

PANORAMIC
**SHAREHOLDER
ACTIVISM &
ENGAGEMENT**

China



LEXOLOGY

Shareholder Activism & Engagement

Contributing Editors

Willem Calkoen and Stefan Wissing

NautaDutilh

Generated on: April 11, 2025

The information contained in this report is indicative only. Law Business Research is not responsible for any actions (or lack thereof) taken as a result of relying on or in any way using information contained in this report and in no event shall be liable for any damages resulting from reliance on or use of this information. Copyright 2006 - 2025 Law Business Research

Contents

Shareholder Activism & Engagement

GENERAL

- Primary sources
- Shareholder activism

SHAREHOLDER ACTIVIST STRATEGIES

- Strategies
- Processes and guidelines
- Litigation

SHAREHOLDERS' DUTIES

- Fiduciary duties
- Compensation
- Mandatory bids
- Disclosure rules
- Insider trading

COMPANY RESPONSE STRATEGIES

- Fiduciary duties
- Preparation
- Defences
- Proxy votes
- Settlements

SHAREHOLDER COMMUNICATION AND ENGAGEMENT

- Shareholder engagement
- Disclosure
- Communication with shareholders
- Access to the share register

UPDATE AND TRENDS

- Recent activist campaigns

Contributors

China

Han Kun Law Offices

HANKUN

汉坤律师事务所
Han Kun Law Offices

Dong LIU (Eric)

eric.liu@hankunlaw.com

Qimin Zhu

qimin.zhu@hankunlaw.com

Shi Yin

shi.yin@hankunlaw.com

Wang Yufei

yufei.wang@hankunlaw.com

GENERAL

Primary sources

What are the primary sources of laws and regulations relating to shareholder activism and engagement? Who makes and enforces them?

In China, the primary legal and regulatory sources governing shareholder activism include the following.

- laws enacted by the Standing Committee of the National People's Congress, primarily the Company Law of the People's Republic of China (Company Law) and the Securities Law of the People's Republic of China (Securities Law);
- administrative regulations issued by the state Council;
- departmental rules and regulatory documents formulated by supervisory authorities such as the China Securities Regulatory Commission (CSRC) and
- listing rules established by stock exchanges, including the Shanghai Stock Exchange (SSE), Shenzhen Stock Exchange (SZSE) and Beijing Stock Exchange (BSE).

For joint-stock companies, particularly listed companies, stock exchanges and the CSRC enforce these laws and regulations while overseeing shareholder activism-related activities. For all types of companies, courts and arbitral institutions adjudicate disputes based on these laws and regulations, determining the validity, legal consequences, and enforcement of contested actions when a party initiates litigation or arbitration.

Law stated - 17 February 2025

Shareholder activism

How frequent are activist campaigns in your jurisdiction and what are the chances of success?

Corporate governance in China is characterised by a shareholder meeting-centric structure, where shareholders naturally have greater opportunities to participate in the company's operations and management. Additionally, particularly in the case of limited liability companies, the division of authority between the shareholders' meeting and the board of directors is not clearly defined, and directors often exercise their powers in alignment with shareholders' interests. As a result, shareholder activism by shareholders has traditionally been less frequent in China.

However, in recent years, legislative developments, such as amendments to the Company Law and the Securities Law aimed at enhancing minority shareholder protection, as well as the establishment and proactive efforts of investor protection organisations like the China Securities Investors Services Center (ISC), have led to an increase in shareholder activism. This trend is particularly noticeable among minority shareholders in limited liability companies – especially financial investors – as well as institutional shareholders of publicly listed companies.

Empirical studies indicate that nearly half of shareholder activism efforts in China achieve full or at least partial success.

Law stated - 17 February 2025

Shareholder activism

How is shareholder activism generally viewed in your jurisdiction by the legislature, regulators, institutional and retail shareholders and the general public? Are some industries more or less prone to shareholder activism? Why?

Shareholder activism in China is still in its early stages of development. Legislators, regulatory authorities, institutional shareholders, retail investors and the public are collectively observing, assessing, accepting and gradually engaging in shareholder activism in an orderly manner.

