

MTR CORPORATION LIMITED
香港鐵路有限公司

**Memorandum
and
Articles of Association**

This document is in English and Chinese. In case of any inconsistency, the English version shall prevail.

No. 714016

編號



COMPANIES ORDINANCE
(CHAPTER 32)

香港法例第32章
公司條例

CERTIFICATE OF CHANGE OF NAME
公司更改名稱證書

I hereby certify that
本人謹此證明

MTR CORPORATION LIMITED
(地鐵有限公司)

having by virtue of Section 66(1) of the Rail Merger Ordinance changed
已根據《兩鐵合併條例》第66(1)條將其名稱於
its name on the 2nd day of December 2007, is now incorporated
二〇〇七年十二月二日更改，該公司的註冊
under the name of
名稱現為

MTR CORPORATION LIMITED
香港鐵路有限公司

Issued by the undersigned on 3 December 2007.

本證書於二〇〇七年十二月三日簽發。

Miss Nancy O. S. YAU

.....
for Registrar of Companies
Hong Kong

香港公司註冊處處長
(公司註冊主任 邱愛琛 代行)



No. 714016
編號

COMPANIES ORDINANCE
(CHAPTER 32)
香港法例第32章
公司條例

CERTIFICATE OF INCORPORATION
公司註冊證書

I hereby certify that
本人謹此證明

MTR CORPORATION LIMITED
(地鐵有限公司)

is this day incorporated in Hong Kong under the Companies Ordinance,
於本日在香港依據公司條例註冊成為

and that this company is limited.
有限公司。

Issued by the undersigned on 26 April 2000.
本證書於二〇〇〇年四月廿六日簽發。


MISS R. CHEUNG

.....
for Registrar of Companies
Hong Kong

香港公司註冊處處長
(公司註冊主任 張潔心 代行)

THE COMPANIES ORDINANCE

(Chapter 32)

SPECIAL RESOLUTION

OF

MTR CORPORATION LIMITED

香港鐵路有限公司

Passed on 4 June 2009

The following special resolution was passed at the Annual General Meeting of MTR Corporation Limited (the 'Company') held at Rotunda 3 (6/F), Hongkong International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Hong Kong on Thursday, 4 June 2009:-

'**THAT** the Articles of Association of the Company shall be amended as follows:

(A) Article 138 shall be amended as follows:


- (i) the words ' , any notification of the publication of any notice or other document on a computer network, and any other corporate communication (as defined in the Listing Rules)' shall be added immediately after the words 'a share certificate';

- (ii) the word 'or' at the end of paragraph (c) shall be deleted;
- (iii) the word 'or' at the end of paragraph (d) shall be deleted;
- (iv) the following shall be added immediately after paragraph (d) as the new paragraph (e):
 - '(e) by publishing it on a computer network (including the Company's website); or'; and
- (v) the existing paragraph (e) shall be relettered as paragraph (f); and

(B) Article 141 shall be amended as follows:

- (i) the following shall be added immediately after paragraph (d) as the new paragraph (e):
 - '(e) If a notice or document is served or delivered by the Company by publishing it on a computer network (including the Company's website), it is treated as being served or delivered on the day on which the notification of such publication is served or delivered or where no such notification is required by legislation or the Listing Rules, the day on which the notice or document first appears on the computer network concerned.'; and
- (ii) the existing paragraph (e) shall be relettered as paragraph (f).'

Dated this 18th day of June 2009.



Leonard Bryan Turk
Legal Director and Secretary

THE COMPANIES ORDINANCE

(Chapter 32)

SPECIAL RESOLUTION

OF

MTR CORPORATION LIMITED

Passed on 8 June 2006

The following special resolution was passed at the Annual General Meeting of MTR Corporation Limited (the "Company") held at The Ballroom (3/F), JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong on Thursday, 8 June 2006:-

"THAT the Articles of Association of the Company shall be amended as follows:

- (A) in Article 96(a)(i), the amount "HK\$3,000,000" shall be deleted and replaced with the amount "HK\$6,000,000";
- (B) (i) Article 2(c) shall be deleted and replaced with the following:

"Wherever any reference in the articles requires that a communication as between the Company, its directors or

shareholders be effected in *writing*, the requirement may (if not inconsistent with the context in which it appears) be satisfied by the communication being given in the form of an electronic record if the person to whom the communication is given consents to it being given to him in that form as permitted under all applicable laws, rules or regulations and the Listing Rules; and references in the articles to an address in relation to electronic communications include any number or address used for the purposes of such communications.”.

- (ii) Article 138 shall be amended by inserting a new paragraph (d) as follows:

“(d) by sending it using electronic communications to an address notified by the shareholder concerned to the Company for that purpose; or”,

and the existing paragraph (d) shall be renumbered as paragraph (e).

- (iii) Article 141 shall be amended by inserting a new paragraph (d) as follows:

“(d) If a notice or document is given by e-mail, it is treated as being delivered by transmitting the e-mail to the address provided by the intended recipient and shall be deemed to have been received on the day following that on which it was sent, and it shall not be necessary for the receipt of the e-mail to be acknowledged by the recipients.”,

and the existing paragraph (d) shall be renumbered as paragraph (e).”

Dated this 13th day of June, 2006.



Leonard Bryan Turk
Legal Director & Secretary

THE COMPANIES ORDINANCE

(Chapter 32)

SPECIAL RESOLUTION

OF

MTR CORPORATION LIMITED

Passed on 3 June 2004

The following special resolution was passed at the Annual General Meeting of MTR Corporation Limited (the "Company") held at Hong Kong Convention and Exhibition Centre, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 3 June 2004:-

"THAT the Articles of Association of the Company shall be amended as follows:

(A) in the table of contents, the words "Power of Removal by Special Resolution" shall be deleted and replaced with the words "Power of Removal by Ordinary Resolution";

(B) in Article 2(a), the following shall be added immediately before the definition of "auditors":

"associates shall have the meaning given to it by the Listing Rules;";

(C) in Article 66, the following shall be added at the end:

"If any shareholder is required under the Listing Rules to abstain from voting on any particular resolution or restricted to vote only for or only against any particular resolution, any vote cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.";

- (D) in the heading of Article 90, the word "Special" shall be deleted and replaced with the word "Ordinary";
- (E) in Article 90, the words "a special" shall be deleted and replaced with the words "an ordinary";
- (F) in Article 91, the words "not less than seven nor more than 28 days before the day of the meeting" shall be deleted and replaced with the following:

"during a period of seven days commencing on and including the day after the despatch of the notice of the meeting"; and
- (G) Article 100 shall be amended as follows:
 - (i) in paragraph (c), the words "(including any of his associates)" shall be added immediately after the words "interests of a person who is connected with a director";
 - (ii) in sub-paragraph (i) of paragraph (d), the words "any of his associates or" shall be added immediately before the words "any other person";
 - (iii) in paragraph (d), the words "or any of his associates" shall be added:
 - (a) in sub-paragraph (i) immediately after the words "giving him";
 - (b) in sub-paragraph (ii) immediately after the words "if the director";
 - (c) in sub-paragraph (ii) immediately after the words "The director";
 - (d) in sub-paragraph (iii) immediately after the words "if he";
 - (e) in sub-paragraph (v)(a) immediately after the word "he"; and
 - (f) in sub-paragraph (vi) immediately after the words "the director";
 - (iv) in sub-paragraph (iv) of paragraph (d), the words "any "associate" as defined in the Listing Rules" shall be deleted and replaced with the words "any associate";
 - (v) in sub-paragraph (iv) of paragraph (d), the words "he knows that" shall be deleted;

- (vi) in sub-paragraph (iv)(a) of paragraph (d), the words "or that of any of his associates" shall be added immediately after the words "his interest";
- (vii) in sub-paragraph (v)(b) of paragraph (d), the words ", any of their associates" shall be added immediately before the words "and employees of the Company";
- (viii) in sub-paragraph (v)(b) of paragraph (d), the words "or any of his associates as such" shall be added immediately after the words "only gives him";
- (ix) in sub-paragraph (v)(b) of paragraph (d), the words "the employees" immediately after the words "given to" shall be deleted and replaced with the words "the class of persons"; and
- (x) in sub-paragraph (vi) of paragraph (d), the words "or that of any of his associates" shall be added immediately after the words "by virtue of his interest".

Dated this 10th day of June, 2004.



Leonard Bryan Turk
Legal Director & Secretary

MTR Corporation Limited (the "Company")

The following Special Resolution was passed at the Company's Extraordinary General Meeting held at Hongkong International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on Monday, 18th February 2002 at 10.00 a.m.

"IT WAS RESOLVED THAT Article 137 of the Company's Articles of Association be deleted and replaced with the following Article:

137. Distribution of relevant financial documents and summary financial reports

- (a) Subject to paragraph (b), the Company will, in accordance with legislation, deliver or send to each shareholder a printed copy of the relevant financial documents or the summary financial report (each as defined in the Companies Ordinance) at least 21 days before the date of the general meeting.
- (b) Where a shareholder (a "Consenting Shareholder") has, in accordance with legislation and the Listing Rules, consented to treat the publication of the relevant financial documents and/or the summary financial report (each as defined in the Companies Ordinance) on the Company's computer network as discharging the Company's obligation under the Companies Ordinance to send a copy of the relevant financial documents and/or the summary financial report (each as defined in the Companies Ordinance), then publication by the Company, in accordance with legislation, on the Company's computer network of the relevant financial documents and the summary financial report (each as defined in the Companies Ordinance) at least 21 days before the date of the general meeting shall, in relation to each Consenting Shareholder, be deemed to discharge the Company's obligations under paragraph (a)."

Dated this 25th day of February 2002.



Leonard Bryan Turk
Legal Director & Secretary

COMPANY NUMBER: 714016

WRITTEN RESOLUTION OF ALL THE SHAREHOLDERS OF
MTR CORPORATION LIMITED
(THE "COMPANY") IN ACCORDANCE WITH ARTICLES 3(b) AND 84
OF ITS ARTICLES OF ASSOCIATION
(THE "ARTICLES OF ASSOCIATION" AND EACH ARTICLE THEREOF,
AN "ARTICLE") AND
SECTION 116B OF THE COMPANIES ORDINANCE (CAP. 32)

1. AUTHORISED SHARE CAPITAL

IT IS RESOLVED AS A WRITTEN RESOLUTION THAT the Company's authorised share capital be reduced from HK\$33,000,000,000 divided into 33,000,000,000 ordinary shares of HK\$1.00 each to HK\$6,500,000,000 divided into 6,500,000,000 ordinary shares of HK\$1.00 each and that the ordinary shares of HK\$1.00 each which represent the difference be cancelled.

2. ISSUE OF ORDINARY SHARES TO THE FINANCIAL SECRETARY INCORPORATED

IT IS RESOLVED AS A WRITTEN RESOLUTION THAT :

- (i) pursuant to Article 132(e), the Company's capital reserve established pursuant to Article 132(d) shall be applied by the Company (in accordance with Article 132(a)) in paying up in full 2,000,000,000 unissued ordinary shares of HK\$1.00 each in the share capital of the Company (the "FSI Bonus Shares"); and
- (ii) conditional on the Resolution contained in paragraph (i) above being passed, APPROVAL is hereby granted to the Board of Directors of the Company to exercise all the powers of the Company to allot, issue, distribute and deal with such 2,000,000,000 FSI Bonus Shares, credited as fully paid bonus shares to the Financial Secretary Incorporated, in accordance with Article 132(e).

3. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

IT IS RESOLVED AS A WRITTEN RESOLUTION THAT the Company's Articles of Association be amended as follows:

- (i) Article 2 (Definitions)

Article 2 shall be amended by the inclusion of the following additional definition after the definition *clear days* and before the definition *Companies Ordinance*:

"clearing house means a recognised clearing house within the meaning of Section 2 of the Securities and Futures (Clearing Houses) Ordinance (Cap. 420 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 on a stock exchange of such jurisdiction;"

(ii) Article 4 (Authorised Share Capital)

Conditional on the Resolution 1 above being passed, Article 4 shall be deleted in its entirety and shall be replaced with the following:

"4. Authorised Share Capital

- (a) The Company's authorised share capital at the date of adoption of these articles consists of 33,000,000,000 ordinary shares of HK\$1.00 each.
- (b) On 12th September, 2000 the Company's authorised share capital was reduced from 33,000,000,000 ordinary shares of HK\$1.00 each to 6,500,000,000 ordinary shares of HK\$1.00 each."

(iii) Article 17 (Execution of Share Certificates)

Article 17 shall be deleted in its entirety and shall be replaced with the following:

"17. Execution of Share Certificates

Every share certificate shall be issued under seal or in such other manner as the directors may authorise, having regard to the terms of the issue, the legislation and/or the Listing Rules. Without limiting the generality of the foregoing, the directors can resolve that the seal and/or signatures on any share certificates can be applied to the certificates by mechanical means or can be printed on them or that the certificates need not be signed at all. A share certificate must state the number and class of shares to which it relates and the amount paid up on those shares and any other information required by the legislation and/or the Listing Rules."

(iv) Article 35 (Transfer)

Article 35 shall be deleted in its entirety and shall be replaced with the following:

"35. Transfer

Unless these articles say otherwise, any shareholder may transfer some or all of his shares to another person free from any restriction or lien. A transfer of shares must be made in writing and either in the usual standard form adopted by the Hong Kong Stock Exchange from time to time or in any other form approved by the directors."

(v) Article 36 (Execution of Transfer)

Article 36(a) shall be deleted in its entirety and shall be replaced with the following:

"(a) A share transfer form must be signed or made effective in some other way by, or on behalf of, the person making the transfer and where the person making the transfer is a clearing house or its nominee(s), the share transfer form can be executed by machine-imprinted signature."

(vi) Article 67 (Methods of Voting)

Article 67(c) shall be deleted in its entirety and shall be replaced with the following:

"(c) one or more shareholders at the meeting (including proxies) who are (or represent members who are) entitled to vote and who have between them at least ten per cent. of the total votes of all shareholders (including proxies) who have the right to vote at the meeting; or"

(vii) Article 81A (Appointment by Clearing Houses of Representative(s) or Proxy(ies))

The following additional article shall be included after Article 81 and before Article 82:

"81A. Appointment by Clearing Houses of Representative(s) or Proxy(ies)

Where a shareholder is a clearing house or its nominee(s), it may authorise such person or persons as it thinks fit to act as its representative(s) or proxy(ies) at any general meeting or any meeting of any class of shareholders of the Company provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number and class of shares in respect of which each such person is so authorised. Each person so authorised will be entitled to exercise the same rights and

powers on behalf of the clearing house or its nominee(s) as that clearing house or its nominee(s) could exercise if such person were an individual shareholder of the Company in respect of the number and class of shares specified in the relevant authorisation or proxy form, including the right to vote individually on a show of hands.”,

and the Contents section of the Articles of Association shall be amended accordingly by the inclusion of the following reference after the reference to Article 81 and before the reference to Article 82:

“81A. Appointment by Clearing Houses of Representative(s) or Proxy(ies)”.

