

Research on the Shareholder Delisting System of Limited Liability Companies

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Abstract

Limited liability companies have become an indispensable part of the market economy due to their advantages in combining talent and capital, while continuously attracting more investors to participate. However, there are also some shareholders who intentionally fail to comply with the agreement and are unwilling to fulfill their capital contribution responsibilities. In this case, the shareholder delisting system has emerged. This system refers to the mandatory cancellation of the shareholder status of expelled shareholders in accordance with the company's articles of association or resolutions of the shareholders' meeting, in order to resolve internal disputes within the company, avoid escalating conflicts among shareholders, and ensure the normal operation of the company. At present, the shareholder delisting system in China still faces problems such as incomplete scope of reasons, lack of operability in procedures, and inability to protect the rights of relevant parties after shareholder delisting. Therefore, we need to improve the reasons and implementation procedures of the shareholder delisting system, as well as the relief measures for relevant parties after shareholder delisting.

Keywords

Shareholder Delisting System, Delisting Procedures, Reasons For Delisting.

1. The characteristics and functions of the shareholder delisting system for limited liability companies in China

1.1. The characteristics of shareholder delisting system

1.1.1. The expulsion of shareholders is mandatory

The original intention of the shareholder delisting system was to limit the rights and responsibilities between trustworthy and untrustworthy shareholders. When shareholders do not comply with company regulations and are unwilling to contribute as agreed, the company may take measures to remove them, with the aim of protecting the normal operation of the company and the interests of other shareholders. This right is mandatory and does not require the consent or cooperation of the expelled shareholder.

1.1.2. The expulsion of shareholders is a manifestation of maintaining the company's human rights

Human cooperation emphasizes mutual trust and cooperation among shareholders. When a shareholder's actions seriously harm the rights and interests of other shareholders or the interests of the company, and undermine the trust relationship between shareholders, the shareholder delisting system can be used to ensure the stability and continuity of the trust relationship[1]. The company laws of various countries around the world generally stipulate that the number of shareholders of a limited liability company cannot be too large. Such regulations help promote the development of the company with limited capital investment and appropriate employee size, and fully leverage the synergy effect of funds and human resources. When a shareholder does not comply with the company's articles of association and is unwilling

to fulfill their investment responsibilities as agreed, a mandatory adjustment can be made through the delisting system to ensure the normal operation of the company, maintain trust and cooperation among shareholders, and promote the long-term stable development of the company.

1.1.3. The expulsion of shareholders is punitive

The direct consequence of the shareholder delisting system is to deprive the expelled shareholders of their shareholder status. Once the company removes a shareholder according to legal procedures, the shareholder will immediately lose all shareholder qualifications in the company and cannot continue to participate in the operation and management of the company. At the same time, a series of rights related to shareholder identity will also be lost, including but not limited to voting rights, information rights, dividend rights, etc. The loss of these rights is a direct punishment for the actions of the expelled shareholders.

1.2. The function of shareholder delisting system

1.2.1. Maintain the common interests of the company and shareholders

The primary function of the shareholder delisting system is to protect the overall interests of the company and investors. The shareholder exclusion system balances the improper behavior of individual shareholders with the interests of the company and other shareholders, giving priority to protecting the overall interests of the company and shareholders[2]. When the behavior of individual shareholders harms the interests of the company, removing shareholders can eliminate these unfavorable factors and ensure the normal operation of the company. That is to say, when a shareholder fails to fulfill their capital contribution obligations or withdraws all of their capital contributions, and has not made any corrections after the urging procedure, the company may terminate their shareholder qualification through a resolution of the shareholders' meeting, thereby protecting the rights and interests of the company and other shareholders.

1.2.2. Break the company deadlock

Company deadlock, in simple terms, refers to the prolonged stalemate between directors and shareholders due to disagreements, resulting in the inability of key institutions such as the shareholders' meeting and board of directors to function properly, make decisions on important matters of the company, and thus fail to achieve the company's original business objectives[3]. Even worse, if this deadlock continues, the company may fall into a state of paralysis, which is detrimental to the company, shareholders, and creditors. It will affect the normal production and operation activities of the company, and may even harm the legitimate rights and interests of all parties. The shareholder delisting system can effectively break this deadlock, remove those shareholders who cause problems from the company, fundamentally solve disputes between shareholders, alleviate the awkward situation within the company, and ensure that the company returns to the normal production and operation track.

