

**Superseded**



**The Bank of East Asia, Limited**

*(Incorporated in Hong Kong with limited liability in 1918)*

(Stock Code: 23)

**MEMORANDUM  
AND  
ARTICLES OF ASSOCIATION  
OF**

**THE BANK OF EAST ASIA, LIMITED  
東亞銀行有限公司**

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Incorporated the 14th day of November, 1918.

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*(including all amendments up to 24th April, 2012)*

*(Note: This is a consolidated version not formally adopted by  
shareholders of the Bank at a general meeting.)*

No. 255

編號

**CERTIFICATE OF INCORPORATION**

公司更改名稱

**ON CHANGE OF NAME**

註冊證書

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I hereby certify that

本人茲證明

**THE BANK OF EAST ASIA, LIMITED**

having by special resolution changed its name, is now incorporated under  
經通過特別決議案，已將其名稱更改，該公司現在之註冊名稱為

the name of

**THE BANK OF EAST ASIA, LIMITED**

東亞銀行有限公司

Given under my hand this Twenty-Fifth day of April

簽署於一九九五年四月廿五日。

One Thousand Nine Hundred and Ninety Five.

(Sd.) MISS H. CHANG

.....  
for Registrar of Companies

Hong Kong

香港公司註冊處處長

(公司註冊主任 **張巧雯** 代行)

**CERTIFICATE OF INCORPORATION**

**OF**

**THE BANK OF EAST ASIA, LIMITED**

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**I hereby certify** that “THE BANK OF EAST ASIA, LIMITED”, is this day incorporated under the Hong Kong Companies Ordinances, 1911-1915, and that this Company is limited.

**Given** under my hand and seal of office this 14th day of November, One thousand nine hundred and eighteen.

(Sd.) HUGH A. NISBET,  
*Registrar of Companies,*  
Hong Kong.

**MEMORANDUM OF ASSOCIATION**

**OF**

**THE BANK OF EAST ASIA, LIMITED**

東亞銀行有限公司

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1. The name of the Company is “THE BANK OF EAST ASIA, LIMITED 東亞銀行有限公司”. (*Chinese name added on 25/04/1995*)
2. The registered office of the Company will be situate in Victoria Hong Kong.
3. The objects for which the Company is established are:
  - (a) To carry on the business of banking in all its branches and departments, including exchange banking and business; the borrowing, raising or taking up money; the lending or advancing money, securities and property on such terms as may be thought fit; the counting, buying, selling and dealing in bills of exchange, promissory notes, coupons, drafts, bills of lading, warrants, debentures, certificates, scrip and other instruments and securities, whether transferable or negotiable, or not; the granting and issuing letters of credit and circular notes; the buying, selling and dealing in bullion and specie; the acquiring, holding, issuing on commission, underwriting and dealing with stocks, funds, shares, debentures, debenture stock, bonds, obligations, securities and investments of all kinds; the acquisition, holding and dealing with movable and immovable property of all kinds; the negotiating of loans and advances; the receiving money and valuables on deposit or for safe custody or otherwise; the issuance of deposit or other receipts or acknowledgements either in a negotiable or transferable form or otherwise in respect of moneys deposited; the issuance in Canton or elsewhere outside of Hong Kong of demand drafts or bank notes negotiable or transferable or otherwise for circulation in Canton or elsewhere outside of Hong Kong; the collecting and transmitting money and securities; the carrying on of a savings bank; the establishment of branches or agencies in Canton and elsewhere throughout the world; the management of property; and the transaction of all kinds of agency business commonly transacted by bankers.
  - (b) To carry on business as capitalists, financiers, concessionaires and merchants and to undertake and carry on and execute all kinds of financial, commercial, trading and other operations.

- (c) *(Deleted by Special Resolution dated 30/01/1932 and Confirmed on 27/02/1932)*
- (d) To carry on any other business which may seem to the Company capable of being conveniently carried on in connection with the businesses referred to in paragraphs (a) and (b) above or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights.
- (e) To acquire and undertake the whole or any part of the business, property and liabilities of any person or company carrying on any business which the Company is authorised to carry on or possessed of property suitable for the purposes of this Company.
- (f) To enter into partnership or into any arrangement for sharing profits, union of interests, co-operation, joint adventure, reciprocal concession or otherwise, with any person or company carrying on or engaged in, or about to carry on or engage in, any business or transaction which this Company is authorised to carry on or engaged in, or any business or transaction capable of being conducted so as directly or indirectly to benefit this Company. And to lend money to, guarantee the contracts of, or otherwise assist, any such person or company, and to take or otherwise acquire shares and securities of any such company and to sell, hold, re-issue, with or without guarantee, or otherwise deal with the same.
- (g) To take or otherwise acquire, and hold shares in any other company having objects altogether or in part similar to those of this Company or carrying on any business capable of being conducted so as directly or indirectly to benefit this Company.
- (h) To enter into any arrangements with any governments or authorities, supreme, municipal, local or otherwise that may seem conducive to the Company's objects, or any of them, and to obtain from any such government or authority, any rights, privileges and concessions which the Company may think it desirable to obtain, and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.
- (i) To establish and support or aid in the establishment and support of associations, institutions funds, trusts and conveniences calculated to benefit employees or ex-employees of the Company or the dependants or connections of such persons, and to grant pensions and allowances, and to make payments towards insurance, and to subscribe or guarantee money for charitable or benevolent objects or for any exhibition, or for any public, general or useful objects.
- (j) To promote any company or companies for the purpose of acquiring all or any of the property, rights and liabilities of this Company, or for any other purpose which may seem directly or indirectly calculated to benefit this Company.
- (k) Generally to purchase, take on lease or in exchange hire or otherwise acquire, any real and personal property and any rights or privileges which the Company may think necessary or convenient for the purposes of its business and in particular any land, buildings, easements, machinery, plant and stock-in-trade.
- (l) To hire purchase erect or otherwise to acquire a godown or godowns for any of the purposes of the Company and to carry on the business of godown keepers or warehousemen.

- (m) To construct, maintain and alter any buildings or works, necessary or convenient for the purposes of the Company.
- (n) To invest and deal with the moneys of the Company not immediately required in such manner as may from time to time be determined.
- (o) To advance, deposit or lend money, securities and property to or with such persons and on such terms as may seem expedient and either with or without security and in particular to customers and others having dealings with the Company, and to guarantee the performance of contracts by any such persons.
- (p) To guarantee or become liable for the payment of money or for the performance of any obligations and to transact all kinds of trust and agency business.
- (q) To borrow or raise or secure the payment of money in such manner as the Company shall think fit, and in particular by the issue of debentures, perpetual or otherwise charged upon all or any of the Company's property (both present and future), including its uncalled capital, and to purchase, redeem or pay off any such securities.
- (r) To remunerate any person or company for services rendered or to be rendered, in placing or assisting to place or guaranteeing the placing of any of the shares in the Company's capital, or any debentures, or other securities of the Company or in or about the formation or promotion of the Company or the conduct of its business.
- (s) To draw, make, accept, indorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments.
- (t) To discount, sell and deal in bills, bonds, notes, warrants, coupons, drafts and other negotiable or transferable securities or documents.
- (u) To undertake and execute any trusts the undertaking whereof may seem desirable, and also to undertake the office of executor, administrator, receiver, treasurer, registrar or auditor, and to keep for any company, government, authority or body, any register relating to any stocks, funds, shares or securities, or to undertake any duties in relation to the registration of transfers, the issue of certificates or otherwise.
- (v) To sell or dispose of the undertaking of the Company or any part thereof for such consideration as the Company may think fit and in particular for shares, debentures or securities of any other company having objects altogether or in part similar to those of this Company.
- (w) To obtain any provisional order or ordinance for enabling the Company to carry any of its objects into effect, or for effecting any modification of the Company's constitution, or for any other purpose which may seem expedient, and to oppose any legislation, proposals, proceedings, schemes or applications whether of a like nature to those previously indicated in this paragraph or not which may seem calculated directly or indirectly to prejudice the Company's interests.
- (x) To procure the Company to be registered or recognised in any country or place outside Hong Kong.

- (y) To sell, improve, manage, develop, exchange, lease, mortgage, enfranchise, dispose of, turn to account, or otherwise deal with, all or any of the property and rights of the Company.
- (z) To purchase or otherwise acquire, and to sell, exchange, surrender, lease, mortgage, charge, convert, turn to account, dispose of and deal with property and rights of all kinds, and in particular mortgages, debentures, produce, concessions, options, contracts, patents, annuities, licences, stocks, shares, bonds, policies, book debts, business, concerns and undertakings and claims, privileges and choses in action of all kinds.
- (aa) To take or concur in taking all such steps and proceedings as may seem best calculated to uphold and support the credit of the Company and to obtain and justify public confidence, and to avert or minimise financial disturbances which might affect the Company.
- (bb) To do all or any of the above things in any part of the world and as principals, agents, contractors, trustees or otherwise, and by or through trustees, agents or otherwise, and either alone or in conjunction with others.
- (cc) To do all such other things as are incidental or conducive to the attainment of the above objects or any of them.

And it is hereby declared that the word "company" in this clause shall be deemed to include any partnership or other body of persons, whether incorporated or not incorporated, and whether domiciled in Hong Kong or elsewhere, and the intention is that the objects specified in each paragraph of this clause shall, except where otherwise expressed in such paragraph, be in nowise limited or restricted by reference to or inference from the terms of any other paragraph or the name of the Company.

4. The liability of the members is limited.
5. *(Deleted by Special Resolution on 20/03/1986)*
6. (a) The authorised capital of the Company is HK\$10,000,000,000 divided into 4,000,000,000 ordinary shares of HK\$2.50 each and US\$500,000,000 divided into 500,000 Substitute Preference Shares of US\$1,000 each with power to divide the ordinary shares and the Substitute Preference Shares in the capital for the time being into several classes and to attach thereto respectively any preferential deferred qualified or special rights privileges and conditions but so that where shares are issued with any preferential or special rights attached thereto such rights shall not (except where the terms of issue otherwise provided) be alterable otherwise than pursuant to the provisions contained in Articles 6 and 134 of the accompanying Articles of Association. *(Amended by respective Ordinary/Special Resolutions on 25/06/1921, 30/01/1932, 22/03/1947, 16/03/1968, 21/03/1973, 29/03/1978, 26/03/1980, 27/03/1981, 24/03/1982, 20/03/1986, 30/03/1989, 26/03/1992, 22/03/1993, 31/03/1994, 27/03/1995, 02/04/1996, 08/04/1997, 30/03/2000, 04/12/2009 and 22/04/2010).*

*The Memorandum and Articles of the Company shall be construed in accordance with the English text thereof and no Chinese translation thereof shall operate to vary or affect such construction.*

WE the several persons whose names and addresses are subscribed are desirous of being formed into a company in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names:

Names, Addresses and Descriptions of Subscribers	Number of Shares taken by each Subscriber
龐偉廷 227 Queen's Road Central, Merchant.	200
LI TSE FONG, 81 Wing Lok Street, Merchant.	200
陳澄石 227 Queen's Road Central, Merchant.	200
KAN TONG PO, 155 Queen's Road Central, Banker.	200
CHOW SHOUSON, by his Attorney, CHOW CHI NAM, 45C Robinson Road, Merchant.	200
簡英甫 105 Des Voeux Road Central, Merchant.	200
LI KOON CHUN, 81 Wing Lok Street, Merchant.	200
黃耀初 3 Bonham Strand West, Merchant.	200
莫晴江 Bonham Strand, Merchant.	200
Total Shares taken .....	1,800

Dated the 14th day of November, 1918.

**WITNESS** to all the above Signatures:

**HERBERT W. LOOKER,**  
*Solicitor,*  
 Hong Kong.



THE COMPANIES ORDINANCES (Chapter 32)

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**Company Limited by Shares**

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**ARTICLES OF ASSOCIATION**

**OF**

**THE BANK OF EAST ASIA, LIMITED**

**東亞銀行有限公司**

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**TABLE A**

*Table A not to apply*

1. No regulations set out in any schedule to any Ordinance concerning companies shall apply as regulations or articles of the Company.