- Legislative developments: legislators are revising and enacting the Company Law, Securities Law and related regulations and rules to facilitate shareholder activism and enable it to play a positive role.
- Regulatory initiatives: in 2017, the CSRC approved the establishment of and directly oversees the ISC. In recent years, the ISC has actively exercised shareholder rights such as the right to make proposals, inquire, and litigate, thereby exploring a localised approach to shareholder activism in China.
- Institutional shareholders: changes in regulations and policies may encourage institutional shareholders to view shareholder activism more favourably and increase their willingness to initiate such activities.
- Retail investors: retail investors increasingly seek to exercise their shareholder rights through the ISC and similar entities, making this an important avenue for their participation in shareholder activism.
- Public perception: as shareholder activism begins to take shape, the public may gradually perceive improvements in corporate governance – particularly in listed companies – such as increased transparency and enhanced corporate social responsibility. This, in turn, could boost confidence in the capital markets.

At present, there is no clear indication of which industries are more or less susceptible to shareholder activism.

Law stated - 17 February 2025

Shareholder activism

What are the typical characteristics of shareholder activists in your jurisdiction?

In China, shareholder activism is primarily driven by large institutional investors or major shareholders. However, recent cases indicate that the convenience of online platforms has enabled more small and medium-sized shareholders to coordinate and participate in activist activities.

Activist shareholders in China tend to focus more on specific, significant corporate decisions and transactions rather than broader, long-term agendas.

They often adopt a hybrid approach, mixing strategies such as submitting shareholder proposals and leveraging public opinion campaigns to achieve their objectives.

Law stated - 17 February 2025

Shareholder activism

What are the main operational governance and sociopolitical areas that shareholder activism focuses on? Do any factors tend to attract shareholder activist attention?

Shareholder activism is a relatively new concept in China. Broadly speaking, it can be observed in both public and private companies.

At the public company level, shareholder activism primarily focuses on issues that directly affect the financial interests of the company or its shareholders. In recent years, this has often manifested in actions targeting low dividend payouts, false statements, and excessive executive compensation in listed companies.

Moreover, private companies also play a significant role in China. In the context of private companies, shareholder activism extends beyond financial interests and frequently arises in disputes over corporate control, particularly between minority and majority shareholders or between shareholders and management.

Law stated - 17 February 2025

SHAREHOLDER ACTIVIST STRATEGIES

Strategies

What common strategies do activist shareholders use to pursue their objectives?

In China, the primary strategies employed by activist shareholders to achieve their objectives include:

- convening a shareholders' meeting;
- submitting shareholder proposals;
- exercising voting rights as shareholders;
- launching a tender offer or acquiring a significant stake in the company;
- requesting the company to repurchase shares;
- initiating legal action against the company;
- filing derivative lawsuits on behalf of the company;
- reporting legal violations by the company, controlling shareholders or senior management to regulatory authorities;

- engaging in public campaigns, including media and public opinion efforts, to express dissatisfaction; and
- obtaining control of the company's official seal and business licence.

Law stated - 17 February 2025

Processes and guidelines

What are the general processes and guidelines for shareholders' proposals?

The rules regarding shareholder proposals in joint-stock companies are stipulated in the Company Law, with the main procedures outlined as follows:

- the board of directors must notify shareholders at least 20 days in advance to convene a general shareholders' meeting and at least 15 days in advance for an extraordinary shareholders' meeting;
- shareholders who individually or collectively hold 1 per cent or more of the company's shares may submit ad hoc proposals to the board of directors in writing no later than 10 days before the shareholders' meeting. Such proposals must fall within the scope of the shareholders' meeting's authority, contain clear topics and specific resolutions, and must not violate any laws, administrative regulations, or the company's articles of association; and
- upon receiving an ad hoc proposal, the board of directors must notify other shareholders within two days and submit the ad hoc proposal to the shareholders' meeting for review.

Notably, the 2023 amendment to the Company Law reduced the shareholding threshold for shareholder proposals in joint-stock companies from 3 per cent to 1 per cent. The amendment also explicitly prohibits companies from raising the shareholding threshold for submitting ad hoc proposals, reflecting a legislative intent to protect and empower minority shareholders.

