

Our Company is incorporated in Brazil as a Sociedade por Ações with limited liability. The Stock Exchange has resolved to accept Brazil as a recognised jurisdiction under Chapter 19 of the Listing Rules.

The Joint Policy Statement states that for the purpose of determining whether an overseas company demonstrates acceptable shareholder protection standards, the Stock Exchange ordinarily expects such company to demonstrate appropriate shareholder protection standards in the various matters set out in the attachment to the Joint Policy Statement. Not all the shareholder protections afforded to shareholders of companies incorporated in Brazil are at least equivalent to those afforded to shareholders of companies incorporated in Hong Kong. We have set out below each of the requirements of the Joint Policy Statement, as well as certain requirements under the Listing Rules and the disclosure of interests requirements under the SFO, and the measures taken by our Company to address the difference, if any, between the company laws of Hong Kong and Brazil.

### **Amendment to constitutional documents**

Pursuant to Hong Kong law, any change to the constitutional documents of a company requires the approval of shareholders with a three-quarter majority vote in a general meeting. Brazilian law provides that resolutions proposed for the amendment of the by-laws of a company are generally required to be approved by Simple Approval except where the amendment concerns material matters specified in the Corporations Act, in which case Special Approval is required. The standard of shareholders' protection under Brazilian law is similar to or comparable with that under Hong Kong law.

### **Variation of rights**

Pursuant to Hong Kong law, rights attached to any class of shares of a company may only be varied with the approval of shareholders with a three-quarter majority vote in a general meeting. Brazilian law provides that any variation to the rights attached to any class of shares of a company requires the Special Approval of the shareholders of that class of shares at a separate class meeting if such variation would adversely affect the interests of those shareholders. The standard of shareholders' protection under Brazilian law is similar to or comparable with that under Hong Kong law.

### **Winding up**

Pursuant to Hong Kong law, the voluntary winding up of a company must be approved by shareholders with a three-quarter majority vote in a general shareholders' meeting. Brazilian law provides that a resolution to approve the voluntary winding up of a company has to be passed with Special Approval. The standard of shareholders' protection under Brazilian law is similar to or comparable with that under Hong Kong law. In addition, in the case of our Company, the Brazilian Government, as the holder of our Golden Shares, has a veto right over the voluntary winding up of our Company.

### **Auditors**

Pursuant to Hong Kong law, the appointment, removal and remuneration of auditors must be approved by shareholders with a majority vote in a general shareholders' meeting. Brazilian law provides that the appointment, removal and remuneration of independent auditors is required to be approved by the board of directors and, pursuant to the By-laws, our Board decides on such matter upon the recommendation of the Fiscal Council. The standard of shareholders' protection under Brazilian law is similar to or comparable with that under Hong Kong law.

### **Register of members**

Pursuant to Hong Kong law, a company must ensure that its branch register of members in Hong Kong shall be open to inspection by shareholders. Brazilian law provides that shareholders do

not have the right to inspect the register of members of a company except in limited situations. In the case of our Company, the HDR Depository will keep in Hong Kong and make available for inspection a register of HDR Holders.

### **Meetings**

Pursuant to Hong Kong law, a company is required to hold a general meeting each year at its annual general meeting. Not more than 15 months shall elapse between the date of one annual general meeting of a company and the next. Brazilian law provides that the maximum period of time that may elapse between two annual general meetings of a company is 16 months. The standard of shareholders' protection under Brazilian law is similar to or comparable with that under Hong Kong law.

### **Right to convene meetings**

Pursuant to Hong Kong law, shareholders holding not less than 5% of the paid-up capital of a company may require the company to convene an extraordinary general meeting and may request the company to circulate a resolution proposed by the requisitionists to members entitled to receive notice of that meeting. Brazilian law provides that shareholders together holding at least 5% of the total issued shares of a company have the right to request the board of directors to convene a general shareholders' meeting. The standard of shareholders' protection under Brazilian law is similar to or comparable with that under Hong Kong law.

### **Notice of meetings**

Pursuant to Hong Kong law, a company must ensure that any annual general meeting or any extraordinary general meeting at which a resolution that requires the approval of shareholders by three-quarter majority vote will be proposed shall be convened on at least 21 days' written notice and that any other general meeting shall be convened on at least 14 days' written notice. The notice period for general shareholders' meetings prescribed under the Corporations Act is shorter than that under Hong Kong law, being 15 days. CVM recommends a longer notice period of 30 days for companies listed outside Brazil. We have entered into an undertaking with the Stock Exchange to comply with CVM's recommendation. Please refer to Appendix V of this Listing Document for further details.

### **Voting**

Pursuant to the Joint Policy Statement, an overseas company must adopt general provisions as to meetings and voting on terms that are comparable to those required of a Hong Kong incorporated public company. There is no legal requirement under Brazilian law for a company to send notice of general shareholders' meetings by post to shareholders at their registered address. Notice of Shareholders' meetings will be published on our website as well as the website of the Stock Exchange.