(viii) Article 88 (Identity of Directors to Retire)

Article 88 (a) shall be deleted in its entirety and shall be replaced with the following:

- “(a) The directors to retire by rotation will be those directors who have been directors longest since they were last elected, or appointed by the shareholders (as the case may be). If there are directors who were last elected, or appointed by the shareholders (as the case may be), on the same date:
- (i) the directors to retire by rotation will be those directors whose appointment as a member of the Board of the Mass Transit Railway Corporation (a corporation established under the Mass Transit Railway Corporation Ordinance (Cap. 270) MTRC) would have expired the earliest had MTRC continued in existence and not been succeeded by the Company; or
 - (ii) after the method of determining the directors to retire by rotation as set out in Article 88(a)(i) has been applied in respect of each director who was a member of the Board of MTRC (as defined in article 88(a)(i)), the directors can agree on who is to retire. If they do not agree, they must draw lots to decide.”

(ix) Article 100 (Permitted Interests and Voting)

Article 100(c) shall be deleted in its entirety and shall be replaced with the following:

- “(c) Unless these articles say otherwise, a director cannot cast a vote on any contract, transaction, arrangement or any other kind of proposal in which he has an interest and which he knows is

material. For this purpose, interests of a person who is connected with a director are treated as the interests of the director himself. Interests purely as a result of an interest in the Company's shares, debentures or other securities are disregarded. A director may not be included in the quorum for such part of a meeting that relates to a resolution he is not allowed to vote on but he shall be included in the quorum for all other parts of that meeting."

(x) Article 120 (Appointment or Removal of the Secretary)

Article 120 shall be deleted in its entirety and shall be replaced with the following:

"120. Appointment of the Secretary

Subject to the legislation, the directors can appoint the secretary for such term and on such conditions as they see fit."

(xi) Article 132 (Power to Capitalise Reserves and Funds)

Article 132(e) shall be deleted in its entirety and shall be replaced with the following :

"(e) The capital reserve can be applied by the Company, in accordance with paragraph (a), only in paying up in full unissued shares to be allotted and distributed, credited as fully paid bonus shares to shareholders of the Company."

4. PRE-GLOBAL OFFERING SHARE OPTION SCHEME RULES

IT IS RESOLVED AS A WRITTEN RESOLUTION THAT, conditional on:

- (i) the ordinary shares in the Company (including ordinary shares in the Company to be issued on the exercise of any options granted under the rules of the pre-global offering share option scheme (the "Rules of the Pre-Global Offering Share Option Scheme") (the draft terms of which are set out in the draft document marked "Appendix I" attached hereto)) being listed, and dealings therein commencing, on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"); and
- (ii) the Stock Exchange (as defined in paragraph (i) above) granting approval to the Rules of the Pre-Global Offering Share Option Scheme (as defined in paragraph (i) above) (whether conditionally or unconditionally),

the Rules of the Pre-Global Offering Share Option Scheme are hereby APPROVED and ADOPTED substantially in the form contained in the draft

document marked "Appendix I" attached hereto and that the Board of Directors or a duly authorised committee of the Board of Directors are hereby authorised to grant options thereunder to subscribe for ordinary shares in the share capital of the Company and to allot, issue, distribute and deal with ordinary shares in the share capital of the Company pursuant to the exercise of options granted under the Rules of the Pre-Global Offering Share Option Scheme and to take all such steps as may be necessary or desirable to implement the Pre-Global Offering Share Option Scheme and, in the case of the Chairman, to vote on any matter concerned therewith notwithstanding that he may be interested in the same.

5. ISSUE MANDATE

IT IS RESOLVED AS A WRITTEN RESOLUTION THAT:

- (i) subject to paragraphs (ii) and (iii) below, the exercise by the Board of Directors of the Company during the Relevant Period (as defined in paragraph (iii)(A) below) of all the powers of the Company to allot, issue, distribute and otherwise deal with additional Shares (as defined in paragraph (iii)(C) below) and to make, issue or grant offers, agreements, options and warrants which will or might require Shares (as defined in paragraph (iii)(C) below) to be allotted, issued, or distributed or otherwise dealt with during or after the end of the Relevant Period (as defined in paragraph (iii)(A) below), be and are hereby generally and unconditionally APPROVED;
- (ii) the aggregate nominal amount of share capital allotted, issued, distributed or otherwise dealt with or agreed conditionally or unconditionally to be allotted, issued, distributed or otherwise dealt with (whether pursuant to an option or otherwise) by the Board of Directors of the Company pursuant to the approval in paragraph (i) above, otherwise than pursuant to:
 - (A) a Rights Issue (as defined in paragraph (iii)(B) below); or
 - (B) any option scheme or similar arrangement for the time being adopted for the grant or issue to the members of the executive directorate and/or officers and/or employees of the Company and/or any of its subsidiaries of Shares (as defined in paragraph (iii)(C) below) of rights to acquire Shares (as defined in paragraph (iii)(C) below), including without limitation pursuant to the Rules of the Pre-Global Offering Share Option Scheme (as defined in Resolution 4(i) above); or
 - (C) any scrip dividend or similar arrangement pursuant to the Articles of Association from time to time,

shall not exceed the aggregate of:

- (A) 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date on which dealings in the Shares (as defined in paragraph (iii)(C) below) commence on the Stock Exchange (as defined in Resolution 4(i) above); and
- (B) (if the Board of Directors of the Company is so authorised by a separate resolution of the shareholders of the Company) the aggregate nominal amount of share capital repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date on which dealings in the Shares (as defined in paragraph (iii)(C) below) commence on the Stock Exchange (as defined in Resolution 4(i) above),

and the said approval shall be limited accordingly;

(iii) for the purpose of this Resolution 5:

- (A) "Relevant Period" means the period from the passing of this Resolution 5 until the earlier of:
 - (a) the conclusion of the first Annual General Meeting of the Company;
 - (b) the expiration of the period within which the first Annual General Meeting of the Company is required by the Articles of Association or by law to be held; and
 - (c) the revocation or variation of the authority given under this Resolution 5 by an ordinary resolution of the shareholders of the Company in general meeting;
- (B) "Rights Issue" means an offer of shares open for a period fixed by the Board of Directors of the Company to holders of Shares (as defined in paragraph (C) below) (or any class of shares in the Company) on the register of members on a fixed record date in proportion to their then holdings of such Shares (as defined in paragraph (C) below) (or such class of shares in the Company) (subject to such exclusions or other arrangements as the Board of Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any legal or practical restrictions or obligations under the laws, or the requirements, of any recognised regulatory body or any stock exchange in any territory applicable to the Company); and

- (C) "Shares" means shares of all classes in the capital of the Company and warrants and other securities which carry a right to subscribe or purchase shares in the Company; and
- (iv) for the avoidance of doubt, the powers conferred by this Resolution 5 shall be in addition, and without prejudice, to the powers granted pursuant to Resolution 1 and 4 above.

6. REPURCHASE MANDATE

IT IS RESOLVED AS A WRITTEN RESOLUTION THAT, having considered the Explanatory Statement (as defined in paragraph (iii) below):

- (i) subject to paragraphs (ii) and (iii) below, the exercise by the Board of Directors of the Company during the Relevant Period (as defined in paragraph (iii)(A) below) of all the powers of the Company to purchase Shares (as defined in paragraph (iii)(C) below) on the Stock Exchange (as defined in Resolution 4(i) above) or any other stock exchange recognised for this purpose by the Securities and Futures Commission (established under section 3 of the Securities and Futures Commission Ordinance Cap. 24) and the Stock Exchange (as defined in Resolution 4(i) above) in accordance with all applicable laws, including the Hong Kong Code on Share Repurchases and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) (the "Listing Rules"), be and is hereby generally and unconditionally APPROVED;
- (ii) the aggregate nominal amount of Shares (as defined in paragraph (iii)(C) below) which may be purchased or agreed conditionally or unconditionally to be purchased by the Board of Directors of the Company pursuant to the approval in paragraph (i) above shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date on which dealings in the Shares (as defined in paragraph (iii)(C) below) commence on the Stock Exchange (as defined in Resolution 4(i) above), and the said approval shall be limited accordingly;
- (iii) for the purposes of this Resolution 6:
- (A) "Relevant Period" means the period from the passing of this Resolution 6 until the earlier of:
- (a) the conclusion of the first Annual General Meeting of the Company;
- (b) the expiration of the period within which the first Annual General Meeting of the Company is required by the Articles of Association or by law to be held; and

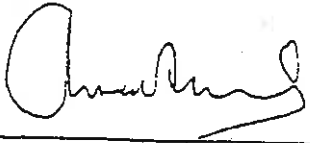
- (c) the revocation or variation of the authority given under this Resolution 6 by an ordinary resolution of the shareholders of the Company in general meeting;
- (B) "Explanatory Statement" means the explanatory statement as required by the Listing Rules (as defined in Resolution 6(i) above), in particular the provisions of the Listing Rules which regulate the repurchase by companies of their shares on the Stock Exchange (as defined in Resolution 4(i) above) with their primary listings on the Stock Exchange (as defined in Resolution 4(i) above), which is attached as Appendix II hereto; and
- (C) "Shares" means shares of all classes in the capital of the Company and warrants and other securities which carry a right to subscribe or purchase shares in the Company.

7. LISTING OF THE COMPANY'S SHARES ON THE STOCK EXCHANGE (AS DEFINED IN RESOLUTION 4(i) ABOVE)

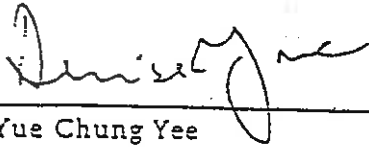
IT IS RESOLVED AS A WRITTEN RESOLUTION THAT, conditional on the Stock Exchange (as defined in Resolution 4(i) above) granting the listing (the "Listing") of, and permission to deal in, the ordinary shares in the share capital of the Company on the Stock Exchange (as defined in Resolution 4(i) above), the Listing is hereby APPROVED.

8. GLOBAL OFFERING

IT IS RESOLVED AS A WRITTEN RESOLUTION THAT, conditional on the Stock Exchange (as defined in Resolution 4(i) above) granting the Listing and permission to deal in, the ordinary shares in the share capital of the Company, the global offering by way of offer for sale (both within and outside Hong Kong) of the ordinary shares in the share capital of the Company by the Financial Secretary Incorporated is hereby NOTED and APPROVED.

A handwritten signature in cursive script, appearing to read 'Financial Secretary Incorporated', written above a horizontal line.

Financial Secretary Incorporated
(Shareholder)

A handwritten signature in cursive script, appearing to read 'Yue Chung Yee', written above a horizontal line.

Yue Chung Yee
(Shareholder)

COMPANY NUMBER 714016

WRITTEN RESOLUTION OF MTR CORPORATION LIMITED
(THE "COMPANY") IN ACCORDANCE WITH ARTICLES 84 AND 3(b)
OF ITS ARTICLES OF ASSOCIATION AND
SECTION 116B OF THE COMPANIES ORDINANCE

AMENDMENT TO ARTICLES OF ASSOCIATION

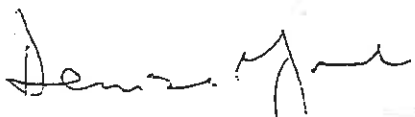
IT IS RESOLVED AS A WRITTEN RESOLUTION THAT the Articles of Association be amended by inserting the following new paragraphs in Article 132:-

- (d) If the aggregate par value of the shares in the Company issued to the Financial Secretary Incorporated on the appointed day under Section 42 of the Mass Transit Railway Ordinance (No. 13 of 2000) is less than the aggregate par value of the issued shares of Mass Transit Railway Corporation immediately before the appointed day, then a sum equal to the amount of the difference shall be carried by the Company on the appointed day to a special reserve called the "capital reserve".
- (e) The capital reserve can be applied by the Company, in accordance with paragraph (a), only in paying up in full unissued shares to be allotted and distributed, credited as fully paid bonus shares, to the Financial Secretary Incorporated at any time prior to the listing of the Company's shares on the HK Stock Exchange.
- (f) The balance of the capital reserve remaining after any application in paying up unissued shares in the Company allotted as bonus shares as referred to in paragraph (e) shall be an undistributable reserve of the Company and cannot be capitalised pursuant to paragraph (a) or utilised by the Company for any other purpose."

29th June June, 2000



Financial Secretary Incorporated



Ms. Denise Yue

The Companies Ordinance (Chapter 32)

A COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

of

MTR CORPORATION LIMITED

香港鐵路有限公司

1. Name

The name of the company is "MTR Corporation Limited 香港鐵路有限公司" (the *Company*).

2. Registered Office

The Company's registered office is to be situated in Hong Kong.

3. Objects

The objects for which the Company is established are:

- (a) To maintain and operate a mass transit railway and any other transport service in Hong Kong and elsewhere.
- (b) To plan, design, construct, maintain and operate new lines and extensions to the Mass Transit Railway which may be approved from time to time by the government of Hong Kong, or any other transport service.
- (c) To act as consultants, project managers and operators in respect of all types of transport-related activities in Hong Kong and elsewhere.

- (d) To undertake estate management and associated activities relating to any buildings, premises, structures and grounds ancillary thereto, and any common parts.
- (e) To promote, establish, participate in, engage in, develop, act as consultant, operator and project manager for a common ticketing and payment system including for transport-related activities.
- (f) To invest, develop, deal in, arrange, exploit, sell, purchase, take options over or otherwise acquire and hold for any estate or interest any real or personal property or assets or any concessions, licences, grants or other exclusive or non-exclusive rights of any kind or the whole or any part of the undertaking, assets and liabilities of any person and to develop and turn to account and deal with the same in such manner as may be thought fit.
- (g) To co-ordinate, finance and manage all or any part of the operations of any company which is a subsidiary of or otherwise under the control of the Company and generally to carry on the business of a holding company.
- (h) To carry on any business involving the ownership, possession or development of land or other immovable property or buildings or structures thereon and to construct, erect, install, pull down, rebuild, enlarge, alter and maintain buildings, plant and machinery and to carry on business as developers, builders, contractors and engineers.
- (i) To manufacture, process, import, export, deal in and store any goods and other things and to carry on the business of manufacturers, processors, importers, exporters, and storers of and dealers in any goods and other things.
- (j) To provide services of all descriptions and to render advisory, investigating, supervisory, managerial, technical, cultural, artistic, entertainment, educational, business, investment, consultancy, brokerage, agency and other facilities or services of every kind and description and to carry on any business involving any such provision.
- (k) To lend money and grant or provide credit and financial accommodation to any person and to deposit money with any person.
- (l) To invest money of the Company in any investments, currencies or other financial assets and to hold, sell or otherwise deal with investments, currencies or other financial assets.
- (m) To acquire and carry on any business carried on by a subsidiary or a holding company of the Company or another subsidiary of a holding company of the Company.

