

entitled to vote on behalf of such joint Holders, and as such proxy to attend and vote at General Meetings of the Company.

Calls on Shares

Calls,
how made.

15. The Directors may from time to time make Calls upon the Members in respect of all moneys unpaid on their Shares, provided that no Call shall exceed one-fourth of the nominal amount of the Share or be made payable within one month after the date when the last instalment of the last preceding Call shall have been made payable, and each Member shall, subject to receiving fourteen days' notice at least, specifying the time and place for payment, pay the amount called on his Shares to the persons and to the times and places appointed by the Directors. A Call may be made payable by instalments.

When Call
deemed to
be made.

16. A Call shall be deemed to have been made at the time when the resolution of the Directors authorising such Call was passed.

Interest on
Calls in
arrear.

17. If the Call payable in respect of any Share or any instalment of a Call be not paid before or on the day appointed for payment thereof, the Holder for the time being of such Share shall be liable to pay interest on the same at such rate, not exceeding Ten per centum per annum, as the Directors shall determine, from the day appointed for the payment of such Call or instalment to the time of actual payment; but the Directors may if they shall think fit waive the payment of such interest or any part thereof.

Instalments
to be treated
as Calls.

18. If by the terms of the issue of any Shares, or otherwise, any amount is made payable at any fixed time or by instalments at any fixed times, whether on account of the amount of the

Shares or by way of premium, every such amount or instalment shall be payable as if it were a Call duly made by the Directors, of which due notice had been given; and all the provisions hereof with respect to the payment of Calls and interest thereon, or to the forfeiture of Shares for non-payment of Calls, shall apply to every such amount or instalment and the Shares in respect of which it is payable.

19. The Directors may if they think fit receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon and Shares held by him; and upon all or any of the moneys so paid in advance the Directors may (until the same would but for such advance become presently payable) pay interest at such rate (not exceeding without the sanction of the Company in General Meeting, Eight per centum per annum) as may be agreed upon between the Member paying the moneys in advance and the Directors.

Payment in advance of Calls.

Transfer and Transmission of Shares

20. The instrument of transfer of any Shares in the Company shall be in writing, and shall be executed by or on behalf of the transferor, and transferee, and duly attested, and the transferor shall be deemed to remain the Holder of such Share until the name of the Transferee is entered in the Register in respect thereof.

Execution of instrument of transfer, &c.

21. Shares in the Company shall be transferred in any usual or common form of which the Directors shall approve.

Form of instrument of transfer.

22. The Directors may in their absolute discretion refuse to register the transfer of any Shares. The Directors may also suspend the registration of transfers during the fourteen days immediately preceding the Ordinary General

Refusal to register transfer, and closing of Transfer Books.

Meeting in each year. The Directors may decline to recognise any instrument of transfer unless (a) a fee not exceeding Two Hong Kong Dollars is paid to the Company in respect thereof, and (b) the instrument of transfer is accompanied by the Certificate of the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. If the Directors refuse to register a transfer of any Shares they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.

Persons
recognised
on death
of Share
holders.

23. On the death of any Member (not being one of several joint Holders of a Share) the legal personal representatives of such deceased Member shall be the only person recognised by the Company as having any title to such Share subject always to articles 22 and 25 hereof.

Transmission
Article.

24. Any person becoming entitled to a Share or Shares by reason of the death or bankruptcy of a Member shall upon such evidence being produced as may from time to time be required by the Directors, have the right to make such transfer of the Share or Shares as the deceased or bankrupt person could have made, but the Directors shall have the same right to refuse or suspend registration as they would have had in the case of a transfer of the Share or Shares by the deceased or bankrupt person before the death or bankruptcy and subject always to article 25 hereof.

Restricted
right of
transfer.

25. (1) A Share may be transferred by a Member or other person entitled to transfer to any Member selected by the transferor; but save as aforesaid, and save as provided by clause 6 hereof, no Share shall be transferred to a person who is not a Member so long as any Member (or any person selected by the Directors as one whom

it is desirable in the interests of the company to admit to membership) is willing to purchase the same at the fair value.

(2) Except where the transfer is made pursuant to clause 6 hereof, the person proposing to transfer any share (hereinafter called "the proposing transferor") shall give notice in writing (hereinafter called a "transfer notice") to the company that he desires to transfer the same. Such notice shall specify the sum he fixes as the fair value, and shall constitute the company his agent for the sale of the share to any member of the company (or person selected as aforesaid) willing to purchase the share (hereinafter called the "purchasing member") at the price so fixed, or, at the option of the purchasing member, at the fair value to be fixed by the auditor in accordance with clause 4 hereof. A transfer notice may include several shares, and in such case shall operate as if it were a separate notice in respect of each. A transfer notice shall not be revocable except with the sanction of the directors.

Notice.

(3) If the company shall, within the space of twenty-eight days after being served with a transfer notice, find a purchasing member and shall give notice thereof to the proposing transferor, he shall be bound, upon payment of the fair value as fixed in accordance with clauses 2 or 4 hereof, to transfer the share to the purchasing member.

Company's
Power.

(4) In case any difference arises between the proposing transferor and the purchasing member as to the fair value of a share, the auditor shall, on the application of either party, certify in writing the sum which, in his opinion, is the fair value, and such sum shall be deemed to be the fair value.

Auditor's
certificate.

Default by
proposing
transferor.