1.2.3. Enrich the company's capital

The judicial interpretation of the Company Law (III) in China stipulates that the prerequisite conditions for the application of the shareholder expulsion system are: firstly, the company's shareholders have not contributed or have withdrawn all their contributions; secondly, Failure to pay or return capital contributions within a reasonable period of time after being urged. In fact, the reason why a company needs funds is because funds are the foundation for the establishment and operation of the company, playing an important role in the company's operation process, and also a necessary condition for the company to obtain independent legal status. In the initial stage of a company, shareholder investment is crucial because it is the source of funds for the company and plays a crucial role in its establishment, determining whether the company can be successfully established. After the establishment of the company,

through business operations, the company's financial resources can attract more partners to conduct transactions with the company, thereby attracting more capital investment and assisting the company in continuously expanding its scale. Therefore, if shareholders have not invested or withdrawn their capital, and have not paid or returned their investment after a period of urging, depriving them of their shareholder status, introducing funds from investors with investment intentions, or the company engaging in repurchase can effectively increase the company's funds and promote the long-term stable development of the company.

2. Legislative provisions and problem analysis on the shareholder delisting system of limited liability companies in China

2.1. Legislative provisions on the shareholder delisting system of limited liability companies in China

The legislative provisions on the shareholder delisting system of limited liability companies in China are mainly based on the relevant provisions of the Supreme People's Court's Provisions on Several Issues Concerning the Application of the Company Law of the People's Republic of China (III). The specific provisions are as follows:

2.1.1. The subject of delisting

According to the Company Law of our country, only the shareholders' meeting can represent the company in exercising the right to expel relevant shareholders. The reason for this is twofold: on the one hand, to prevent major shareholders from abusing their right to exclude shareholders who have different views on managing the company; on the other hand, to ensure the stability of the company's capital and smooth operation, while also protecting the interests of relevant creditors.

2.1.2. Statutory circumstances for delisting

One is the failure to fulfill the obligation of capital contribution: If shareholders of a limited liability company completely fail to fulfill their capital contribution obligations, that is, fail to pay their capital contributions to the company in accordance with the provisions of the company's articles of association or the agreements between shareholders, they may face the risk of being expelled. The second is to withdraw all capital contributions: If a shareholder withdraws all of their already paid capital contributions after the establishment of the company, resulting in the actual amount of capital received by the company being lower than the registered capital and failing to make up for it within a reasonable period of time, they may also be expelled.

2.1.3. Pre reminder procedure

Before expelling relevant shareholders, a reasonable period of time should be given for them to pay or return their capital contributions. The reasonable time limit involved in the reminder procedure is not clearly defined in laws and regulations, and is generally discretionary by judges based on specific case situations. If a shareholder fails to fulfill their investment obligations or return their investment within a reasonable period of time after going through the pre notice procedure, the company shall convene a shareholders' meeting to discuss whether to expel the shareholder.

2.1.4. Legal consequences

The expelled shareholder shall lose its shareholder qualification from the date of the resolution, and the company shall promptly handle the procedures for industrial and commercial registration. At the same time, if the expelled shareholder requests confirmation of the invalidity of the company's shareholder meeting's expulsion resolution, the people's court shall not support it.

2.2. The problems in the current shareholder delisting system of limited liability companies in China

At present, there are some problems in the shareholder delisting system of limited liability companies in China, which may affect the stability of company operations and the protection of shareholder rights. Summarize as follows[4]:

2.2.1. The scope of delisting is too narrow

According to current laws and regulations, the statutory circumstances for shareholder delisting are limited to the two situations stipulated in Article 17 of the Judicial Interpretation of the Company Law (III): failure to fulfill investment obligations and withdrawal of all investment. However, in practice, there may be situations where shareholders only fulfill a small portion of their capital contributions, and even in extreme cases, only contribute 100 yuan, in order to evade the provisions of Article 17 of the Judicial Interpretation of the Company Law (III). The situation where shareholders withdraw part or incomplete capital contributions does not fall within the scope of the provisions of this law. This will allow shareholders who violate their investment obligations to continue to stay in the company, affecting internal stability, limiting the system's role in maintaining the company's human rights, and making it impossible to realize the legislative value of this provision. At the same time, with the development of the market economy and the deepening of corporate governance practices, many new reasons for delisting have emerged, such as shareholders violating the company's articles of association, damaging the interests of the company or other shareholders, and violating the fiduciary duty among shareholders. The current scope of application is no longer sufficient to meet practical needs. The two types of delisting situations stipulated by the shareholder delisting system are too narrow to cover all situations in judicial practice, which may lead to different judgments in the same case.