**INTERPRETATION**

*Interpretation*

2. In these Articles unless the context otherwise requires:

“these Articles” means these Articles of Association in their present form or as from time to time altered;

“associate” shall have the meaning attributed to it in the Listing Rules;

“Board” means the Board of Directors of the Company or the Directors present at a meeting of Directors at which a quorum is present;

“business day” shall have the meaning attributed to it in the Listing Rules;

“Director” means a director from time to time of the Company;

“Executive Director” means the Chief Executive and any other Director for the time being appointed to an office with the Company pursuant to Article 85(D);

“the holder” in relation to any shares means the Member whose name is entered in the Register as the holder of such shares;

“Listing Rules” means The Rules Governing the Listing of Securities on The Stock

Exchange of Hong Kong Limited as amended from time to time;

“Member” means a member of the Company;

“Office” means the registered office of the Company;

“the Ordinance” means the Companies Ordinance and every other Ordinance incorporated therewith, or any Ordinance or Ordinances substituted therefor; and in case of any such substitution the references in these presents to the provisions of the Ordinance shall be read as references to the provisions substituted therefor in the new Ordinance or Ordinances;

“paid up” means paid up or credited as paid up;

“Recognised Clearing House” shall have the meaning ascribed thereto in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or a clearing house recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted with the permission of the Company on a stock exchange in such jurisdiction;

“Register” means the Register of Members of the Company;

“Seal” means the common seal of the Company or any official seal that the Company may be permitted to have under the Ordinance;

“Secretary” includes a temporary or assistant or deputy Secretary and any person appointed by the Board to perform any of the duties of the Secretary of the Company;

“Stock Exchange” means The Stock Exchange of Hong Kong Limited;

references to writing shall include typewriting, printing, lithography, photography and other modes (including telex and facsimile transmission) of representing or reproducing words in a legible and non-transitory form;

any words or expressions defined in the Ordinance in force at the date when these Articles or any part thereof are adopted shall bear the same meaning in these Articles or such part (as the case may be) save that “company” shall where the context permits include any company or body incorporated in Hong Kong or elsewhere;

where for any purpose an ordinary resolution of the Company is required, a special resolution shall also be effective; and

references to a meeting shall not be taken as requiring more than one person to be present if any quorum requirement can be satisfied by one person.

## **REGISTERED OFFICE**

*Registered office*

3. The Office shall be at such place in Hong Kong as the Board shall from time to time appoint.

## SHARE RIGHTS

### *Issue of share*

- 4A. Subject to any special rights conferred on the holders of any shares or class of shares, any share in the Company may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine or, if there has not been any such determination or so far as the same shall not make specific provision, as the Board may determine.

### *Issue of subscription warrants*

- 4B. The Board may issue warrants or other rights and grant options to subscribe for any class of shares or securities of the Company on such terms as it may from time to time determine. Where warrants are issued to bearer, no new warrant shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such new warrant.

### *Rights of Substitute Preference Shares*

- 4C. Each Substitute Preference Share in the Company shall have attached thereto the rights and restrictions as set out in "Schedule A" attached to these Articles.

### *Company to finance purchase of its own shares and warrants*

5. The Company may exercise any powers conferred on the Company or permitted by or not prohibited by or not inconsistent with the Companies Ordinance (Chapter 32) or any other applicable ordinance, statute, act or law from time to time to acquire shares and warrants in the Company or to give, directly or indirectly, by means of a loan, guarantee, the provision of security or otherwise, financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares and warrants in the Company and should the Company acquire its own shares or warrants neither the Company nor the Directors shall be required to select the shares or warrants to be acquired rateably or in any other particular manner as between the holders of shares or warrants of the same class or as between them and the holders of shares or warrants of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares provided always that any such acquisition or financial assistance shall only be made or given in accordance with any relevant rules, codes or regulations issued by the Stock Exchange, the Securities and Futures Commission or any other relevant regulatory authorities from time to time.

## MODIFICATION OF RIGHTS

### *How special rights of shares may be varied*

6. Subject to the Ordinance, all or any of the special rights for the time being attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound up) be altered or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with

the sanction of a special resolution passed at a separate general meeting of the holders of such shares. To any such separate general meeting all the provisions of these Articles as to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be one or more persons holding or representing by proxy not less than one-third of the issued shares of the class, that every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him and that at any adjourned meeting of such holders one holder present in person or by proxy (whatever the number of shares held by him) shall be a quorum.

*Creation or issue of further shares of same class*

7. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking pari passu therewith.

**SHARES**

*Shares at disposal of Board*

8. (A) Subject to the provisions of the Ordinance and these Articles, the unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may determine.  
  
(B) Subject to the provisions of the Ordinance and the Listing Rules, any preference share may, with the sanction of a special resolution, be issued on the terms that it is, or at the option of the Company is, liable to be redeemed.

*Power to pay commission*

9. The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Ordinance.

*Exclusion of equities*

10. Except as ordered by a Court of competent jurisdiction or as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or required in any way to recognise (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 otherwise provided by these Articles or by law) any other right in respect of any share except an absolute right to the entirety thereof in the registered holder.

**CERTIFICATES**

*Certificates to be issued*

11. Every person whose name is entered as a holder of any shares in the Register shall

be entitled, without payment, to receive within 10 business days or such other period as specified by the Stock Exchange from time to time in the Listing Rules after allotment or lodgment of a transfer to him of the shares in respect of which he is so registered (or within such other period as the terms of issue shall provide) one certificate for all such shares of any one class or several certificates each for one or more of such shares of such class upon payment for every certificate after the first of such reasonable out-of-pocket expenses as the Board may from time to time determine. In the case of a share held jointly by several persons, delivery of a certificate to one of several joint holders shall be sufficient delivery to all. A Member who has transferred part of the shares comprised in his registered holding shall be entitled to a certificate for the balance without charge.

#### *Replacement of certificates*

12. If a share certificate is defaced worn out lost or destroyed it may, subject to the Ordinance, be replaced on payment of a fee not exceeding 2.5 Hong Kong Dollars (or such other amount as shall for the time being be approved by the Stock Exchange) and on such terms (if any) as to evidence and indemnity and to payment of any exceptional costs and the reasonable out-of-pocket expenses of the Company in investigating such evidence and preparing such indemnity as the Board may think fit and, where it is defaced or worn out, after delivery of the old certificate to the Company.

#### *Sealing of certificates*

13. All forms of certificate for share or loan capital or other securities of the Company (other than letters of allotment, scrip certificates and other like documents) shall, except to the extent that the terms and conditions for the time being relating thereto otherwise provide, be issued under a Seal which shall only be affixed with the authority of the Directors. The Board may also by resolution determine, either generally or in any particular case or cases, that any signatures on any such certificates need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon.

### **LIEN**

#### *Company's lien on shares*

14. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all amounts payable (whether presently or not) in respect of such share. The Company's lien on a share shall extend to all dividends and distributions payable thereon. The Board may at any time either generally or in any particular case waive any lien that has arisen, or declare any share to be wholly or in part exempt from the provisions of this Article.

#### *Sale by Company of shares on which payment overdue*

15. The Company may sell, in such manner as the Board may think fit, any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing, stating and demanding payment of the sum presently payable and giving notice of the intention to sell in default of such payment, has been served

on the holder for the time being of the share.

*Application of proceeds of sale*

16. The net proceeds, after payment of the costs, of the sale by the Company of any shares on which it has a lien shall be applied in or towards payment or discharge of the debt or liability in respect of which the lien exists so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the share prior to the sale and upon surrender, if required by the Company, for cancellation of the certificate for the shares sold) be paid to the person who is the holder of the share immediately before the sale of such share. For giving effect to any such sale the Board may authorise some person to transfer the share sold to the purchaser thereof. The purchaser shall be registered as the holder of the share and he shall not be bound to see to the application of the purchase money, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the sale.

**CALLS ON SHARES**

*Board may make calls*

17. The Board may from time to time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium) and not by the terms of issue thereof made payable at a date fixed by or in accordance with such terms of issue, and each Member shall (subject to the Company serving upon him at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Board may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

*Instalments*

18. A call may be made payable by instalments and shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed.

*Liability of joint holders*

19. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

*Interest on overdue sums*

20. If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15 per cent. per annum, as the Board may determine, but the Board shall be at liberty to waive payment of such interest wholly or in part.

*Amounts deemed to be due in respect of calls*

21. Any sum which, by the terms of issue of a share, becomes payable on allotment or at any date fixed by or in accordance with such terms of issue, whether on account of the nominal amount of the share or by way of premium, shall for all the purposes of these Articles be deemed to be a call duly made, notified and payable on the date on which, by the terms of issue, the same becomes payable and, in case of non-payment, all the relevant provisions of these Articles as to payment of interest, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

*Differentiation between calls*

22. The Board may on the issue of shares differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.

*Payments in advance of call*

23. The Board may, if it thinks fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon any shares held by him and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate, not exceeding (unless the Company by ordinary resolution shall otherwise direct) 15 per cent. per annum, as may be agreed upon between the Board and the Member paying such sum in advance, in addition to the dividend payable upon such part of the share in respect of which such advance has been made as is actually called up. The Board may at any time repay the amount so advanced upon giving to such member not less than three months' notice in writing of their intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the share in respect of which it was advanced.

*Indemnity against claims in respect of shares*

- 23A. Whenever any law for the time being of any country, state or place imposes or purports to impose any immediate or future or possible liability on the Company to make any payment, or empowers any government or taxing authority or government official to require the Company to make any payment, in respect of any shares held either jointly or solely by any Member or in respect of any dividends, bonuses or other monies due or payable or accruing due or which may become due or payable to such Member by the Company or in respect of any such shares or for or on account or in respect of any Member and whether in consequence of:

(a) the death of such Member;

(b) the non-payment of any income tax or other tax by such Member;

(c) the non-payment of any estate, probate, succession, death, stamp, or other duty by the executor or administrator of such Member or by or out of his estate; or

(d) any other act or thing;

the Company in every such case:

- (i) shall be fully indemnified by such Member or his executor or administrator from all liability arising by virtue of such law; and
- (ii) may recover as a debt due from such Member or his executor or administrator (wherever constituted or residing) any monies paid by the Company under or in consequence of any such law, together with interest thereon at the rate of 15 per cent. per annum thereon from the date of payment by the Company to the date of repayment by such Member or his executor or administrator.

Nothing contained in this Article shall prejudice or affect any right or remedy which any law may confer or purport to confer on the Company and as between the Company and every such Member as aforesaid, his executor, administrator and estate wherever constituted or situated, any right or remedy which such law shall confer or purport to confer on the Company shall be enforceable by the Company.

## **FORFEITURE OF SHARES**

### *Board may forfeit*

- 24. If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Board may at any time serve a notice on the holder of such share requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

### *Notice of liability to forfeiture*

- 25. The notice shall name a further day (not being less than fourteen days from the date of the notice) on or before which, and the place where, the payment required by the notice is to be made and shall state that in the event of non-payment on or before the day and at the place appointed, the shares in respect of which such call was made or instalment is payable will be liable to be forfeited. The Board may accept the surrender of any share liable to be forfeited hereunder and, in such case, references in these Articles to forfeiture shall include surrender.

### *Manner of forfeiture*

- 26. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

### *Notice of forfeiture*

- 27. When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share; but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice as aforesaid.

### *Forfeited share to be property of Company*

- 28. A forfeited share shall be deemed to be the property of the Company and may be



sold, re-allotted or otherwise disposed of either to the person who was, before forfeiture, the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Board shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture may be annulled by the Board on such terms as the Board may think fit.

*Remaining liability for payment*

29. A person whose shares have been forfeited shall thereupon cease to be a Member in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares with interest thereon at the rate fixed by the terms of issue of the shares or, if no such rate is fixed, at the rate of 15 per cent. per annum (or such lower rate as the Board may determine) from the date of forfeiture until payment and expenses of the Company that may have accrued by reason of such non-payment, in the same manner in all respects as if the shares had not been forfeited, and to satisfy all (if any) the claims and demands which the Company might have enforced in respect of the shares at the time of forfeiture, and the Company may enforce payment without being under any obligation to make any allowance for the value of the shares forfeited or for any consideration received on their disposal.

*Extinction of interest and claims*

- 29A. The forfeiture of a share shall involve the extinction at the time of forfeiture of all interest in and all claims and demands against the Company in respect of the share, and all other rights and liabilities incidental to the share as between the shareholder whose share is forfeited and the Company, except only such of those rights and liabilities as are by these Articles expressly saved, or as are by the Ordinance given or imposed in the case of past Members.

*Evidence of forfeiture*

30. A statutory declaration that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited on the date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration (if any) given for the share on the sale, re-allotment or disposition thereof and the Board may authorise some person to transfer the share to the person to whom the same is sold, re-allotted or disposed of, and he shall thereupon be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, sale, re-allotment or disposal of the share.

**UNTRACEABLE SHAREHOLDERS**

*Sale in respect of untraceable shareholders*

31. The Company may sell any shares in the Company if:
- (a) all cheques or warrants, being not less than three in total number, for any sum

payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by the Articles of the Company have remained uncashed;

- (b) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the Member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law; and
- (c) the Company has caused an advertisement to be published in one leading English newspaper and one leading Chinese newspaper circulating in Hong Kong giving notice of its intention to sell such shares and a period of three months has elapsed since the date of such advertisement.

For the purpose of the foregoing, the “relevant period” means the period commencing twelve years before the date of publication of the advertisement referred to in paragraph (c) above and ending at the expiry of the period referred to in that paragraph.

