

## Model Articles of association for solely foreign-owned companies on the expression of the organization

### With board of directors and board of supervisors

Article\_ There shall be no shareholder meeting in the company; the shareholders execute the following rights:

- (1) to work out the management and prosecution of the company, decide the investment plan
- (2) to elect and change the directors and supervisors who are not the representatives of the employees, and decide the payment of them;
- (3) to deliberate and ratify the report of the board of directors;
- (4) to deliberate and ratify the report of supervisors or the board of supervisors;
- (5) to deliberate and ratify the annual blueprint of financial budget and final account of revenue expenditure;
- (6) to deliberate and ratify the profit distribution plan and the loss remedy plan;
- (7) to work out the plan of increasing or decreasing the registered capital of the company
- (8) to work out the plan of issuing bonds
- (9) to work out the plan of company merger, setting up subsidiary company, changing of business model, and the dissolution and liquidation of the company
- (10) to amend the articles of association of the company

Any decisions made by the shareholders concerning the above items should be recorded in written form with the signature of the shareholders

Article\_ The Company sets up the board of directors with \_\_\_ board members (13 to 30). A board member is appointed by shareholders with a term of \_\_\_years(less than 3 years). A board member may be re-appointed. On occasions that no timely election is held after the end of the term of a board member or a board member resigns the office during the term, the original board member should, according to the Act, the Memorandum and the Articles exercise his/her responsibility before the inauguration of the elected board member.

Article\_ The board of director should be responsible for shareholders and execute the following rights:

- (1) to report to shareholders;
- (2) to implement the resolution of the shareholders;
- (3) to work out the management and prosecution of the company, decide the investment plan;
- (4) to make the annual blueprint of financial budget and final account of revenue expenditure;
- (5) to make the profit distribution plan and the loss remedy plan;
- (6) to make the of increasing or decreasing the registered capital of the company and the plan of issuing bonds
- (7) to make the plan of company merger, setting up subsidiary company, changing of business model, and the dissolution and liquidation of the company;
- (8) to decide the management organization of the company

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- (9) to decide the appointment and termination and the payment of the CEO; to decide the appointment and termination and payment of the deputy manager and the financial principal based on the opinions of the CEO
- (10) to make the basic rules and regulations of the company

Article\_ The board meeting is organized and presided by the chairman of the board; on occasions that the chairman cannot or does not exercise his/her responsibility, the vice chairman shall conduct it; if the vice chairman cannot or does not exercise his/her responsibility, a board member may arrange the meeting by more than half of the directors' recommendation.

Article\_ A resolution shall be valid as if it had been passed with the support of more than half of the board members; meeting minutes should be kept and all the present board members should sign on the record.

The voting of the resolution of the board is conducted according to the "one man one vote" principle.

Article\_ There are \_\_\_(one or two) supervisors appointed by the shareholders in the company. The supervisors shall hold office from their appointment for a term of 3 years and can be re-elected.

On occasions that no timely election is held after the end of the term of a supervisor or a supervisor resigns the office during the term, the original supervisor should, according to the Act, the Memorandum and the Articles exercise his/her responsibility before the inauguration of the elected supervisor.

Board members and senior managers cannot be supervisors concurrently.

Article\_ Supervisor of the company executes the following rights:

- (1) To inspect the finance of the company;
- (2) To supervise the management work of board members and senior managers, and execute the right of suggestion to dismiss the board member or senior manager if they violate the law, administrative regulations or the articles of association;
- (3) To ask the board members or senior managers to correct their way of management if their current work does harm to the interest of the company;
- (4) To propose to the shareholders;
- (5) To sue the board members or senior managers;

#### **With Executive director or supervisor**

Article\_ There shall be no shareholder meeting in the company; the shareholders execute the following rights:

- (1) to work out the management and prosecution of the company, decide the investment plan
- (2) to elect and change the directors and supervisors who are not the representatives of the employees, and decide the payment of them;
- (3) to deliberate and ratify the report of the board of directors;
- (4) to deliberate and ratify the report of supervisors or the board of supervisors;
- (5) to deliberate and ratify the annual blueprint of financial budget and final account of revenue