- (n) To enter into any arrangements with any government or authority or person and to apply for or obtain from any government or authority or person, or to oppose, any legislation, orders, rights, privileges, franchises, licences and concessions and to carry out, exercise and comply with the same.
- (o) To borrow and raise money and accept money on deposit and to secure or discharge any debt or obligation in any manner and in particular (without prejudice to the generality) by mortgages of or charges upon all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company or by the creation and issue of securities and to redeem or pay off any such securities.
- (p) To enter into any guarantee, contract of indemnity or suretyship (other than fire, life and marine insurance) and in particular (without prejudice to the generality), to guarantee, support or secure, with or without consideration, whether by personal obligation or by mortgaging or charging all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company or by both such methods or in any other manner, the performance of any obligations or commitments of, and the repayment or payment of the principal amounts of and any premiums, interest, dividends and other moneys payable on or in respect of any securities or liabilities of, any person, including (without prejudice to the generality) any company which is for the time being a subsidiary or a holding company of the Company or another subsidiary of a holding company of the Company or otherwise associated with the Company.
- (q) To amalgamate or enter into partnership or any profit-sharing arrangement with, or to co-operate or participate in any way with, or to take over or assume any obligation of, or to assist or subsidise any person.
- (r) To accept, draw, make, create, execute, discount, endorse, negotiate and deal in bills of exchange, promissory notes, and other instruments and securities, whether negotiable or otherwise.
- (s) To apply for, purchase or otherwise acquire, protect, hold, maintain and renew any patents, patent rights, trade marks, designs, licences and other intellectual property rights of all kinds or any secret or other information as to any invention and to use, exercise, develop or grant licences in respect of, or otherwise turn to account the property, rights or information so acquired and to experiment with any such rights which the Company may propose to acquire.
- (t) To sell, exchange, mortgage, charge, let, grant licences, easements, options and other rights over, and in any other manner deal with, or dispose of, all or any part of the undertaking, property and assets

(present and future) of the Company for any or for no consideration and in particular (without prejudice to the generality) for any securities or for a share of profit or a royalty or other periodical or deferred payment.

- (u) To issue and allot securities of the Company for cash or in payment or part payment for any real or personal property purchased or otherwise acquired by the Company or any services rendered to the Company or as security for any obligation or amount (even if less than the nominal amount of such securities) or for any other purpose, and to give any remuneration or other compensation or reward for services rendered or to be rendered in placing, or procuring subscriptions of, or otherwise assisting in the issue of, any securities of the Company or in or about the promotion, formation, establishment, incorporation or listing of the Company or the conduct or course of its business.
- (v) To establish or promote, or concur or participate in establishing or promoting, any company, fund or trust and to subscribe for, underwrite, purchase or otherwise acquire securities of any company, fund, trust or other person and to carry on the business of company, fund, trust or business promoters or managers and of underwriters or dealers in securities and to act as director of and as secretary, manager, registrar, nominee or transfer agent for any person and to act as trustee of any kind and to undertake and execute any trust and any trust business and to manage, deal with and turn to account, any real or personal property of any kind.
- (w) To pay all the costs, charges and expenses preliminary or incidental to the promotion, formation, establishment, incorporation, listing or conduct of the Company, and to procure the registration, incorporation or recognition of the Company and in or under the laws of any place outside Hong Kong.
- (x) To grant or procure the grant of donations, gratuities, pensions, annuities, allowances or other benefits, including benefits on death, to purchase and maintain any type of insurance for or for the benefit of, any directors, officers or employees or former directors, officers or employees of the Company or any company which at any time is or was a subsidiary or a holding company of the Company or another subsidiary of a holding company of the Company or otherwise associated with the Company or, in each case, of any predecessor in business of any of them, and to the relations, connections or dependants of any such persons, and to other persons whose service or services have directly or indirectly been of benefit to the Company or whom the board of directors of the Company considers have any moral claim on the Company or to their relations, connections or dependants, and to establish or support any funds, trusts, insurances or schemes or any associations, institutions, clubs or schools, or to make payment towards insurances or to do any other thing likely to benefit any such persons or

otherwise to advance the interests of such persons or the Company or its members, and to subscribe, guarantee or pay money for any purpose likely, directly or indirectly, to further the interests of such persons or the Company or its members or for any national, charitable, benevolent, educational, social public, political, general or useful object.

- (y) To cease carrying on or to wind up any business or activity of the Company, and to cancel any registration of and to wind up or procure the dissolution of the Company in any state or territory.
- (z) To distribute any of the property of the Company among its creditors and members or any class of either in cash, specie or kind.
- (aa) To do all or any of the above things or matters in any part of the world and either as principals, agents, contractors, trustees or otherwise and by or through trustees, agents or otherwise and either alone or in conjunction with others.
- (bb) To carry on any trade or business whatsoever and to carry on any other business or activity and do anything of any nature which in the opinion of the board of the directors of the Company is or may be capable of being conveniently carried on or done in connection with the above, or likely directly or indirectly to enhance the value of or render more profitable all or any part of the Company's undertaking, property or assets or otherwise to advance the interests of the Company or of its members.
- (cc) To do any other thing which in the opinion of the board of directors of the Company is or may be incidental or conducive to the attainment of the above objects or any of them.
- (dd) In this clause, *company* shall, except where used to refer to the Company, include any partnership or other body of persons, whether incorporated or not incorporated, and whether formed, incorporated, domiciled or resident in Hong Kong or elsewhere, *Hong Kong* shall mean the Hong Kong Special Administrative Region of the People's Republic of China, *Mass Transit Railway* shall have the meaning ascribed to that term in the Mass Transit Railway Ordinance (No. 13 of 2000), *person* shall include any company as well as any other legal or natural person, *securities* shall include any fully, partly or nil paid or no par value share, stock, unit, debenture, debenture or loan stock, deposit receipt, bill, note, warrant, coupon, right to subscribe or convert, or similar right or obligation, *and* and *or* shall mean *and/or* where the context so permits, *other* and *otherwise* shall not be construed ejusdem generis where a wider construction is possible and the objects specified in the different paragraphs of this clause shall not, except where the context expressly requires, be in any way limited or restricted by reference to or inference from the terms of any other

paragraph or the name of the Company or the nature of any trade or business carried on by the Company, or by the fact that at any time the Company is not carrying on any trade or business but may be carried out in as full and ample a manner and shall be construed in as wide a sense as if each of those paragraphs defined the objects of a separate distinct and independent company.

4. Liability of Members

The liability of the members is limited.

5. Share Capital*

The Company's share capital is HK\$6,500,000,000, divided into 6,500,000,000 ordinary shares of HK\$1.00 each, and the Company shall have the power from time to time to divide the original or any increased capital into classes, and to attach thereto any preferential, deferred, qualified or other special rights, privileges, restrictions or conditions.

* *Reduced from HK\$33,000,000,000 divided into 33,000,000,000 ordinary shares of HK\$1.00 each by a written resolution of all the shareholders of the Company dated 12th September, 2000.*

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.

<i>Names, Addresses and Descriptions of Subscribers</i>	
Subscribers	Number of Shares taken by each subscriber
1. Signature: (Sd) TSANG, YAM KUEN DONALD Full name: Financial Secretary Incorporated Address: 12/F., West Wing, Central Government Offices, Central, Hong Kong Description/ occupation: Body Corporate	One
2. Signature: (Sd) YUE CHUNG YEE Full name: YUE Chung Yee Address: Flat J, 11/F., Skyline Mansion, 51 Conduit Road, Hong Kong Description/ occupation: Civil Servant	One
Total shares taken:	Two
Dated:	17th April, 2000
Witness to the above signatures:	
Signature of witness:	(Sd) MARTIN MCKENZIE GLASS
Full name:	MARTIN MCKENZIE GLASS
Description/occupation:	Civil Servant
Address:	22 A2, Elm Tree Towers, 8 Chun Fai Road, Hong Kong.

MTR CORPORATION LIMITED
香港鐵路有限公司

ARTICLES OF ASSOCIATION

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THE COMPANIES ORDINANCE (CHAPTER 32)

ARTICLES OF ASSOCIATION

OF

MTR CORPORATION LIMITED

香港鐵路有限公司

COMPANY LIMITED BY SHARES

1. **Exclusion of Table A**

The regulations contained in Table A in the First Schedule to the Companies Ordinance and any similar regulations in any other legislation relating to companies do not apply to the Company.

2. **Definitions**

- (a) The following table gives the meaning of certain words and expressions as they are used in these articles. However, the meaning given in the table does not apply if it is not consistent with the context in which a word or expression appears. At the end of these articles, there is a Glossary which explains various words and expressions which appear in the text. The Glossary also explains some of the words and expressions used in the memorandum. The Glossary is not part of the memorandum or articles and does not affect their meaning.

amount (of a share) this refers to the nominal amount of the share;

associates shall have the meaning given to it by the Listing Rules;

auditors means the auditors from time to time of the Company or, in the case of joint

auditors, any one of them;

audit committee means the committee known by that name established under article 116(e);

chairman means the chairman of the board of directors;

Chief Executive shall have the meaning given to it by the Interpretation and General Clauses Ordinance (Cap. 1 of the Laws of Hong Kong);

clear days in relation to the period of a notice means that period excluding the day when the notice is served or deemed to be served and the day for which it is given or on which it is to take effect;

clearing house means a recognised clearing house within the meaning of Section 2 of the Securities and Futures (Clearing Houses) Ordinance (Cap. 420 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 on a stock exchange of such jurisdiction;

Companies Ordinance means the Companies Ordinance (Cap.32 of the Laws of Hong Kong);

Company means MTR Corporation Limited 香港鐵路有限公司;

directors means (a) the executive and non-executive directors of the Company who make up its board of directors, including the directors of the Company appointed by the Chief Executive pursuant to section 8 of the Mass Transit Railway Ordinance (No. 13 of 2000) and in accordance with article 86 and holding office, (and **director** means any one of them), or (b) such directors referred to in (a) who are present at a meeting of the directors at which a quorum is present;

Financial Secretary shall have the meaning given to it by the

<i>Incorporated</i>	Financial Secretary Incorporation Ordinance (Cap. 1015 of the Laws of Hong Kong);
<i>HK Stock Exchange</i>	means The Stock Exchange of Hong Kong Limited;
<i>Holder</i>	in relation to any shares means the person whose name is entered in the register as the holder of those shares;
<i>Hong Kong</i>	means the Hong Kong Special Administrative Region of the People's Republic of China;
<i>legislation</i>	means every statute (and any orders, regulations or other subordinate legislation made under it) applying to the Company;
<i>Listing Rules</i>	means the Rules Governing the Listing of Securities on the HK Stock Exchange;
<i>nomination committee</i>	means the committee known by that name established under article 116(e);
<i>non-executive directors</i>	means directors who do not during their directorship hold any other employment or executive office (whether or not an employee) with the Company or any subsidiary of the Company;
<i>office</i>	means the registered office of the Company;
<i>ordinary shareholder</i>	means a holder of the ordinary shares in the capital of the Company;
<i>ordinary shares</i>	means ordinary shares in the capital of the Company;
<i>paid up</i>	means paid up or credited as paid up;
<i>pay</i>	includes any kind of reward or payment for services;
<i>protocols</i>	means the document known by that name and adopted by the directors from time to

time;

register means the Company's register of members kept pursuant to the Companies Ordinance and includes any branch register kept pursuant to the Companies Ordinance;

remuneration committee means the committee known by that name established under article 116(e);

seal means any common or official seal of the Company;

secretary means the secretary, or (if there are joint secretaries) any one of the joint secretaries, of the Company and includes an assistant or deputy secretary and any person appointed by the directors to perform any of the duties of the secretary;

shareholder means a holder of the Company's shares; and

these articles means these articles of association in their present form or as altered from time to time and the expression **this article** will be construed accordingly.

- (b) References in these articles to a document being **executed** include references to its being executed under hand or under seal or by any other method authorised by the Company.
- (c) Wherever any reference in the articles requires that a communication as between the Company, its directors or shareholders be effected in **writing**, the requirement may (if not inconsistent with the context in which it appears) be satisfied by the communication being given in the form of an electronic record if the person to whom the communication is given consents to it being given to him in that form as permitted under all applicable laws, rules or regulations and the Listing Rules; and references in the articles to an address in relation to electronic communications include any number or address used for the purposes of such communications.
- (d) Words which are in the singular may also be read as being in the plural and the other way round. Words which are in the masculine form may also be read as referring to the feminine or

to other bodies or persons. References to a person or people include any company, partnership, firm, government authority, body or society whether or not incorporated.

- (e) When any legislation is referred to this includes any amendment, as well as its inclusion or re-enactment (with or without modification) in later legislation. References to legislation are to the version which is current at any particular time.
- (f) Any words or expressions defined in the legislation in force when these articles or any part of these articles are adopted will (if not inconsistent with the subject or context in which they appear) have the same meaning in these articles or that part save the word **company** includes any body corporate.
- (g) References to a meeting will not be taken as requiring more than one person to be present if any quorum requirement can be satisfied by one person.
- (h) Headings in these articles are only included for convenience. They do not affect the meaning of these articles.
- (i) Where these articles refer to a person who is entitled to a share by law, this includes a person who is entitled to the share as a result of the death or bankruptcy of a shareholder.
- (j) Where these articles refer to months or years, these are calendar months or years.
- (k) Where these articles give any power or authority to any person, this power or authority can be used on any number of occasions, unless the way in which the words are used does not allow this meaning.

3. **Form of Resolution**

- (a) Where anything can be done by passing an ordinary resolution, this can also be done by passing a special resolution.
- (b) Subject to the legislation, a written resolution signed by or on behalf of each shareholder who would have been entitled to vote on it at a general meeting will be as effective as a resolution passed at a general meeting which is properly called and held. The resolution may be passed using several copies of a document if each document is signed by one or more shareholders. These copies can be fax copies.