To give effect to any such sale the Board may authorise some person to transfer the said shares and an instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such shares, and the purchaser shall not be bound to see to the application of the purchase moneys nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale will belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former Member for an amount equal to such net proceeds. No trust shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any moneys earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Any sale under this Article shall be valid and effective notwithstanding that the Member holding the shares sold is dead, bankrupt or otherwise under any legal disability or incapacity.

## **TRANSFER OF SHARES**

### *Manner of transfer*

- 32. Subject to such of the restrictions of these Articles as may be applicable, any Member may transfer all or any of his shares by an instrument of transfer in the usual common form or in any other form which the Board may approve.

### *Execution of transfer*

- 33. The instrument of transfer of a share shall be signed by or on behalf of the transferor and the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. The machine imprinted signature on an instrument of transfer may be accepted by the Company for the purpose of such transfer subject to any terms which the Company may impose. All instruments of transfer, when registered, may be retained by the Company.

*Board may refuse to register transfer of share not fully paid*

34. The Board may, in its absolute discretion and without assigning any reason therefor, decline to register any transfer of any share which is not a fully paid share.

*Further cases where Board may refuse to register*

35. The Board may also decline to register any transfer unless:
- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
  - (b) the instrument of transfer is in respect of only one class of share; and
  - (c) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four.

*Notice of refusal*

36. If the Board declines to register a transfer it shall, within two months after the date on which the instrument of transfer was lodged, send to the transferee notice of the refusal.

*Fees*

- 37A. A fee not exceeding 2.5 Hong Kong Dollars (or such other amount as shall for the time being be approved by the Stock Exchange) may be charged by the Company for registering any transfer, or other document relating to or affecting the title to any share, or for otherwise making any entry in the Register relating to any share.

*Closure of Register*

- 37B. The Register may be closed during such time as the Board may think fit, not exceeding in the whole thirty days in each calendar year.

**TRANSMISSION OF SHARES**

*Transmission on death of Member*

38. In the case of the death of a Member the survivor or survivors, where the deceased was a joint holder, and the executors or administrators of the deceased, where he was a sole holder, shall be the only persons recognised by the Company as having any title to his shares; but nothing herein contained shall release the estate of a deceased holder from any liability in respect of any share held by him solely or jointly with other persons.

*Rights to be registered of persons entitled by operation of law to shares*

39. Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member or otherwise by operation of law may, subject as hereinafter provided and upon such evidence being produced as may from time to time be required by the

Board as to his entitlement, either be registered himself as the holder of the share or elect to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled elects to be registered himself, 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 his nominee registered, he shall signify his election by signing an instrument of transfer of such share in favour of his nominee. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or instrument of transfer as aforesaid as if the death or bankruptcy of the Member or other event giving rise to the transmission had not occurred and the notice or instrument of transfer was an instrument of transfer signed by such Member.

*Dividend and voting rights of such persons*

40. A person becoming entitled to a share in consequence of the death or bankruptcy of a Member or otherwise by operation of law shall (upon such evidence being produced as may from time to time be required by the Board as to his entitlement) be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the share, but he shall not be entitled in respect of the share to receive notices of or to attend or vote at general meetings of the Company or at any separate meeting of the holder of any class of shares in the Company or, save as aforesaid, to exercise in respect of the share any of the rights or privileges of a Member until he shall have become registered as the holder thereof. The Board 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 sixty days the Board may thereafter withhold payment of all dividends and other moneys payable in respect of the share until the requirements of the notice have been complied with.

**INCREASE OF CAPITAL**

*Company may increase capital*

41. The Company may from time to time by ordinary resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe.

*Company may direct that new shares be offered to existing Members*

42. Subject to the Ordinance, the Company may, by the resolution increasing the capital, direct that the new shares or any of them shall be offered in the first instance to all the holders for the time being of shares of any class or classes in proportion to the number of such shares held by them respectively or may make any other provisions as to issue of the new shares.

*New shares to be subject to provisions of Articles*

43. The new shares shall be subject to all the provisions of these Articles with reference to lien, the payment of calls, forfeiture, transfer, transmission and otherwise.

## **ALTERATIONS OF CAPITAL**

*Company may alter capital*

44. The Company may from time to time 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 shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the Ordinance) and so that the resolution whereby any share is sub-divided may determine that as between the holders of the shares resulting from such sub-division one or more of the shares may have any such preferred or other special rights over, or may have such deferred or qualified rights or be subject to any such restrictions as compared with, the other or others as the Company has power to attach to unissued or new 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 and diminish the amount of its authorised share capital by the amount of the shares so cancelled;

and may also by special resolution:

- (d) subject to any confirmation or consent required by law, reduce its authorised and issued share capital or any capital redemption reserve or any share premium account in any manner.

Where any difficulty arises in regard to any consolidation and division under paragraph (a) of this Article, the Board may settle the same as it thinks expedient and in particular may issue fractional certificates or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise some person to transfer the shares representing fractions to or in accordance with the directions of the purchaser thereof. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

## **GENERAL MEETINGS**

*Annual general meetings to be held*

45. The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Ordinance at such times and places as the Board shall appoint. Any general meeting of the Company other than an annual general meeting shall be called an extraordinary general meeting.

*Board may convene extraordinary general meeting*

46. The Board may, whenever it thinks fit, convene an extraordinary general meeting. An extraordinary general meeting shall also be convened on requisition, as provided by

the Companies Ordinance, or, in default, may be convened by the requisitionists.

## **NOTICE OF GENERAL MEETINGS**

### *Notice of meetings*

47. Subject to such other minimum period as may be specified in the Listing Rules from time to time: (a) an annual general meeting shall be called by not less than twenty-one days' notice or twenty clear business days' notice, whichever is the longer; (b) a meeting called for the passing of a special resolution shall be called by not less than twenty-one days' notice; and (c) a meeting other than an annual general meeting or a meeting called for the passing of a special resolution shall be called by not less than fourteen days' notice or ten clear business days' notice, whichever is the longer. 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, day and time of meeting, and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given in manner hereinafter mentioned to all Members other than such as, under the provisions of these Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the Auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that specified in this Article, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as an 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.

### *Accidental omission to give notice*

48. The accidental omission to give notice of a meeting or (in cases where instruments of proxy are sent out with the notice) the accidental omission to send such instrument of proxy to, or the non-receipt of notice of a meeting or such instrument of proxy by, any person entitled to receive such notice shall not invalidate the proceedings at that meeting.

### *Postponement of general meeting*

- 48A. If the Board, in its absolute discretion, considers that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time or place specified in the notice calling the general meeting, it may postpone the general meeting to another date, time and/or place. The Board shall take reasonable steps to ensure that notice of the date, time and place of the postponed meeting is provided to any Member trying to attend the meeting at the original time and place. When a meeting is so postponed, notice of the date, time and place of the postponed meeting shall be given in such manner as the Board may in its absolute discretion determine. Notice of the business to be transacted at such postponed meeting shall not be required. If a

meeting is postponed in accordance with this Article, the instrument of a proxy will be valid if it is delivered and received as required by these Articles not less than 48 hours before the time appointed for holding the postponed meeting. The Board may (for the avoidance of doubt) also postpone any meeting which has been rearranged under this Article.

## **PROCEEDINGS AT GENERAL MEETINGS**

### *Special business*

49. All business shall be deemed special that is transacted at an extraordinary general meeting and also all business that is transacted at an annual general meeting with the exception of:
- (a) the declaration and sanctioning of dividends;
  - (b) the consideration and adoption of the accounts and balance sheet and the reports of the Directors and other documents required to be annexed to the accounts;
  - (c) the election of Directors in place of those retiring (upon expiration of his term or otherwise);
  - (d) the appointment of Auditors where special notice of the resolution for such appointment is not required by the Ordinance; and
  - (e) the fixing of, or the determining of the method of fixing, the remuneration of the Directors and of the Auditors.

### *Quorum*

50. No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment choice or election of a chairman which shall not be treated as part of the business of the meeting. Save as otherwise provided by these Articles, ten Members present in person or by proxy and entitled to vote shall be a quorum for all purposes.

### *Dissolution or adjournment of inquorate meeting*

51. If within fifteen minutes (or such longer time not exceeding one hour as the chairman of the meeting may determine to wait) after the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to such other day (not being less than fourteen nor more than twenty-eight days thereafter) and at such other time or place as the chairman of the meeting may determine and at such adjourned meeting one Member present in person or by proxy (whatever the number of shares held by him) shall be a quorum. The Company shall give not less than seven days' notice in writing of any meeting adjourned through want of a quorum and such notice shall state that one Member present in person or by proxy (whatever the number of shares held by him) shall be a quorum.

*Directors may speak at general meetings*

52. Each Director shall be entitled to attend and speak at any general meeting of the Company and at any separate meeting of the holders of any class of shares in the Company.

*Chairman of meeting*

53. The Chairman (if any) of the Board or, in his absence, a Deputy Chairman (if any) shall preside as chairman at every general meeting. If there is no such Chairman or Deputy Chairman, or if at any meeting neither the Chairman nor a Deputy Chairman is present within fifteen minutes after the time appointed for holding the meeting, or if neither of them is willing to act as chairman, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, the persons present and entitled to vote on a poll shall elect one of their number to be chairman.

*Chairman's right to adjourn*

54. 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 except business which might lawfully have been transacted at the meeting from which the adjournment took place. When a meeting is adjourned for three months or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

*No notice of adjournment*

55. Save as expressly provided by these Articles, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

**VOTING**

*Voting rights at general meetings*

56. Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Articles, at any general meeting on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative, shall have one vote for every fully paid share of which he is the holder.

*Poll*

57. At any general meeting a resolution put to the vote of the meeting shall be decided on a poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Procedural and administrative matters are those that (a) are not on the agenda of the meeting or in any supplementary circular to Members; and (b) relate to the chairman's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all Members a reasonable opportunity to express their views.



*Method of poll*

58. A poll shall be taken in such manner as the chairman shall direct and he may appoint scrutineers (who need not be Members). The result of the poll shall be deemed to be the resolution of the meeting.

*Time of poll*

59. A poll on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll on any other question shall be taken either forthwith or at such time (being not later than three months after the date of the demand) and place as the chairman shall direct. It shall not be necessary (unless the chairman otherwise directs) for notice to be given of a poll.

60. *(Deleted by Special Resolution on 16/04/2009)*

*Manner of voting on polls*

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

*Votes on polls*

62. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

*Equality of votes*

63. In the case of an equality of votes at a general meeting, the chairman of such meeting shall be entitled to a second or casting vote.

*Votes of joint holders*

64. In the case of joint holders of a share 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 in respect of the joint holding.

*Votes of incapable Members*

65. A Member in respect of whom an order has been made by any competent court or official on the ground that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so on his behalf and such person may vote on a poll by proxy. Evidence to the satisfaction of the Board of the authority of the person claiming to exercise the right to vote shall be delivered at the Office (or at such other place as may be specified in accordance with these Articles for the delivery of instruments appointing a proxy) not later than the last time at which a valid instrument of proxy could be so delivered.

*No vote in respect of partly-paid share*

66. No Member shall, unless the Board otherwise determines, be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of

shares in the Company have been paid.

*Votes not counted*

- 66A. Where any Member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.

*Vitiation by error*

67. If (i) any objection shall be raised to the qualification of any voter or (ii) any votes have been counted which ought not to have been counted or which might have been rejected or (iii) any votes are not counted which ought to have been counted, the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive.

**PROXY AND CORPORATE REPRESENTATIVE**

*Execution of proxy*

- 68A. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

*Corporate representative*

- 68B. Subject to Article 68C, any corporation which is a Member of the Company may in accordance with the Ordinance authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company, and the person so authorised 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.

*Recognised Clearing House*

- 68C. If a Member (or warrant holder) is, or is a nominee of, a Recognised Clearing House, it may authorise such person or persons as it thinks fit to act as its representative or representatives at any general meeting or any meeting of any class of Members (or warrant holders' meeting) provided that, if more than one person is so authorised, the authorisation must specify the number and class of shares (or warrants) in respect of which each such person is so authorised. Each person so authorised will be entitled to exercise the same power on behalf of the Recognised Clearing House or its nominee as that clearing house or its nominee could exercise if it were an individual Member (or warrant holder) of the Company.

*Proxy need not be Member*

69. A proxy need not be a Member.

*Delivery of proxy*

70. The instrument appointing a proxy and (if required by the Board) 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 delivered at the Office (or at such other place in Hong Kong as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than forty-eight hours before the time appointed 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 taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date named in it as the date of its execution. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting or poll concerned.

*Form of proxy*

71. Instruments of proxy shall be in any common form or in such other form as the Board may approve and the Board may, if it thinks fit, send out with any posted or delivered notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

*Sending proxy with nominations*

- 71A. The Board may at the expense of the Company send or make available, by hand, by post, by electronic means (including by means of website) or otherwise, instruments of proxy (reply-paid or otherwise) to Members for use at any general meeting(s) or at any separate meeting(s) of the holders of any class of shares, either in blank or nominating in the alternative any one or more of the Directors or any other persons. If for the purpose of any meeting invitations to appoint as proxy a person or one of a number of persons specified in the invitations are issued at the expense of the Company, such invitations shall subject to Article 48 be issued to all (and not some only) of the Members entitled to be sent a notice of the meeting and to vote thereat by proxy.