(5) If in any case the proposing transferor, after having become bound as aforesaid, makes default in transferring the share, the company may receive the purchase-money, and shall thereupon cause the name of the purchasing member to be entered in the register as the holder of the share, and shall hold the purchase-money in trust for the proposing transferor. The receipt of the company for the purchase-money shall be a good discharge to the purchasing member, and after his name has been entered in the register in purported exercise of the aforesaid power, the validity of the proceedings shall not be questioned by any person.

Default by
company.

(6) If the company shall not, within the space of twenty-eight days after being served with a transfer notice, find a purchasing member and give notice in manner aforesaid, the proposing transferor shall at any time within three months afterwards be at liberty, subject to article 22 hereof, to sell and transfer the share (or where there are more shares than one those not placed) to any person and at any price.

Executors or
Adminis-
trators to
transfer.

(7) The directors may call on the executors or administrators of a deceased member to transfer the shares of the deceased to some person to be selected by such executors and administrators and approved by the directors, and if the executors or administrators do not comply forthwith with such call they shall be deemed to have served the Company with a transfer notice, under clause (2) hereof and to have specified therein a sum equal to the amount paid up on the shares as the fair value, and the subsequent provisions of that clause and the other clauses of this article shall take effect.

Forfeiture of Shares and Lien

Notice
requiring
payment of

26. If any Member fail to pay any Call or instalment of a Call on the day appointed for

payment thereof, the Directors may at any time thereafter during such time as any part of the Call or instalment remains unpaid serve a notice on him requiring him to pay so much of the Call or instalment as is unpaid, together with interest accrued and any expenses incurred by reason of such non-payment.

Call or instalment.

27. The notice shall name a further day (not being earlier than the expiration of fourteen days from the date of the notice) on or before which such Call or instalment and all interest accrued and expenses incurred by reason of such non-payment are to be paid, and it shall also name the place where payment is to be made, such place being either the Registered Office of the Company, or some other place at which Calls of the Company are usually made payable. The notice shall also state that in that event of non-payment at or before the time and at the place appointed the Shares in respect of which such Call or instalment is payable will be liable to forfeiture.

What the notice is to state.

28. If the requisitions of any such notice as aforesaid be not complied with, any Share in respect of which such notice has been given may, at any time thereafter before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect, and any such forfeiture shall extend to all Dividends declared in respect of the Share so forfeited but not actually paid before such forfeiture.

Forfeiture.

29. Any Shares so forfeited shall be deemed to be the property of the Company, and may be sold or otherwise disposed of in such manner, either subject to or discharged from all Calls made or instalments due prior to the forfeiture, as the Directors think fit, or the Directors may, at any time before such Shares are sold or otherwise disposed of annul the forfeiture upon such terms as they may approve. For the purpose of

Forfeited Shares the property of the Company.

giving effect to any such sale or other disposition the Directors may authorise some person to transfer the Shares so sold or otherwise disposed of to the purchaser thereof or other person becoming entitled thereto.

Liability
to pay
Call after
forfeiture.

30. Any person whose Shares have been forfeited shall cease to be a Member in respect of the forfeited Shares but shall, notwithstanding remain liable to pay to the Company all moneys which at the date of the forfeiture were presently payable by him to the Company in respect of the Shares, together with interest thereon at such rate, not exceeding Ten per centum per annum, as the Directors shall appoint, down to the day of payment, but his liability shall cease if and when the Company receive payment in full in respect of such Shares. The Directors may, if they shall think fit, remit the payment of such interest or any part thereof.

Entry of
particulars.

31. When any Shares have been forfeited an entry shall forthwith be made in the Register recording the forfeiture and the date thereof, and so soon as the Shares so forfeited have been sold or otherwise disposed of an entry shall also be made of the manner and date of the sale or disposal thereof.

Lien.

32. The Company shall have a first and paramount lien upon all Shares held by any Member of the Company (whether alone or jointly with other persons) and upon Dividends and Bonuses which may be declared in respect of such Shares, for all debts, obligations and liabilities of such Member to the Company: Provided always that if the Company shall register a transfer of any Shares upon which it has such a lien as aforesaid without giving to the transferee notice of its claim, the said Shares shall in default of agreement to the contrary between the Company and the transferee be freed and discharged from the lien of the Company.

33. The Directors may, at any time after the date for the payment or satisfaction of such debts, obligations, or liabilities shall have arrived, serve upon any Member who is indebted or under any obligation to the Company, or upon the person entitled to his Shares by reason of the death or bankruptcy of such Member, a notice requiring him to pay the amount due to the Company or satisfy the said obligation, and stating that if payment is not made or the said obligation is not satisfied within a time (not being less than fourteen days) specified in such notice, the shares held by such Member will be liable to be sold; and if such Member or the person entitled to his Shares as aforesaid, shall not comply with such notice within the time aforesaid, the Directors may sell such Shares without further notice, and for the purpose of giving effect to any such sale Directors may authorise some person to transfer the Shares so sold to the Purchaser thereof.

Sale for lien.

34. Upon any sale being made by the Directors of any Shares to satisfy the lien of the Company thereon the proceeds shall be applied: First, in the payment of all costs of such sale; next, in satisfaction of the debts or obligations of the Member to the Company; and the residue (if any) shall be paid to the person entitled to the Shares at the date of the sale or as he shall in writing direct.

Proceeds
how applied.