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- expenditure;
- (6) to deliberate and ratify the profit distribution plan and the loss remedy plan;
  - (7) to work out the plan of increasing or decreasing the registered capital of the company
  - (8) to work out the plan of issuing bonds
  - (9) to work out the plan of company merger, setting up subsidiary company, changing of business model, and the dissolution and liquidation of the company
  - (10) to amend the articles of association of the company

Any decisions made by the shareholders concerning the above items should be recorded in written form with the signature of the shareholders

There shall be no board of directors but an executive director with a term of \_\_ (less than 3 years) years. An executive director may be re-appointed. On occasions that no timely election is held after the end of the term of the executive director or the executive director resigns the office during the term, the original executive director should, according to the Act, the Memorandum and the Articles exercise his/her responsibility before the inauguration of the elected executive director.

Article\_ The executive director should be responsible for shareholders and execute the following rights:

- (1) to report to shareholders;
- (2) to implement the resolution of the shareholders;
- (3) to work out the management and prosecution of the company, decide the investment plan;
- (4) to make the annual blueprint of financial budget and final account of revenue expenditure;
- (5) to make the profit distribution plan and the loss remedy plan;
- (6) to make the of increasing or decreasing the registered capital of the company and the plan of issuing bonds
- (7) to make the plan of company merger, setting up subsidiary company, changing of business model, and the dissolution and liquidation of the company;
- (8) to decide the management organization of the company
- (9) to decide the appointment and termination and the payment of the CEO; to decide the appointment and termination and payment of the deputy manager and the financial principal based on the opinions of the CEO
- (10) to make the basic rules and regulations of the company

Article\_ There are \_\_ (one or two) supervisors appointed by the shareholders in the company. The supervisors shall hold office from their appointment for a term of 3 years and can be re-elected.

On occasions that no timely election is held after the end of the term of a supervisor or a supervisor resigns the office during the term, the original supervisor should, according to the Act, the Memorandum and the Articles exercise his/her responsibility before the inauguration of the elected supervisor.

Board members and senior managers cannot be supervisors concurrently.

Article\_ Supervisor of the company executes the following rights:

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- (1) To inspect the finance of the company;
- (2) To supervise the management work of board members and senior managers, and execute the right of suggestion to dismiss the board member or senior manager if they violate the law, administrative regulations or the articles of association;
- (3) To ask the board members or senior managers to correct their way of management if their current work does harm to the interest of the company;
- (4) To propose to the shareholders;
- (5) To sue the board members or senior managers;

#### **With board of supervisors**

The company sets up the board of supervisors with a membership of (no less than 3), among which there are (no less than 1/3 of the total members) representatives of the employee. The supervisors are appointed by shareholders while the representatives of the employees are elected by staff representative conference or staff conference or other form of election by the staff. The office term of the supervisor is 3 years and a supervisor may be re-elected.

On occasions that no timely election is held after the end of the term of a supervisor or a supervisor resigns the office during the term, the original supervisor should, according to the Act, the Memorandum and the Articles exercise his/her responsibility before the inauguration of the elected supervisor.

There is one chairman elected by all the members of the board of supervisors with more than half of votes. The chairman organizes and presides the meeting of the board; on occasions that the chairman cannot or does not exercise his/her responsibility, a supervisor may arrange the meeting by more than half of the directors' recommendation.

Board members and senior managers cannot be supervisors concurrently.

Article\_ Board of Supervisors of the company executes the following rights:

- (6) To inspect the finance of the company;
- (7) To supervise the management work of board members and senior managers, and execute the right of suggestion to dismiss the board member or senior manager if they violate the law, administrative regulations or the articles of association;
- (8) To ask the board members or senior managers to correct their way of management if their current work does harm to the interest of the company;
- (9) To propose to the shareholders;
- (10) To sue the board members or senior managers;

Article\_ The frequency of the meeting of the board of supervisors should be more than once per year. Supervisors may propose to organize interim meetings.

A resolution shall be valid as if it had been passed with the support of more than half of the supervisors; meeting minutes should be kept and all the present supervisors should sign on the record. The voting of the resolution of the board is conducted according to the "one man one vote" principle.

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