For limited liability companies, there are no explicit legal provisions governing shareholder proposals. In practice, it is generally accepted that all shareholders have the right to submit proposals, although some company articles of association may provide specific regulations on this matter.

Law stated - 17 February 2025

Processes and guidelines

May shareholders nominate directors for election to the board and use the company's proxy or shareholder circular infrastructure, at the company's expense, to do so?

In Chinese companies, directors are generally elected by the shareholders' meeting. The right of shareholders to nominate director candidates aligns with their right to propose

motions at the shareholders' meeting. Specifically, in a joint-stock company, shareholders who individually or collectively hold at least 1 per cent of the company's shares, and in a limited liability company, all shareholders (unless otherwise stipulated), have the right to nominate director candidates.

Shareholders may utilise the company's proxy or shareholder circular infrastructure to participate in voting at shareholders' meetings, including the election of directors, with the associated costs borne by the company. This practice is primarily observed at the level of publicly listed companies, where shareholders can cast votes electronically through systems provided by stock exchanges or securities firms.

Law stated - 17 February 2025

Processes and guidelines

May shareholders call a special shareholders' meeting? What are the requirements? May shareholders act by written consent in lieu of a meeting?

Shareholders holding more than 10 per cent of the company's shares have the right to request the convening of an extraordinary general meeting.

If all shareholders unanimously agree on a proposed resolution, convening a general meeting is not mandated, and a decision may be made directly. In such cases, all shareholders must sign or affix their seals to the decision document.

Law stated - 17 February 2025

Litigation

What are the main types of litigation shareholders in your jurisdiction may initiate against corporations and directors? May shareholders bring derivative actions on behalf of the corporation or class actions on behalf of all shareholders? Are there methods of obtaining access to company information?

In China, the primary types of lawsuits that shareholders may initiate against a company or its directors include:

- a shareholder's right to information lawsuit;
- a lawsuit for distribution of company surplus;
- a lawsuit on the validity of corporate resolutions;
- a lawsuit for company registration modification;
- a lawsuit for shareholder qualification confirmation;
- a lawsuit for share repurchase by dissenting shareholders;
- a corporate dissolution lawsuit; and
- a shareholder derivative lawsuit against directors and other responsible parties.

Qualified shareholders may file a shareholder derivative lawsuit on behalf of the company. Specifically, if directors, supervisors, senior executives or other individuals harm the company's interests, shareholders of a limited liability company or shareholders of a joint-stock company who have continuously held at least 1 per cent of the company's shares for more than 180 days, individually or collectively, have the right to directly file a lawsuit in court in their own name when the board of directors or the board of supervisors fails to initiate legal action to protect the company's interests.

In terms of class actions, for publicly listed companies, an investor protection institution (the ISC, for instance) may act as a representative and file a securities civil compensation lawsuit against the company for misconduct such as false statements, provided it is authorised by more than 50 investors.

Shareholders are legally entitled to the right to information, including the right to access and copy the company's articles of association, shareholder register, shareholder meeting minutes, board resolutions, supervisory board resolutions and financial reports. Additionally, they have the right to review the company's accounting books and vouchers. If a company infringes upon a shareholder's right to information, the shareholder may initiate a right to information lawsuit against the company.

Law stated - 17 February 2025

SHAREHOLDERS' DUTIES

Fiduciary duties

Do shareholder activists owe fiduciary duties to the company?

There is no specific provision that imposes fiduciary obligations on activist shareholders.

The Company Law provides that controlling shareholders or actual controllers who effectively manage the company's affairs bear fiduciary duties to the company, regardless of whether they formally hold positions as directors or executives. However, in practice, activist shareholders are generally not controlling shareholders or actual controllers. Consequently, they are generally not subject to fiduciary obligations under the legal provisions.

Law stated - 17 February 2025

Compensation

May directors accept compensation from shareholders who appoint them?