35. An entry in the Directors' Minute Book of the forfeiture of any Share, or that any Share have been sold to satisfy a lien of the Company, shall be sufficient evidence as against all persons claiming to be entitled to such Shares that the said Shares were properly forfeited or sold: and such entry, the receipt of the Company for the price of such Shares, and the appropriate Share Certificate, shall constitute a good title to such Shares, and the name of the purchaser or other

What
necessary
to give
title to
purchaser.

person entitled shall be entered in the Register as a Member of the Company, and he shall not be bound to see to the application of the purchase money, nor shall his title to the said Shares be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture or sale, The remedy (if any) of the former Holder of such Shares, and of any person claiming under or through him, shall be against the Company and in damages only.

Alteration of Share Capital

Capital, how increased.

36. The Company may by Extraordinary Resolution increase the Capital by the creation of new Shares, such increase to be of such aggregate amount and to be divided into Shares of such respective amounts as the resolution shall prescribe.

Terms of issue of new shares.

37. Subject to the provisions of Article 42 hereof, the new shares shall be issued upon such terms and conditions and with such rights, priorities, or privileges as the resolution effecting the increase of Capital shall prescribe.

New Shares to be offered to Members.

38. Subject to any direction to the contrary that may be given by the resolution effecting the increase of Capital, all new Shares shall before issue be offered to such persons as at the date of the offer are entitled to receive from the Company notices of General Meetings in proportion, as nearly as the circumstances admit to the amount of the existing Shares to which they are entitled. Such offer shall be made by notice specifying the number of Shares offered, and limiting a time within which the offer if not accepted will be deemed to be declined; and after the expiration of such time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares offered, the Directors may dispose of the same in such manner as they think most beneficial

to the Company. The Directors may also dispose as they think fit of any new Shares which (by reason of the ratio which the new Shares bear to shares held by persons entitled to an offer of new Shares) cannot in the opinion of the Directors be conveniently offered under this Article.

39. Any Capital raised by the creation of new Shares shall, unless otherwise provided by the conditions of issue, be considered as part of the original Capital, and shall be subject to the same provisions with reference to the payment of Calls and the forfeiture of Shares on non-payment of Calls, transfer and transmission of Shares, lien, or otherwise, as if it had been part of the original Capital.

New Capital to be considered part of original unless otherwise provided.

40. The Company may by Ordinary Resolution:—

Alteration of Capital.

- (a) Subdivide its existing Shares or any of them into Shares of smaller amount than is fixed by the Memorandum of Association: Provided that in the subdivision of an existing Share the proportion between the amount paid and the amount (if any) unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived;
- (b) Consolidate and divide its Capital or any part thereof into Shares of larger amount than its existing Shares;
- (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.

41. The Company may by Special Resolution reduce its Share Capital and any Capital Redemption Reserve Fund in any manner allowed by law.

Reduction of Capital.

Modification of Rights

Rights of various classes may be altered.

42. If at any time the Capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, subject to the provisions of Section 63 of the Ordinance, be modified, abrogated, or varied with the consent in writing of the Holders of three-fourths of the issued Shares of that class, or with the sanction of an Extraordinary Resolution passed at a separate General Meeting of the Holders of the Shares of the class. To every such separate General Meeting the provisions of these regulations relating to General Meetings shall *mutatis mutandis*, apply but so that at every such separate General Meeting the quorum shall be two persons at least holding or representing by proxy one-third of the issued Shares of the class, and that any Holder of Shares of the class, present in person or by proxy may demand a poll.

Borrowing Powers

Borrowing Powers of Directors.

43. The Directors may raise or borrow for the purposes of the Company's business such sum or sums of money as they think fit. The Directors may secure the repayment of or raise any such sum or sums as aforesaid by mortgage or charge upon the whole or any part of the property and assets of the Company, present and future, including its uncalled or unissued Capital, or by the issue, at such price as they may think fit, of Bonds, or Debentures, either charged upon the whole or any part of the property and assets of the Company or not so charged, or in such other way as the Directors may think expedient.

Bonds Debentures &c., to be subject to control of Directors.

44. Any Bonds, Debentures, Debenture Stock or other securities issued or to be issued by the Company shall be under the control of the Directors, who may issue them upon such

terms and conditions and in such manner and for such considerations as they shall consider to be for the benefit of the Company.

45. The Company may, upon the issue of any Bonds, Debentures, Debenture Stock, or other securities, confer on the creditors of the Company holding the same, or on any trustees or other persons acting on their behalf, a voice in the management of the Company, whether by giving to them the right of attending and voting at General Meetings, or by empowering them to appoint one or more persons to be the Directors of the Company, or otherwise as may be agreed.

May confer voice in management of the Company.

46. If any Director or other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge, or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Director or person so becoming liable as aforesaid from any loss in respect of such liability.

Indemnity may be given.

47. A Register of the Holders of the Debentures of the Company shall be kept at the Registered Office of the Company, and shall be open to the inspection of the Registered Holders of such Debentures and of any Members of the Company in General Meeting may from time to time impose. The Directors may close such Register for such period or periods as they may think fit, not exceeding in the aggregate thirty days in each year.

Register of Debenture Holders.

General Meetings

48. A General Meeting of the Company shall be held in each calendar year at such time and place as the Directors shall appoint. In default

Annual Meetings.