2.2.2. Lack of clear regulations on delisting procedures

Although the "Provisions of the Supreme People's Court on Several Issues Concerning the Application of the Company Law of the People's Republic of China (III)" provide provisions for the shareholder expulsion system, specific procedures such as pre notice procedures and specific requirements for shareholder resolutions still lack detailed provisions[5]. Firstly, in terms of the pre notice procedure, Article 17 of the Interpretation III of the Company Law only provides a general provision for the pre notice procedure, which means that when a shareholder is found to have engaged in the behavior specified in the preceding paragraph of this article, the company cannot immediately expel him/her, but should first remind him/her to make up for the capital contribution. If he/she still fails to make the payment within a reasonable period, the company can convene a shareholders' meeting to vote on his/her expulsion matters. The reasonable time limit is not stipulated by law, and the length of the time limit is crucial for shareholders to make up for their capital contributions. Secondly, in terms of shareholder meeting resolutions, the current laws in China do not specify whether the expelled shareholders have voting rights, and there is also no regulation on whether to adopt the capital majority or head majority voting method for voting.

2.2.3. Lack of relief measures for delisted shareholders and creditors

The Company Law only stipulates that shareholders can be expelled under specific circumstances, but there is no regulation on the interests of relevant shareholders after being expelled, especially regarding whether the total amount of capital contributions of relevant shareholders have been fully refunded and whether the dividends for that year have been distributed. For creditors, shareholder delisting is an internal resolution of the company and should not have any external adverse consequences. Specifically, it should not result in insufficient company capital to repay creditors' debts due to the delisting of relevant

shareholders or the contract signed between the delisted shareholder and creditors should not have legal benefits. Therefore, we need to take relevant safeguard measures to protect the legitimate rights and interests of delisted shareholders and creditors.

2.2.4. The balance between corporate autonomy and shareholder rights protection

Corporate autonomy is one of the core principles of Company Law, which allows companies to independently decide on their business management and internal affairs within the scope prescribed by law. In the shareholder expulsion system, corporate autonomy is mainly reflected in the company's right to decide on the specific reasons and procedures for shareholder expulsion based on its own needs and regulations. This autonomy helps companies to respond to various internal conflicts and issues in a timely manner, ensuring the stability and sustainable development of the company. However, as investors of the company, shareholders have the rights to return on company assets, participate in major decisions, and choose managers. In the shareholder delisting system, the importance of protecting shareholder rights is self-evident. On the one hand, delisted shareholders may suffer economic losses and reputation damage due to losing their shareholder qualifications; On the other hand, if the shareholder delisting system is abused or improperly implemented, it may infringe upon the legitimate rights and interests of other shareholders. How to balance company autonomy and shareholder rights protection in the shareholder delisting system is an important issue. At present, the provisions of our country's laws in this regard are not yet perfect, and further exploration and improvement are needed.

3. Comparative Analysis of Legislation on the System of Exclusion of Shareholders from Outside the Territory

3.1. The shareholder delisting system in the United States

According to Article 602 of the Uniform Limited Liability Company Act in the United States, a locked company may independently specify the reasons for shareholder delisting in its operating agreement. This is the first time that the United States has officially recognized the shareholder delisting system in its legal provisions. This article mainly introduces the following aspects:

Firstly, the applicable conditions of the shareholder delisting system in the United States can be divided into statutory and discretionary reasons. The statutory reasons include: improper behavior of shareholders causing damage to the company; Violations of business agreements; The behavior of shareholders does not meet the requirements of this law for their loyalty obligations. Intentional reasons mainly refer to the reasons stipulated in the company's articles of association, such as the loss of shareholder qualification due to the entry of shareholders as legal persons into liquidation, dissolution procedures, or revocation of business licenses; Shareholders transfer their available interests in the company to others.

