

Sample C

MEMORANDUM & ARTICLES OF ASSOCIATION FOR PRIVATE COMPANY LIMITED BY SHARES

Sample C is a **Simplified Form Memorandum & Articles of Association** for private company limited by shares prepared on the assumption that the company adopting it will simplify its administration as far as possible under the Companies Ordinance (Cap 32). For example,

- (a) the company has only one class of shares and they are all fully paid-up;
- (b) the company has no management committees; and
- (c) directors are not permitted to appoint alternates and attorneys.

As a result, it may be more appropriate for small owner-managed businesses. For the sake of brevity, statutory provisions are, as far as possible, not repeated.

Provisions on the following matters are not included in Sample C:-

- Issue of shares (regulations 3 to 6 of Sample B);
- Lien (regulations 11 to 14 of Sample B);
- Calls on Shares (regulations 15 to 21 of Sample B);
- Forfeiture of Shares (regulations 34 to 40 of Sample B);
- Purchase of own Shares (regulations 44 to 46 of Sample B);
- Annual and extraordinary general meeting (regulation 50 of Sample B);
- Votes of Members (regulations 67, 72 & 73 of Sample B);
- Powers and Duties of Directors (regulations 82, 83, 87 & 89 of Sample B);
- Proceedings of Directors (regulations 103 to 105 of Sample B);
- Distribution of Profits (regulations 118 [partially included] and 119 of Sample B); and
- Accounts (regulations 126 to 129 of Sample B).

Companies may adopt Sample C as they see fit. Companies or their officers should consult their professional advisors on any matter which may affect them relating to or arising out of the adoption of the Articles of Association in Sample C.

THE COMPANIES ORDINANCE (CHAPTER 32)

Private Company Limited by Shares

MEMORANDUM OF ASSOCIATION

OF

[NAME OF THE COMPANY]

First: The name of the company is

“ENGLISH COMPANY NAME
公司中文名稱”

Second: The registered office of the company will be situated in Hong Kong.

Third: The liability of the members is limited.

Fourth: The share capital of the company is [HKD10,000] divided into [10,000] [Ordinary] share(s) of [HKD1] each.

I/WE, the undersigned whose name(s), address(es) and description(s) is/are given below, wish to form a company, in pursuance of this memorandum of association, and I/we respectively agree to take the number of share(s) in the capital of the company set opposite my/our respective name(s).

Name(s), Address(es) and Description(s) of Founder Members	Number of Share(s) Taken by Each Founder Member
<div data-bbox="145 501 1142 835"> <div data-bbox="169 517 604 555">[English name (Chinese name)]</div> <div data-bbox="169 687 301 723">[Address]</div> </div> <div data-bbox="145 835 553 909"> <div data-bbox="169 855 526 891">[Description / Occupation]</div> </div> <div data-bbox="145 931 1142 1265"> <div data-bbox="169 947 604 985">[English name (Chinese name)]</div> <div data-bbox="169 1120 301 1155">[Address]</div> </div> <div data-bbox="145 1265 553 1339"> <div data-bbox="169 1285 526 1321">[Description / Occupation]</div> </div>	<div data-bbox="1206 501 1469 555">[ORDINARY]:</div> <div data-bbox="1206 573 1469 624">[1]</div> <div data-bbox="1206 931 1469 985">[ORDINARY]:</div> <div data-bbox="1206 1003 1469 1055">[1]</div>
<div data-bbox="727 1686 1158 1724">Total number of share(s) taken:</div>	<div data-bbox="1206 1686 1469 1740">[ORDINARY]:</div> <div data-bbox="1206 1758 1469 1809">[2]</div>

THE COMPANIES ORDINANCE (CHAPTER 32)

Regulations for Management of a Private Company Limited by Shares

ARTICLES OF ASSOCIATION

OF

[NAME OF THE COMPANY]

Interpretation

1. In these regulations-

"Ordinance" (本條例) means the Companies Ordinance (Cap 32);

"seal" (印章) means the common seal of the company;

"secretary" (秘書) means any person appointed to perform the duties of the secretary of the company.

Expressions used in these regulations referring to writing shall, unless the contrary intention appears, be construed as including references to printing, lithography, photography and other modes of representing or reproducing words in a visible form.

Wherever any provision of these regulations (except a provision for the appointment of a proxy) requires that a communication as between the company, its directors or members be effected in writing, the requirement may be satisfied by the communication being given in the form of an electronic record if the person to whom the communication is given consents to it being given to him in that form.