*Authority of proxy*

72. A vote given by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting, unless notice in writing of such determination was received by the Company at the Office (or such other place in Hong Kong as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other document sent therewith) one hour at least before the commencement of the meeting or adjourned meeting at which the vote is given or (in the case of a poll not taken on the same day

as the meeting or adjourned meeting) the time appointed for taking the poll.

*Proxy can vote, etc.*

- 72A. An instrument of proxy shall be deemed (subject to any contrary direction contained in the same) to confer authority to vote on any resolution or amendment of a resolution put to the meeting for which it is given, as the proxy thinks fit and to speak at the meeting.

*Validity not affected*

- 72B. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the death or insanity of the principal or the revocation of the instrument of proxy, or of the authority under which the instrument of proxy was executed, or the transfer of the share in respect of which the instrument of proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office before the commencement of the meeting or adjourned meeting at which the instrument of proxy is used.

## **NUMBER OF DIRECTORS**

*Number of Directors*

73. Unless and until otherwise determined by ordinary resolution of the Company, the Directors shall be not less than five in number.

## **APPOINTMENT AND REMOVAL OF DIRECTORS**

*Company may appoint Directors*

74. Subject to the provisions of these Articles and the Ordinance, the Company may by ordinary resolution elect any person to be a Director.

*Terms of elected Directors*

- 74A. Subject to any express terms to the contrary in the relevant resolution for appointing any Director under Article 74, any Director so elected by the Company shall be elected for a term of not more than approximately three years expiring at the conclusion of the annual general meeting of the Company held in the third year following the year of his appointment and for the avoidance of doubt, on expiration of his term he shall be deemed a retiring Director and eligible for re-appointment.

*Board may appoint Directors*

75. Without prejudice to the power of the Company in general meeting in pursuance of any of the provisions of these Articles to appoint any person to be a Director and subject to the Ordinance, the Board shall have power at any time and from time to time to appoint any person to be a Director. Any Director so appointed by the Board shall hold office only until the next following general meeting and shall then be eligible for re-election.

### *Removal of Director by Company*

76. The Company may by ordinary resolution remove any Director before the expiration of his period of office and may (subject to these Articles) by ordinary resolution appoint another person in his place. Any person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.

### *Eligibility for election as Director at general meeting*

77. No person other than a retiring Director shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless there has been given to the Secretary notice in writing by a Member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected within 7 days after the day of despatch of the notice of the meeting (or such other period, being a period of not less than 7 days, commencing no earlier than the day after the despatch of the notice of such meeting and ending no later than 7 days prior to the date appointed for such meeting, as may be determined by the Directors from time to time).

## **DISQUALIFICATION OF DIRECTORS**

### *Disqualification of Directors*

78. Without prejudice to the provisions for retirement contained in these Articles, the office of a Director shall be vacated in any of the events following, namely:
- (a) if by notice in writing delivered to the Office or tendered at a meeting of the Board his resignation is requested by all of the other Directors;
  - (b) if (not being an Executive Director whose contract precludes resignation) he resigns his office by notice in writing delivered to the Office or tendered at a meeting of the Board;
  - (c) if he becomes of unsound mind or a patient for any purpose of any statute relating to mental health and the Board resolves that his office is vacated;
  - (d) if, without leave, he is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
  - (e) if he becomes bankrupt or compounds with his creditors;
  - (f) if he is prohibited by law from being a Director;
  - (g) if he ceases to be a Director by virtue of the Ordinance or is removed from office pursuant to these Articles.

*No shareholding qualification*

79. No shareholding qualification for Directors shall be required.

**RETIREMENT OF DIRECTORS**

*Retirement of Directors*

80. A Director retiring at a meeting shall retain office until the close of the meeting.
81. *(Deleted by Special Resolution on 07/04/2006)*

*Eligibility for re-election*

82. A retiring Director shall be eligible for re-election.

*Deemed re-election*

83. Subject to the provisions of these Articles, the Company at the meeting at which a Director retires upon expiration of his term may fill the vacated office by electing a person thereto and in default the retiring Director shall, if willing to continue to act, be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re-election of such Director shall have been put to the meeting and lost.
84. *(Deleted by Special Resolution on 25/03/2003)*

**CHIEF EXECUTIVE AND DIRECTORS**

*Power of Board to appoint Directors to executive offices*

85. (A) The Board may from time to time appoint one or more of its body to be Chief Executive(s) of the Company for such period and upon such terms as the Board may determine and may revoke or terminate any such appointment. Any such revocation or termination as aforesaid shall be without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director for any breach of any contract of service between him and the Company which may be involved in such revocation or termination.
- (B) Subject to any express directions of the Board, the Chief Executive(s) shall have the authority for implementing the policies of the Company as determined by the Board and shall have the general supervision of its operations.
- (C) In addition to the foregoing, the Board may entrust to and confer upon the Chief Executive(s) any other powers exercisable by it upon such terms and conditions and with such restrictions as it may think fit, and either collaterally with or to the exclusion of its own powers and may from time to time revoke, withdraw, alter or vary all or any of such powers but no person dealing in good faith and without notice of such revocation shall be affected thereby.

(D) In addition to the foregoing, the Board may from time to time appoint one or more of its body to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and may revoke or terminate any of such appointments. Any such revocation or termination as aforesaid shall be without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director for any breach of any contract of service between him and the Company which may be involved in such revocation or termination.

#### *Remuneration of Executive Directors*

86. The Chief Executive(s) and any other Executive Director shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and either in addition to or in lieu of his remuneration as a Director.

### **REMUNERATION AND EXPENSES**

#### *Directors' fees*

87. Each of the Directors shall be paid a fee at such rate as may from time to time be determined by the Board.

#### *Expenses of Directors*

88. Each Director may be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board or committees of the Board or general meetings or any other meeting which as a Director he is entitled to attend and shall be paid all expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director. Any Director who, by request, goes or resides outside the jurisdiction in which he normally resides for any purposes of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Article.

### **DIRECTORS' INTERESTS**

#### *Directors' interests*

89. (A) A Director may hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Article.

(B) A Director may act by himself or his firm in a professional capacity for the Company (otherwise than as Auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

(C) 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, and shall not be liable to account to the Company or the Members for any remuneration, profit or other benefit received by him as a director or officer of or from his interest in such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

(D) A Director shall not vote or be counted in the quorum on any resolution of the Board concerning his own appointment as the holder of any office or place of profit with the Company or any other company in which the Company is interested (including the arrangement or variation of the terms thereof, or the termination thereof).

(E) Where arrangements are under consideration concerning the appointment (including the arrangement or variation of the terms thereof, or the termination thereof) of two or more Directors to offices or places of profit with the Company or any other company in which the Company is interested, a separate resolution may be put in relation to each Director and in such case each of the Directors concerned shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment (or the arrangement or variation of the terms thereof, or the termination thereof).

(F) Subject to the Ordinance and to the next paragraph of this Article, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any such contract or any other contract or arrangement 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 or the Members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

(G) A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. For the purposes of this Article, a general notice to the Board by a Director to the effect that (a) he is a member of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with that company or firm or (b) he is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with a specified person who is connected with him, shall be deemed to be a sufficient declaration of interest under this Article in relation to any such contract or arrangement; provided that no such notice shall be effective unless either it is given at a meeting of the Board or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.



(H) Save as otherwise provided by these Articles, a Director shall not be entitled to vote on (nor shall he be counted in the quorum in relation thereto) any resolution of the Board approving any contract or arrangement or any other proposal whatsoever in which he or any of his associates has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) the giving of any security or indemnity either:
  - (a) to the Director or his associate(s) in respect of money lent or obligations incurred by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
  - (b) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (ii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iii) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director or his associate(s) is/are beneficially interested in the shares of that company, provided that, the Director and any of his associates are not in aggregate beneficially interested in 5 per cent. or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
  - (a) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which he or his associates may benefit; or
  - (b) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(I) A company shall be deemed to be a company in which a Director (together with any of his associates) owns 5 per cent. or more if and so long as (but only if and so long as) he (together with any of his associates) is (either directly or indirectly) the holder of or beneficially interested in 5 per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company. For the purpose of this paragraph there shall be disregarded any shares held by a Director as bare or custodian trustee and in which he has no beneficial interest, any shares comprised in a trust in which the Director's interest is in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director is interested only as a unit holder.

(J) Where a company in which a Director (together with any of his associates) holds 5 per cent. or more is materially interested in a transaction, then that Director shall also be deemed materially interested in such transaction.

(K) If any question shall arise at any meeting of the Board as to the materiality of a Director's interest or that of his associate(s) or the significance of a contract, arrangement or transaction or proposed contract, arrangement or transaction or as to the entitlement of any Director to vote or form part of a quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the Chairman of the meeting (or, where question relates to the interest of the Chairman or that of his associate(s) to the other Directors at the meeting) and his ruling (or, as appropriate, the ruling of the other Directors) in relation to any other Director (or, as appropriate, the Chairman) shall be final and conclusive except in a case where the nature or extent of the interests of the Director and/or his associate(s) concerned (or, as appropriate, the Chairman and/or his associate(s)) as known to such Director (or, as appropriate, the Chairman) has not been fairly disclosed to the Board.

(L) The Company may by resolution suspend or relax the provisions of this Article to any extent or ratify any transaction not duly authorised by reason of a contravention of this Article.

## **POWERS AND DUTIES OF THE BOARD**

### *Board to manage business of Company*

90. The business of the Company shall be managed by the Board, which may pay all expenses incurred in forming and registering the Company and may exercise all powers of the Company (whether relating to the management of the business of the Company or otherwise) which are not by the Ordinance or by these Articles required to be exercised by the Company in general meeting, subject nevertheless to the provisions of the Ordinance and of these Articles and to such regulations, being not inconsistent with such provisions, as may be prescribed by the Company in general meeting, but no regulations made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if such regulations had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board by any other Article.

*Board's power to borrow*

91. The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Ordinance, 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.

*Board may make provision for employees or ex-employees*

92. The Board may by resolution exercise any power conferred by the Ordinance to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the Company or that subsidiary.

*Board may establish agencies*

93. The Board may establish any boards or agencies for managing any of the affairs of the Company, either in Hong Kong or elsewhere, and may appoint any persons to be members of such boards, may appoint any managers or agents (and in particular, but without limitation, may appoint any company, firm or person to be the Company's investment manager), and may in each case fix their remuneration. The Board may delegate to any such board, manager or agent any of the powers, authorities and discretions vested in or exercisable by the Board, with power to sub-delegate, and may authorise the members of any such board or any of them to fill any vacancies therein and to act notwithstanding vacancies. Any such appointment or delegation may be made upon such terms and subject to such conditions as the Board may think fit, and the Board may remove any person appointed as aforesaid, and may revoke or vary such delegation, but no person dealing in good faith and without notice of any such revocation or variation shall be affected thereby.

*Board may appoint attorneys*

94. The Board may by power of attorney appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as it may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

*Powers of Company with respect to official seals*

95. The Company may exercise all the powers conferred by the Ordinance with regard to having official seals, and such powers shall be vested in the Board.

*Overseas registers*

96. Subject to the provisions of the Ordinance, the Company may keep an overseas or local or other register in any place, and the Board may make and vary such regulations as it may think fit respecting the keeping of any such register.

*Execution of cheques etc.*

97. All cheque, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or transferable or not, 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 Board shall from time to time by resolution determine.

*Board to keep minutes*

98. The Board shall cause minutes or records to be made in books provided for the purposes:
- (a) of the names of the Directors present at each meeting of the Board or committee of the Board; and
  - (b) of all resolutions and proceedings at all meetings of the Company and of the holders of any class of shares in the Company and of the Board and of any committee of the Board.

*Chairman to sign minute*

- 98A. Any such minute if purporting to be signed by the chairman of the meeting at which the proceedings were held or by the chairman of the next succeeding meeting of the Company or the Board or the committee of the Board (as the case may be) shall be sufficient evidence of the proceedings thereat and until the contrary is proved every meeting of the Company or of the Board or of a committee of the Board in respect of the proceedings whereat minutes have been so made shall be deemed to have been duly convened and held and all resolutions and proceedings stated in the said minutes to have been passed and held thereat shall be deemed to have been duly passed and held.