4. Authorised Share Capital

- (a) The Company's authorised share capital at the date of adoption of these articles consists of 33,000,000,000 ordinary shares of HK\$1.00 each.
- (b) On 12th September, 2000 the Company's authorised share capital was reduced from 33,000,000,000 ordinary shares of HK\$1.00 each to 6,500,000,000 ordinary shares of HK\$1.00 each.

5. Rights Attached to Shares

Subject to the legislation, the Company may issue shares with any rights or restrictions attached to them. These rights or restrictions can be decided either by an ordinary resolution passed by the shareholders or by the directors provided that, in the latter case, the directors' resolution does not conflict with any resolution passed by the shareholders. The ability to attach particular rights and restrictions to shares may be restricted by special rights previously given to holders of existing shares. As required by the Listing Rules, adequate voting rights will, in appropriate circumstances, be given to any preference shares in the Company that are issued.

6. Warrants

The Company may issue warrants to subscribe for shares with any rights or restrictions attached to them. If the Company issues warrants to bearer, it will only issue a new warrant to replace a lost warrant if the directors are satisfied beyond reasonable doubt that the original warrant has been destroyed. In addition, the Company must be given an indemnity before issuing the replacement warrant.

7. Redeemable Shares

Subject to the legislation and the requirements of the Listing Rules and to any special rights previously given to holders of existing shares, the Company may issue shares which can be redeemed. This can include shares which can be redeemed if the holders want to do so, as well as shares which the Company can insist on redeeming.

8. Purchase of Own Shares

Subject to any special rights previously given to holders of existing shares the Company may purchase or contract to purchase any of its shares (including redeemable shares), if

the legislation allows this. The directors are not required to select the shares to purchase in any particular manner. Purchases by the Company of a redeemable share not made through the market or by tender will be limited to a maximum price. Purchases of redeemable shares made by tender shall be made to all shareholders alike.

9. **Variation of Rights**

If the legislation allows this, the rights attached to any class of shares may be changed or abrogated if this is approved either in writing by shareholders holding at least three quarters in nominal value of the issued shares of that class or by a special resolution passed at a separate meeting of the holders of the relevant class of shares. This is called a **class meeting**.

All the articles relating to general meeting, will apply to any such class meeting, with any necessary changes. The following changes will also apply:

- (a) a quorum will be present if at least two shareholders are present in person or by proxy who own at least one third in nominal value of the issued shares of the class;
- (b) any shareholder who is present in person or by proxy can demand a poll;
- (c) on a poll every shareholder who is present in person or by proxy is entitled to one vote for every share he has of the class (but this is subject to any special rights or restrictions which are attached to any class of shares within the class); and
- (d) at an adjourned meeting, one person who holds shares of the class, or his proxy, will be a quorum.

The provisions of this article will apply to any change or abrogation of rights of shares forming part of a separate class. Each part of the class which is being treated differently is treated as a separate class in operating this article.

10. **Pari Passu Issues**

If new shares are created or issued which rank equally with any other existing shares, the rights of the existing shares will

not be regarded as changed or abrogated unless the terms of the existing shares expressly say otherwise.

11. **Unissued Shares**

The directors may decide how to deal with any shares which have not been issued. They may, for instance, offer the shares for sale, grant options to acquire them, allot them or dispose of the shares in any other way. The directors are free to decide who they deal with, when they deal with the shares and the terms on which they deal with the shares. However, in making their decision they must take account of:

- (a) the provisions of the legislation relating to authority and other matters;
- (b) any resolution of a general meeting which is passed under the legislation; and
- (c) any rights attaching to existing shares.

12. **Payment of Commission**

In connection with any share issue, the Company may use all the powers given by the legislation to pay commission or brokerage.

13. **Power to Charge Interest to Capital**

If the Company issues shares to raise money to pay for the expenses of construction of any works or buildings or the provision of any plant which it cannot make profitable for a long period, the Company may pay interest on that share capital which is paid up. Before doing so the Company must comply with any conditions or restrictions contained in the legislation. Amounts of interest paid by the Company can be charged to capital as part of the cost of construction of the works or buildings or the provision of the plant.

14. **Trusts not Recognised**

The Company will only be affected by or recognise, a current and absolute right to whole shares. The fact that any share, or any part of a share, may not be owned outright by the registered owner (for example, where a share is held by one person as a nominee or otherwise as a trustee for another person) is not of any concern to the Company. The only exceptions to this are where the rights of the kind described

are expressly given by these articles or are of a kind which the Company has a legal duty to recognise.

15. Right to Share Certificates

- (a) When a shareholder is first registered as the holder of any class of shares, he is entitled, free of charge, to a separate share certificate for each class held by him.
- (b) If a shareholder gets more shares of any class, he is entitled, without charge, to another certificate for the extra shares.
- (c) If a shareholder transfers part of his shares represented by a share certificate, he is entitled, free of charge, to a new certificate for the balance.
- (d) Where a share is held jointly the Company does not have to issue more than one certificate for that share. When the Company delivers a share certificate to one joint shareholder, this is treated as delivery to all of the joint shareholders.
- (e) The time limit for the Company to provide a share certificate under this article is as prescribed by the legislation and the Listing Rules.

16. Replacement of Share Certificates

- (a) If a shareholder has two or more share certificates for shares of the same class, he can ask the Company for these to be cancelled and replaced by a single new certificate. The Company must comply with this request.
- (b) A shareholder can ask the Company to cancel and replace a single share certificate with two or more certificates for the same total number of shares. The Company may comply with this request.
- (c) A shareholder can ask the Company for a new certificate if the original is:
 - (i) damaged or defaced; or
 - (ii) said to be lost, stolen or destroyed.
- (d) If a certificate has been damaged or defaced, the Company can require the certificate to be returned to it before issuing a replacement. If a certificate is said to be lost, stolen or destroyed, the Company can require satisfactory evidence of

this and insist on receiving an indemnity before issuing a replacement.

- (e) The directors can require the shareholder to pay the Company a fee in connection with the issue of any certificates under this article. The fee will not exceed the maximum amount permitted under the Listing Rules at the time of issue. The directors can also require the shareholder to pay the Company's exceptional out-of-pocket expenses incurred in investigating any evidence that a certificate has been lost, stolen or destroyed and in preparing the form of indemnity.
- (f) Any one joint shareholder can request replacement certificates under this article.

17. **Execution of Share Certificates**

Every share certificate shall be issued under seal or in such other manner as the directors may authorise, having regard to the terms of the issue, the legislation and/or the Listing Rules. Without limiting the generality of the foregoing, the directors can resolve that the seal and/or signatures on any share certificates can be applied to the certificates by mechanical means or can be printed on them or that the certificates need not be signed at all. A share certificate must state the number and class of shares to which it relates and the amount paid up on those shares and any other information required by the legislation and/or the Listing Rules.

18. **Company's Lien if Shares not Fully Paid**

The Company has a lien on all partly paid shares and all dividends and other moneys payable on the shares. This lien has priority over claims of others to the shares, the dividends and the other moneys payable on the shares. The lien is for any money owed to the Company for the shares. The directors can decide to give up any lien which has arisen and can also decide to suspend any lien which would otherwise apply to particular shares.

19. **Enforcing the Lien**

If a shareholder fails to pay the Company any amount due on his partly paid shares, the directors can enforce the Company's lien by retaining any dividends and other moneys payable by the Company on such shares and/or by selling all or any of them in

any way they decide. The directors may not, however, enforce the Company's lien until all the following conditions are met:

- (a) the money owed by the shareholder must be payable immediately;
- (b) the directors must have given notice to the shareholder. The notice must state the amount of money due, it must demand payment of this sum and state that the shareholders' shares may be sold and any dividends and other moneys payable by the Company on such shares may be retained by the Company, if the money is not paid;
- (c) the notice must have been served on the shareholder or on any person who is entitled to the shares by law and can be served in any way that the directors decide; and
- (d) the money has not been paid by at least 14 clear days after the notice has been served.

The directors can authorise any person to sign a document transferring the shares. Any such transferee will be entered in the register as the holder of the shares comprised in any such transfer and will not be bound to ensure that his purchase moneys are transferred to the person whose shares have been sold, nor will his ownership of the shares be affected by irregularity or invalidity in relation to the sale to him.

20. **Application of Proceeds**

If the Company enforces its lien, the proceeds will first be used to pay the Company's expenses associated with the sale of any shares. The remaining money will be used to pay off the amount which is then payable on the shares and any balance will be passed to the former shareholder or to any person who would otherwise be entitled to the shares by law. But the Company's lien will also apply to any such balance to cover any money still due to the Company in respect of the shares which is not immediately payable. The Company has the same rights over the money as it had over the shares immediately before they were sold. The Company need not pay over anything until the certificate representing the shares sold has been delivered to the Company for cancellation.

21. **Calls**

The directors can call on shareholders to pay any money which has not yet been paid to the Company for their shares. This

includes the nominal value of the shares and any premium which may be payable on those shares. The directors can also make calls on people who are entitled to shares by law. If the terms of issue of the shares allow this, the directors can do any one or more of the following:

- (a) make calls at any time and as often as they think fit;
- (b) decide when and where the money is to be paid;
- (c) decide that the money may be paid by instalments;
- (d) revoke or postpone any call.

A member who has received at least 14 clear days' notice giving details of the amount called and of the time and place for payment, must pay the call as required by the notice. A person remains liable to pay calls even after he has transferred the shares to which they relate.

22. **Timing of Calls**

A call is treated as having been made as soon as the directors have passed a resolution authorising it.

23. **Liability of Joint holders**

Joint shareholders are jointly and severally liable to pay any calls in respect of their shares. This means that any of them may be sued for all the money due on the shares or they may be sued together.

24. **Interest Due on Non-Payment**

Where a call is made and the money due remains unpaid, the shareholder will be liable to pay interest on the amount unpaid from the day it is due until it has actually been paid. The directors will decide on the annual rate of interest, which must not exceed 15 per cent. The shareholder will also be liable to pay all expenses incurred by the Company as a result of the non-payment of the call. The directors can decide to forego payment of any or all of such interest or expenses.

25. **Sums due on Allotment Treated as Calls**

If the terms of a share require any money to be paid at the time of allotment, or at any other fixed date, the money due will be treated in the same way as a valid call for money on

shares which is due on the same date. If this money is not paid, everything in these articles relating to non-payment of calls applies. This includes articles which allow the Company to forfeit or sell shares and to claim interest.

26. **Power to Differentiate**

On or before an issue of shares, the directors can decide that shareholders may be called on to pay different amounts or that they may be called on at different times.

27. **Payment of Calls in Advance**

The directors can accept payment in advance of some or all of the money from a shareholder before he is called on to pay that money. The directors can agree to pay interest at a rate (not exceeding (unless the Company passes an ordinary resolution to allow a higher rate) 15 per cent. per annum) fixed by the directors on money paid in advance until it would otherwise be due to the Company.

28. **Notice if Call or Instalment not Paid**

If a shareholder fails to pay a call or an instalment of a call when due, the directors may give the shareholder notice requiring payment of the unpaid amount, together with any interest accrued and any expenses incurred by the Company as a result of the failure to pay.

29. **Form of Notice**

This notice must:

- (a) demand payment of the amount immediately payable, plus any interest and expenses;
- (b) give the date by when the total amount due must be paid. This must be at least 14 clear days after the date of the notice;
- (c) say where the payment must be made; and
- (d) say that if the full amount demanded is not paid by the time and at the place stated, the Company can forfeit the shares on which the call or instalment is outstanding.

The directors may accept the surrender of any share which would otherwise be forfeited. Where they do so, references in these articles to forfeiture include surrender.

30. **Forfeiture for Non-Compliance with Notice**

If the notice is not complied with, the shares it relates to can be forfeited at any time while any amount is still outstanding. This is done by the directors passing a resolution stating that the shares have been forfeited. The forfeiture will extend to all dividends and other sums payable in respect of the forfeited shares which have not been paid before the forfeiture.

31. **Notice after Forfeiture**

After a share has been forfeited, the Company will notify the person whose share has been forfeited. This includes a person who was entitled to the share by law. However, the share will still be forfeited even if such notice is not given.

32. **Sale of Forfeited Shares**

- (a) A forfeited share becomes the property of the Company and the directors may sell or dispose of it on any terms and in any way that they decide. This can be with, or without, a credit for any amount previously paid up for the share. It can be sold or disposed of to any person, including the previous shareholder or the person who was previously entitled to the share by law. The directors can, if necessary, authorise any person to transfer a forfeited share.
- (b) After a share has been forfeited, the directors may cancel the forfeiture, but only before the share has been sold or disposed of. This cancellation of forfeiture may be on any terms the directors decide.

33. **Arrears to be Paid Notwithstanding Forfeitures**

When a person's shares have been forfeited, he will lose all rights as shareholder in respect of those forfeited shares. He must return any share certificate for the forfeited shares to the Company for cancellation. However, he will remain liable to pay calls which have been made, but not paid, before the shares were forfeited. He must also pay interest on the unpaid amount until it is paid. The directors can fix the rate of interest, but it must not be more than 15 per cent. a year.

The shareholder continues to be liable for all claims and demands which the Company could have made relating to the forfeited share. He is not entitled to any credit for the value of the share when it was forfeited or for any consideration received on its disposal unless the directors decide to allow credit for all or any of that value.

34. Statutory Declaration as to Forfeiture

(a) A director or the secretary may make a statutory declaration declaring:

- (i) that he is a director or the secretary of the Company;
- (ii) that a share has been properly forfeited under the articles; and
- (iii) when the share was forfeited.

The declaration will be evidence of these facts which cannot be disputed.

(b) If such a declaration is delivered to a new holder of a share along with a completed transfer form (if one is required), this gives the buyer good title. The new shareholder does not need to take any steps to see how any money paid for the share is used. His ownership of the share will not be affected if the steps taken to forfeit, sell or dispose of the share were invalid or irregular, or if anything that should have been done was not done.

35. Transfer

Unless these articles say otherwise, any shareholder may transfer some or all of his shares to another person free from any restriction or lien. A transfer of shares must be made in writing and either in the usual standard form adopted by the Hong Kong Stock Exchange from time to time or in any other form approved by the directors.

36. Execution of Transfer

(a) A share transfer form must be signed or made effective in some other way by, or on behalf of, the person making the transfer and where the person making the transfer is a clearing house or its nominee(s), the share transfer form can be executed by machine-imprinted signature.

- (b) Where the share is not fully paid, the share transfer form must also be signed or made effective in some other way by, or on behalf of, the person to whom the share is being transferred.
- (c) The person making a transfer will continue to be treated as a shareholder until the name of the person to whom the share is being transferred is put on the register for that share.
- (d) If the directors decide to register a share transfer, the Company shall retain the relevant share transfer form. If the directors decide not to register a share transfer and the person who deposited the relevant share transfer form asks the Company to return the relevant share transfer to him, the Company shall return the relevant share transfer to him unless the directors suspect fraud.