Wherever any provision of these regulations requires that a meeting of the company, its directors or members be held, the requirement may be satisfied by the meeting being held by such lawful electronic means or in such other lawful manner as may be agreed by the company in general meeting.

Unless the context otherwise requires, words or expressions used in these regulations shall have the same meaning as in the Ordinance or any statutory modification thereof in force at the date at which these regulations become binding on the company.

The regulations in Table A in the First Schedule to the Ordinance shall not apply to the company.

Private Company

2. The company is a private company and accordingly-
 - (a) the right to transfer shares is restricted in manner hereinafter prescribed;
 - (b) the number of members of the company (exclusive of persons who are in the employment of the company and of persons who, having been formerly in the employment of the company, were while in such employment, and have continued after the determination of such employment, to be members of the company) is limited to 50. Provided that where 2 or more persons hold one or more shares in the company jointly they shall, for the purpose of this regulation, be treated as a single member; and
 - (c) any invitation to the public to subscribe for any shares or debentures of the company is prohibited.

Share Capital

Issue of Shares

3. The company may exercise the powers of paying commissions conferred by section 46 of the Ordinance, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the said section, and the rate of the commission shall not exceed the rate of 10 per cent of the price at which the shares in respect whereof the same is paid are issued or an amount equal to 10 per cent of such price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The company may also on any issue of shares pay such brokerage as may be lawful.
4. Except as required by law, no person shall be recognized by the company as holding any share upon any trust, and the company shall not be bound by or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the registered holder.
5. Every person whose name is entered as a member in the register of members shall be entitled without payment to receive within 2 months after allotment or lodgment of transfer (or within such other period as the conditions of issue shall provide) one certificate for all his shares, or several certificates, each for 1 or more of his shares, upon payment of \$5 for every certificate after the first or such less sum as the directors shall from time to time determine. Every certificate shall be under the seal, or under the official seal kept by the company under section 73A of the Ordinance, and shall specify the shares to which it relates and the amount paid up thereon. Provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than 1 certificate, and delivery of a certificate for a share to 1 of several joint holders shall be sufficient delivery to all such holders.
6. If a share certificate be defaced, lost or destroyed, it may be renewed on payment of a fee of \$5 or such less sum and on such terms (if any) as to evidence and indemnity and the payment of out-of-pocket expenses of the company of investigating evidence as the directors think fit.

Transfer of Shares

7. The instrument of transfer of any share shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
8. Subject to such of the restrictions of these regulations as may be applicable, any member may transfer all or any of his shares by instrument in writing in any usual or common form or any other form which the directors may approve.
9. The directors may, in their absolute discretion and without assigning any reason therefor, decline to register any transfer of any share.
10. The directors may also decline to recognize any instrument of transfer if-
 - (a) a fee of \$5 or such lesser sum as the directors may from time to time require is not paid to the company in respect of the transfer; and
 - (b) the instrument of transfer is not accompanied by the certificate of the shares to which it relates, or such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer.
11. If the directors refuse to register a transfer, they shall within 2 months after the date on which the transfer was lodged with the company send to the transferor and transferee notice of the refusal.
12. The registration of transfers may be suspended at such times and for such periods as the directors may from time to time determine, provided always that such registration shall not be suspended in any year for more than 30 days or, where the period for closing the register of members is extended in respect of that year under section 99(2)(a) of the Ordinance, for more than that extended period.
13. The company shall be entitled to charge a fee not exceeding \$5 on the registration of every probate, letters of administration, certificate of death or marriage, or other instrument against a member in the register of members.

Transmission of Shares

14. In case of the death of a member, the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a sole holder, shall be the only persons recognized by the company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
15. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced, as may from time to time properly be required by the directors, and subject as hereinafter provided, elect either for himself to be registered as holder of the share, or to have some person nominated by him registered as the transferee thereof, but the directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that member before his death or bankruptcy, as the case may be.

16. If the person so becoming entitled shall elect for himself to be registered, he shall deliver or send to the company a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer signed by that member.

17. A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company.

Provided always that the directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within 90 days, the directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

18. Any person to whom the right to any shares in the company has been transmitted by operation of law shall, if the directors refuse to register the transfer, be entitled to call on the directors to furnish within 28 days a statement of the reasons for the refusal.