Secondly, regarding the process of shareholder delisting in the United States. The Unified Limited Liability Company Law stipulates the pre-existing procedures. When a company decides to expel a shareholder, it should issue a notice of expulsion to the shareholder, with a notice period of 90 days. If the expelled shareholder fails to take corresponding actions within the given period, the expulsion procedure can be initiated. When a shareholder violates legal grounds, the company shall convene a shareholder meeting resolution to expel him/her, and the expelled shareholder shall not have voting rights in the shareholder meeting resolution. The resolution shall only be considered passed when all other shareholders except for the expelled shareholder pass with a unanimous vote. The effective requirement for a delisting resolution is that the resolution reaches the expelled shareholder without the need for a court ruling on delisting. The company's articles of association stipulate that the effective requirement for the

grounds for delisting is the legal judgment of delisting. In order to prevent shareholders from taking advantage of the loopholes in the system and avoid unfairness to expelled shareholders, the company should purchase the equity of the expelled shareholders at a reasonable consideration. If the company's funds are insufficient and cannot be acquired, the shares of the expelled shareholders can also be recovered and reasonable compensation can be given to shareholders on this basis. This approach can reduce the company's losses to a certain extent, while protecting the interests of multiple parties and maintaining the company's capital in a relatively balanced state as much as possible.

Finally, regarding the consequences of the application of the shareholder delisting system in the United States. The United States Uniform Limited Liability Company Act provides for the legal consequences of shareholder delisting. Article 701 of the law defines the subsequent disposal of the equity of shareholders after their delisting, that is, the company purchases the equity of shareholders, mainly divided into the following points: first, limited liability companies purchase their equity based on the contributions and non contributions of the shareholders; Secondly, if a limited liability company wishes to purchase the equity of the delisted shareholder, it needs to serve a purchase offer to inform them; Thirdly, the company should purchase equity at a predetermined price and cannot decide on its own unless the purchaser defaults on payment. In summary, the legal consequence of the shareholder delisting system in the United States is the repurchase of the equity of the expelled shareholders.

3.2. The shareholder delisting system in Japan

Japan is a civil law country with a unique commercial system. Japan's commercial law not only maintains the customs and traditions of civil law countries, but also combines its legislative spirit with those of common law countries, forming a shareholder delisting system with its own legal characteristics. The earliest regulation of shareholder delisting system in Japan was in the Japanese Commercial Code, but this system only applies to two types: joint venture companies and unlimited companies. In the Japanese Company Law enacted in 2005, companies were divided into joint-stock companies and holding companies. Holding companies included unlimited liability companies, joint venture companies, and contract companies. The contract company in Japanese law is now referred to as a limited liability company. The 2005 Japanese Company Law did not provide comprehensive provisions for the shareholder delisting system, and only provided provisions for the shareholder delisting system in holding companies. An analysis of the shareholder delisting system in Japan can be conducted from the following perspectives:

Firstly, regarding the reasons for the shareholder delisting system in Japan. The shareholder delisting system in Japan is different from that in the United States and Germany, as it does not recognize the effectiveness of the company's articles of association regarding the reasons for shareholder delisting. Therefore, the reasons for shareholder delisting in Japan are mainly based on statutory reasons, and the provisions on statutory reasons are listed item by item and combined with a bottom-up clause. The main reasons for statutory delisting in Japan include shareholders not fulfilling their investment obligations to the company in accordance with regulations, shareholders violating their fiduciary obligations and damaging the interests of the company, shareholders violating legal provisions in their actions, and shareholders not operating and managing the company in accordance with legal provisions.

Secondly, the resolution method of the shareholder delisting system in Japan. The removal of Japanese shareholders requires a resolution, which is different from Germany in that it adopts a simple majority of capital voting method. The removal resolution must be passed by more than half of the other shareholders to be considered valid, and the removed shareholders also do not have voting rights[6]. After the company makes a expulsion resolution, the expulsion resolution cannot take effect immediately and needs to be confirmed by the court and a

judgment made before it can take effect. At this time, shareholders can be officially expelled from the company.

Finally, the pre-existing procedures for the shareholder delisting system in Japan. The shareholder delisting system in Japan has not made relevant provisions on the pre delisting procedure, and Japanese law still needs to be supplemented and improved in terms of the shareholder delisting procedure to protect the legitimate rights and interests of the company and shareholders to the greatest extent possible, and to prevent the abuse of shareholder delisting rights. Japan has not made any relevant regulations on the distribution of equity among expelled shareholders in the shareholder delisting system, nor has it protected the legitimate rights and interests of expelled shareholders and provided them with relief rights.