37. Rights to Decline Registration of Partly Paid Shares

The directors may, without giving any reason, refuse to register the transfer of any shares which are not fully paid.

38. Other rights to Decline Registration

- (a) A share transfer form cannot be used to transfer more than one class of shares. Each class needs a separate form.
- (b) Transfers may not be in favour of more than four joint holders.
- (c) The share transfer form must be delivered to the office, or any other place decided on by the directors. The transfer form must be accompanied by the share certificate relating to the shares being transferred, unless the transfer is being made by a person to whom the Company was not required to, and did not send, a certificate. The directors may also ask (acting reasonably) for any other evidence to show that the person wishing to transfer the share is entitled to do so.

39. Notice of Refusal

If the directors decide not to register a share transfer, they must notify the person to whom the shares were being transferred. This must be done no later than two months after the Company receives the transfer.

40. No Fee for Registration

No fee is payable to the Company for transferring shares or registering changes relating to the ownership of shares.

41. Untraced Shareholders

- (a) The Company may sell any untraced shares in the capital of the Company by instructing an exchange participant of the HK Stock Exchange to sell them at the best price reasonably obtainable at the time of sale, if:
- (i) during the 12 years before the notice referred to in (ii) below, at least three dividends have become payable on the shares and no dividend has been claimed during that period;
 - (ii) after the 12 year period, the Company has published a notice, stating that it intends to sell the shares. The notice must have appeared in at least one English language newspaper and one Chinese language newspaper published daily and circulating generally in Hong Kong;
 - (iii) during the 12 year period and for three months after the last of the notices referred to in (ii) above appear, the Company has not heard from the shareholder or any person entitled to the shares by law; and
 - (iv) the Company has notified the HK Stock Exchange that it intends to sell the shares.

If during the 12 year period, further shares have been issued to the shareholder and all the requirements of sub-paragraphs (ii) to (iv) above have been satisfied in regard to the further shares, the Company may also sell the further shares.

- (b) To sell any shares in this way, the directors may appoint anyone to transfer the shares. This transfer will be just as effective as if it had been signed by the holder, or by a person who is entitled to the shares by law. The person to whom the shares are transferred will not be bound to concern himself as to what is done with the purchase moneys nor will his ownership be affected even if the sale is irregular or invalid in any way.
- (c) The proceeds of sale will belong to the Company, but it must pay an amount equal to the sale proceeds less the costs of the sale to the shareholder who could not be traced, or to the person who is entitled to his shares by law, if that shareholder, or person, asks for it.
- (d) After the sale, the Company must record the name of the shareholder, or (if known) the person who would have been

entitled to the shares by law as a creditor for the money in its accounts. The Company will not be a trustee of the money and will not be liable to pay interest on it. The Company can use the money, and any money earned by using the money, for its business or in any other way that the directors decide.

42. Transmission on Death

- (a) When a sole shareholder or a shareholder who is the last survivor of joint shareholders dies, his personal representatives will be the only people whom the Company will recognise as being entitled to his shares.
- (b) If a joint shareholder dies, the surviving joint shareholder or shareholders will be the only people whom the Company will recognise as being entitled to his shares.
- (c) However, this article does not discharge the estate of any shareholder from any liability.

43. Entry of Transmission in Register

A person who becomes entitled to a share by law must provide any evidence of his entitlement which is reasonably required by the directors. The directors must note his entitlement in the register within two months of receiving such evidence.

44. Election of Person entitled by Transmission

- (a) A person who becomes entitled to a share by law can either be registered as the shareholder or choose another person to become the shareholder.
- (b) If a person who is entitled to a share by law wants to be registered as a shareholder, he must deliver or send a notice to the Company saying that he has made this decision. He must sign this notice which must be in the form specified by the directors. This notice will be treated as a transfer form. All the provisions of the articles about registering transfers of shares apply to it. The directors have the same power to refuse to register a person entitled to shares by law as they would have had to refuse to register a transfer by the person who was previously entitled to the shares.
- (c) If a person who is entitled to a share by law, wants the share to be transferred to another person, he must do this by signing a transfer form to the person he has selected. The directors have the same power to refuse to register the person selected

as they would have had to refuse to register a transfer by the person who was previously entitled to the shares.

45. Rights of Person Entitled by Transmission

- (a) A person who is entitled to a share by law is entitled to any dividends or other money relating to the share, even though he is not registered as the holder of the share. But the directors can withhold the dividend and other money until a person has been properly registered as the shareholder as laid down in these articles. They can also withhold the dividend if the person who was previously entitled to the share could have had his dividend withheld.
- (b) Unless he is registered as the holder of the share, the person entitled to the share by law is not entitled to:
- (i) receive notices of shareholders' meetings or to attend or vote at these meetings; or
 - (ii) any of the other rights and benefits of being a shareholder,
- unless the directors decide to allow this.

46. Increase, Consolidation, Sub-division and Cancellation

- (a) The Company's shareholders can increase the Company's share capital by passing an ordinary resolution. This resolution will fix the amount of the increase and the nominal amount of the new shares.
- (b) The Company's shareholders can pass an ordinary resolution to do any of the following:
- (i) consolidate, or consolidate and then divide, all or any of its share capital into shares of a larger nominal value than the existing shares;
 - (ii) divide some or all of its shares into shares of a smaller nominal value than the existing shares. This is subject to the restrictions in the Companies Ordinance. The resolution may provide that as between the holders of the divided shares different rights and restrictions of a kind which the Company can apply to new shares may apply to different divided shares; and

(iii) cancel any shares which have not been taken, or agreed to be taken, by anyone at the date of the resolution and reduce the amount of the Company's share capital by the amount of the cancelled shares.

47. **Fractions**

If any shares are consolidated, the directors have power to deal with any fractions of shares which result from the consolidation. If the directors decide to sell any shares representing fractions, they can do so for the best price reasonably obtainable and distribute the net proceeds of sale among shareholders in proportion to their fractional entitlements. The directors can sell those shares to anyone, including the Company, if the legislation allows, and can authorise any person to transfer or deliver the shares to the buyer. The buyer does not have to take any steps to see how any money he is paying is used and his ownership will not be affected if the sale is irregular or invalid in any way.

48. **Reduction of Capital**

The Company may pass a special resolution to reduce its share capital, any capital redemption reserve, any share premium account or any other undistributable reserve in any way.

49. **Extraordinary General Meetings**

Any general meeting of the Company which is not an annual general meeting is called an extraordinary general meeting.

50. **Annual General Meetings**

The Company must hold an annual general meeting each year in addition to any other general meetings held in the year. The directors will decide when and where it is to be held. The notice calling the meeting must say that the meeting is the annual general meeting.

51. **Convening of Extraordinary General Meetings**

The directors may call an extraordinary general meeting at any time.

52. **Separate General Meetings**

If a separate general meeting of holders of shares of a class is called otherwise than for changing or abrogating the rights

of the shares of that class, the provisions of these articles relating to general meetings will apply to such a meeting with any necessary changes. For the purposes of this article, a general meeting where ordinary shareholders are the only shareholders who can attend and vote in their capacity as shareholders will also constitute a separate general meeting of the holders of the ordinary shares.

53. Length of Notice

- (a) At least 21 clear days' written notice must be given for every annual general meeting and for any other meeting called to pass a special resolution. For all other general meetings, at least 14 clear days' written notice must be given. A meeting may be convened on shorter notice if the requirements of the Companies Ordinance have been fulfilled.
- (b) The notice for any general meeting must state:
 - (i) where the meeting is to be held;
 - (ii) the date and time of the meeting; and
 - (iii) the general nature of the business of the meeting.
- (c) All shareholders must be given notice of every general meeting. Notice must also be given to the auditors.

54. Omission or Non-Receipt of Notice

If any notice or other document relating to any meeting or other proceeding is accidentally not sent, or is not received, the meeting or other proceeding will not be invalid as a result.

55. Postponement of General Meetings

If the directors consider that it is impracticable or unreasonable to hold a general meeting on the date or at the time or place stated in the notice calling the meeting, they may move or postpone the meeting (or do both). If the directors do this, an announcement of the date, time and place of the rearranged meeting will, if practicable, be published in at least one English language and one Chinese language newspaper published daily and circulating in Hong Kong. Notice of the business of the meeting does not need to be given again. The directors must take reasonable steps to ensure that any shareholder trying to attend the meeting at the original time

and place is informed of the new arrangements. If a meeting is rearranged in this way, proxy forms can be delivered as required by these articles, until 48 hours before the time of the rearranged meeting.

56. Quorum

Before a general meeting starts to do business there must be a quorum present. Unless these articles say otherwise, a quorum for all purposes is two people who are entitled to vote. They may be shareholders who are personally present or proxies for shareholders and each person will count towards the quorum. If a quorum is not present, a chairman of the meeting can still be chosen or appointed and this will not be treated as part of the business of the meeting.

57. Procedure if Quorum Not Present

- (a) This article applies if a quorum is not present within five minutes of the time fixed for a general meeting to start or within any longer period not exceeding one hour which the chairman of the meeting may decide.
- (b) If the meeting was called by shareholders it will be dissolved. Any other meeting will be adjourned to any day (being not less than three nor more than 28 days later), time and place stated in the notice of meeting. If the notice does not provide for this, the meeting shall be adjourned to a day (being not less than 10 nor more than 28 days later), time and place decided on by the chairman of the meeting and in this case the Company will give not less than seven clear days' notice in writing of the adjourned meeting.
- (c) One member present in person or by proxy will constitute a quorum at any adjourned meeting and any notice of an adjourned meeting will say this.

58. Security Arrangements

The directors may put in place arrangements, both before and during any general meeting, which they consider to be appropriate for the proper and orderly conduct of the general meeting and the safety of people attending it. This authority includes power to refuse entry to, or eject from meetings, people who fail to comply with the arrangements.

59. Chairman of General Meeting

- (a) The chairman will be the chairman of the meeting at every general meeting, if he is willing and able to take the chair.
- (b) If the Company does not have a chairman, or if the chairman is not willing and able to chair the meeting, after waiting five minutes from the time that a meeting is due to start, the directors who are present will choose one of themselves to act as chairman of the meeting. If there is only one director present, he will be the chairman of the meeting, if he agrees.
- (c) If there is no director willing and able to be the chairman of the meeting, then the shareholders who are personally present at the meeting and entitled to vote will decide which one of them is to be the chairman of the meeting.
- (d) Nothing in these articles restricts or excludes any of the powers, or rights of a chairman of a meeting which are given by the general law.

60. Orderly Conduct

The chairman of a meeting may take any action he considers appropriate for proper and orderly conduct at a general meeting. The chairman's decision on matters of procedure or on matters that arise incidentally from the business of a meeting is final. The chairman's decision whether a matter is procedural or incidental is also final.

61. Entitlement to Attend and Speak

Each director may attend and speak at any general meeting of the Company. The chairman of a meeting may also allow anyone to attend and speak where he considers that this will help the business of the meeting.

62. Adjournments

- (a) The chairman of a meeting can adjourn the meeting, before or after it has started, and whether or not a quorum is present, if he considers that:
 - (i) there is not enough room for the number of shareholders who wish to attend the meeting;

- (ii) the behaviour of the people present prevents, or is likely to prevent, the business of the meeting being carried out in an orderly way; or
- (iii) an adjournment is necessary for any other reason, so that the business of the meeting can be properly carried out.

The chairman of the meeting does not need the consent of the meeting to adjourn it for any of these reasons to a time, date and place which he decides. He may also adjourn the meeting to a later time on the same day or indefinitely. If a meeting is adjourned indefinitely, the directors will fix the time, date and place of the adjourned meeting.

- (b) The chairman of a meeting can also adjourn a meeting which has a quorum present if this is agreed by the meeting. This can be to a time, date and place proposed by the chairman of the meeting or the adjournment can be indefinite. The chairman of the meeting must adjourn the meeting if the meeting directs him to. In these circumstances the meeting will decide how long the adjournment will be and where it will adjourn to. If a meeting is adjourned indefinitely, the directors will fix the time, date and place of the adjourned meeting.
- (c) A reconvened meeting can only deal with business that could have been dealt with at the meeting which was adjourned.

63. **Notice of Adjournment**

Where a meeting is adjourned indefinitely or for more than three months, notice of the adjourned meeting must be given in the same way as was required for the original meeting. Except where these articles require it, there is no need to give notice of the adjourned meeting or of the business to be considered there.

64. **Amendments to Resolutions**

- (a) Amendments can be proposed to any resolution if they are clerical amendments or amendments to correct some other obvious error in the resolution.
- (b) No other amendments can be proposed to any special resolution.
- (c) Amendments to an ordinary resolution which are within the scope of the resolution can be proposed if:

- (i) notice of the proposed amendment is delivered to the office at least two working days before the date of the meeting, or adjourned meeting; or
- (ii) the chairman of the meeting decides that the amendment is appropriate for consideration by the meeting.

No other amendment can be proposed to an ordinary resolution.

65. Amendments Ruled Out of Order

If the chairman of a meeting, acting in good faith, rules that a proposed amendment to any resolution under consideration is out of order, any error in that ruling will not affect the validity of a vote on the original resolution.

66. Voting of members

Only shareholders who are present in person at a general meeting may vote on a show of hands. They will have one vote each. Proxies may not vote on a show of hands. On a poll, every shareholder present in person or by proxy will have one vote for every share he holds. This is subject to any special rights or restrictions which are given to any class of shares by, or under, these articles. If any shareholder is required under the Listing Rules to abstain from voting on any particular resolution or restricted to vote only for or only against any particular resolution, any vote cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

67. Method of Voting

A resolution put to the vote at any general meeting will be decided on a show of hands unless a poll is demanded when, or before, the chairman of the meeting declares the result of the show of hands. A poll may be demanded by:

- (a) the chairman of the meeting;
- (b) at least five shareholders at the meeting (including proxies) who are entitled to vote;
- (c) one or more shareholders at the meeting (including proxies) who are (or represent members who are) entitled to vote and who have between them at least ten per cent.

of the total votes of all shareholders (including proxies) who have the right to vote at the meeting; or

- (d) one or more shareholders (including proxies) who have (or represent members who have) shares which allow them to vote at the meeting and on which the total amount which has been paid up on these shares is at least ten per cent. of the total sum paid up on all shares which give the right to vote at the meeting.

A demand for a poll can be withdrawn if the chairman of the meeting agrees to this.