Chinese law does not prohibit directors from accepting remuneration from shareholders who appoint them. Directors of listed companies who receive remuneration from controlling shareholders or actual controllers are nevertheless required to disclose such payments. In practice, such disclosure obligations may also be stipulated in the company's articles of association or investment agreements, which typically require directors to disclose any compensation they received from shareholders.

Law stated - 17 February 2025

Mandatory bids

Are shareholders acting in concert subject to any mandatory bid requirements in your jurisdiction? When are shareholders deemed to be acting in concert?

The regulations for limited liability companies, non-public joint-stock companies, non-listed public companies and listed companies differ.

A non-listed public company should stipulate in its articles of association whether an acquirer is required to make a general offer to all shareholders when acquiring the company. If such provisions exist in the articles of association, the acquirer must comply accordingly.

For listed companies, shareholders acting in concert must adhere to mandatory offer requirements. If such concerted shareholders collectively hold 30 per cent of a listed company's issued shares and intend to continue increasing their holdings, they must proceed via a tender offer, either through a full offer or a partial offer.

There are no specific regulations on tender offers for shareholders of limited liability companies and non-public joint-stock companies. Shareholders may freely transfer their equity without seeking approval from other shareholders unless otherwise stipulated in the articles of association.

For both non-listed public companies and listed companies, persons acting in concert in the context of a tender offer refer to investors who, through agreements or other arrangements, collectively expand their voting rights over the company's shares. Such investors include but are not limited to:

- investors under the control of the same entity;
- investors who have an equity control relationship, where one investor holds shares in another and has significant influence over the latter's major decisions, or investors who have other economic ties such as partnerships, joint ventures or cooperative arrangements;
- key members of the board of directors, supervisory board or senior management of one investor who simultaneously serve as directors, supervisors, or senior management of another investor;
- investors (excluding banks) that provide financing arrangements for another investor to acquire shares in the company;
- natural persons holding more than 30 per cent of an investor's shares, or the directors, supervisors or senior management of an investor, as well as their relatives, who also hold shares in the same listed company as the investor; and
- directors, supervisors, senior management and employees of a listed company who hold shares in the company through entities they control or entities that hold shares on their behalf.

Law stated - 17 February 2025

Disclosure rules

Must shareholders disclose significant shareholdings? If so, when? Must such disclosure include the shareholder's intentions?

The situation varies for limited companies, non-public joint-stock companies, listed companies and non-listed public companies.

For limited companies, the shareholding information of each shareholder must be recorded in the shareholder register and filed with the business registration authorities. This information should be publicly disclosed through a nationwide unified website. When a shareholder transfers shares, the company must be notified, and the shareholder register and business registration information should be updated accordingly. Shareholders are not required to disclose the purpose of their shareholding.

For non-public joint-stock companies, the shareholding information of each shareholder must be recorded in the shareholder register. However, except for the founding shareholders, there is no requirement to file shareholding information with the business registration authorities or disclose it to the public. Shareholders are not required to disclose the purpose of their shareholding.

For listed companies, investors and their concerted parties who hold 5 per cent or more of the shares in the company must, within three days of reaching this threshold, prepare a report on equity changes and notify the listed company to make an announcement. This report must include the purpose of the shareholder's shareholding. If the shareholding ratio increases or decreases by 1 per cent or more after reaching the 5 per cent threshold, another announcement must be made. Additionally, the listed company must disclose the shareholding information of its top 10 shareholders in its regular reports.

For non-listed public companies, investors and their concerted parties who hold 10 per cent or more of the shares must, within two days of reaching this threshold, prepare and disclose a report on equity changes. If the shareholding ratio increases or decreases by 5 per cent or more after reaching the 10 per cent threshold, another announcement must be made. In general, investors are not required to disclose the purpose of their shareholding unless the acquisition of shares results in a change in control of the company, in which case the acquirer must disclose their acquisition intent.

Law stated - 17 February 2025

Disclosure rules

Do the disclosure requirements apply to derivative instruments, acting in concert or short positions?

The limited liability company discloses shareholder ownership information through the shareholder register and filing with the industrial and commercial department. Non-publicly listed joint-stock companies disclose shareholder ownership information through the shareholder register as well. Both only need to record and disclose the names of shareholders with direct holdings and the number of shares they hold, without the need to disclose information regarding investors' holdings of derivative instruments, short positions, or whether investors are acting in concert.