*Board may grant pensions*

99. The Board on behalf of the Company may exercise all the powers of the Company to grant pensions, annuities or other allowances and benefits in favour of any person including any Director or former Director or the relations, connections or dependants of any Director or former Director provided that no pension, annuity or other allowance or benefit (except such as may be provided for by any other Article) shall be granted to a Director or former Director who has not been an Executive Director or held any other office or place of profit under the Company or any of its subsidiaries or to a person who has no claim on the Company except as a relation, connection or dependant of a Director or former Director without the approval of an ordinary resolution of the Company. A Director or former Director shall not be accountable to the Company or the Members for any benefit of any kind conferred under or pursuant to this Article and the receipt of any such benefit shall not disqualify any person from being or becoming a Director of the Company.

**PROCEEDINGS OF THE BOARD**

*Meetings of Board and voting*

100. The Board may meet for the despatch of business, adjourn and otherwise regulate its

meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of any equality of votes the chairman of the meeting shall have an additional or casting vote. A Director may, and the Secretary on the requisition of a Director shall, at any time summon a Board meeting.

#### *Notice of Board meetings*

101. Notice of a Board meeting shall be deemed to be duly given to a Director if it is given to him either in writing or by word of mouth or by telephone or by facsimile at the facsimile number from time to time notified to the Company by such Director or by telex or telegram at the address from time to time notified to the Company by such Director or by electronic mail at the electronic mail address from time to time notified to the Company by such Director or in such other manner as the Board may from time to time determine. A Director absent or intending to be absent from Hong Kong may request the Board that notices of Board meetings shall during his absence be sent to him in such manner as described above, but such notices need not be given any earlier than notices given to Directors not so absent and in the absence of any such request it shall not be necessary to give notice of a Board meeting to any Director who is for the time being absent from Hong Kong. A Director may waive notice of any meeting either prospectively or retrospectively.

#### *Quorum at Board meetings*

102. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be four. A meeting of the Directors may be held by means of telephone or videoconferencing or any other electronic means provided that all participants are thereby able to communicate immediately by voice with all other participants. Any Director who ceases to be a Director at a Board meeting may continue to be present and to act as a Director and be counted in the quorum until the termination of the Board meeting if no other Director objects and if otherwise a quorum of Directors would not be present.

#### *Continuing Directors to act*

103. The continuing Directors or a sole continuing Director may act notwithstanding any vacancy in the Board but, if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Articles, the continuing Directors or Director, notwithstanding that the number of Directors is below the number fixed by or in accordance with these Articles as the quorum or that there is only one continuing Director, may act for the purpose of filling vacancies in the Board or of summoning general meetings of the Company but not for any other purpose.

#### *Chairman of Board meetings*

104. The Board may elect a Chairman and one or more Deputy Chairmen of its meetings and determine the period for which they are respectively to hold such office. If no such Chairman or Deputy Chairman is elected, or if at any meeting neither the Chairman nor any Deputy Chairman is present within fifteen minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.

### *Competence of Board meetings*

105. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the Board.

### *Power to delegate to committees*

106. The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) to any committee, consisting of such Directors of the Company and such other persons for such time on such terms and subject to such conditions as it thinks fit. The Board may confer such powers either concurrently with, or to the exclusion of and in substitution for, all of the powers of the Board in that respect and may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed on it by the Board. Insofar as any power, authority or discretion is so delegated, any reference in these Articles to the exercise by the Board of such power, authority or discretion shall be construed as if it were a reference to the exercise of such power, authority or discretion by such committee.

### *Powers of committees*

- 106A. All acts done by such committee in conformity with such regulations and in fulfilment of the purposes for which it is appointed, but not otherwise, shall have the like force and effect, as if done by the Directors.

### *Proceedings of committees*

107. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in these Articles for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board under the last preceding Article.

### *Resolution in writing*

108. A resolution in writing signed by all the Directors or by all the members of a committee for the time being entitled to receive notice of a meeting of the Board or, as the case may be, of such committee (provided that number is sufficient to constitute a quorum) shall be as valid and effectual as a resolution passed at a meeting of the Board or, as the case may be, of such committee duly called and constituted. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors or members of the committee concerned. A copy of a resolution signed and sent by a Director by telex or cable or facsimile shall be deemed to be a document signed by him for the purposes of this Article.

Provided that this Article shall not apply in relation to any contract or arrangement (not being one of the types specified in Article 89(H)) 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.

### *Validity of acts*

109. All acts done by the Board or by any committee or by any person acting as a Director or member of a committee, shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board or such committee or person acting as aforesaid or that they or any of them were disqualified or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.

## **SECRETARY**

### *Board to appoint Secretary*

110. The Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any Secretary so appointed may be removed by the Board.

### *Dual function regulated*

111. A provision of the Ordinance or these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the Secretary.

## **SEALS**

### *Use of seals*

112. The Board shall provide for the custody of every Seal. A Seal shall only be used by the authority of the Board or of a committee of the Board authorised by the Board in that behalf. Subject as otherwise provided in these Articles, any instrument to which the common seal is affixed shall be signed by two Directors or by a Director and the Secretary (or some other person appointed by the Board) or by two other persons appointed by the Board. Every instrument executed in the manner provided by this Article shall be deemed to be sealed and executed with the authority of the Directors previously given.

## **DIVIDENDS AND OTHER PAYMENTS**

### *Company may declare dividends*

113. Subject to the Ordinance and as hereinafter set out, the Company in general meeting may from time to time declare dividends to be paid to the Members according to their rights and interests in the profits available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board.

### *Apportionment of dividends*

114. Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide:

- (a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share; and
- (b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

*Board may pay interim dividends*

115. The Board may from time to time pay to the Members such interim dividends as appear to the Board to be justified by the position of the Company; the Board may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever such position, in the opinion of the Board, justifies such payment. If the share capital is divided into different classes, the Board may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear. Provided the Directors act in good faith, they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

*Deduction in respect of calls*

116. The Board may deduct from any dividend or other moneys payable to a Member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in respect of shares of the Company.

*Dividends not to bear interest*

117. No dividend or other moneys payable by the Company on or in respect of any share shall bear interest against the Company.

*Option between cash and shares on dividends*

118. (A) In respect of any dividend proposed to be paid or declared by the Board or by the Company in general meeting, the Board may propose and announce prior to or contemporaneously with the payment or declaration of such dividend:
- (i) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up provided that Members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment. In such case, the following provisions shall apply:
    - (a) the basis of any such allotment shall be determined by the Board;
    - (b) the Board, after determining the basis of allotment, shall give not less than two weeks' notice in writing to the holders of the shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which



and the latest date and time by which duly completed forms of election must be lodged in order to be effective;

- (c) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded;
  - (d) the dividend (or that part of the dividend to be satisfied by the allotment of shares as aforesaid) shall not be payable in cash on shares in respect whereof the cash election has not been duly exercised (“the non-elected shares”) and in lieu and in satisfaction thereof shares shall be allotted credited as fully paid up to the holders of the non-elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of any of the Company’s reserve accounts (including any share premium account or capital redemption reserve fund) or profit and loss account or amounts otherwise available for distribution as the Board may determine such sum as may be required to pay up in full the appropriate number of shares for allotment and distribution to and amongst the holders of the non-elected shares on such basis; or
- (ii) that Members entitled to such dividend be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. In such case, the following provisions shall apply:
- (a) the basis of any such allotment shall be determined by the Board;
  - (b) the Board, after determining the basis of allotment, shall give not less than two weeks’ notice in writing to the holders of the shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
  - (c) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded;
  - (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable on shares in respect whereof the share election has been duly exercised (“the elected shares”) and in lieu and in satisfaction thereof shares shall be allotted credited as fully paid up to the holders of the elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of any of the Company’s reserve accounts (including share premium account or capital redemption reserve fund) or profit and loss account or amounts otherwise available for distribution as the Board may determine such sum as may be required to pay up in full the appropriate number of shares for allotment and distribution to and amongst the holders of the elected shares on such basis.

(B) The shares allotted pursuant to the provisions of paragraph (A) of this Article shall rank pari passu in all respects with the shares then in issue save only as regards participation:

- (i) in the relevant dividend (or the right to receive or to elect to receive an allotment of shares in lieu thereof as aforesaid); or
- (ii) in any other distribution, bonus or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividend unless, contemporaneously with the announcement by the Board of its proposal to apply the provisions of sub-paragraph (i) and (ii) of paragraph (A) of this Article in relation to the relevant dividend or contemporaneously with its announcement of the distribution, bonus or rights in question, the Board shall specify that the shares to be allotted pursuant to the provisions of paragraph (A) of this Article shall rank for participation in such distribution, bonus or rights.

(C) The Board may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (A) of the Article with full power to the Board to make such provisions as it thinks fit in the case of shares becoming distributable in fractions (including provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled or are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than to the Members concerned). The Board may authorise any person to enter into, on behalf of all Members interested, an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made pursuant to such authority shall be effective and binding on all concerned.

(D) The Company may upon the recommendation of the Board by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the provisions of paragraph (A) of this Article a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to Members to elect to receive such dividend in cash in lieu of such allotment.

(E) The Board may on any occasion when it makes a determination pursuant to paragraph (A) of this Article, resolve that no allotment of shares or rights of election for shares to be issued pursuant to such determination shall be made available or made to any Members with registered addresses in any particular territory or territories where the allotment of shares or the circulation of an offer of such rights of election would or might, in the opinion of the Board, be unlawful or would or might, in the opinion of the Board, be unlawful in the absence of a registration statement or other special formalities, and in such event the provision aforesaid shall be read and construed subject to such determination.

#### *Manner of payment of dividends*

119. Any dividend, interest or other sum payable in cash to the holder of shares may be paid by direct debit, bank transfer or other automated system of bank transfer, cheque or warrant, and in the case of a cheque or warrant, the same be, sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the

shares at his address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

*Cease to send dividends*

120A. The Company may in its absolute discretion cease to send dividend cheques or dividend warrants to any holders of shares where any dividend cheque or dividend warrant, having been posted in the manner specified in these Articles:

- (i) is returned to the Company undelivered; or
- (ii) has been left uncashed on two consecutive occasions;

Any future entitlement to dividends of the person or persons concerned shall be treated as an unclaimed dividend and dealt with in accordance with the provisions of these Articles.

*Unclaimed dividends*

120B. Any dividend unclaimed after a period of six years from the date of declaration of such dividend shall be forfeited and shall revert to the Company and the payment by the Board of any unclaimed dividend, interest or other sum payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.

*Dividends in specie*

121. Any general meeting declaring a dividend may by ordinary resolution, upon the recommendation of the Board, direct payment or satisfaction of such dividend wholly or in part by the distribution of specific assets, and in particular of paid up shares or debentures of any other company, and the Board shall give effect to such direction, and where any difficulty arises in regard to such distribution the Board may settle it as it thinks expedient, and in particular may issue fractional certificates or authorise any person to sell and transfer any fractions or may ignore fractions altogether, and may fix the value of distribution purposes of any such specific assets and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to secure equality of distribution and may vest any such specific assets in trustees as may seem expedient to the Board.

**RESERVES**

*Board may set aside reserves*

122. The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks proper as reserves which shall, at the discretion of

the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit. The Board may also without placing the same to reserve carry forward any profits which it may think it prudent not to distribute.

## **CAPITALISATION OF PROFITS**

### *Capitalisation issues*

123. The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in payment up in full of unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution provided that, for the purposes of this Article, a share premium account and a capital redemption reserve, and any reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be allotted to such Members credited as fully paid.

### *Board to settle fractional entitlements*

124. Where any difficulty arises in regard to any distribution under the last preceding Article the Board may settle the same as it thinks expedient and in particular may issue fractional certificates or authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members.

## **RECORD DATES**

### *Board may fix record date*

125. Notwithstanding any other provision of these Articles the Company or the Board may fix any date as the record date for any dividend, distribution, allotment or issue and such record date may be on or at any time before or after any date on which such dividend, distribution, allotment or issue is declared, paid or made.

## **ACCOUNTING RECORDS**

### *Board to cause accounts to be kept*

126. The Board shall cause to be kept accounting records sufficient to give a true and fair view of the state of the Company's affairs and to show and explain its transactions, in accordance with the Ordinance.

### *Where accounts to be kept*

127. The accounting records shall be kept at the Office or, subject to the Ordinance, at such other place or places as the Board may think fit and shall always be open to inspection by the officers of the Company. No Member (other than an officer of the Company) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the Board.

### *Distribution of accounts*

128. (A) The Directors shall, from time to time, in accordance with the Ordinance, cause to be prepared and to be laid before the annual general meeting of the Company the relevant financial documents required by the Ordinance. The Directors may also cause to be prepared a summary financial report if they think fit, which may be provided to Members and/or debenture holders instead of the relevant financial documents subject to and in accordance with the Ordinance, the Listing Rules and any applicable laws, rules and regulations.

(B) A copy of the relevant financial documents or the summary financial report shall, not less than 21 days before the meeting, be delivered or sent to every Member and debenture holder of the Company, or in the case of a joint holding to the Member or debenture holder (as the case may be) whose name stands first in the appropriate Register in respect of the joint holding, subject to and in accordance with the relevant requirements under the Ordinance, the Listing Rules and any applicable laws, rules and regulations. No accidental non-compliance with the provisions of this Article shall invalidate the proceedings at the meeting.