If no poll is demanded or a demand for a poll is withdrawn, any declaration by the chairman of the meeting of the result of a vote on that resolution by a show of hands will stand as conclusive evidence of the result without proof of the number or proportion of the votes recorded for or against the resolution.

68. Procedure if Poll Demanded

If a poll is demanded in the way allowed by these articles, the chairman of the meeting will decide when, where and how it will be carried out. The result will be treated as the decision of the meeting at which the poll was demanded, even if the poll is carried out after the meeting.

69. When Poll to be Taken

If a poll is demanded on a vote to elect the chairman of the meeting, or to adjourn a meeting, it must be taken immediately at the meeting. Any other poll demanded can either be taken immediately or within 30 days from the date it was demanded and at a time and place decided on by the chairman of the meeting. It is not necessary to give notice for a poll which is not taken immediately.

70. Continuance of Other Business after Poll Demand

A demand for a poll on a particular matter will not stop a meeting from continuing to deal with other matters.

71. Votes on a Poll

On a poll a shareholder can vote either in person or by his proxy. A shareholder may appoint more than one proxy to attend on the same occasion.

72. **Casting Vote of Chairman**

Where equal votes are cast at a general meeting, whether on a show of hands or on a poll, the chairman of the meeting will be entitled to an additional or casting vote.

73. **Votes of Joint Holders**

This article applies to a share held by joint shareholders. If more than one of the joint shareholders votes, the only vote which will count is the vote of the person whose name is listed before the other voters on the register for the share.

74. **Voting on Behalf of Incapable Member**

This article applies where a court or official claiming jurisdiction to protect people who are unable to manage their own affairs has made an order about the shareholder. The person appointed to act for that shareholder may vote for him. He may also exercise any other rights of the shareholder relating to meetings. This includes appointing a proxy, voting on a show of hands and voting on a poll. Before the representative does so however, he must deliver such evidence of his authority as the directors may require to the office not later than the latest time at which a proxy form must be delivered to be valid for use at the relevant meeting or on the holding of the relevant poll. If a different place for the delivery of proxy forms is specified, the evidence must instead be delivered to that address.

75. **No Right to Vote where Sums Overdue on Shares**

Unless the directors decide otherwise, a shareholder may not vote shares at any general meeting of the Company or at any separate general meeting of the holders of any class of shares in the Company or exercise any other right conferred by membership in relation to general meetings if he has not paid all amounts relating to those shares which are due at the time of the meeting.

76. **Objections or Errors in Voting**

If:

- (a) any objection to the right of any person to vote is made;
- (b) any votes have been counted which ought not to have been counted or which might have been rejected; or

- (c) any votes are not counted which ought to have been counted,

the objection or error must be raised or pointed out at the meeting (or the adjourned meeting) at which the vote objected to is cast or at which the error occurs. If a vote is allowed at a meeting, it is valid for all purposes and if a vote is not counted at a meeting, this will not affect the decision of the meeting. Any objection or error must be raised with the chairman of the meeting. His decision is final.

77. Execution of Proxies

Subject to article 80, a proxy form must be in writing, signed by the shareholder appointing the proxy, or by an attorney who must have written authority to sign the form and where the proxy is appointed by a company, the proxy form should either be sealed by that company or signed by someone authorised to sign it.

78. Delivery of Proxies

Subject to article 80, proxy forms must be delivered to the office, or to any other place in Hong Kong specified in the notice of meeting or in the form itself, at least:

- (a) 48 hours before a meeting or an adjourned meeting; or
- (b) 24 hours before a poll is taken, if the poll is not taken on the same day as the meeting or adjourned meeting.

If a proxy form is signed by an attorney, the power of attorney or other authority relied on to sign it (or a copy which has been certified by a notary or an office copy) must be delivered with the proxy form, unless the power of attorney has already been registered with the Company.

If the above requirements are not complied with, the proxy will not be able to act for the person who appointed him.

If more than one valid proxy form is delivered in respect of the same share for use at the same meeting, the one which is delivered last (regardless of the date on which it is signed) will be treated as the valid form. If it is not possible to determine the order of delivery, none of the forms will be treated as valid.

79. Maximum Validity of Proxy

A proxy form will expire 12 months from the date the form states that it is signed on. But it will be valid if it is used at an adjourned meeting, or a poll after a meeting or an adjourned meeting even after 12 months, if it was valid for the original meeting.

80. Form of Proxy

A proxy form can be in any form which the directors approve. A proxy form gives the proxy the authority to demand a poll or to join others in demanding a poll and to vote on any amendment to a resolution put to the meeting. Unless it says otherwise, a proxy form is valid for the meeting to which it relates and also for any adjournment of that meeting.

The directors may, in their absolute discretion, accept an instrument of proxy which is sent electronically or by some other data transmission process, subject to any requirements that the directors may from time to time impose. If the directors decide to accept an instrument of proxy which is sent electronically or by some other data transmission process, any provision of these articles on the execution of proxies shall not apply to such instrument of proxy, save that the date named in it as the date thereof shall be deemed to be the date of its execution. An instrument of proxy sent electronically or by some other data transmission process shall be treated as delivered at the time of receipt 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 accompanying document). All references in these articles to delivery of proxies shall include proxies sent electronically or by some other data transmission process.

81. Cancellation of Proxy's Authority

Any vote cast in the way a proxy form authorises or any demand for a poll made by a proxy will be valid even though:

- (a) the person who appointed the proxy has died or is of unsound mind;
- (b) the proxy form has been revoked; or
- (c) the authority of the person who signed the proxy form for the shareholder has been revoked.

Any vote cast or poll demanded by the representative of a corporation will also be valid even though his authority has been revoked.

However, this does not apply if written notice of the relevant fact has been received at the office (or at any other place specified for the delivery of forms of proxy) at least:

- (a) 48 hours before the meeting or adjourned meeting; or
- (b) 24 hours before a poll is taken, if the poll is not taken on the day of the meeting or adjourned meeting.

81A. Appointment by Clearing Houses of Representative(s) or Proxy(ies)

Where a shareholder is a clearing house or its nominee(s), it may authorise such person or persons as it thinks fit to act as its representative(s) or proxy(ies) at any general meeting or any meeting of any class of shareholders of the Company provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number and class of shares in respect of which each such person is so authorised. Each person so authorised will be entitled to exercise the same rights and powers on behalf of the clearing house or its nominee(s) as that clearing house or its nominee(s) could exercise if such person were an individual shareholder of the Company in respect of the number and class of shares specified in the relevant authorisation or proxy form, including the right to vote individually on a show of hands.

82. Number of Directors

The Company must have a minimum of two directors. There is no maximum number of directors. The shareholders can change these restrictions by passing an ordinary resolution.

83. Directors' Shareholding Qualification

The directors are not required to hold any shares in the Company.

84. Power of Company to Appoint Directors

Subject to these articles, the Company may, by passing an ordinary resolution, elect any willing person to be a director,

either as an extra director or to fill a vacancy where a director has stopped being a director for some reason.

85. Power of Directors to Appoint Directors

Subject to these articles, the directors may, after receiving a recommendation from the nomination committee, decide to appoint any willing person to be a director, either as an extra director or as a replacement for another director. Any director appointed in this way must retire from office at the first annual general meeting after his appointment. A director who retires in this way is then eligible for election but is not taken into account when deciding which and how many directors should retire by rotation at the annual general meeting.

86. Power of Chief Executive to Appoint and Remove Directors

The Chief Executive may, pursuant to section 8 of the Mass Transit Railway Ordinance (No.13 of 2000), appoint any persons as directors provided that the number of such directors shall not exceed three at any one time. A director appointed by the Chief Executive under this article may not be removed from office except by the Chief Executive. Any appointment or removal made by the Chief Executive under this article shall:

- (a) be made by notice in writing, signed by the Chief Executive or his authorised representative and delivered to the office; and
- (b) take effect when the notice is received at the office or at any later time that may be stated in the notice.

If a director is removed from office in accordance with this article, he will also automatically cease to be a director and a member of any committee or sub-committee of the directors.

87. Number to Retire by Rotation

At every annual general meeting one third of the current directors must retire as directors. Where the number of directors is not three or a number divisible by three, the number of directors to retire will be the number which is nearest to and less than one third. If there are less than three directors, they will all retire. The directors appointed by the Chief Executive pursuant to section 8 of the Mass Transit Railway Ordinance (No.13 of 2000) will not be included for the purposes of the calculation.

88. Identity of Directors to Retire

- (a) The directors to retire by rotation will be those directors who have been directors longest since they were last elected, or appointed by the shareholders (as the case may be). If there are directors who were last elected, or appointed by the shareholders (as the case may be), on the same date:
- (i) the directors to retire by rotation will be those directors whose appointment as a member of the Board of the Mass Transit Railway Corporation (a corporation established under the Mass Transit Railway Corporation Ordinance (Cap. 270) **MTRC**) would have expired the earliest had MTRC continued in existence and not been succeeded by the Company; or
 - (ii) after the method of determining the directors to retire by rotation as set out in Article 88(a)(i) has been applied in respect of each director who was a member of the Board of MTRC (as defined in article 88(a)(i)), the directors can agree on who is to retire. If they do not agree, they must draw lots to decide.
- (b) The number and identity of directors to retire by rotation on each occasion will be determined by the composition of the directors at the start of business on the date of the notice which convenes the annual general meeting. A director will not be required to retire or be relieved from retiring by rotation because of any change in the number or identity of the directors after that time but before the close of the meeting.
- (c) The directors appointed by the Chief Executive pursuant to section 8 of the Mass Transit Railway Ordinance (No.13 of 2000) will not be required to retire by rotation.

89. Filling Vacancies

Subject to these articles, at the general meeting at which a director retires, shareholders can pass an ordinary resolution to re-elect the director or to elect some other eligible person in his place.

90. Power of Removal by Ordinary Resolution

In addition to any power to remove directors conferred by the legislation and subject to article 113, the Company may pass an ordinary resolution to remove a director from office even though his time in office has not ended. This power is without

prejudice to any claim by that director for damages for breach of his service contract. The Company may also (subject to these articles) elect a person to replace a director who has been removed in this way by passing an ordinary resolution. This article will not apply to any director appointed by the Chief Executive pursuant to section 8 of the Mass Transit Railway Ordinance (No.13 of 2000).

91. Persons Eligible as Directors

The only people who may be elected as directors at a general meeting are the following:

- (a) directors retiring at the meeting;
- (b) anyone recommended by the directors; and
- (c) anyone nominated by two or more shareholders (not including the person to be nominated), together holding not less than 10 per cent. of the entire issued capital of the Company in the following way:

The shareholders must be entitled to vote at the meeting. They must deliver to the office during a period of seven days commencing on and including the day after the despatch of the notice of the meeting:

- (i) a letter signed by all the shareholders making the nomination and stating that they intend to nominate a person for election as a director; and
- (ii) written confirmation from that person that he is willing to be elected.

92. Position of Retiring Directors

A director retiring at a general meeting retires at the end of that meeting unless the legislation requires him to retire at some other time. Where a retiring director is re-elected he continues as a director without a break.

93. Vacation of Office by Directors

Any director automatically stops being a director in any one or more of the following circumstances:

- (a) if he gives the Company a letter of resignation;

- (b) if he gives the Company a letter in which he offers to resign and the directors decide to accept this offer; or
- (c) if all of the other directors (who must comprise at least three people) pass a resolution or sign a notice requiring the director to resign;
- (d) if he is or has been suffering from mental ill health and the directors pass a resolution stating that he has ceased to be a director;
- (e) if he has missed directors' meetings for a continuous period of six months without permission from the directors and the directors pass a resolution stating that he has ceased to be a director;
- (f) if he becomes bankrupt or makes any arrangement or composition with his creditors;
- (g) if he is prohibited from being a director under the legislation; or
- (h) if he ceases to be a director by virtue of the legislation or he is removed from office under these articles.

If a director stops being a director for any reason, he will also automatically cease to be a member of any committee or sub-committee of the directors.

This article will not apply to any director appointed by the Chief Executive pursuant to section 8 of the Mass Transit Railway Ordinance (No. 13 of 2000).

94. **Alternate Directors**

- (a) Any director may appoint any person (including another director) to act in his place (called an **alternate director**). That appointment requires the approval of the chairman. A director appoints an alternate director by delivering a signed appointment to the office or by tabling it at a meeting of the directors.
- (b) The appointment of an alternate director ends on the happening of any event which, if he were a director, would cause him to vacate that office. It also ends if his appointor stops being a director, unless that director retires at a general meeting

at which he is re-elected. A director can also remove his alternate director by a written notice delivered to the office or tabled at a meeting of the directors. This notice must also be copied to the alternate director, but will be effective, whether or not it has been received by the alternate director, when the notice is delivered to the office or tabled at a meeting of the directors (as the case may be) or at any later time that may be stated in the notice.

- (c) An alternate director is entitled to receive notices of meetings of the directors, except when absent from Hong Kong. He is entitled to attend and vote as a director at any meeting at which the director appointing him is not personally present and generally at that meeting is entitled to perform all of the functions of his appointor as a director. The provisions of the articles regulating the meeting apply as if he (instead of his appointor) were a director. If he is himself a director or attends any meeting as an alternate director, for more than one director, he can vote cumulatively for himself and for each other director he represents but he may not be counted more than once for the purposes of the quorum. An alternate director's signature to any resolution in writing of the directors is as effective as the signature of his appointor. If the directors decide to allow this, this article also applies in a similar fashion to any meeting of a committee of which his appointor is a member. Except as set out in this article, an alternate director:

- (i) does not have power to act as a director;
- (ii) is not deemed to be a director for the purposes of these articles; and
- (iii) is not deemed to be the agent of his appointor.

- (d) An alternate director is entitled to contract and be interested in and benefit from contracts, transactions or arrangements and to be repaid expenses and to be indemnified to the same extent as if he were a director. However, he is not entitled to receive from the Company as an alternate director any pay, except for that part (if any) of the pay otherwise payable to his appointor as his appointor may tell the Company in writing to pay to his alternate director.

95. **Executive Directors**

- (a) Subject to article 95(b), the directors or any committee authorised by the directors may appoint a director to any

executive position on such terms (save in respect of his remuneration) and for such period (subject to the provisions of the Companies Ordinance) as they think fit. They may also terminate or vary such an appointment at any time. After receiving a recommendation from the remuneration committee, the directors will decide how much remuneration a director appointed to an executive office will receive (whether as salary, commission, profit share or any other form of remuneration) and whether this is in addition to or in place of his fees as a director.