Legal and regulatory rules stipulate that investors and their concerted parties holding stakes in listed companies and non-listed public companies should calculate their holdings on

a consolidated basis and apply the same disclosure requirements when shareholders' holdings reach a certain threshold. There is no explicit legal requirement to disclose investors' holdings in derivative instruments or short positions related to shares in listed companies or non-listed public companies.

In practice, however, shareholder agreements may specify that investors acting in concert must disclose their actions, and may require the disclosure of holdings in derivative instruments or short positions related to the company's equity.

Law stated - 17 February 2025

Insider trading

Do insider trading rules apply to activist activity?

Legal and regulatory rules prohibit insiders from engaging in insider trading within publicly listed companies and non-listed public companies. If activist shareholders and relevant parties of a listed company or non-listed public company acquire insider information during activist activities, such as material non-public information concerning the company's operations or finances, they are prohibited from buying or selling stocks, disclosing the information or advising others to buy or sell stocks before the information is publicly disclosed.

Private limited companies and non-publicly traded companies are not legally required to disclose operational or financial information, and as such, there is no distinction between insider and non-insider information, nor are there legal restrictions on insider trading. However, activist shareholders may still have the opportunity to profit from trading equity based on internal company information. In practice, they are bound by contractual terms that prevent them from concealing important operational or financial information from the equity transferee.

Law stated - 17 February 2025

COMPANY RESPONSE STRATEGIES

Fiduciary duties

What are the fiduciary duties of directors in the context of an activist proposal? Is there a different standard for considering an activist proposal compared to other board decisions?

In the context of activist proposals, the fiduciary duties of directors remain their obligations of loyalty and diligence toward the company. Compared to other proposals, there is no difference in the fiduciary duties and standards of performance for directors. However, because activist proposals often reflect the interests of individual shareholders, directors should be particularly attentive to ensuring that they act in the best interests of the company rather than those of individual shareholders.

Specifically, directors owe a duty of loyalty to the company and must take measures to avoid conflicts of interest between their personal interests and the company's interests. They must not use their position to gain improper benefits. For instance, if a proposal being

reviewed by the board of directors involves a business or individual with whom a director has a connection, that director should refrain from voting. Additionally, directors have a duty of diligence toward the company. In executing their duties, they must exercise the reasonable care typically expected of managers to act in the company's best interests. This includes fulfilling their obligations to convene, preside over and attend meetings in accordance with the law, carefully considering the content of proposals for board review, exercising their voting rights and implementing resolutions passed by the shareholders' meeting.

Law stated - 17 February 2025

Preparation

What advice do you give companies to prepare for shareholder activism? Is shareholder activism and engagement a matter of heightened concern in the boardroom?

The company can prepare for shareholder activism through the following measures:

- the board of directors and management should adopt the perspective of shareholders, objectively assess the company's financial performance and business strategy, and adjust the balance between long-term and short-term goals as necessary;
- establish communication channels between minor shareholders, the company, and the board of directors, proactively sharing the company's strategic direction and challenges. This ensures that shareholders are informed about the context of company decisions and actively invites their opinions and suggestions; and
- based on the existing corporate governance structure, prepare contingency plans to address potential shareholder activism.

Shareholder activism and engagement are typically of significant concern to the board of directors. On one hand, such activism often signals a divergence in the business intentions of different shareholders. Directors, typically appointed by different shareholders, may continue to use their positions to uphold the business goals of their appointing parties. On the other hand, shareholder activism and engagement may lead to the replacement of directors. Activist shareholders could also initiate legal actions for damages caused by directors who are deemed to have harmed the company's interests, prompting directors to closely monitor such activities for personal protection.

Law stated - 17 February 2025

Defences

What defences are available to companies to avoid being the target of shareholder activism or respond to shareholder activism?