Alteration of Capital

19. The company may from time to time by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.

20. The company may by ordinary resolution-

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) sub-divide its existing shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association subject, nevertheless, to the provisions of section 53(1)(d) of the Ordinance;
- (c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

21. The company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorized, and consent required, by law.

Allotment of Shares

22. The directors shall not exercise any power conferred on them to allot shares in the company without the prior approval of the company in general meeting where such approval is required by section 57B of the Ordinance.

General Meetings

Annual and extraordinary general meetings

23. Subject to section 111(6) of the Ordinance, the company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it; and not more than 15 months shall elapse between the date of one annual general meeting of the company and that of the next. Provided that so long as the company holds its first annual general meeting within 18 months of its incorporation, it need not hold it in the year of its incorporation or in the following year. The annual general meeting shall be held at such time and place as the directors shall appoint.

24. All general meetings other than annual general meetings shall be called extraordinary general meetings.

25. The directors may, whenever they think fit, convene an extraordinary general meeting, and extraordinary general meetings shall also be convened on such requisition, or in default, may be convened by such requisitionists, as provided by section 113 of the Ordinance. If at any time there are not sufficient directors capable of acting to form a quorum of the board of directors, any director or any 2 members of the company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the directors.

26. A resolution in writing signed by all the members for the time being entitled to receive notice of and to attend and vote at general meeting (or being corporations, by a director thereof or by their duly authorized representative) in accordance with section 116B of the Ordinance shall be as valid and effectual as a resolution passed at a general meeting duly convened and held on the date on which it was signed by the last member to sign. Such a resolution may consist of several documents which accurately state the terms of the resolution, each signed by one or more relevant members.

27. If the company has only one member and that member takes any decision that may be taken by the company in general meeting and that has effect as if agreed by the company in general meeting, that member shall (unless that decision is taken by way of a written resolution agreed in accordance with section 116B of the Ordinance) provide the company with a written record of the decision. Such written record shall be sufficient evidence of the evidence having been taken by the member.

Notice of General Meetings

28. An annual general meeting and a meeting called for the passing of a special resolution shall be called by 21 days' notice in writing at the least, and a meeting of the company other than an annual general meeting or a meeting for the passing of a special resolution shall be called by 14 days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of meeting and, in case of special business, the general nature of that business, and shall be given, in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the company in general meeting, to such persons as are, under the regulations of the company, entitled to receive such notices from the company.

Provided that a meeting of the company shall, notwithstanding that it is called by shorter notice than that specified in this regulation, be deemed to have been duly called if it is so agreed-

- (a) in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right.

29. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

Proceedings at General Meetings

30. All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the directors and auditors, the election of directors in the place of those retiring and the appointment of, and the fixing of the remuneration of, the auditors.

31. No business shall be transacted at any general meeting unless the requisite quorum of members is present at the commencement of the business, provided that the absence of a quorum shall not preclude the appointment, choice or selection of a chairman. Save as herein otherwise provided, the quorum for all general meetings shall be two members present in person or by proxy and entitled to vote. If the company has only one member, that member presents in person or by proxy shall be the quorum of a general meeting of the company.

32. If within half an hour from the time appointed for the meeting, a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.

33. The chairman, if any, of the board of directors shall preside as chairman at every general meeting of the company. The directors may determine the period for which the chairman is to hold office, and unless otherwise determined, the chairman shall be elected annually. If there is no such chairman, or if he shall not be present within half an hour after the time appointed for the holding of the meeting, the directors present shall elect one of their number to be chairman of the meeting. If no director be present or if all the directors present decline to take the chair, the members present shall choose one of their number to be chairman of the meeting.

34. The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

35. At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded-

- (a) by the chairman; or
- (b) by at least 2 members present in person or by proxy; or
- (c) by a member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) by a member or members holding shares in the company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Unless a poll be so demanded, a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the book containing the minutes of the proceedings of the company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

The demand for a poll may be withdrawn..

Except as provided in 37, if a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

36. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.

37. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

Votes of Members

38. On a show of hands every member present in person or by proxy shall have 1 vote, and on a poll every member shall have 1 vote for each share of which he is the holder.

39. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose, seniority shall be determined by the order in which the names stand in the register of members.

40. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, legal guardian, or other person in the nature of a committee, receiver or legal guardian appointed by that court, and any such committee, receiver, legal guardian or other person may, on a poll, vote by proxy.

41. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.

