasing its registered capital shall follow the capital contribution provisions. A joint stock limited company issuing new shares to increase its registered capital shall follow the provisions on share issuance.

Chapter XI — Dissolution and Liquidation

Article 87 — A company shall be dissolved under any of the following circumstances:

(1) expiration of the business term specified in the articles of association or occurrence of another cause for dissolution specified in the articles of association; (2) resolution of the shareholders meeting or general meeting to dissolve; (3) dissolution necessitated by merger or division of the company; (4) revocation of the business license, ordered closure, or revocation by the competent authority in accordance with the law; (5) dissolution ordered by a people's court.

Article 88 — A liquidation group shall be formed within 15 days of the occurrence of the cause for dissolution to commence liquidation.

Article 89 — The liquidation group shall exercise the following powers during the liquidation period:

(1) wind up the company's property and prepare balance sheets and property lists; (2) notify creditors by notice or public announcement; (3) deal with and liquidate the company's unfinished business; (4) pay off all outstanding taxes and tax-related matters; (5) settle claims and debts; (6) dispose of the remaining property after settlement of debts; (7) represent the company in civil litigation.

Article 90 — The liquidation group shall notify creditors within ten days of its formation and publish an announcement in a newspaper or via the national enterprise credit information publicity system within 60 days. Creditors shall declare their claims to the liquidation group within 30 days of receiving the notice, or within 45 days of the announcement if not notified.

Chapter XII — Legal Liability

Article 91 — Whoever, in violation of this Law, falsely declares registered capital, submits false materials or conceals important facts by other fraudulent means to obtain company registration shall be ordered by the company registration authority to make corrections. Where a company falsely declares registered capital, the company registration authority shall impose a fine of not less than five percent and not more than fifteen percent of the falsely declared amount.

Article 92 — Where a promoter or shareholder makes a false capital contribution, fails to deliver capital contribution in accordance with the articles of association, or withdraws capital contribution after the establishment of the company, the company registration authority shall order correction and impose a fine of not less than five percent and not more than fifteen percent of the false capital contribution amount.

Article 93 — Where a company engages in business activities beyond its registered business scope without approval for items subject to approval, the registration authority shall impose penalties in accordance with relevant laws and administrative regulations.

Article 94 — Where a company fails to publicize relevant information in accordance with regulations, or the information publicized is untruthful, the registration authority shall order correction and may impose a fine.

Chapter XIII — Supplementary Provisions

Article 95 — The State Council may formulate special provisions on the organization and conduct of foreign-invested companies. Where such special provisions exist, they shall prevail.

Article 96 — This Law shall take effect as of July 1, 2024.

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