(C) For the purpose of this Article, "relevant financial documents" and "summary financial report" shall have the meaning ascribed to them in the Ordinance.

## **AUDIT**

### *Auditors to be appointed*

129. Auditors shall be appointed and their duties regulated in accordance with the Ordinance.

## **SERVICE OF NOTICES AND OTHER DOCUMENTS**

### *Service by hand, by post, by advertisement or by electronic or other means*

130. Any notice or document to be given or issued under these Articles shall be in writing, except that any such notice or document to be given or issued by or on behalf of the

Company under these Articles (including any “corporate communication” within the meaning ascribed thereto in the Listing Rules) shall be in writing which may or may not be in a transitory form and may be recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not may be sent, supplied, served or delivered to another person by the Company by any of the following means subject to and to such extent permitted by and in accordance with the Ordinance, the Listing Rules and any applicable laws, rules and regulations:

- (i) by hand to the person;
- (ii) by hand or by post in a properly prepaid letter, envelope or wrapper to an address specified for the purpose by the person generally or specifically, or an address to which a provision of the Ordinance authorises or requires the notice or document to be sent or supplied; or if the person is a Member, debenture holder, Director or Secretary, his registered address as appearing in the Register, the register of debenture holders or register of Directors and Secretaries; or, in the case of any other person which is a company, its registered office; or, if the Company is unable to obtain an address so specified, the address of the person last known to the Company;
- (iii) by advertisement in an English language newspaper and a Chinese language newspaper in Hong Kong;
- (iv) by electronic means to an address specified for the purpose by the person generally or specifically;
- (v) by making it available on a website; or
- (vi) by any other means to the extent permitted by and in accordance with the Ordinance, the Listing Rules and any applicable laws, rules and regulations.

In the case of joint holders of a share, all notices or documents shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be sufficient notice to all the joint holders.

#### *Time of service*

131. Subject to the Ordinance, any notice or document (including any “corporate communication” within the meaning ascribed thereto in the Listing Rules) sent, supplied, given or issued by or on behalf of the Company:
- (i) if sent by hand, shall be deemed to have been served when the notice or document is delivered;
  - (ii) if sent by post, shall be deemed to have been served on the business day following that on which the envelope or wrapper containing the same is put into a post office situated within Hong Kong and in proving such service it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly prepaid, addressed and put into such post office (airmail if posted from Hong Kong to an address outside Hong Kong) and a certificate in writing signed by the Secretary or other person appointed by the Board that the envelope or wrapper containing the notice or document was so properly prepaid, addressed

and put into such post office shall be conclusive evidence thereof;

- (iii) if published by way of a newspaper advertisement, shall be deemed to have been served on the date on which it is advertised in one English language newspaper and one Chinese language newspaper in Hong Kong;
- (iv) if sent by electronic means, shall be deemed to have been served at the time which is 48 hours after the notice or document is transmitted electronically provided that no notification that the notice or document sent by electronic means has not reached its recipient has been received by the sender, except that any failure in transmission beyond the sender's control shall not invalidate the effectiveness of the notice or document being served; and
- (v) if made available on a website, shall be deemed to have been served on the later of the following: (a) 48 hours after the notice or document is first made available on the website; or (b) 48 hours after a notification by the Company containing matters required under the Ordinance is received by the recipient.

*Manner of service*

131A. (A) The signature to any notice or document by the Company may be written, typed, printed or made electronically.

(B) Subject to any applicable laws, rules and regulations, any notice or document, including but not limited to the documents referred to in Article 128 and any "corporate communication" within the meaning ascribed thereto in the Listing Rules, may be given in the English language only, in the Chinese language only or in both the English language and the Chinese language.

*Sufficient service*

132. Any notice or other document served on or delivered to any Member in pursuance of these Articles shall, notwithstanding that such Member is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such Member as sole or joint holder unless before the day of posting (or if it is not sent by post before the day of service or delivery) of the notice or document, his name has been removed from the Register as the holder of the share, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.

*Deemed receipt of notice*

132A. Any Member present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting, and, where requisite, of the purposes for which such meeting was convened.

*Transferee bound by notice given to transferor*

132B. Every person who, by operation of law, transfer or by any other means becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the Register, has been duly given to a person from whom he

derives his title.

## **DESTRUCTION OF DOCUMENTS**

### *Power of Company to destroy various documents*

133. The Company may destroy:

- (a) any share certificate which has been cancelled at any time after the expiry of one year from the date of such cancellation;
- (b) any dividend mandate or any variation or cancellation thereof or any notification of change of name or address at any time after the expiry of two years from the date such mandate variation cancellation or notification was recorded by the Company;
- (c) any instrument of transfer of shares which has been registered at any time after the expiry of six years from the date of registration; and
- (d) any other document on the basis of which any entry in the Register is made at any time after the expiry of six years from the date an entry in the Register was first made in respect of it;

and it shall conclusively be presumed in favour of the Company that every share certificate so destroyed was a valid certificate duly and properly cancelled and that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and that every other document destroyed hereunder was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. Provided always that:

- (i) the foregoing provisions of this Article shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document was relevant to a claim;
- (ii) nothing contained in this Article shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any case where the conditions of proviso (i) above are not fulfilled; and
- (iii) references in this Article to the destruction of any document include references to its disposal in any manner.

Notwithstanding any provision contained in these Articles, the Directors may, if permitted by applicable law, authorise the destruction of documents set out in sub-paragraphs (a) to (d) of this Article and any other documents in relation to share registration which have been microfilmed or electronically stored by the Company or by the share registrar on its behalf provided always that this Article shall apply only to the destruction of a document in good faith and without express notice to the Company and its share registrar that the preservation of such document was relevant to a claim.



## WINDING UP

### *Distribution in specie on liquidation*

134. 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 values 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 or different classes of 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 assets upon which there is any liability.

## INDEMNITY

### *Indemnity*

135. (A) Every Director, Executive Director, manager, secretary and officer of the Company shall be indemnified out of the funds of the Company against all liabilities incurred by him as such Director, Executive Director, manager, secretary or officer 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 the Ordinance in which relief from liability is granted to him by the Court.

(B) The Company may purchase and maintain insurance for the benefit of the Company and/or any related company and/or of any Director, Executive Director, manager, secretary or officer of the Company against:

- (a) (in the case of the Company and/or any related company) any loss, damage, liability and claim which it may suffer or sustain in connection with any breach by the Directors (and/or other officers and/or other persons) or any of them of their duties to the Company;
- (b) (in the case of any Director, Executive Director, manager, secretary or officer of the Company) any liability to the Company, a related company or any other party in respect of any negligence, default, breach of duty or breach of trust (save for fraud) of which he may be guilty in relation to the Company or a related company; and
- (c) (in the case of any Director, Executive Director, manager, secretary or officer of the Company) any liability incurred by him in defending any proceedings, whether civil or criminal, taken against him for any negligence, default, breach of duty or breach of trust (including fraud) of which he may be guilty in relation to the Company or a related company.

For the purpose of this Article 135(B), "related company" means any company that is the Company's subsidiary or holding company or a subsidiary of that holding company.

## SCHEDULE A – SUBSTITUTE PREFERENCE SHARE TERMS

### General

1. The Substitute Preference Shares are created pursuant to a resolution of the Shareholders of the Company dated 4th December, 2009 and a resolution of the Board of Directors of the Company dated 19th October, 2009 and, when issued, will be fully paid at their nominal value of US\$1,000 per Substitute Preference Share. The Substitute Preference Shares rank *pari passu* without any preference among themselves and in priority to the Ordinary Shares.

### Dividends

#### *Entitlement to dividend*

2. Subject to the limitations, discretions and qualifications set out in these Articles, each Substitute Preference Share shall entitle the holder thereof to receive out of the profits of the Company available for distribution and permitted by law to be distributed, in priority to the payment of any dividend to holders of Ordinary Shares but *pari passu* among themselves, a non-cumulative preferential dividend from, and including, the Interest Payment Date immediately prior to the Assignment Date to, but excluding, 5th November, 2019 at the Dividend Rate payable semi-annually in arrear on 5th May and 5th November in each year (each, a “**Dividend Payment Date**”) and thereafter at the Dividend Rate payable quarterly in arrear on 5th February, 5th May, 5th August and 5th November in each year (each, a “**Dividend Payment Date**”), provided however that, commencing on 5th November, 2019, if any Dividend Payment Date would otherwise fall on a day which is not a Business Day, it will be postponed to the next Business Day unless it would thereby fall into the next calendar month, in which case it will be brought forward to the preceding Business Day.

Subject to the limitations, discretions and qualifications set out in these Articles, each Substitute Preference Share shall entitle the holder thereof to receive out of the profits of the Company available for distribution and permitted by law to be distributed, in priority to the payment of any dividend to holders of Ordinary Shares but *pari passu* among themselves, an Initial Dividend. The Initial Dividend will be payable on the first Dividend Payment Date occurring on or immediately after the Issue Date. If, as a result of the limitations, discretions and qualifications set out in these Articles, the Initial Dividend is not paid on the first Dividend Payment Date occurring immediately after the Issue Date such Initial Dividend will be cancelled and no holder shall have any claim in respect thereof, whether on a Winding-Up or otherwise.

Each Substitute Preference Share will cease to bear a dividend from the date fixed for redemption unless, upon the date fixed for redemption, payment of the liquidation preference is improperly withheld or refused, in which case it will continue to bear a dividend at the prevailing Dividend Rate (both before and after judgement) until the day on which all sums due in respect of such Substitute Preference Share up to that day are received by or on behalf of the relevant holder.

The period beginning on (and including) the Interest Payment Date immediately prior to the Assignment Date (or, if none, the Issue Date) and ending on (but excluding) the first Dividend Payment Date and each successive period beginning on a Dividend Payment Date and ending on (but excluding) the next Dividend Payment Date is called a “**Dividend Period**”.

#### *Calculation of dividend*

3. The dividend in respect of any Substitute Preference Share shall be calculated per US\$1,000 of liquidation preference of the Substitute Preference Shares (the “**Calculation Amount**”). The amount of dividend payable per Calculation Amount for any Dividend Period:
  - (i) prior to 5th November, 2019, shall be calculated by applying the Dividend Rate to the Calculation Amount and multiplying such product by the Day-Count Fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards); and
  - (ii) commencing on or after 5th November, 2019, shall be calculated by applying the Dividend Rate to the Calculation Amount and multiplying such product by the actual number of days in the Dividend Period concerned divided by 360 and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

The Day-Count Fraction referred to above shall be calculated on the basis of a 360 day year of twelve 30 day months.

#### *Rate of dividend*

4. The dividend rate (“**Dividend Rate**”) applicable to the Substitute Preference Shares shall be:
  - (i) at a fixed rate (“**Fixed Dividend Rate**”) for the period from, and including, the Issue Date to but excluding, 5th November, 2019 of 8.50% per annum; and
  - (ii) at a floating rate (“**Floating Dividend Rate**”) for the period from, and including, 5th November, 2019, of LIBOR plus 7.3605% per annum.

#### *Determination of Floating Dividend Rate and Floating Dividend Amount*

5. If the Substitute Preference Shares are not to be redeemed, the Calculation Agent will, as soon as practicable after 11.00 a.m. (London time) on each Dividend Determination Date, determine the Floating Dividend Rate in respect of the Dividend Period commencing immediately following that Dividend Determination Date and calculate the amount of dividend payable per Calculation Amount on the Dividend Payment Date for that Dividend Period (the “**Floating Dividend Amount**”). Absent manifest error, the Calculation Agent’s determination of the Floating Dividend Rate for any Dividend Period will be final and binding.

#### *Publication of Floating Dividend Rate and Floating Dividend Amount*

6. The Company shall cause notice of the Floating Dividend Rate in respect of each relevant Dividend Period, the Floating Dividend Amount in respect of each relevant Dividend Period and the relevant date scheduled for payment to be given to the holders as soon as practicable after its determination but in any event not later than the fourth Hong Kong Business Day thereafter. The Floating Dividend Amount, the Floating Dividend Rate and the date scheduled for payment so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant period in accordance with these Articles or in the event of manifest error.