42. On a poll, votes may be given either personally or by proxy.

43. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or, if the appointer is a corporation, either under seal, or under the hand of an officer or attorney duly authorized. A proxy need not be a member of the company.

44. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority, shall be deposited at the registered office of the company or at such other place within Hong Kong as is specified for that purpose in the notice convening the meeting, not less than 48 hours before the time for holding the meeting or adjourned meeting, at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

45. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

46. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the company at the office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Corporations acting by Representatives at Meetings

47. Any corporation which is a member of the company may by resolution of its directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the company, and the person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the company.

Directors

Number of Directors and Remuneration

48. Unless the company in general meeting shall determine a higher number, the minimum number of directors shall not be less than one and there shall be no maximum number of directors. The first directors are the person named as the directors in the incorporation form submitted in respect of the company pursuant to the Ordinance.

49. The directors shall be entitled to receive by way of fees for their services as directors such sum and on such terms as the company in general meeting may from time to time

determine. Any fees payable pursuant to this regulation shall be distinct from any salary, remuneration or other accounts payable to a director pursuant to any other provisions of these regulations. The directors may also be paid such reasonable expenses as he may incur in attending and returning from meetings of the directors or general meetings or in connection with the business of the company.

50. A director shall not be required to reside in Hong Kong or hold any shares in the company by way of qualification.

51. A director of the company may be or become a director or other officer of, or otherwise interested in, any company promoted by the company or in which the company may be interested as member or otherwise, and, subject to the Ordinance, no such director shall be accountable to the company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company unless the company otherwise direct.

Powers and Duties of Directors

52. Subject to the provisions of the Ordinance, the memorandum and articles and to any directions given by special resolution, the business and affairs of the company shall be managed by the directors, who may exercise all the powers of the company. No alteration of the memorandum or articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this regulation shall not be limited by any special power given to the directors by the articles, and a meeting of the directors at which a quorum is present may exercise all powers exercisable by the directors.

53. If the company has only one member and that member is also the sole director, the company may in general meeting and notwithstanding anything in these regulations, nominate a natural person who has attained the age of 18 years as a reserve director of the company, to act in the place of the sole director in the event of his death.

54. If the company has only one director, that director shall have full power to represent and act for the company in all matters. He may take any decision that may be taken by way of resolution in a meeting of directors and the decision so taken shall have effect as if passed as a resolution in a meeting of the directors. In lieu of minutes of meeting, the director shall provide the company with a record in writing and sign a note or memorandum of all the decisions so taken pursuant to section 153C of the Ordinance. Such a note or memorandum shall constitute sufficient evidence of the decision having been taken by the director.

55. The directors may exercise all the powers of the company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the company or of any third party.

56. The company may exercise the powers conferred by section 35 of the Ordinance with regard to having an official seal for use outside Hong Kong, and such powers shall be vested in the directors.

57. (1) A director who is in any way, whether directly or indirectly, interested in a contract or proposed contract (being a contract of significance in relation to the company's business) with

the company shall, if his interest in the contract or proposed contract is material, declare the nature of his interest at the earliest meeting of the directors in accordance with section 162 of the Ordinance.

(2) A director shall not vote in respect of any such contract or arrangement in which he is so interested, and if he shall do so, his vote shall not be counted, nor shall he be counted in the quorum present at the meeting. However, a director may vote in respect of the following contract or arrangement in which he is interested-

- (a) any arrangement for giving any director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the company; or
- (b) any arrangement for the giving by the company of any security to a third party in respect of a debt or obligation of the company for which the director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security; or
- (c) any contract by a director to subscribe for or underwrite shares or debentures of the company; or
- (d) any contract or arrangement with any other company in which he is interested only as an officer of the company or as holder of shares or other securities,

and these prohibitions may at any time be suspended or relaxed to any extent, and either generally or in respect of any particular contract, arrangement or transaction, by the company in general meeting.

(3) A director may hold any other office or place of profit under the company (other than the office of auditor, or if the company has only one director, the secretary of the company) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the directors may determine and no director or intending director shall be disqualified by his office from contracting with the company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the company in which any director is in any way interested, be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to the company for any profit realized by any such contract or arrangement by reason of such director holding that office or of the fiduciary relation thereby established.

(4) A director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other director is appointed to hold any such office or place of profit under the company or whereat the terms of any such appointment are arranged, and he may vote on any such appointment or arrangement other than his own appointment or the arrangement of the terms thereof.