- (b) If at any time when the Financial Secretary Incorporated holds 50% or more of the voting power of the Company and the chairman concurrently holds the office of the chief executive officer or fulfils any other executive function, the Financial Secretary Incorporated shall determine the terms and conditions of appointment applicable for the director appointed to such offices (subject to article 99(a)), and how much remuneration (whether as salary, commission, profit share or any other form of remuneration) the director appointed to such offices will receive, after receiving a recommendation from the remuneration committee as approved by the directors.
- (c) If the appointment of a director to an executive position is terminated, the termination will not affect any right of the Company or the director in relation to any breach of any employment contract which may be involved in the termination.

96. **Directors' Fees**

- (a) The total fees paid to directors for performing their services as directors must not exceed:
- (i) HK\$6,000,000 a year; or
 - (ii) any greater amount fixed by an ordinary resolution passed at a general meeting.

These figures do not affect other payments to directors under the articles. After receiving a recommendation from the remuneration committee, the directors will decide the actual fees paid to all directors in aggregate.

- (b) Unless an ordinary resolution which fixes the fees says otherwise, after receiving a recommendation from the remuneration committee, the directors will decide the way in which the total fees will be divided between some or all of the directors. If the board does not decide how to divide the

fees, they will be divided equally between the directors. But, if any director has not been a director throughout the period for which the fees are paid, he will only receive part of this amount in proportion to the amount of time he has been a director.

97. **Additional Remuneration**

After receiving a recommendation from the remuneration committee, the directors will decide whether to give special pay to any director who, in their view, performs any special or extra services for the Company. This special pay can be paid either as well as, or instead of, his ordinary pay as a director. It can be paid as a lump sum, or as a salary or a combination, or in any other way.

98. **Expenses**

The Company may pay the reasonable travel, hotel and incidental expenses of each director incurred in attending and returning from general meetings, meetings of the directors or committees of the directors or any other meetings which as a director he is entitled to attend. The Company will pay all other expenses properly and reasonably incurred by each director in connection with the Company's business or in the performance of his duties as a director.

99. **Pensions and Gratuities for Directors**

- (a) The directors or any committee authorised by the directors may decide whether to provide pensions or other benefits to any director or former director of the Company, or any relation or dependant of such a person provided that, at any time when the Financial Secretary Incorporated holds 50% or more of the voting power of the Company and the chairman concurrently holds the office of the chief executive officer or fulfils any other executive function, the provision of pensions or other benefits to the chairman, or any relation or dependant of the chairman, shall be determined by the Financial Secretary Incorporated. However, if the directors want to provide a benefit to a director or former director who has not held an executive post or place of profit in the Company or in a subsidiary or former subsidiary of the Company or in any former owner of the business of the Company or any subsidiary of the Company, the Company must also pass an ordinary resolution to approve the payment.

- (b) A director or former director will not be accountable to the Company or the shareholders for any benefit provided pursuant to this article. Any one receiving such a benefit will not be disqualified from being or becoming a director of the Company. This article does not limit any of the powers given to the directors by the other articles, nor does it affect the directors' rights to receive fees and remuneration under any other article.

100. **Permitted Interests and Voting**

- (a) If the legislation allows and he has disclosed the nature and extent of his interest to the directors, a director can do any one or more of the following:
- (i) have any kind of interest in any existing or proposed contract, transaction or arrangement with or involving the Company;
 - (ii) have any kind of interest in any existing or proposed contract, transaction or arrangement with or involving another company in which the Company has some interest;
 - (iii) alone, or through some firm with which he is associated, do paid professional work for the Company (other than as auditor);
 - (iv) hold any other position (other than auditor) in the Company as well as being a director; and
 - (v) hold any position within, or be a shareholder of, any company in which the Company has an interest.
- (b) A director does not have to hand over to the Company any benefit he receives as a result of anything allowed under paragraph (a).
- (c) Unless these articles say otherwise, a director cannot cast a vote on any contract, transaction, arrangement or any other kind of proposal in which he has an interest and which he knows is material. For this purpose, interests of a person who is connected with a director (including any of his associates) are treated as the interests of the director himself. Interests purely as a result of an interest in the Company's shares, debentures or other securities are disregarded. A director may not be included in the quorum for such part of a meeting that relates to a resolution he is not allowed to vote on but he

shall be included in the quorum for all other parts of that meeting.

(d) However, a director can vote, and be counted in the quorum, on any resolution about any of the following things, as long as the only material interest he has in it is included in the following list:

(i) a resolution about giving him or any of his associates any security or indemnity for any money lent or obligations incurred by him, or any of his associates or any other person, at the request, or for the benefit, of the Company or any of its subsidiaries;

(ii) a resolution about giving any security or any indemnity to any other person for a debt or obligation which is owed by the Company or any of its subsidiaries, to that other person, if the director or any of his associates has taken responsibility for some or all of that debt or obligation. The director or any of his associates can take this responsibility by giving a guarantee, indemnity or security;

(iii) a resolution about any proposal relating to an offer of any shares or debentures or other securities for subscription or purchase by the Company or any other entity which the Company may promote or be interested in if he or any of his associates takes part in the underwriting or sub-underwriting of the offer;

(iv) a resolution about any proposal involving any other company if the director (together with any associate), has a direct or indirect interest of any kind (including an interest by holding any position in that company, or by being a shareholder of that company). This does not apply if he and any associates hold an interest in shares representing five per cent. or more of:

(a) any class of equity share capital of that company or a third company through which his interest or that of any of his associates is derived; or

(b) the voting rights in that company.

Any of these interests of one per cent. or more are treated for the purposes of this paragraph (d) as being material interests;

- (v) any arrangement concerning the benefit of employees of the Company or its subsidiaries including:
 - (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which he or any of his associates may benefit; or
 - (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to directors, any of their associates and employees of the Company or any of its subsidiaries which only gives him or any of his associates as such benefits which are also given to the class of persons to whom the arrangement relates; and
 - (vi) any arrangement in which the director or any of his associates is interested in the same manner as other holders of shares or debentures or other securities of the Company simply by virtue of his interest or that of any of his associates in shares or debentures or other securities of the Company.
- (e) This paragraph (e) applies if the directors are considering proposals about appointing two or more directors to positions with the Company or any company in which the Company is interested. It also applies if the directors are considering setting or changing the terms of their appointment. These proposals can be split up to deal with each director separately. If this is done, each director can vote and be included in the quorum for each resolution, except the one concerning him. But he cannot vote if the resolution relates to appointing another director to a position with a company which the Company is interested in if he has an interest of one per cent. or more in that company (in the manner described in paragraph (d)).
- (f) If any question comes up at a meeting about whether a director has a material interest or whether he can vote, and the director does not agree to abstain from voting on the issue, the question shall be referred to the chairman of the meeting (or, in the case of the chairman of the meeting, to the deputy chairman). The chairman of the meeting's or deputy chairman's ruling about any other director is final and conclusive, unless the nature and extent of the directors' interests have not been fairly disclosed to the directors.

- (g) For the purpose of this article:
- (i) a general notice given to the directors that a director has an interest of the kind stated in the notice in any contract, transaction or arrangement involving any company or person identified in the notice is treated as a standing disclosure that the director has that interest; and
 - (ii) interests which are unknown to the director and which it is unreasonable to expect him to know about are ignored.
- (h) Subject to the legislation, the Company may by ordinary resolution suspend or relax the provisions of this article to any extent or ratify any contract which has not been properly authorised in accordance with this article.

101. General Powers of Company Vested in Directors

- (a) The directors shall manage the Company's business. They can use all the Company's powers. But this does not apply where the memorandum, these articles or the legislation say that powers can only be used by the shareholders voting to do so at a general meeting. The general management powers under this article are not limited in any way by specific powers given to the directors by other articles.
- (b) The directors are, however, subject to:
- (i) the provisions of the legislation;
 - (ii) the requirements of these articles; and
 - (iii) any regulations laid down by the shareholders by passing a special resolution at a general meeting.

However, if the shareholders lay down any regulation relating to something which the directors have already done which was within their powers, that regulation cannot invalidate the directors' previous action.

102. Borrowing Powers

The directors may exercise all the Company's powers:

- (a) to borrow money;

- (b) to mortgage or charge all or any of the Company's undertaking, property and assets (present and future) and uncalled capital;
- (c) to issue debentures and other securities; and
- (d) to give securities for any debt, liability or obligation of the Company or any third party.

103. **Agents**

- (a) The directors can appoint anyone as the Company's attorneys by granting a power of attorney or by authorising them in some other way. The attorneys can either be appointed directly by the directors or the directors can give someone else the power to select attorneys. The directors or the persons who are authorised by them to select attorneys can decide on the purposes, powers, authorities and discretions of attorneys. But they cannot give an attorney any power, authority or discretion which the directors do not have under these articles.
- (b) The directors can decide how long a power of attorney will last for and attach any conditions to it. The power of attorney can include any provisions which the directors decide on for the protection and convenience of anybody dealing with the attorney. The power of attorney can allow the attorney to grant any or all of his power, authority or discretion to any other person.
- (c) The directors may:
 - (i) delegate any of their authority, powers or discretions to any person, including any manager or agent of the Company and to any committee made up of any people;
 - (ii) allow such persons and committees to delegate to another person or committee;
 - (iii) remove any people or committees they have appointed in any of these ways; and
 - (iv) cancel or change anything that they have delegated, although this will not affect any body who acts in good faith who has not had any notice of any cancellation or change.

Any appointment or delegation by the directors which is referred to in this article shall be subject to the conditions contained in the protocols.

- (d) The ability of the directors to delegate under this article applies to all their powers and is not limited because certain articles refer to powers being exercised by the directors or by a committee authorised by the directors while other articles do not.

104. Delegation to Individual Directors

- (a) The directors can give a director any of the powers which they have jointly as directors (with power to sub-delegate). These powers can be given on terms and conditions decided on by the directors either in parallel with, or in place of, the powers of the directors acting jointly.
- (b) The directors can change the basis on which such powers are given or withdraw such powers. But if a person deals with an individual director in good faith without knowledge of the change or withdrawal, he will not be affected by it.
- (c) The ability of the directors to delegate under this article applies to all their powers and is not limited because certain articles refer to powers being exercised by the directors or by a committee authorised by the directors while other articles do not.

105. Official Seals

The directors can use all the powers given by the legislation relating to official seals.

106. Registers

The Company may use the powers given by the legislation to keep an overseas, local or other register. The directors may make and change any regulations previously made by them relating to any of such registers, as long as the legislation allows this.

107. Cheques, etc.

All cheques, promissory notes, bills of exchange and other negotiable instruments shall be signed by those people authorised by the directors. The directors can resolve that

signatures can be applied to the instruments by mechanical means.

108. **Provision for Employees**

The directors may exercise the powers under the legislation to make provision for the benefit of employees or former employees of the Company or any of its subsidiaries in connection with the cessation or transfer of the whole or part of the business of the Company or that subsidiary.

109. **Directors' Meetings**

The directors may decide when to have meetings and how they will be conducted. They may also adjourn their meetings. A directors' meeting can be called by any director or by the secretary. The secretary must also call a directors' meeting if asked to by a director.

110. **Notice of Directors' Meeting**

Directors' meetings are called by serving a notice on all the directors. Notice can be given personally, by word of mouth or in writing. A director who is, or is going to be, out of Hong Kong can ask the directors to send written notices of meetings to him at an address given by him to the Company for this purpose, but such notices do not need to be given any earlier than notices given to directors who are not out of Hong Kong. Unless he asks for notices to be sent to him in this way, a director who is out of Hong Kong is not entitled to be given notice of any directors' meetings. Any director can waive notice of any directors' meeting, including one which has already taken place.

111. **Quorum**

If no other quorum is fixed, two directors are a quorum for board meetings occurring prior to 13th June, 2000 and four directors are a quorum for board meetings occurring on and after 13th June, 2000. If a director ceases to be a director at a board meeting, he can continue to be present and to act as a director and be counted in the quorum until the end of the meeting if no other director objects and if otherwise a quorum of directors would not be present.

112. Directors below Minimum through Vacancies

The directors can continue to act even if one or more of them stops being a director. But if the number of directors falls below the minimum which applies under these articles (including any change to that minimum number approved by an ordinary resolution of shareholders), the remaining director(s) will, as soon as is convenient:

- (a) either appoint further director(s) to make up the shortfall; or
- (b) convene a general meeting for the sole purpose of appointing extra director(s) but not for any other purpose.

If no director or directors are willing or able to act under this article, any two shareholders can call a general meeting to appoint extra director(s).

113. Appointment of Chairman

- (a) So long as the Financial Secretary Incorporated controls 50% or more of the voting power of the Company, it has the exclusive right to appoint (and remove), by notice in writing delivered to the office given at any time, any director as chairman for such period and on such terms as the Financial Secretary Incorporated shall decide. The appointment or removal shall take effect when the notice is received at the office or at any later time that may be stated in the notice. When the Financial Secretary Incorporated ceases to control 50% or more of the voting power of the Company, the chairman appointed by the Financial Secretary Incorporated shall cease to be chairman and the directors shall call a directors' meeting to elect a chairman among themselves for such period and on such terms as the directors or any committee authorised by the directors shall decide. If the chairman is at a directors' meeting, he will chair it. If the chairman is not present within five minutes after the time fixed for holding the directors' meeting, the directors present may choose one of their number to act as chairman of such meeting.
- (b) So long as the Financial Secretary Incorporated controls 50% or more of the voting power of the Company, and to the extent he exercises his right to remove a director as chairman in accordance with article 113(a), the Financial Secretary Incorporated shall also have the right to remove such director as a director of the Company. Such right shall be exercisable

in the same notice in writing to the Company exercising the right to remove the director as chairman. The right of the Financial Secretary Incorporated to remove the director under this article 113(b) is without prejudice to any claim by that director for damages for breach of his service contract.

114. Competence in Meetings

A directors' meeting at which a quorum is present can exercise all the powers and discretions of the directors.

115. Voting

Matters to be decided at a directors' meeting will be decided by a majority vote. If votes are equal, the chairman of the meeting has a second, casting vote.

116. Delegation to Committees

- (a) The directors may delegate any of their powers or discretions to committees of one or more directors. If the directors have delegated any power or discretion to a committee, any references in these articles to using that power or discretion include its use by the committee. Any committee must comply with any regulations laid down by the directors. Subject to paragraph (e) below, these regulations can require or allow people who are not directors to be members of the committee, and can give voting rights to such people. But:
- (i) there must be more directors on a committee than persons who are not directors; and
 - (ii) a resolution of the committee is only effective if a majority of the members of the committee present at the time of the resolution were directors.
- (b) Unless the directors decide not to allow this, any committee may sub-delegate any of its powers or discretions to sub-committees. Reference in these articles to committees include sub-committees permitted under this article.
- (c) If a committee consists of more than one person, the articles which regulate directors' meetings and their procedure will also apply to committee meetings (if they can apply to committee meetings), unless these are inconsistent with any regulations for the committee which have been laid down under this article.