### *Limitation on payment of dividends*

7. (i) If, as at any Dividend Record Date, the Company does not have Distributable Profits equal to or greater than the aggregate of (i) the dividend scheduled for such Dividend Payment Date and (ii) all other payments to be made in respect of any obligation ranking or expressed to rank *pari passu* with the Guarantee (in each case translated into U.S. dollars at the then current exchange rate) (the “**Pari Passu Payments**”), such Dividend Payment Date shall be referred to as a “**Mandatory Limitation Date**”. The Company must, unless otherwise allowed by the HKMA, reduce the amount of dividend payable on a Mandatory Limitation Date to an amount that may be paid on a *pro rata* basis with all other *Pari Passu* Payments without exceeding the relevant amount of Distributable Profits, subject to the minimum amount of dividend payable on any Dividend Payment Date being zero. Any failure by the Company to pay an amount exceeding the *pro rata* amount of the Company’s Distributable Profits attributable to the Substitute Preference Shares on a Mandatory Deferral Date shall not constitute a default by the Company for any purpose.
- (ii) To the extent that clause (i) above does not apply, if, during the 12 months preceding a date on which a dividend is due to be paid in respect of the Substitute Preference Shares no dividend has been declared or paid on any class of share capital of the Company, such due date shall be referred to as an “**Optional Dividend Payment Date**”. The Company may if it so elects, but shall not be obliged to, pay on any Optional Dividend Payment Date the dividend that is due to be paid on such date in respect of the Substitute Preference Shares and any failure to pay shall not constitute a default by the Company for any purpose.
- (iii) The Company shall give notice to the holders of Substitute Preference Shares:
- (a) not more than 15 Hong Kong Business Days prior to any Mandatory Limitation Date that such Dividend Payment Date is a Mandatory Limitation Date and the dividend amount, if any, to be paid on such Mandatory Limitation Date in respect of each US\$1,000 liquidation preference of Substitute Preference Shares; and
- (b) not more than 30 days nor less than seven days prior to any Optional Dividend Payment Date in respect of which it will elect not to make any dividend payment in accordance with the above provisions, of such election.

### **Solvency Condition on Payments**

8. All payments in respect of the Substitute Preference Shares are, in the case of payment of dividends in addition to the provision as to the limitations on payment of dividends above, conditional upon the Company being solvent at the time of payment and no dividend or any other amount shall be due and payable in respect of or arising from the Substitute Preference Shares except to the extent that the Company could make such payment and still be solvent immediately thereafter.

In these Articles, the Company shall be considered to be solvent if (i) it is able to pay its debts as they fall due and (ii) Assets exceed Liabilities. Any Substitute Preference Shareholder holding in aggregate not less than one-tenth of the outstanding aggregate liquidation preference of the Substitute Preference Shares may request from the Company a certificate as to the solvency of the Company by two Directors (or if there is a Winding-Up of the Company, the liquidator of the Company) (“**Solvency Certificate**”). The Solvency Certificate shall, in the absence of manifest error, be treated and accepted by the Company, the Substitute Preference

Shareholders and all other interested parties as correct and sufficient evidence thereof.

## Capital

9. The rights and claims of the Substitute Preference Shareholders are subordinated to the claims of Senior Creditors in that if at any time an order is made, or an effective resolution is passed, for the Winding-Up of the Company (except, in any such case, a solvent Winding-Up solely for the purposes of a reorganisation, reconstruction or amalgamation or the substitution in place of the Company of a successor in business of the Company, the terms of which reorganisation, reconstruction, amalgamation or substitution (x) have previously been approved by the Substitute Preference Shareholders in general meeting and (y) do not provide that the Substitute Preference Shares shall thereby become redeemable or repayable in accordance with these Articles), the obligation of the Company to make, and the entitlement of each Substitute Preference Shareholder to receive and retain, any payment of an amount equal to the liquidation preference of, dividends on, or any other amount with respect to, the Substitute Preference Shares held by it is subject to the satisfaction in full of the claims of Senior Creditors, and the rights of each such Substitute Preference Shareholder against the Company shall be limited to, and the maximum amount that each Substitute Preference Shareholder may recover is such amount, if any, as represents a preferential right to a return of assets in the Winding-Up over, and so ranks ahead of, the holders of all other classes of issued shares for the time being in the capital of the Company but ranks junior to the claims of Senior Creditors and junior to any notional class of preference shares in the capital of the Company by reference to which the amount payable in respect of any Category II Supplementary Capital of the Company in a Winding-Up of the Company is determined, on the assumption that the amount that such Substitute Preference Shareholder is entitled to receive in respect of each Substitute Preference Share on a return of assets in such Winding-Up is an amount equal to the liquidation preference of the relevant Substitute Preference Share together with accrued but unpaid dividends for the then current Dividend Period to the date of payment (which may include the Initial Dividend) together with, to the extent not otherwise included within the foregoing, any other amounts attributable to the Substitute Preference Share, including any damages awarded for breach of any obligations.

## Redemption

### *Redemption at the option of the Company*

10. Subject to the Companies Ordinance, prior written approval of the HKMA, all other applicable law and regulation and the provisions of these Articles, the Substitute Preference Shares may be redeemed at the option of the Company in whole, but not in part, on the Dividend Payment Date falling on 5th November, 2019 or thereafter on every Dividend Payment Date (the “**Optional Redemption Date**”) at a redemption price equal to 100% of their liquidation preference together with accrued and unpaid dividends (which may include the Initial Dividend) for the then current Dividend Period to the date fixed for redemption on the Company giving not less than 30 nor more than 60 days’ notice to the holders (which notice shall be irrevocable and shall oblige the Company to redeem the Substitute Preference Shares on the Optional Redemption Date at such amount).

### *Redemption for tax reasons*

11. Subject to the Companies Ordinance, all other applicable law and regulation and the provisions of these Articles, the Substitute Preference Shares may be redeemed at the option of the Company in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the holders (which notice shall be irrevocable) at a redemption price equal to 100% of their liquidation preference together with accrued and unpaid dividends (which may include the Initial Dividend) for the then current Dividend Period to the date fixed for redemption, if (1) the Company has or will become obliged to pay Additional Amounts as a result of any change in, or amendment to, the laws or regulations of Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 29th October, 2009; and (2) such obligation cannot be avoided by the Company taking reasonable measures available to it; provided, however, that (i) no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such Additional Amounts; and (ii) prior to such notice of redemption, the written approval of the HKMA for such redemption shall have been obtained.

### *Regulatory Redemption*

12. Subject to the Companies Ordinance, prior written approval of the HKMA, all other applicable law and regulations and the provisions of these Articles, the Substitute Preference Shares may be redeemed at the option of the Company in whole, but not in part, at any time at a redemption price equal to the Regulatory Event Redemption Price together with accrued but unpaid dividends (which may include the Initial Dividend) for the then current Dividend Period to the date fixed for redemption on the Company giving not less than 30 nor more than 60 days' notice to holders (which notice shall be irrevocable and shall oblige the Company to redeem the Substitute Preference Shares on the date fixed for redemption at such amount), following the occurrence of a Regulatory Redemption Event.

For the purposes of this clause a “**Regulatory Redemption Event**” occurs if the Substitute Preference Shares no longer qualify as solo Category I Core Capital of the Company (other than solely by virtue of the Company already having on issue securities with an aggregate principle amount or liquidation preference up to or in excess of the limit of innovative Category I Core Capital permitted from time to time by the HKMA).

### *Purchase*

13. Subject to the Companies Ordinance, all other applicable law and regulation and the provisions of these Articles, the Company or any of its Subsidiaries (including Innovate) may at any time purchase Substitute Preference Shares in the open market or otherwise and at any price.

### *Conditions of Redemption*

14. Notwithstanding any other provision in these Articles, the Substitute Preference Shares (subject as provided below) may not be redeemed or purchased and cancelled without the prior written consent of the HKMA. Accordingly (i) the Company shall not redeem any of such Substitute Preference Shares and (ii) neither the Company nor its Subsidiaries shall purchase the Substitute Preference Shares, unless the prior written consent of the HKMA thereto shall have been obtained provided, however, that if from time to time such consent of the HKMA is not a

requirement of any such Substitute Preference Shares to constitute Category I Core Capital of the Company, then the condition to the redemption or purchase and cancellation of the relevant Substitute Preference Shares set out herein shall not apply for so long as such consent is not so required.

## **Payments**

### *Method of Payment*

15. Payment of any amount payable by way of dividend or on redemption of a Substitute Preference Share will be made by transfer to the registered account of the holder or by U.S. dollar cheque mailed to the registered address of the holder if it does not have a registered account.

Payments of dividends due on a Dividend Payment Date will be paid on the due date for the payment of the relevant dividend to the holder shown on the Register at the close of business on the fifteen day before the due date for the payment of the dividend (the “**Dividend Record Date**”).

### *Registered Accounts*

16. For the purposes of these Articles, a holder’s registered account means the U.S. dollar account, details of which appear on the Register at the close of business on the Business Day before the relevant Dividend Record Date, and a holder’s registered address means its address appearing on the Register at that time.

### *Fiscal Laws*

17. All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of these Articles. No commissions or expenses shall be charged to the holders in respect of such payments.

### *Payment Initiation*

18. Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a Business Day, for value on the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder) on the due date for payment (or, if it is not a Business Day, the immediately following Business Day).

### *Delay In Payment*

19. Holders of Substitute Preference Shares will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day or if a cheque mailed in accordance with these Articles arrives after the due date for payment. If an amount which is due on the Substitute Preference Shares is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

## **Taxation**

20. All payments in respect of the Substitute Preference Shares by or on behalf of the Company shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by Hong Kong or any political

subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Company shall pay such additional amounts (“**Additional Amounts**”) as will result in the receipt by the holders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such Additional Amounts shall be payable in respect of any Substitute Preference Share presented for payment:

- (i) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Substitute Preference Share by reason of its having some connection with Hong Kong other than the mere holding of such Substitute Preference Share; or
- (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

Any reference in these Articles to liquidation preference or dividends shall be deemed to include any Additional Amounts in respect of liquidation preference or dividends (as the case may be) which may be payable under these Articles or any undertaking given in addition to or in substitution of this provision.

If the Company becomes subject at any time to any taxing jurisdiction other than Hong Kong, references in these Articles to Hong Kong shall be construed as references to Hong Kong and/or such other jurisdiction.

## **Voting**

21. The holders of the Substitute Preference Shares shall not be entitled to convene, attend or vote at any general meeting of the Company except:
- (i) where a dividend that is payable on such Substitute Preference Shares shall have become due or payable and shall not have been paid in full;
  - (ii) where a resolution is to be proposed at the meeting varying or abrogating any of the rights, preferences, privileges, limitations or restrictions attached to any class of shares of which the Substitute Preference Shares form a part (and then only to attend, speak and vote on any such resolution); or
  - (iii) where a resolution is proposed to consider a Winding-Up Proceeding in relation to the Company.

Whenever holders of Substitute Preference Shares are entitled to vote on a resolution, on a show of hands every such holder present in person shall have one vote and every proxy holder present that has been duly appointed by a holder shall have one vote and on a poll every such holder that is present in person or by proxy shall have one vote in respect of each Substitute Preference Share held by him.

Subject to the above conditions, all other provisions of these Articles relating to voting rights and procedures also apply to the Substitute Preference Shares.

## **Amendment**

22. The foregoing provisions of these Articles may not be amended without the prior written approval of the HKMA. Subject to this requirement, the other provisions of



these Articles relating to amendment of these Articles also apply to the foregoing provisions.

## Definitions

23. The following terms have the following meanings when used in this Schedule, which shall, in the event of inconsistencies and for the purposes of this Schedule only, prevail over any definitions made in other parts of these Articles:

**“Arrears of Interest”** means any interest not paid on an Optional Interest Payment Date or a Mandatory Deferral Date (except to the extent such interest shall subsequently have been paid);

**“Articles”** means the Articles of Association of the Company as amended from time to time;

**“Assets”** means the unconsolidated gross assets of the Company, as shown in the latest published audited balance sheet of the Company, but adjusted for subsequent events in such manner as the Directors, or if the Company is in a Winding-Up, its liquidator may determine;

**“Assignee”** means Innovate or its permitted successors or assigns in accordance with the Assignment Deed;

**“Assignment”** means the assignment right in respect of all and any outstanding Notes granted by the Initial Purchaser to the Assignee under the terms of the Assignment Deed to be automatically exercised on an Assignment Date;

**“Assignment Date”** means, in respect of an Assignment Event that is a date, that date and, in respect of an Assignment Event that is the occurrence of an event, the date on which that event first occurs;

**“Assignment Deed”** means the deed entered into between, among others, Innovate, the Company and the initial holders of the Notes dated the Notes Issue Date, pursuant to which the Notes shall, on the happening of certain specified events, be assigned to Innovate;

**“Assignment Event”** means the occurrence of any of the following:

- (i) the deferral of payment of any interest on any Note in accordance with Condition 7(g) of the Conditions;
- (ii) a Substitution Event;
- (iii) an Enforcement Event;
- (iv) following the giving of a valid redemption notice in respect of the Substitute Preference Shares, the date scheduled for redemption in such notice;
- (v) the Business Day (as defined for the purposes of Condition 3 of the Conditions) prior to the Maturity Date;
- (vi) an Optional Assignment Date; or
- (vii) an HKMA Assignment Date;

The Assignment Events set out in paragraphs (i), (iv), (v) and (vi) shall be referred to as “**Scheduled Assignment Events**” and those set out in paragraphs (ii), (iii) and (vii) shall be referred to as “**Non-Scheduled Assignment Events**”;