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of a General Meeting being so held a General Meeting may be convened by any two Members in the same manner as nearly as possible as that in which General Meetings are to be convened by the Directors. The aforesaid General Meetings shall be called "Ordinary General Meetings"; all other General Meetings shall be called "Extraordinary General Meetings".

Requisition
for Extra-
ordinary
General
Meeting.

49. The Directors may whenever they think fit, and they shall upon a requisition made in writing by Members in accordance with Section 113 of the Ordinance convene an Extraordinary General Meeting.

Business at
Meeting
called by
requisition.

50. In the case of an Extraordinary General Meeting called in pursuance of a requisition, unless such Meeting shall have been called by the Directors, no business other than that stated in the requisition as the objects of the Meeting shall be transacted.

Notice of
Meeting.

51. Subject to the provisions of Sections 116 (2) of the Ordinance relating to Special Resolutions, seven days' notice at the least (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given), specifying the place, the day, and the hour of meeting, and in case of special business the general nature of such business, shall be given to the Members in manner hereinafter mentioned, or in such other manner (if any) as may be prescribed by the Company in General Meeting; but the accidental omission to give notice to any Member, or the non-receipt by any Member of such notice, shall not invalidate the proceedings at any General Meeting.

Meeting
convened
by less than
seven days'
notice.

52. Notwithstanding the provision of the last preceding Article, with the written consent of all the Members entitled to receive notice of

some particular Meeting, that Meeting may be convened by less than seven days' notice, and in such manner as those Members may think fit.

Proceedings at General Meetings

53. The business of any Ordinary General Meeting shall be to receive and consider the accounts and balance sheets, the reports of the Directors and Auditors, and any other documents required by law to be attached or annexed to the balance sheets, to elect Directors in place of those retiring, to elect Auditors and fix their remuneration, and to declare a Dividend. All other business transacted at an Ordinary General Meeting, and all business transacted at an Extraordinary General Meeting, shall be deemed special.

Business of Meeting.

54. For all purposes, the quorum for all meetings shall be Members Present personally or by proxy representing over one third of the issued share capital of the Company and entitled to vote, and no business shall transacted at any general meeting unless the requisite quorum be present at the commencement of the business.

Quorum.

55. If within half an hour from the time appointed for a General Meeting a quorum be 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; and if at such adjourned Meeting a quorum be not present within half an hour from the time appointed for the Meeting it shall be adjourned sine die.

Adjournment for want of quorum.

56. The Chairman of the Board of Directors shall preside as Chairman at every General Meeting of the Company. If there be no such Chair-

Chairman.

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man, or if at any Meeting he be not present within fifteen minutes after the time appointed for holding the Meeting, or is unwilling to act as Chairman, the Members present shall choose one of the Directors present to be Chairman; or if no Director be present and willing to take the chair the Members present shall choose one of their number to be Chairman.

Adjournment
with consent
of Meeting.

57. The Chairman may, with the consent of any General 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 ten 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 adjourned Meeting or of the business to be transacted thereat.

Voting.

58. At any General Meeting every question shall be decided in the first instance by a show of hands; and unless a poll be (on or before the declaration of the result of the show of hands) directed by the Chairman or demanded by at least three Members entitled to vote, or by one Member or two Members so entitled, if that Member or those two Members together hold not less than fifteen per cent, of the paid up Share Capital of the Company, a declaration by the Chairman that a resolution has been carried or not carried, or carried or not carried by a particular majority, and an entry to that effect in the Minute Book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded in favour of or against such resolution.

59. If a poll be directed or demanded in the manner above mentioned it shall (subject to the provisions of Article 61 hereof) be taken at such time and in such manner as the Chairman may appoint, and the result of such poll shall be deemed to be the resolution of the Meeting at which the poll was directed or demanded.

Poll.

60. In the case of an equality of votes at any General Meeting, whether upon a show of hands or on a poll, the Chairman shall be entitled to a second or casting vote. In case of any dispute as to the admission or rejection of any vote the Chairman shall determine the same, and such determination shall be final and conclusive.

Casting votes.

61. A poll demanded upon the election of a Chairman or upon a question of adjournment shall be taken forthwith. Any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

When taken without adjournment.

Votes of Members

62. Subject to any special terms as to voting upon which any Shares may have been issued or may for the time being be held, upon a show of hands every Member present in person shall have one vote, and upon a poll every Member present in person or by proxy shall have one vote for every share held by him.

Votes.

63. If any Member be a person of unsound mind he may vote by his committee, receiver, curator bonis, or other legal curator.

By committee or curator.

64. No Member shall be entitled to be present or to vote at any General Meeting unless all Calls or other sums presently payable by him in respect of the Shares held by him in the Company have been paid.

Votes of persons whose Calls are unpaid.

Proxy.

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

How signed.

66. The instrument appointing a proxy shall be in writing under the hand of the appointer, or of his attorney duly authorised in writing, or if such appointer be a corporation either under its common seal or under the hands of an officer or attorney so authorised. No person shall, subject to the provisions of Article 14 (e) hereof, be appointed a proxy who is not a Member of the Company and qualified to vote: Provided always that another company (whether a company within the meaning of the Ordinance or not) being a Member of this Company may appoint any one of its officers or any other person to be its proxy, and the person so appointed may attend and vote at any Meeting and exercise the same functions on behalf of the Company which he represents as if he were an individual Shareholder.

Deposit of proxy.