If activist shareholders believe that optimal returns have not been achieved and that, under the company's current governance structure, they can obtain better returns through effective action, they will take steps accordingly. Therefore, a company's defence and response to shareholder activism can be categorised into two main approaches: (1) enabling activist

shareholders to achieve better returns or (2) blocking their effective action paths by adjusting the company's governance structure.

The following methods to enable activist shareholders to achieve better returns include dividend distributions and proactive measures to improve company performance:

- increase the dividend payout;
- enhance the company's operational performance. Ensure that the board of directors and management possess skills and experience that align with the company's business goals and industry risks, set clear long-term and short-term objectives, and allocate resources appropriately;
- optimise the company's governance structure. Increase board seats for minority shareholders or external directors to prevent a dominant shareholder influence, addressing concerns about major shareholders undermining the company's interests;
- provide more proactive and comprehensive information disclosure. Activist shareholders typically seek to monitor the company's operations and financial status through its disclosures; and
- methods to block activist shareholders' effective action paths include:
 - issuing different classes of shares with varying voting rights;
 - increasing the stake of major shareholders through targeted equity issuance or stock acquisitions;
 - amending the company's articles of association to raise the required voting threshold for significant resolutions; and
 - promptly reporting any unlawful activities, such as insider trading or 'wolfpack tactics' by activist shareholders, to regulators and taking legal action as necessary.

Law stated - 17 February 2025

Proxy votes

Do companies receive daily or periodic reports of proxy votes during the voting period?

Chinese companies generally do not have a system for daily or regular proxy voting reports. For specific proposals, such as when a shareholder delegates their voting rights to another person, a power of attorney should be provided to the company.

Law stated - 17 February 2025

Settlements

Is it common for companies in your jurisdiction to enter into a private settlement with activists? If so, what types of arrangements are typically agreed?

There have been cases where companies have reached settlements with activist shareholders. In practice, the settlement solutions may include the following:

- activist shareholders gaining board seats;
- the majority shareholder or a third party acquiring all or part of the activist shareholder's equity, or the activist shareholder committing to refrain from increasing their stake;
- reaching a dividend resolution; and
- the company transferring part of its business to the activist shareholder in exchange for their exit from the company.

Law stated - 17 February 2025

SHAREHOLDER COMMUNICATION AND ENGAGEMENT

Shareholder engagement

Is it common to have organised shareholder engagement efforts as a matter of course? What do outreach efforts typically entail?

Typical organised shareholder engagement efforts in China involve informing the shareholders with corporate channels such as investor briefings, roadshows, analyst meetings and exchange forums to access operational, environmental, social and governance (ESG) information. These platforms enable the shareholders to communicate demands and feedback to the company.

Law stated - 17 February 2025

Shareholder engagement

Are directors commonly involved in shareholder engagement efforts?

Yes, directors primarily participate in shareholder engagement efforts in the following three aspects.

First, directors typically operate the company in accordance with the will of the shareholders. Since company directors are usually closely aligned with the controlling shareholders or their appointed representatives, directors formulate proposals such as profit distribution plans, capital increase or reduction plans, and other matters for submission to the shareholders' meeting for review, or they vote on board resolutions as instructed by the shareholders.

Second, directors are obligated to convene and preside over shareholders' meetings, attend such meetings upon the request of shareholders, respond to shareholder inquiries and implement resolutions passed at the shareholders' meetings.

Third, directors may act as representatives of the company to communicate with minority shareholders. For example, some listed companies establish investor relations committees under the board of directors, composed of company directors, the board secretary, representatives of controlling shareholders, and other relevant personnel. The primary responsibilities of these committees include maintaining communication with institutional

and retail investors, addressing investor inquiries and organising events such as analyst briefings and roadshows.

Law stated - 17 February 2025

Disclosure

Must companies disclose shareholder engagement efforts or how shareholders may communicate directly with the board? Must companies avoid selective or unequal disclosure? When companies disclose shareholder engagement efforts, what form does the disclosure take?