### **Proxies**

Pursuant to Hong Kong law, proxies or corporate representatives may be appointed to attend general meetings and such proxies or corporate representatives should enjoy statutory rights, including the right to speak at such meetings. In addition, Hong Kong companies must insert a prominent statement of each shareholder's right to appoint proxies in the notice of general meeting. Brazilian law provides that a shareholder is entitled to appoint in writing one or more person as proxy to attend and vote in shareholders' meetings, but there is no requirement for a prominent statement of each shareholder's right to appoint proxies to be included in the notice of general shareholders' meeting. We have entered into an undertaking with the Stock Exchange to

comply with certain Hong Kong proxy requirements. Please refer to Appendix V of this Listing Document for further details.

### **Voting by poll**

Pursuant to Hong Kong law, shareholders must be able to demand a poll. There is no equivalent provision under Brazilian law. The Corporations Act provide that the chairman of the general shareholders' meeting has the power to decide how voting on a particular resolution to be considered at the meeting will be counted. We will continue to comply with the Brazilian requirement.

### **Appointment of directors**

Pursuant to Hong Kong law, the appointment of a director is required to be voted on individually. Brazilian law provides that where more than one director is to be appointed at the same time, their appointment may be effected by means of (i) a single resolution, which covers the appointment of all directors; or (ii) a multiple voting system if requested by shareholders representing at least 5% to 10% of a company's voting shares (as determined by reference to the size of the company's share capital), which allows the appointment of each director to be voted on individually. Shareholders representing 5% of our Company's voting Shares will be permitted to request a multiple voting system.

### **Declaration of interest**

Pursuant to Hong Kong law, a director is required to declare any material interest in any contract with a company at the earliest meeting of the board of directors. A company is also required to include in notices of its intention to move a resolution at a general meeting or class meeting particulars of the relevant interests of directors in the matter dealt with by the resolution. Brazilian law provides that directors are required to disclose at the earliest meeting of the board of directors his material interest (direct or indirect) in any contract or any conflicting interest in any matter to be considered at the meeting. It is not a statutory requirement under Brazilian law to include in the notice of a general shareholders' meeting a statement of the material interest of any director in any of the matters to be considered at the meeting. The standard of shareholders' protection under Brazilian law is similar to or comparable with that under Hong Kong law.

### **Loans to directors**

Pursuant to Hong Kong law, a company may only make loans to a director in certain limited circumstances. Brazilian law provides that a company may grant loans to any of its managers (which includes directors and executive officers) if: (i) such transactions are approved by shareholders in the general shareholders' meeting or by the board of directors; (ii) such transactions are on an arm's length basis; and (iii) the relevant director or officer, as the case may be, does not intervene or take any actions to direct a company to undertake an obligation for his benefit. As we are listed on NYSE, we are also subject to the provisions of the Exchange Act, which provides that we are prohibited from, directly or indirectly, including through any subsidiary, (i) extending or maintaining credit; (ii) arranging for the extension of credit; or (iii) renewing an extension of credit in the form of a personal loan to or for any of our Directors or Executive Officers. We have entered into an undertaking with the Stock Exchange in respect of the making of loans to Directors or their related parties. Please refer to Appendix V of this Listing Document for further details.

### **Payments to directors**

Pursuant to Hong Kong law, any payment to a director or past director of a company as compensation for loss of office or retirement from office is required to be approved by shareholders with a majority vote at a general meeting. Brazilian law provides that the aggregate amount of the compensation payable to directors and other senior management (that is, executive officers and

members of any advisory or technical committees) of a company in any financial year has to be approved in advance by the shareholders at the annual shareholders' meeting and payments made to directors and senior management must not exceed this aggregate figure. The standard of shareholders' protection under Brazilian law is similar to or comparable with that under Hong Kong law.

### **Alteration of share capital**

Pursuant to Hong Kong law, any alteration of share capital in the company must be approved by shareholders with a majority vote in a general meeting. Brazilian law provides that a Simple Approval is required for an increase in the share capital of a company. If the authorisation to issue shares has been given in the by-laws, a resolution from the board of directors may increase the share capital within the limit specified in the authorisation. The standard of shareholders' protection under Brazilian law is similar to or comparable with that under Hong Kong law.

### **Reduction of share capital**

Pursuant to Hong Kong law, any reduction of share capital in a company must be subject to confirmation by the court and be approved by shareholders with a three-quarter majority vote in a general meeting. Brazilian law provides that a Simple Approval is required to approve any reduction in a share capital of a company. We will continue to comply with the Brazilian requirement.