(5) Any director who may himself or by his firm act in a professional capacity for the company (except that of auditors of the company), or who otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director, may be paid such extra remuneration out of the funds of the company (by way of salary, commission or otherwise as the directors may determine).

58. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the directors shall from time to time by resolution determine.

59. Subject to regulation 54, the directors shall cause minutes to be made in books provided for the purpose-

- (a) of all appointments of officers made by the directors;
- (b) of the names of the directors present at each meeting of the directors;
- (c) of all resolutions and proceedings at all meetings of the company, and of the directors,

and every director present at any meeting of directors shall sign his name in a book to be kept for that purpose.

60. The directors, on behalf of the company, may pay a gratuity or pension or allowance on retirement to any director who has held any other salaried office or place of profit with the company or to the director's spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

Disqualification of Directors

61. The office of director shall be vacated if the director-

- (a) becomes prohibited by law from acting as a director or ceases to be qualified to act as a director; or
- (b) resigns by notice in writing delivered to the company or if he submits his resignation to a meeting of the directors and the directors resolve to accept the same; or
- (c) becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- (d) is of unsound mind and the directors resolve that his office be vacated; or
- (e) without permission, absent himself from the meetings of the directors for a continuous period of 6 months, and the directors pass a resolution that his office be vacated by reason of such absence; or
- (f) is removed from office by an ordinary resolution; or
- (g) is convicted of an indictable offence.

Appointment and Removal of Directors

62. The directors shall have power at any time, and from time to time, to appoint any person to be a director, either to fill a casual vacancy or as an additional director, provided that any director so appointed shall hold office only until the conclusion of the next following annual general meeting, and shall then be eligible for re-election.

63. The company may by ordinary resolution remove any director before the expiration of his period of office notwithstanding anything in these regulations or in any agreement between the company and such director. Such removal shall be without prejudice to any claim such director may have for damages for breach of any contract of service between him and the company.

64. The company may by ordinary resolution appoint another person in place of a director removed from office under the immediately preceding regulation provided that notice is given to the company by any member at least seven days before the Annual General Meeting of intention to propose such resolution, and without prejudice to the powers of the directors under regulation 62.

Proceedings of Directors

65. The directors may meet together for the despatch of business, adjourn, and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the chairman shall have a second or casting vote. A director may, and the secretary on the requisition of a director shall, at any time summon a meeting of the directors.

66. If it is anticipated that directors participating in the meeting will not be in the same place, any notice of a directors' meeting must indicate how it is proposed that they should communicate with each other during the meeting. Subject to these regulations, directors participate in a directors' meeting or part of a directors' meeting when –

- (a) the meeting has been called and takes place in accordance with these regulations, and
- (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

67. The directors may determine the quorum necessary for the transaction of business. Unless otherwise determined by the directors, the quorum of a directors' meeting shall be two directors personally present. Notwithstanding any provision herein, if the company has only one director, the quorum for director's meeting shall be one.

68. The continuing directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to the regulations of the company as the necessary quorum of directors, the continuing directors or director may act for the purpose of increasing the number of directors to that number, or of summoning a general meeting of the company, but for no other purpose.

69. The directors may elect a chairman of their meetings and determine the period for which he is to hold office; but if no such chairman is elected, or if at any meeting the chairman is not present within 5 minutes after the time appointed for holding the same, the directors present may choose one of their number to be chairman of the meeting.

70. All acts done by any meeting of the directors or by any person acting as a director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a director.

71. A resolution in writing signed by all the directors for the time being entitled to receive notice of a meeting of the directors, shall be as valid and effectual as if it had been passed at a meeting of the directors duly convened, held and constituted. Such resolution in writing may consist of several documents which accurately state the terms of the resolution, each signed by one or more directors.

Provided that this regulation shall not apply in relation to any contract or arrangement (not being one of the types specified in regulation 57(2)) in which a director or directors are interested, unless the number of directors signing the resolution who are not interested in the contract or arrangement would have constituted a quorum of directors if a meeting had been held for the purpose of considering the contract or arrangement.

Managing Director

72. The directors may from time to time appoint one or more of their body to the office of managing director for such period and on such terms as they think fit, and, subject to the terms of any agreement entered into in any particular case, may revoke such appointment.

73. A managing director shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the directors may determine.

74. The directors may entrust to and confer upon a managing director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers and may from time to time revoke, withdraw, alter or vary all or any of such powers.