67. 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 such power or authority, shall be deposited at the Registered Office of the Company not less than forty eight hours before the time fixed for holding the Meeting or adjourned Meeting at which the persons named in such instrument is authorised to vote, and in default the instrument of proxy shall not be treated as valid. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

Form of proxy.

68. An instrument appointing a proxy shall be in the following form, or in any other form of which the Directors shall approve:—

TAI YAU BANK, LIMITED

1, _____ of
being a Member of Tai Yau Bank, Limited,
hereby, appoint _____ of _____, and
failing him, _____ of _____ as my
proxy to vote for me and on my behalf at the
Ordinary (or Extraordinary, as the case may be)
General Meeting of the Company to be held on
the _____ day of _____ 194 _____, and at
any adjournment thereof.

As witness my hand this _____ day
of _____ 194 _____.

Directors

69. Unless and until the Company in General Meeting shall otherwise determine, the number of Directors shall be not less than two nor more than nine.

Number of
Directors.

70. The following persons shall be first Directors of the Company:—

Messrs. Tsui Chun Yau (崔俊有), Ko Long Man (高朗文), Ko Fook Sun (高福申), Ko Fook Sing (高福成), Poon Wai Yu (潘惠予) Wong Shiu Hung (黃兆鴻), Fok Kin Ping (霍建平), Tsui Ting Tung (崔挺東), and Tsui Yin Ming (崔衍明).

71. The qualification of any Director shall be the holding of twenty shares of the Company.

Qualification
for
Directors.

72. The remuneration of any Director shall be such sum or sums as the Company may in General Meeting from time to time determine. The Directors shall also be entitled to be paid their reasonable travelling and other expenses incurred in consequence of their attendance at Board Meetings and otherwise in the execution of their duties as Directors. Any resolution of

Remunera-
tion of
Directors.

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the Board reducing or postponing the time for payment of the Directors' remuneration shall bind all the Directors.

Special remuneration.

73. The Directors may award special remuneration out of the funds of the Company to any Director going or residing abroad in the interests of the Company, or undertaking any work additional to that usually required of Directors of a Company similar to this.

Powers of Directors

Powers.

74. The business of the Company shall be managed by the Directors, who shall pay all expenses incurred in the formation and registration of the Company, and may exercise all such powers of the Company as are not by the Ordinance or by these Articles required to be exercised by the Company in General Meeting, subject, nevertheless, to any regulations of these Articles, to the provisions of the Ordinance, and to such regulations not being inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting; but no regulation made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

Disqualification of Directors

Disqualification.

75. The Office of a Director shall be vacated:—

- (a) If he become bankrupt or insolvent or compounds with his creditors;
- (b) If he become of unsound mind;
- (c) If he be convicted of an indictable offence;

- (d) If he is requested in writing by all his co-directors to resign;
- (e) If he become prohibited from being a Director by reason of any order made under Sections 209 or 210 of the Ordinance;
- (f) If he give the Company one month's notice in writing that he resigns his office.

But any act done in good faith by a Director whose office is vacated as aforesaid shall be valid unless, prior to the doing of such act, written notice shall have been served upon the Company or an entry shall have been made in the Directors Minute Book stating that such Director has ceased to be a Director of the Company.

76. A Director may hold any office of profit under the Company (other than that of Auditor) in conjunction with the office of Director, and may enter into contracts or arrangements or have dealings with the Company, and shall not be disqualified from office thereby, nor shall he be liable to account to the Company for any profit arising out of any such contract, arrangement, or dealing to which he is a party or in which he is interested by reason of his being at the same time a Director of the Company, provided that such Director discloses to the Meeting of the Directors at which such contract, arrangement, or dealing is first taken into consideration, the nature of his interest therein, or if such interest is subsequently acquired, provided that he discloses the fact that he had acquired such interest at the next Meeting of the Directors held after such interest was acquired. But except in respect of any agreement or arrangement to give any indemnity or security to any Director who has undertaken or is about to undertake any liability on behalf of the Company, or of a resolution to allot any Shares or

Director
may contract
with
Company.

Debentures to a Director, no Director, shall vote as a Director in regard to any contract, arrangement, or dealing in which he is interested or upon any matter arising thereout, and if he shall so vote his vote shall not be counted, nor shall he be reckoned in estimating a quorum when any such contract, arrangement, or dealing is under consideration. A general notice given to the Directors by a Director to the effect that he is a member of a special company or firm, and is to be regarded as interested in any contract, arrangement, or dealing which may, after the date of the notice, be entered into or made with that company or firm shall, for the purpose of this Article, be deemed to be a sufficient disclosure of interest in relation to any contract, arrangement, or dealing so entered into or made.

Directors
may act not-
withstanding
vacancy.

77. The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as the number of Directors is reduced below the number fixed by or pursuant to the Regulations of the Company as the necessary quorum of Directors, the continuing Directors 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.

Managing Director

The
Managing
Director.

78. The Directors may from time to time appoint a Managing Director in Hong Kong and may fix his remuneration either by way of salary or commission or by conferring the right to participate in the profits of the Company or by a combination of two or more of these modes.

79. The appointment of such Managing Director may be for such period as the Directors may decide and the Directors may confer upon

him all the powers of the Company as are not by the Ordinance or by these articles required to be exercised by the Company in General Meeting.