4. The Improvement Path of the Shareholder Exclusion System for Limited Liability Companies in China

4.1. Clarify the reasons for shareholder delisting

4.1.1. Clarify the criteria for shareholder delisting

According to Chinese law, shareholders can only be dismissed in two situations: first, they fail to fulfill their investment obligations, and second, they misappropriate all their investment. But there is no clear standard for shareholder dismissal. The specific provisions on the conditions for shareholder expulsion will provide a basis for judges to make rulings in judicial practice. Firstly, the requirement for investors to lose their shareholder status must be based on the severity of the situation. The shareholder delisting system is a mandatory punitive measure that can abolish the qualifications of shareholders and also have a certain impact on other shareholders and creditors of the company. Therefore, the delisting of shareholders should be carefully considered, and only in serious circumstances can the relevant shareholders be delisted. Shareholders who violate the normal operation of the company, such as non compete restrictions and shareholder loyalty obligations, illegal damage to the interests of the company and other shareholders, loss of capacity to participate in company affairs, mental abnormalities, etc., can be expelled. Secondly, to deprive shareholders of their status, it must be because it has caused serious harm to the interests of the company and other shareholders. The regulations on the reasons for expulsion cannot be too heavy or too light. If the regulations are too strict, even if they fail to fulfill their investment obligations, they will not be punished. If the regulations are too light, many innocent shareholders will be expelled from the company. This regulation is aimed at punishing those dishonest shareholders, which means that it will only be implemented when shareholders fail to fulfill their investment responsibilities and cause damage to the overall interests of the company.

4.1.2. Expand the scope of statutory delisting

According to current laws and regulations, the statutory circumstances for shareholder delisting are limited to the two situations stipulated in Article 17 of the Judicial Interpretation of the Company Law (III): failure to fulfill investment obligations and withdrawal of all investment. However, in practice, there may be situations where shareholders only fulfill a small portion of their capital contributions, and even in extreme cases, only contribute 100 yuan, in order to evade the provisions of Article 17 of the Judicial Interpretation of the Company Law (III). The situation where shareholders withdraw part or incomplete capital contributions does not fall within the scope of the provisions of this law. Therefore, serious violations of capital obligations such as partial withdrawal and incomplete performance of capital, which affect the company's survival and operation, can be included as reasons for shareholder delisting. At the same time, the abuse of shareholder rights that harms the interests of the company can also be designated as a reason for shareholder expulsion.

4.2. Improve the implementation procedures for shareholder delisting

4.2.1. Refine the pre reminder procedure

Firstly, reminders should be made in written form, and the company should prepare a written reminder letter, which should be stamped with the company seal or other official documents. The reminder letter should provide a detailed explanation of the current problems of the shareholders to be expelled, such as failure to fulfill their investment obligations or withdrawal of capital. At the same time, specific remedial measures should be proposed in the reminder letter, such as requiring shareholders to make up their capital contributions or return the withdrawn capital within a reasonable period of time. The final reminder letter should clearly inform the shareholders who intend to be expelled. If no remedial measures are taken within the prescribed period, the company will initiate the shareholder expulsion procedure and inform them of the consequences of the expulsion. Secondly, the company should provide a reasonable deadline for the proposed shareholders to be expelled to make corrections based on specific circumstances. The length of the term should take into account factors such as the actual situation of the company and the remedial ability of shareholders. An excessively long deadline may further harm the interests of the company and other shareholders, while a too short deadline may prevent shareholders from implementing remedial measures, resulting in meaningless reminders. According to relevant case studies, setting a deadline of 30 days as the minimum standard has practical significance.

4.2.2. Clear delisting resolution procedure

Firstly, the institution that makes the expulsion resolution is the shareholders' meeting. The law stipulates that shareholder expulsion resolutions can only be made by the company. Therefore, only the highest decision-making body of the company-the shareholders' meeting - has the right to deprive the expelled shareholders of their shareholder status. Secondly, deprive the expelled shareholders of their voting rights. If the delisted shareholder continues to enjoy voting rights, it will inevitably safeguard their own interests, lobby and persuade other neutral shareholders to oppose their delisting, thereby affecting the fairness of the resolution. Thirdly, clarify the voting ratio and voting method. China should adopt an absolute majority voting ratio, which is more stringent than a simple majority voting. Adopting this voting ratio can prevent the abuse of shareholder expulsion rights. In terms of voting, a double majority decision should be adopted, which means not only achieving an absolute majority in equity, but also in the number of people, in order to protect the cooperation of limited liability companies and maximize the interests of the company to the greatest extent possible.