### **Redemption of shares**

Pursuant to Hong Kong law, a company may only redeem its shares out of distributable profits or fresh proceeds from a new issue of shares. Brazilian law provides that a redemption of shares can be made out of profits, profit reserves (except for the legal reserve — *reserva legal*) and capital reserves. The standard of shareholders' protection under Brazilian law is similar to or comparable with that under Hong Kong law.

### **Distribution of assets**

Pursuant to Hong Kong law, a company may only distribute its assets to the shareholders out of realised profits and if out of assets, the remaining net assets must not be less than the share capital plus undistributable reserves. Brazilian law provides that a company may only pay dividends or make other distributions to shareholders out of its net profits, retained earnings, profit reserves (except for the legal reserve — *reserva legal*) and, in specific circumstances (where the company is authorised by its by-laws to do so), capital reserves. We will continue to comply with the Brazilian requirement. Our Company is not authorised under the By-laws to pay dividends or make other distributions to our Shareholders out of its capital reserves.

### **Disclosure of information**

Rules 13.11 to 13.19 of the Listing Rules require disclosure of information in relation to specific matters relevant to a company's business, including advances to an entity, financial assistance and guarantees to affiliated companies, pledging of shares by the controlling shareholder, loan agreements with covenants relating to specific performance of the controlling shareholder, and breach of loan agreement by an issuer. Brazilian law provides that a company is required to keep CVM and the market informed immediately after the occurrence of any Material Fact. Under certain circumstances, the management of a listed company may decide not to disclose a Material Fact to protect its best interest. However, such Material Fact must be immediately disclosed in the event that there is any partial or full leakage to the market. Please refer to Appendix V of this Listing Document for further details. We have received a waiver from compliance with the Hong Kong requirement. Please refer to the section in this Listing Document headed "Waivers" for further details.

**Notifiable transactions**

Chapter 14 of the Listing Rules contains provisions dealing with notifiable transactions. In particular, where a listed company enters into a “notifiable transaction”, then depending on the size of the transaction, it will have to: (i) notify the Stock Exchange; (ii) make an announcement of the transaction; and/or (iii) obtain prior shareholders’ approval of the transaction. Brazilian law provides that a major acquisition has to be approved or ratified by our Shareholders by Simple Approval. Please refer to Appendix V of this Listing Document for further details. We have received a waiver from compliance with the Hong Kong requirement. Please refer to the section in this Listing Document headed “Waivers” for further details.

**Connected transactions**

Chapter 14A of the Listing Rules contains provisions dealing with connected transactions. In particular, where a listed company enters into a “connected transaction”, then depending on the size of the transaction, it will have to: (i) make an announcement of the transaction; (ii) report on the transaction in its next annual report; and/or (iii) obtain prior approval of the transaction of the shareholders independent of the transaction. Brazilian regulations provides that if a company enters into a transaction with a related party, a company is required, (i) if the transaction constitutes a Material Fact, to publish notice immediately after such transaction has been entered into; (ii) to include annually a summary in its Annual Disclosure Document of all related party transactions that have been entered into by the company during the three years preceding the date of the Annual Disclosure Document; and (iii) report on all related party transactions involving an amount greater than (1) R\$200,000; or (2) 1% of the shareholders’ equity of the company, whichever is higher, to BM&FBOVESPA. There are no equivalent requirements under Brazilian law as those under the Listing Rules for connected transactions that exceed certain thresholds to be subject to approval by independent shareholders or for an independent financial adviser and independent non-executive directors to opine on the fairness and reasonableness of such transactions. Brazilian regulations do not distinguish between the regulation of “one-off” connected transactions and continuing connected transactions. Please refer to Appendix V of this Listing Document for further details. We have received a waiver from compliance with the Hong Kong requirement. Please refer to the section in this Listing Document headed “Waivers” for further details.

**Disclosure of interests**

Part XV of the SFO provides that (i) the directors and chief executives of a listed company must disclose their interests and short positions in the shares, underlying shares and debentures of the listed company and its associated corporations within a specified time period after the interest arise or change; and (ii) shareholders interested in 5% or more of any class of shares in a listed company (other than directors and chief executives of the listed company) must disclose their interests and short positions in the shares and underlying shares of the listed company within a specified time period after the interests arise or change. Brazilian law provides that any shareholder, or a group of shareholders acting in concert, that acquires or sells an interest or short position of 5% or more in any class of shares, depositary receipts, securities convertible into or exchange for shares of a company must send a notice to the company informing it of such acquisition or disposal. Each director, executive officer and member of the fiscal council must disclose to the company, on a monthly basis, his, or his Relevant Person’s, interests and short positions in the securities of the company or any of its listed Controlling Shareholders and subsidiaries. Please refer to Appendix V of this Listing Document for further details. We have received a partial exemption from the SFC in respect of compliance with Part XV of the SFO. Please refer to the section in this Listing Document headed “Waivers” for further details.