Rotation of Directors

80. At the ordinary general meeting in 1948, and at every succeeding ordinary meeting, the Directors shall retire from office and such number of Directors as may be deemed proper or the carrying on of the business of the Company may be elected in their place. All retiring Directors shall be eligible for re-election.

Directors to retire by rotation.

81. If at any general meeting at which an election of Directors ought to take place, the place of any retiring director is not filled up, the retiring director shall be deemed to have been re-elected and shall, if willing continue in office until the next election or until his place is filled up, unless it shall be determined at such meeting to reduce the number of Directors in office.

82. The Company at the Ordinary General Meeting at which any Director retires in manner aforesaid shall fill up the vacated office, and may fill up any other offices which may then be vacant, by electing the necessary number of persons, unless the Company shall determine to reduce the number of Directors in office. The Company may also at any Extraordinary General Meeting, on notice duly given, fill up any vacancies in the office of Director or appoint additional Directors provided that the maximum number fixed as hereinbefore mentioned is not exceeded.

Filling vacancies.

83. If at any General Meeting at which an election of Directors ought to take place, the places of the retiring Directors be not filled up, the retiring Directors, or such of them as have not had their places filled up, shall continue in office until the Ordinary General Meeting in the next year, and so on from time to time until their

If vacancies not filled.

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places have been filled up, unless at any such Meeting it shall be determined to reduce the number of Directors in office.

Variation of Number of Directors

Number of
Directors
may be
varied.

84. The Company may from time to time in General Meeting increase or reduce the number of Directors, and may also determine in what rotation such increased or reduced number is to go out of office.

Power to
add to
number.

85. The Directors shall have power at any time and from time to time to appoint any other person to be a Director of the Company, either to fill a casual vacancy or as an addition to the Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed as hereinbefore mentioned.

Alternate
Directors.

86. The Directors may appoint any person to be an alternative (or substitute) Director in the place of any Director who is or in about to go abroad, to act during his absence abroad, and such appointment shall have effect, and such appointee, whilst he holds office as an alternative Director, shall be entitled to notice of meetings of the Directors, and to attend and vote thereat accordingly, but such substitute shall *ipso facto* vacate office if and when the Director in whose place he is appointed, resumes office or vacates office as a Director.

Removal of
a Director.

87. The Company may by an Extraordinary Resolution remove any Director before the expiration of his period of office, and may by an Ordinary Resolution appoint another person in his stead. The person so appointed shall hold office during time only as the Director in whose place he is appointed would have held the same if he had not been removed.

General Managers

88. The Directors may from time to time appoint a General Manager or General Managers of the Company and may fix his or their remuneration either by way of salary or commission or by conferring the right to participation in the profits of the Company or by a combination of two or more of these modes and pay the working expenses of any of the staff of the General Manager or General Managers who may be employed by him or them upon the business of the Company.

89. The appointment of such General Manager or General Managers may be for such period as the Directors may decide and the Directors may confer upon him or them all or any of the powers of the Directors as they may think fit.

90. For the purposes of articles 88 and 89 hereof the Directors may enter into such Agreement or Agreements with any such General Manager or General Managers upon such terms and conditions in all respects as the Directors may in their absolute discretion think fit, including a power for such General Manager or General Managers or other employees whatsoever under them for the purpose of carrying on the business of the Company.

Proceedings of Directors

91. The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their Meetings as they think fit, and determine the quorum necessary for the transaction of business. Until otherwise determined three Directors either personally present or by proxy shall constitute a quorum. Questions arising at any Meeting shall be decided by a

Meetings
and quorum.

Voting.

majority of votes. In case of an equality of votes the Chairman shall have a second or casting vote. A Director shall, at any time summon a Meeting of the Directors. Notice of a Meeting of Directors need not be given to a Director who is not in Hong Kong.

Chairman.

92. 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 be elected, or if at any Meeting the Chairman be not present within ten minutes after the time appointed for holding the same, the Directors present shall choose some one of their number to be Chairman of such Meeting.

Memorandum
signed by
all the
Directors.

93. A Memorandum in writing signed by all the Directors for the time being annexed or attached to the Directors' Minute Book shall be as effective for all purposes as a resolution of the Directors passed at a Meeting duly convened, held, and constituted.

Delegation
to
Committees.

94. The Directors may delegate any of their powers to Committees, consisting of such one or more of their body as they think fit. Any Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors. The regulations herein contained for the Meetings and proceedings of Directors shall, so far as not altered by any regulations made by the Directors, apply also to the Meetings and proceedings of any Committee.

Acts valid
although
defective
appointment.

95. All acts done by any Meeting of the Directors or of a Committee of Directors, or by any persons acting as Directors, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Directors or persons 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.

Minutes

96. The Directors shall cause Minutes to be made in books provided for the purpose:—

Minutes to be made.

- (a) Of all appointments of offices made by the Directors;
- (b) Of the names of the Directors present at each Meeting of the Directors and of any Committee of the Directors;
- (c) Of all resolutions and proceedings at all Meetings of the Company and of Directors and of Committees of Directors.

The Seal

97. The Directors shall forthwith procure a Common Seal to be made for the Company, and shall provide for the safe custody thereof. The Seal shall not be affixed to any instrument except by the express authority of a resolution of the Board of Directors, and two Directors shall sign every document to which the Seal is so affixed.

Seal and Sealing.