“**Assignment Notice**” means a notice of an Assignment pursuant to the Conditions;

“**Board of Directors**” means the board of directors of the Company as constituted from time to time;

“**Business Day**” means:

- (i) for the purposes of the “Dividends” clause, a day other than a Saturday or Sunday on which commercial banks are open for business in New York and London;
- (ii) for the purposes of the “Payments” clause, a day other than a Saturday or Sunday on which commercial banks are open for business in New York and Hong Kong;
- (iii) for the purposes of the definition of “Dividend Determination Date”, a day other than a Saturday or Sunday on which commercial banks are open for business in London; and
- (iv) in all other cases, a day other than a Saturday or Sunday on which commercial banks are open for business in London and Hong Kong;

“**Calculation Agent**” means Deutsche Bank AG, Hong Kong Branch or any successor calculation agent from time to time;

“**Capital Adequacy Ratio**” has the meaning given to it from time to time by the HKMA Supervisory Policy Manual CA-S-6 as amended, supplemented or replaced from time to time;

“**Category I Core Capital**” has the meaning given to it from time to time in the HKMA Supervisory Policy Manual CA-S-6 as amended, supplemented or replaced from time to time;

“**Category II Supplementary Capital**” has the meaning given to it from time to time in the HKMA Supervisory Policy Manual CA-S-8, as amended, supplemented or replaced from time to time;

“**Companies Ordinance**” means the Companies Ordinance (Cap. 32) of Hong Kong, as amended from time to time;

“**Company**” means The Bank of East Asia, Limited or its successor in business from time to time;

“**Comparable Treasury Issue**” means the U.S. Treasury selected by the Calculation Agent as having a maturity comparable to the remaining term of the Substitute Preference Shares from the relevant date fixed for redemption to 5th November, 2019, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a maturity most nearly equal to 5th November, 2019;

“**Comparable Treasury Price**” means, with respect to any redemption date, the average of three Reference Treasury Dealer Quotations (or such lesser number as is obtained by the Calculation Agent) for the relevant date fixed for redemption of the Substitute Preference Shares;

“**Conditions**” means the terms and conditions of the Notes;

**“Consolidated Subsidiary”** means any Subsidiary of the Company or any other entity, in each case the financial statements of which are required by HKFRS to be consolidated with the financial statements of the Company;

**“Directors”** means the directors of the Company;

**“Distributable Profits”** means:

- (i) the aggregate of the consolidated net profits after tax of the Company and its Consolidated Subsidiaries (determined before any payments of interest, dividends or other distributions by the Company or any of its Consolidated Subsidiaries on any Category I Core Capital or Category II Supplementary Capital or other securities ranking *pari passu* with such capital but after the deduction of amounts (if any) required by the HKMA to be transferred to the reserves of the Company on a consolidated basis) for the immediately preceding two six-month financial periods for which results have been announced publicly; less
- (ii) the aggregate amount of interest, dividends, distributions or other amounts paid, determined to be paid or liable to be paid by the Company or any of its Consolidated Subsidiaries in the twelve-month period ending on and including the applicable Interest Payment Date on:
  - (a) any class of share capital of the Company;
  - (b) the Notes, the Substitute Preference Shares or the Innovate Preference Shares; and
  - (c) any other Category I Core Capital or Category II Supplementary Capital of the Company or any of its Consolidated Subsidiaries or securities ranking *pari passu* with such capital,

but excluding dividends payable on the Substitute Preference Shares on the relevant Dividend Payment Date;

**“Dividend Determination Date”** means, in relation to each Dividend Period from and including the Dividend Period beginning on 5th November, 2019, the day falling two Business Days prior to the first day of the relevant Dividend Period;

**“Enforcement Event”** means any default made in the payment of any amount of principal in respect of the Notes on the due date for payment thereof or of any amount of interest in respect of the Notes within seven days after the date upon which the payment of interest is compulsory (pursuant to Condition 7(g) of the Conditions);

**“Group”** means the Company and its Subsidiaries;

**“Guarantee”** means the subordinated guarantee of certain payments under the Innovate Preference Shares made by the Company under a Deed of Guarantee dated the Notes Issue Date;

**“HKFRS”** means Hong Kong Financial Reporting Standards, from time to time;

**“HKMA”** means the Hong Kong Monetary Authority or such other governmental authority in Hong Kong (or if the Company becomes domiciled in a jurisdiction other than Hong Kong, in such jurisdiction) having primary supervisory authority with respect to the Company;

**"HKMA Assignment Date"** means any date designated by the HKMA in its absolute discretion as the Assignment Date;

**"Hong Kong Business Day"** means a day other than a Saturday or Sunday on which commercial banks are open for business in Hong Kong;

**"Initial Dividend"** means an amount equal to the Arrears of Interest which have accumulated up to and including the Assignment Date;

**"Initial Purchaser"** means UBS Limited;

**"Innovate"** means Innovate Holdings Limited;

**"Innovate Preference Shares"** means the perpetual non-cumulative step-up preference shares of Innovate of no par value in an aggregate liquidation preference of US\$500,000,000 issued on the Notes Issue Date;

**"Interest Payment Date"** means, in relation to the Notes:

- (i) up to 5th November, 2019, 5th May and 5th November in each year; and
- (ii) thereafter, 5th February, 5th May, 5th August and 5th November in each year;

**"Issue Date"** means the date of issue of the Substitute Preference Shares;

**"Liabilities"** means the unconsolidated gross liabilities of the Company, as shown in the latest published audited balance sheet of the Company, but adjusted for contingent liabilities and for subsequent events in such manner as the Directors or, if the Company is in a Winding-Up, its liquidator may determine;

**"LIBOR"** shall mean:

- (i) the rate for three-month U.S. dollar deposits which appears on the display designated as page "LIBOR01" on the Reuter Monitor Money Rates Service (or such other page or service as may replace it, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates) as at 11.00 a.m. (London time) on the Dividend Determination Date;
- (ii) if such rate does not appear on that page, or if the relevant page is unavailable, the Calculation Agent will:
  - (a) request the principal London office of each of four major banks in the U.S. dollar interbank market in London as selected by the Calculation Agent to provide the Calculation Agent with its offered quotation to leading banks in the London interbank market for three-month U.S. dollar deposits as at 11.00 a.m. (London time) on the Dividend Determination Date in question; and
  - (b) determine the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005% being rounded upwards) of such offered quotations; and
- (iii) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean (rounded, if necessary, as aforesaid) of the U.S. dollar lending rates which leading banks in London selected by the Calculation Agent are quoting, on the relevant Dividend Determination Date, to leading banks in Europe for a period of three months as at 11.00 a.m. (London time),

provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Dividend Period, the rate of LIBOR applicable to the Substitute Preference Shares during such Dividend Period shall either be (i) the rate or (as the case may be) arithmetic mean last determined in relation to the Substitute Preference Shares in respect of a preceding Dividend Period;

**“Makewhole Amount”** means in respect of each Substitute Preference Share, (a) the liquidation preference of such Substitute Preference Share or, if this is higher (b) the amount equal to the sum of the present value of the liquidation preference of such Substitute Preference Share, together with the present values of the scheduled dividend payments (assuming for this purpose the relevant dividend payments become due pursuant to these Articles) from the relevant date fixed for redemption to, but excluding, 5th November, 2019, in each case, discounted to such redemption date on a semi-annual compounded basis at the adjusted U.S. Treasury Rate plus 0.50 per cent., all as determined by the Calculation Agent;

**“Mandatory Deferral Date”** means any Interest Payment Date, whereas at the relevant Interest Record Date, the Company does not have Distributable Profits equal to or greater than the interest payment scheduled for that Interest Payment Date and all other payments to be made on such date in respect of any obligation ranking or expressed to rank *pari passu* with the Notes;

**“Maturity Date”** means 5th November, 2059;

**“Notes”** means the Step-Up Subordinated Notes due 2059 in an aggregate principal amount of US\$500,000,000 issued by the Company on the Notes Issue Date;

**“Notes Issue Date”** means 5th November, 2009;

**“Optional Assignment Date”** means any date designated by the Assignee in its absolute discretion as the Assignment Date;

**“Optional Interest Payment Date”** means any Interest Payment Date where during the 12 calendar months preceding such Interest Payment Date no dividend has been declared or paid on any class of share capital of the Company;

**“Ordinary Shares”** means the ordinary shares in the capital of the Company having a par value of HK\$2.50 and having a right to participate in a Winding-Up of the Company in the surplus assets on a *pro rata* basis;

**“Parity Securities”** means the most senior ranking class or classes of preference shares in the capital of the Company from time to time and any other securities of the Company or any other member of the Group ranking or expressed to rank *pari passu* with the Notes, the Substitute Preference Shares and/or such preference shares either issued directly by the Company or, where issued by a member of the Group, where the terms of the securities benefit from a guarantee or support agreement entered into by the Company which ranks or is expressed to rank *pari passu* with the Notes, the Substitute Preference Shares and/or such preference shares;

**“Reference Treasury Dealer”** means each of the three nationally recognised investment banking firms selected by the Calculation Agent that are primary U.S. Government securities dealers;

**“Reference Treasury Dealer Quotations”** means with respect to each Reference Treasury Dealer and any date fixed for redemption of the Substitute Preference Shares, the average, as determined by the Calculation Agent, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of

its principal amount, quoted in writing to the Calculation Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time on the third Business Day immediately preceding such due date for redemption;

**“Register”** means the register of holders of Substitute Preference Shares that the Company shall procure is kept by the Registrar outside Hong Kong and the United Kingdom;

**“Registrar”** means the share registrar appointed by the Company from time to time;

**“Regulatory Event Redemption Price”** means in respect of each Substitute Preference Share:

- (i) in respect of a redemption following the occurrence of a Regulatory Event scheduled to take place on a date that falls prior to 5th November, 2019, an amount equal to the Makewhole Amount; and
- (ii) in respect of a redemption following the occurrence of a Regulatory Event scheduled to take place on a date that falls on or after 5th November, 2019, an amount equal to 100% of the liquidation preference of the relevant Substitute Preference Shares;

**“Senior Creditors”** means (a) creditors of the Company that are unsubordinated creditors of the Company; (b) creditors of the Company whose claims are or are expressed to be subordinated to the claims of other creditors of the Company (other than those whose claims are in respect of the Company’s outstanding securities or obligations that constitute, or would but for any applicable limitation on the amount of such capital, constitute, Category I Core Capital or whose claims rank or are expressed to rank *pari passu* with, or junior to, the claims of Noteholders); and (c) creditors of the Company whose claims are in respect of the Company’s outstanding securities or obligations that constitute Category II Supplementary Capital (and such other securities and obligations outstanding from time to time that rank, or are expressed to rank, *pari passu* with, or senior to, any such Category II Supplementary Capital) but excluding other Parity Securities;

**“Subsidiary”** means each subsidiary, as defined in section 2 of the Companies Ordinance, for the time being of the Company;

**“Substitute Preference Shares”** means the perpetual non-cumulative step-up preference shares of the Company having a par value of US\$1,000 each and an aggregate liquidation preference of US\$500,000,000 issued on the Issue Date;

**“Substitution Event”** means:

- (i) the HKMA determines in writing that the Company has a Capital Adequacy Ratio of less than 8% or such other percentage as the HKMA shall stipulate from time to time as being the minimum required Capital Adequacy Ratio for licensed banks, provided that a Substitution Event will not be deemed to have occurred until the end of any grace period allowed by the HKMA for the Company to bring its Capital Adequacy Ratio above 8% or such other stipulated percentage;
- (ii) a Winding-Up Proceeding is instituted against the Company and is not dismissed within 30 Hong Kong Business Days from the initial date of institution; or
- (iii) the HKMA exercises its power to appoint a manager of the Company under Section 52 of the Banking Ordinance (Cap. 155) of Hong Kong;

**“U.S. dollars”** and **“US\$”** refer to the lawful currency for the time being of the United States of America;

**“U.S. Treasury Rate”** means either (i) the rate per annum equal to the yield, under the heading that represents the average for the week immediately preceding the third Business Day prior to the relevant redemption date, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities” - “Nominal” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after 5th November, 2019, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the U.S. Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the third Business Day prior to the relevant date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the relevant date fixed for redemption, in each case calculated on the third Business Day immediately preceding the relevant date fixed for redemption;

**“Winding-Up”** shall mean a final and effective order or resolution for the bankruptcy, winding-up, liquidation, receivership or similar proceeding in respect of the Company; and

**“Winding-Up Proceeding”** means with respect to the Company, proceedings in Hong Kong for the bankruptcy, liquidation, winding-up, receivership, or other similar proceeding of the Company.

## **Governing Law**

The creation and issue of the Substitute Preference Shares and the rights attached to them are governed by, and shall be construed in accordance with, Hong Kong law.

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