4.3. Strengthen relief measures for relevant parties after shareholder delisting

4.3.1. Remedies for delisted shareholders

Firstly, clarify the remedies available to the expelled shareholders. Empower the expelled shareholders with the right to file a lawsuit against expulsion. When the company exercises the right to expel a shareholder in accordance with the law or the company's articles of association, the company shall notify the proposed shareholder of the expulsion resolution in writing and give them the right to raise objections. After the resolution of the shareholders meeting is passed, if the expelled shareholder has objections to the resolution, they can file a lawsuit with the people's court in accordance with the law, requesting confirmation of the invalidity of the expulsion resolution or revocation of the expulsion resolution. Secondly, ensure the reasonable defense rights of the expelled shareholders. In the reminder procedure, the company should give the expelled shareholder a reasonable time limit for defense, allowing them to provide rebuttal opinions and evidence. When the shareholder meeting deliberates on the expulsion resolution, the expelled shareholder shall be allowed to defend themselves and their defense opinions shall be fully considered. Finally, handle the shares and property rights of the expelled

shareholders reasonably. For the shares of expelled shareholders, they shall be handled in accordance with the company's articles of association and relevant laws and regulations. It can be purchased by other shareholders, inherited by a third party, or repurchased by the company. When dealing with the property rights and interests of expelled shareholders, the principles of fairness and impartiality should be followed to ensure that the legitimate rights and interests of expelled shareholders are not infringed upon.

4.3.2. Remedies for creditors

Firstly, ensure the right to information of creditors. When a company decides to expel a shareholder, it should promptly disclose the content of the expulsion resolution to creditors in a publicly available and effective manner before convening a shareholder meeting, ensuring the creditors' right to know. At the same time, when fulfilling the corresponding capital reduction procedures, the company should notify creditors in writing to ensure that creditors can timely understand the changes in the company's capital. Secondly, the burden of proof is reversed. Creditors often find it difficult to directly obtain the investment information of internal creditors within the company, so the burden of proof is placed on creditors, requiring them to prove that the delisting of their shareholders by the limited liability company has adverse consequences on the creditors themselves, which will increase the burden of proof for already disadvantaged creditors. Therefore, creditors only need to provide relevant information on the equity changes of the company, and the company can prove that the removal of relevant shareholders will not have an adverse impact on the debtor's realization of their debt.

5. Conclusion

Limited liability companies play a crucial role in China's economic development, with a wide variety and increasing number of companies, leading to an increase in disputes. Efficient handling of internal and external disputes within a company requires improving the legal system for resolving company disputes. Even though there are many ways to resolve company disputes, the shareholder delisting system always has an irreplaceable value. To some extent, the shareholder delisting system can effectively solve the problems caused by the flawed investment behavior of individual shareholders, and is undoubtedly the best choice to resolve company conflicts. In Article 17 of the Judicial Interpretation of the Company Law (III), China has made relevant provisions on the shareholder delisting system. However, the provisions of this law are too simplistic, making it difficult to deal with various situations that may arise in judicial practice, and even situations where different judgments are made for the same case. Specifically, this is reflected in the narrow scope of reasons for delisting, a brief delisting procedure, unclear legal consequences, and a lack of relief measures after delisting[7].

The system of excluding shareholders from outside the domain has developed relatively early and has been gradually improved through practical testing. Nowadays, the form of companies is becoming increasingly internationalized, and the company laws of various countries can also learn from each other. Therefore, it is necessary to selectively refer to the shareholder delisting system of other countries based on the actual situation in our country. This article believes that the scope of reasons for shareholder delisting should be expanded first, and the effectiveness of the reasons for shareholder delisting should be clarified. Secondly, improve the procedures for the shareholder delisting system, including refining the pre-existing procedures, clarifying the voting methods and proportions, and determining the effective mechanism for shareholder delisting. Once again, clarify the legal consequences of the shareholder delisting system, that is, determine how to determine the loss of shareholder qualification of shareholders who have been delisted, the disposal of equity after delisting, and add relevant administrative supporting measures. Finally, it is necessary to improve the relief measures for

the expelled shareholders and creditors, including their right to object and the right of creditors to be informed.

The improvement of the system cannot be limited to just talking on paper, and the formation of a strong and complete legal system is not achieved overnight. It needs to be combined with judicial practice to become increasingly mature and complete. In the construction of the shareholder delisting system, China has already established a certain institutional foundation. With the further promotion of judicial reform in China, the shareholder delisting system has also ushered in an opportunity to become more complete. The improvement of this system requires more responses to practice in order to address various problems encountered in reality.

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