Dividends

98. Subject to the rights of the Holders of any Shares entitled to any priority, preference, or special privileges, all Dividends shall be declared and paid to the Members in proportion to the amounts paid up on the Shares held by them respectively. No amount paid on a Share in advance of Calls shall, while carrying interest, be treated for the purpose of this Article as paid on the Share.

Dividends how payable.

99. The Directors shall lay before the Company in General Meeting a recommendation as to the amount (if any) which they consider ought to be paid by way of Dividend, and the Company

Directors to recommend Company to declare dividend.

shall declare the Dividend to be paid, but such Dividend shall not exceed the amount recommended by the Directors.

Dividend only out of profits.

100. No Dividend shall be paid otherwise than out of the profits of the Company.

101. The Directors may from time to time pay to the Members, or any class of Members such interim Dividends as appear to the Directors to be justified by the profits of the Company.

Deductions.

102. The Directors may deduct from the Dividends payable to any Member all such sums of money as may be due from him to the Company on account of Calls or otherwise.

103. Notice of any Dividend that may have been declared shall be given to each Member in the manner in which notices of General Meetings are given to the Members.

Notice of Dividends may be sent by post.

104. The Company may transmit any Dividend or Bonus payable in respect of any Share by ordinary post to the registered address of the Holders or, in the case of joint Holders, of one of the Holders of such Share (unless he shall have given written instructions to the contrary), and shall not be responsible for any loss arising in respect of such transmission.

Dividend not to bear interest.

105. No Dividend shall bear interest as against the Company.

Distribution of assets in specie.

106. The Directors may, with the sanction of the Company in General Meeting, distribute in kind among the Members by way of Dividend any of the assets of the Company, and in particular any shares or securities of other companies to which the Company is entitled. Whenever there are sufficient profits, instead of dividing the same in cash the Directors may, with the like sanction, issue to the Members Shares in the Company, and

apply the said profits in paying up the same, or may issue to the Members securities of the Company, to an amount not exceeding the profits available for distribution: Provided always that no distribution shall be made which would amount to a reduction of Capital except in the manner appointed by law. Where requisite, a Contract shall be filed in accordance with Section 44 of the Ordinance, and the Directors may appoint any person to sign such Contract on behalf of the persons entitled to the Dividend, and such appointment shall have effect accordingly.

107. All Dividends or Bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed and all Dividends or Bonuses unclaimed for two years after having been declared may be forfeited by the Directors for the benefit of the Company.

Unclaimed
Dividends.

Reserve Fund

108. Before recommending a Dividend the Directors may set aside any part of the net profits of the Company to a Reserve Fund, and may apply the same either by employing it in the business of the Company or by investing it in such manner (subject to Article 3 hereof) as they shall think fit and the income arising from such Reserve Fund shall be treated as part of the grossed of the Company. Such Reserve Fund may be applied for the purpose of maintaining the property of the Company replacing wasting assets, meeting contingencies, forming an Insurance Fund, equalising Dividends, paying special Dividends or Bonuses, or for any other purpose for which the net profits of the Company may lawfully be used, and until the same shall be so applied it shall be deemed to remain undivided profit. The Directors may also carry forward to the accounts of the succeeding

Reserve
Fund.

year or years any profit or balance of profit which they shall not think fit to divide or to place to reserve.

Accounts

Accounts to be kept.

109. The Directors shall cause true accounts to be kept:—

- (a) Of all sums of money received and expended by the Company, and the matters in respect of which such receipts and expenditure take place;
- (b) Of all sales and purchases of goods by the Company;
- (c) Of the assets and liabilities of the Company.

Limitation of right to inspect.

110. The Books of Account shall be kept at the Registered Office of the Company in Hong Kong and shall always be open to the inspection of the Directors. The Directors may from time to time by resolution determine whether and to what extent, and at what times and places in Hong Kong and on what conditions the books and accounts of the Company, or any of them, shall be open to the inspection of the Members (not being Directors) and the Members shall have only such rights of inspection as are given to them by the Ordinance or by such resolution as aforesaid.

Statement of accounts.

111. At the Ordinary General Meeting in every year the Directors shall lay before the Company a profit and loss account for the period since the preceding account or (in the case of the first Ordinary General Meeting) since the incorporation of the Company, made up to a date not more than six months before such Meeting.

Balance sheet.

112. A balance sheet shall be made out and laid before the Company at the Ordinary General Meeting in every year, as at the date to which

the profit and loss account is made up. There shall be attached or annexed to each such balance sheet such documents as are required by law to be attached or annexed thereto, including the Auditor's Report and a report of the Directors with respect to the state of the Company's affairs, the amount (if any) which the Directors recommend should be paid by way of Dividend, and the amount (if any) which they propose to carry to the Reserve Fund, general reserve, or reserve account shown specifically on the balance sheet. The auditors' Report shall be read at the Meeting and shall be open to inspection as required by Section 128 of the Ordinance.

Report.

113. A copy of the balance sheet and reports and such other documents as aforesaid shall seven clear days previously to the Meeting at which such balance sheet, reports, and documents are to be laid before the Company as aforesaid, be served on every Member entitled to receive notice of General Meetings in the manner in which notice are hereinafter directed to be served.

Copies.

Auditors

114. Auditors shall be appointed and their duties regulated in the manner provided by Sections 131, 132 and 133 of the Ordinance.

Auditors
to be
appointed.