In addition to information that must be disclosed to shareholders or the public in accordance with the law, such as convening shareholders' meetings or replacing directors, other shareholder engagement efforts are not subject to mandatory disclosure. Shareholders may require directors to attend shareholders' meetings and respond to inquiries, or they may communicate with the board of directors during other company meetings or in private. Listed companies and non-listed public companies should avoid disclosing insider information to individual shareholders. However, there are no legal prohibitions or restrictions on limited liability companies or non-public joint-stock companies disclosing operational and financial information to individual shareholders. Listed companies and non-listed public companies must disclose required information through stock exchange websites and media that meet the conditions prescribed by the securities regulatory authorities.

Law stated - 17 February 2025

Communication with shareholders

What are the primary rules relating to communications to obtain support from other shareholders? How do companies solicit votes from shareholders? Are there systems enabling the company to identify or facilitating direct communication with its shareholders?

Except for the methods by which listed companies publicly solicit shareholder rights, which must comply with legal requirements, there are generally no restrictive provisions in the law regarding how shareholders of other types of companies may communicate and seek support from one another.

The Securities Law stipulates that shareholders of listed companies holding more than 1 per cent of the voting rights, the board of directors, independent directors or investor protection institutions may act as solicitors to publicly request shareholders to entrust them to attend shareholders' meetings on their behalf and to exercise shareholder rights, such as proposal rights and voting rights. The qualifications of the solicitor, the steps of the solicitation and the content of the solicitation announcement must all comply with relevant regulatory requirements.

A company may collect voting ballots from shareholders through methods such as mail, email or fax. If a shareholder authorises another person to vote on their behalf, a power of attorney must also be submitted.

A company may promote communication with shareholders through shareholders' meetings, communication sessions or private exchanges. Listed companies are required to establish investor relations management systems and strengthen direct communication with minority shareholders through methods such as investor briefings, roadshows, analyst meetings and exchange forums.

Law stated - 17 February 2025

Access to the share register

Must companies, generally or at a shareholder's request, provide a list of registered shareholders or a list of beneficial ownership, or submit to their shareholders information prepared by a requesting shareholder? How may this request be resisted?

Shareholders have the right to consult and copy the shareholder register. The register of shareholders of a limited liability company shall record the names and domiciles of shareholders who hold shares directly, the amount of capital contributions subscribed for and actually paid by shareholders, and the forms and dates of capital contributions. The register of shareholders of a joint stock company shall record the names and domiciles of shareholders who hold shares directly, the classes and numbers of shares subscribed for shareholders.

The law does not specify circumstances under which a company may refuse a shareholder's request to access the shareholder register. However, in practice, a company may delay or deny such access on grounds such as doubts regarding the identity of the requesting shareholder, the shareholder's improper purpose for accessing the register, or the register not being updated in a timely manner. If the company refuses to cooperate, the shareholder may file a lawsuit against the company to safeguard their right to information.

Law stated - 17 February 2025

UPDATE AND TRENDS

Recent activist campaigns

Discuss any noteworthy recent, high-profile shareholder activist campaigns in your jurisdiction. What are the current hot topics in shareholder activism and engagement?

On 1 July 2024, China's new Company Law officially came into effect. The revisions in the new Company Law regarding proposal rights, director removal rights, audit rights, shareholder representative litigation, and electronic voting mechanisms align with the global trend of shareholder activism in corporate governance.

Specifically, notable shareholder activism activities and hot topics in China recently include:

At the listed company level, the Investor Service Center (ISC), established and directly managed by the China Securities Regulatory Commission (CSRC), has been conducting shareholding rights activities nationwide. The ISC has successfully claimed compensation

for retail investors from listed companies through special representative litigation and securities support litigation in multiple cases.

At the limited liability company level, the legal representative, company seal and business licence are core elements that externally represent a company in China. If any or all of these elements are missing, the company may face difficulties when applying to administrative departments for changes in the legal representative, reissuance of the business licence, or replacement of the company seal. As a result, some activist shareholders are motivated to seize de facto control of the company by controlling the legal representative, seizing or even forcibly taking the business licence and company seal. This often leads to protracted litigation processes to resolve disputes over company control.

We wish to thank our colleagues Ms Neng Qian, Ms Pan Song and Mr Chen Kuang for their valuable contributions to this chapter.

Law stated - 17 February 2025