The Seal

75. The directors shall provide for the safe custody of the seal, which shall only be affixed to any instrument by the authority of the directors. Every instrument to which the seal shall be affixed shall be signed by such person or persons from time to time appointed for the purpose by the board of directors. Every instrument executed in the manner provided herein and required to be sealed with the seal of the company shall be deemed to be properly sealed and executed with the authority of the directors previously given.

Secretary

76. The secretary of the company shall be appointed by the directors on such term, at such remuneration and upon such conditions as they think fit. Any secretary so appointed may at any time be removed from office by the directors, but without prejudice to any claim for damages for breach of any contract of service between him and the company. Where the company has only one director, such director or any body corporate of which such director is the sole director shall not be appointed as secretary of the company.

Indemnity

77. Every director, managing director, agent, auditor, secretary and other officer for the time being of the company shall be indemnified out of the assets of the company against any liability incurred by him in relation to the company or a related company of the company as defined in section 165(5) of the Ordinance in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under section 358 of the Ordinance in which relief is granted to him by the court.

Distribution of Profits

78. The company may by ordinary resolution declare dividends, but no dividend shall exceed the amount recommended by the directors.

79. The directors may from time to time pay to the members such interim dividends as appear to the directors to be justified by the profits of the company.

80. No dividend shall be payable except out of the profits of the company available for distribution. No dividend shall bear interest against the company.

81. The net profits of the company in each year shall be applied in or towards the formation of such reserve fund or funds and in or towards the payment of such dividends and bonuses as the directors subject to the approval of the company in general meeting may decide.

82. All dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid. If any share is issued on terms that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

83. If two or more persons are registered as joint holders of any share, any one of two or more joint holders of a share may give effectual receipts for any dividends, bonuses, interest or other moneys payable in respect of the shares held by them as joint holders.

84. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

85. All dividends unclaimed after a period of six years from the date of declaration of such dividend shall be forfeited for the benefit of the company.

Capitalization of Profits

86. The company in general meeting may upon the recommendation of the directors resolve that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied towards paying up in full unissued shares or debentures of the company to be allotted and distributed credited as fully paid up to and amongst such members in the proportion aforesaid, or partly in the one way and partly in the other, and the directors shall give effect to such resolution:

Provided that a share premium account and a capital redemption reserve fund may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be allotted to members of the company as fully paid bonus shares.

87. Whenever such a resolution as aforesaid shall have been passed the directors shall make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issues of shares or debentures, if any, and generally shall do all acts and things required to give effect thereto, with full power to the directors to make such provision by the issue of fractional certificates or by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions, and also to authorize any person to enter on behalf of all the members entitled thereto into an agreement with the company providing for the allotment to them respectively, of any further shares or debentures to which they may be entitled upon such capitalization.

Audit

88. Auditors shall be appointed and their duties regulated in accordance with sections 131, 132, 133, 140, 140A, 140B and 141 of the Ordinance.

Notices

89. A notice may be given by the company to any member either personally or by sending it by post to an address specified in section 168BAE of the Ordinance. A notice may also be given by the company to any member in electronic form to an address specified in the above provision of the Ordinance, or by means of website in accordance with section 168BAH of the Ordinance if the member has agreed that the notice be so given and the agreement has not been revoked in accordance with the provisions in the Ordinance.

90. A notice may be given by the company to the joint holders of a share by giving the notice to the joint holder first named in the register of members in respect of the share.

91. A notice may be given by the company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, within Hong Kong supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

92. Notice of every general meeting shall be given in any manner hereinbefore authorized to-

- (a) every member except those members who (having no registered address within Hong Kong) have not supplied to the company an address within Hong Kong for the giving of notices to them;
- (b) every person entitled to a share in consequence of the death or bankruptcy of a member who, but for his death or bankruptcy, would be entitled to receive notice of the meeting; and
- (c) the auditor for the time being of the company.

No other person shall be entitled to receive notices of general meetings.

93. All notices required to be given to the member under these regulations must be in the Chinese or English language or both.

Winding up

94. If the company shall be wound up the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Ordinance, divide amongst the members in specie or kind the whole or any part of the assets of the company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Name(s), Address(es) and Description(s) of Founder Members

[English name (Chinese name)]

[Address]

[Description / Occupation]

[English name (Chinese name)]

[Address]

[Description / Occupation]