Notices

115. A notice or other document may be served by the Company upon any member either by advertisement in a newspaper or newspapers circulating in the Colony or personally or by sending it through the post in a prepaid envelope or wrapper addressed to the member at his registered address.

Service of
Notices.

116. All notices to be given on the part of the members shall be left at or sent through the post to the Registered Office of the Company.

Notices by
Members
how
forwarded.

Advertisements

117. All notices required to be given to the members or any of them and not expressly provided for by these Articles shall be sufficiently given if given by advertisement advertised one time in at least one daily newspaper in the Colony.

Notices to joint holders.

118. All notices shall with respect to any shares to which persons are jointly entitled be given to whichever of such persons if named first in the Members' Register, and notice so given shall be sufficient notice to all the holders of such shares.

When notice by post deemed to be served.

119. Any notice if served by post shall be deemed to have been served at the time when the envelope or wrapper containing the same is put into a Post Office situated within the Colony, and in proving such service it shall be sufficient to prove that the envelope or wrapper containing it was properly prepaid, addressed, and put into such Post Office.

Transferees, etc., bound by prior notice.

120. Every person who by operation of law, transfer, transmission, or other means whatsoever, shall become entitled to any share shall be bound by every notice or other document which, previously to his name and address being entered upon the Members' Register shall have been given to the person from whom he derives his title to such share.

Notice valid though member deceased.

121. Any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these Articles shall, notwithstanding such shareholder be then deceased, and whether or not the Company have notice of his decease, be deemed to have been duly served on his heirs, executors, or administrators.

How notice to be signed.

122. The signature to any notice to be given by the Company may be in writing or printed.

123. Where a given number of days' notice or notice extending over any other period is required to be given, the day of service shall, unless it is otherwise provided, be counted in such number of days or other period.

How time to be counted.

Discovery of Secrets

124. No member shall be entitled to require or receive any information concerning the business, trading or customers of the Company, or any trade secret or secret process of or used by the Company, beyond such information as to the accounts and business of the Company as is by these presents or by the Ordinance directed to be laid before the Company in General Meeting, and no Member shall be entitled to inspection of any of the books, papers, correspondence, or documents of the Company except so far as such inspection is authorised by these presents or by the Ordinance.

No Member entitled to trade information.

Arbitration

125. If and whenever any difference shall arise between the Company and any of the Members or their respective representatives touching the construction of any of the Articles herein contained, or any act, matter or thing made or done, or to be made or done, or omitted in regard to the rights and liabilities arising hereunder, or arising out of the relation existing between the parties by reason of these presents or of the Ordinance, such difference shall be forthwith referred to two Arbitrators one to be appointed by each party in difference or to an Umpire to be chosen by the Arbitrators before entering on the consideration of the matters referred to them and every such reference shall be conducted in accordance with the provisions of the Code of Civil procedure.

Reference to arbitration.

Indemnity

126. Every Director, attorney, manager and other officer or servant of the Company shall indemnified by the Company against, and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, losses and expenses which any such director, attorney, manager, officer or servant may incur or become liable to by reason of any contract entered into, or act or thing done by him or them as such director, attorney, manager, officer or servant or in any way in the discharge of their or his duty, including travelling expenses; and the amount which such indemnity is provided shall immediately attach as a lien on the property of the Company, and have priority as between the members over all other claims.

127. No Director, manager or other officer to the Company be liable for the acts, receipts neglects or defaults of any other director or other officer of the Company, or for joining in any receipt or other act for conformity, or for any losses or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, or tortious act of any person with whom any moneys, securities or effects shall be deposited, or for any loss occasioned by any error of judgment, omission, default or oversight on their or his part, or for any other loss, damage or misfortune whatever, which shall happen in the execution of the duties or his office or in relation thereto, unless the same happen through their or his own dishonesty.

Winding Up

128. If the Company shall be wound up the assets remaining after payment of the debts and liabilities of the Company and the costs of the liquidation shall be applied: First, in repaying to the Members the amounts paid up on the Shares held by them respectively; and the balance (if any) shall be distributed among the Members in proportion to the number of Shares held by them respectively: Provided always that the provisions hereof shall be subject to the rights of the Holders of Share (if any) issued upon special conditions.

Distribution
of assets in
winding up.

129. In a winding-up any part of the assets of the Company, including any Shares in or securities of other companies, may, with the sanction of an Extraordinary Resolution of the Company, be divided among the Members of the Company in specie, or may be vested in trustees for the benefit of such Members, and the liquidation of the Company may be closed and the Company dissolved, but so that no Member shall be compelled to accept any shares whereon there is any liability.

Assets
may be
distributed
in specie.

Jurisdiction

130. The law of the Colony of Hong Kong shall govern the affairs of the Company and its members and all judgments given or order made by the Supreme Court of Hong Kong in respect of the Company or its affairs or its members shall be binding on all the members and may be enforced against any members residing outside Hong Kong through the medium of Courts of Justice in the place where such member resides, and no member shall be entitled to dispute or question the validity or effect of any judgment or order if application is made to any court outside Hong Kong to enforce the same.

Names, Addresses and Description of Subscribers.

Long Man Ko
14, Burrow Street
Hong Kong
Merchant

Tsui Chun Yau
7, Causeway Bay Road, 3rd floor,
Hong Kong
Merchant

Dated the 18th day of April, 1947.

Witness to the above signatures,

(*Sd.*) Alfred S. K. Lau
Solicitor,
Hong Kong.