- (d) The ability of the directors to delegate under this article applies to all their powers and discretions and is not limited because certain articles refer to powers and discretions being exercised by committees authorised by directors while other articles do not.
- (e) Without prejudice to the freedom of the directors to establish any other committees, there shall be established an audit committee, a nomination committee and a remuneration committee. The membership of each of these three committees shall be made up entirely of non-executive directors. So long as the Financial Secretary Incorporated controls 50% or more of the voting power of the Company, it has the right to appoint (and remove) any non-executive director as a member of each of these three committees. If the chairman does not concurrently hold the office of chief executive officer or fulfil any other executive function and he wishes to be a member of any of these committees, he is entitled to be a member of any such committee. If the chairman concurrently holds the office of the chief executive officer or fulfils any other executive function, he is entitled to be in attendance at meetings of these committees.

117. Participation in Meetings by Telephone

All or any of the directors or members of a committee may take part in a meeting of the directors or a committee by way of a conference telephone or any communication equipment which allows every body to take part in the meeting by being able to hear each of the other people at the meeting and by being able to speak to all of them at the same time. A person taking part in this way will be treated as being present at the meeting and will be entitled to vote and be counted in the quorum. Such meetings will be treated as taking place where most of the participants are or where the chairman of the meeting is if no more than one is in each place.

118. Resolution in Writing

This article applies to a written resolution which is signed by all of the directors who at the time are entitled to receive notice of a directors' meeting and who would be entitled to vote on the resolution at a directors' meeting, where such directors are together sufficient in number to form a quorum. A written resolution will be valid at the time it is signed by the last director. This kind of resolution is just as valid and effective as a resolution passed by those directors at a meeting which is properly called and held. The resolution can

be passed using several copies of a document if each document is signed by one or more directors. These copies can be fax copies.

119. Validity of Acts of Directors or Committee

Everything which is done by any directors' meeting, or by a committee of the directors, or by a person acting as a director, or as a member of a committee, will be valid even if it is discovered later that any director, or person acting as a director, was not properly appointed. This also applies if it is discovered later that anyone was disqualified from being a director, or had ceased to be a director or was not entitled to vote. In any of these cases, anything done will be as valid as if there was no defect or irregularity of the kind referred to in this article.

120. Appointment or Removal of the Secretary

Subject to the legislation, the directors can appoint the secretary for such term and on such conditions as they see fit.

121. Use of Seals

- (a) The directors must arrange for every seal of the Company to be kept safe.
- (b) A seal may only be used with the authority of the directors or a committee authorised by the directors.
- (c) Subject as otherwise provided in these articles, every document which is sealed using the common seal must be signed by one director and the secretary, or by two directors or by any other person or persons authorised by the directors.
- (d) Any document to which the official seal is applied need not be signed, unless the directors decide otherwise or legislation requires otherwise.
- (e) The directors may resolve that the requirement for any counter-signature in this article may be dispensed with on any occasion.

122. Declaration of Dividends by Company

The Company's shareholders can declare dividends by passing an ordinary resolution. No such dividend can exceed the amount recommended by the directors.

123. Payment of Fixed and Interim Dividends by Directors

Subject to the legislation, if the directors consider that the financial position of the Company justifies such payments, they can:

- (a) pay the fixed dividends on any class of shares carrying a fixed dividend on the dates prescribed for the payment of those dividends; and
- (b) pay interim dividends on shares of any class of any amounts and on any dates and for any periods that they decide.

If the directors act in good faith, they will not be liable for any loss that any shareholders may suffer because a lawful dividend has been paid on other shares which rank equally with or behind their shares.

124. Calculation and Currency of Dividends

- (a) All dividends will be divided and paid in proportions based on the amounts which have been paid up on the shares during any period for which the dividend is paid. Sums which have been paid up in advance of calls will not count as paid up for this purpose. If the terms of any share say that it will be entitled to a dividend as if it were a fully paid up, or partly paid up, share from a particular date (in the past or future), it will be entitled to a dividend on this basis. This article applies unless these articles, the rights attached to any shares, or the terms of any shares, say otherwise.
- (b) Unless the rights attached to any shares, or the terms of any shares, or these articles say otherwise, a dividend or any other money payable in respect of a share can be paid in whatever currency the directors decide. The directors may enter into an agreement with any shareholder concerning the currency for payment of dividends or any other money in which they may agree the basis of conversion to be applied and how and when the amount to be paid in the other currency is to be calculated. They may also agree for the Company or any other person to bear the costs involved.

125. Amounts due on Shares may be Deducted from Dividends

If a shareholder owes the Company any money for calls on shares or money in any other way relating to his shares, the directors may deduct any of this money from any dividend or other money

payable to the shareholder on or in respect of any share held by him. Money deducted in this way can be used to pay amounts owed to the Company in connection with the shares.

126. No interest on Dividends

Unless the rights attached to any shares, or the terms of any shares say otherwise, no dividend or other sum payable by the Company on or in respect of its shares carries a right to interest from the Company.

127. Payment Procedure

- (a) Any dividend or other money payable in cash relating to a share can be paid by sending a cheque, warrant or similar financial instrument payable to the shareholder who is entitled to it at his registered address; or it may be sent to someone else named in a written resolution from the shareholder (or all joint shareholders) and to the address specified in that instruction. A dividend can also be paid by inter-bank transfer or by other electronic means directly to an account with a bank or other financial institution in Hong Kong named in a written instruction from the person entitled to receive the payment under this article. Alternatively, a dividend can be paid in some other way agreed between the shareholder (or all joint shareholders) and the Company.
- (b) For joint shareholders or persons jointly entitled to shares by law, payment may be made to the shareholder whose name stands first in the register. The Company can rely on a receipt for a dividend or other money paid on shares from any one of them on behalf of all of them.
- (c) Cheques, warrants and similar financial instruments are sent, and payment in any other way is made, at the risk of the person who is entitled to the money. The Company is treated as having paid a dividend if the cheque, warrant or similar financial instrument is cleared.
- (d) Dividends may be paid to a person who has become entitled to a share by law as if he were the holder of the share.

128. Uncashed Dividends

- (a) The Company may stop sending dividend payments through the post, or cease using any other method of payment, for any dividend if:

- (i) for two consecutive dividends:
 - (a) the dividend payments sent through the post have been returned undelivered or remain uncashed during the period for which they are valid; or
 - (b) the payments by any other method have failed; or
- (ii) for any one dividend:
 - (a) the dividend payment sent through the post has been returned undelivered or remains uncashed during the period for which it is valid; or
 - (b) the payment by any other method has failed.
- (b) The Company will recommence sending dividend payments if requested in writing by the shareholder, or the person entitled by law to the relevant shares.

129. Forfeiture of Unclaimed Dividends

The directors can invest any dividends or other amounts payable on a share which have not been claimed until the dividends or other amounts are claimed or the directors can use them in any other way for the Company's benefit until they are claimed. The Company will not be a trustee of the money and will not be liable to pay interest on it. If a dividend has not been claimed for 6 years after being declared or becoming due for payment, it will be forfeited and go back to the Company.

130. Dividends Not in Cash

If recommended by the directors, the Company may pass an ordinary resolution that a dividend be paid wholly or partly by distributing specific assets (and, in particular, paid up shares or debentures of any other company). Where any difficulty arises on such a distribution, the directors may resolve it as they decide. For example, they may:

- (a) authorise any person to sell and transfer any fractions;
- (b) ignore any fractions;
- (c) value assets for distribution purposes;

- (d) pay cash of a similar value to adjust the rights of shareholders; and/or
- (e) vest any assets in trustees for the benefit of more than one shareholder.

131. **Election for Cash or Shares**

The directors can offer ordinary shareholders the right to choose to receive extra ordinary shares, which are credited as fully paid up, instead of some or all of their cash dividend. Before they can do this, shareholders must have passed an ordinary resolution authorising the directors to make this offer.

- (a) The ordinary resolution can apply to a particular dividend or dividends. Or it can apply to some or all of the dividends which may be declared or paid in the period up to and including the annual general meeting which is held in the fifth year after the ordinary resolution is passed.
- (b) A shareholder will be entitled to ordinary shares whose total **relevant value** is as near as possible to the cash dividend he would have received, but not more than it. The relevant value of a share is the average value of the Company's ordinary shares for the five dealing days starting from, and including, the day when the shares are first quoted **ex dividend**. This average value is worked out from the average middle market quotations for the Company's ordinary shares on the HK Stock Exchange, as published by the HK Stock Exchange.
- (c) The ordinary resolution may require that the relevant value is worked out in some different way. A certificate or report from the auditors stating the relevant value of a share for any dividend will be conclusive evidence.
- (d) After the directors have decided how many new shares ordinary shareholders will be entitled to, they can notify them in writing of their right to opt for new shares. This notice should also say how, where and when shareholders must notify the Company if they wish to receive new shares. Where shareholders have opted to receive new shares in place of all future dividends, if new shares are available, the Company will notify them of a right to opt for new shares. No shareholders will

receive a fraction of a share. The directors can decide how to deal with any fraction left over. The Company can, if the directors decide, have the benefit of these left-over fractions.

- (e) The directors can also offer shareholders the right to request new shares instead of cash for all future dividends (if a share alternative is available), until they tell the Company that they no longer wish to receive new shares.
- (f) The directors can exclude or restrict the right to opt for new shares, or make any other arrangements where they decide that this is necessary or convenient to deal with any of the following legal or practical problems:
 - (i) problems relating to laws of any territory; or
 - (ii) problems relating to the requirements of any recognised regulatory body or stock exchange in any territory,

or where the directors believe that for any other reason the offer should not be made to them.

- (g) If a shareholder has opted to receive new shares, no dividend on the shares for which he has opted to receive new shares (which are called the **elected shares**), will be declared or payable. Instead, new ordinary shares will be allotted on the basis set out earlier in this article. To do this, the directors will convert into capital the sum equal to the total nominal amount of the new ordinary shares to be allotted. They will use this sum to pay up in full the appropriate number of new ordinary shares. These will then be allotted and distributed to the holders of the elected shares on the basis set out above. The sum to be converted into capital can be taken from:
 - (i) any amount which is then in any reserve or fund (including the share premium account, any capital redemption reserve and the profit and loss account); or
 - (ii) any other sum which is available to be distributed.
- (h) The new ordinary shares will rank equally in all respects with the existing fully paid up ordinary shares, and the

new shares will be fully entitled to all future dividends on ordinary shares. But, they will not be entitled to share in the dividend from which they arose, or to have new shares instead of that dividend.

- (i) The directors can decide that new shares will not be available in place of any cash dividend. They can decide this at any time before new shares are allotted in place of such dividend, whether before or after shareholders have opted to receive new shares.

132. Power to Capitalise Reserves and Funds

- (a) If recommended by the directors, the Company's shareholders can pass an ordinary resolution to capitalise any sum:

- (i) which is part of any of the Company's reserves (including premiums received when any shares were issued, capital redemption reserves or other undistributable reserves); or

- (ii) which the Company is holding as net profits.

- (b) Unless the ordinary resolution states otherwise, the directors will use the sum which is capitalised by setting it aside for the ordinary shareholders on the register at the close of business on the day the resolution is passed (or another date stated in the resolution or fixed as stated in the resolution) and in the same proportions as the ordinary shareholders' entitlement to dividends (or in other proportions stated in the resolution or fixed as stated in the resolution). The sum set aside may be used:

- (i) to pay up some or all of any amount on any issued shares which has not already been called, or paid in advance; or

- (ii) to pay up in full unissued shares, debentures or other securities of the Company which would then be allotted and distributed, credited as fully paid, to shareholders.

However, a share premium account, a capital redemption reserve, or any reserve or fund representing unrealised profits, may only be used to pay up in full the Company's unissued shares.

- (c) The directors can appoint any person to sign any contract with the Company on behalf of those who are entitled to shares, debentures or other securities under the resolution. Such a contract is binding on all concerned.

- (d) If the aggregate par value of the shares in the Company issued to the Financial Secretary Incorporated on the appointed day under Section 42 of the Mass Transit Railway Ordinance (No. 13 of 2000) is less than the aggregate par value of the issued shares of Mass Transit Railway Corporation immediately before the appointed day, then a sum equal to the amount of the difference shall be carried by the Company on the appointed day to a special reserve called the "capital reserve".
- (e) The capital reserve can be applied by the Company, in accordance with paragraph (a), only in paying up in full unissued shares to be allotted and distributed, credited as fully paid bonus shares to shareholders of the Company.
- (f) The balance of the capital reserve remaining after any application in paying up unissued shares in the Company allotted as bonus shares as referred to in paragraph (e) shall be an undistributable reserve of the Company and cannot be capitalised pursuant to paragraph (a) or utilised by the Company for any other purpose.

133. Settlement of Difficulties in Distribution

If any difficulty arises in connection with any distribution of any capitalised reserve or fund, the directors can resolve it in any way which they decide. For example, they can deal with entitlements to fractions by deciding that the benefit of fractions belong to the Company or that fractions are ignored or deal with fractions in some other way.

134. Power to Choose any Record Date

This article applies to any dividend on any shares, or any distribution, allotment or issue to the holders of any shares. This can be paid or made to the registered holder or holders of the shares, or to anyone entitled in any other way, at a particular time on a particular day selected by the directors. It will be based on the number of shares registered at that time on that day, even if this is before any resolution to authorise what is being done was passed. This article applies whether what is being done is the result of a resolution of the directors, or a resolution at a general meeting. The time and date can be before the dividend and so on is to be paid or made, or before any relevant resolution was passed. The rights attaching to any shares, and the terms of any shares, override this article if they are inconsistent with it. This article does not affect the rights between past and present shareholders to payments and so on.

135. **Records to be Kept**

The directors must ensure that proper accounting records that comply with the legislation are kept to record and explain the Company's transactions and show its financial position with reasonable accuracy.

136. **Inspection of Records**

A shareholder is not entitled to inspect any of the Company's books or papers unless:

- (a) the legislation or a proper court order gives him that right;
- (b) the directors authorise him to do so; or
- (c) subject to the provisions of sections 12 and 27 of the Mass Transit Railway Ordinance (No.13 of 2000), the shareholders authorise him to do so by ordinary resolution.

137. **Distribution of relevant financial documents and summary financial reports**

- (a) Subject to paragraph (b), the Company will, in accordance with legislation, deliver or send to each shareholder a printed copy of the relevant financial documents or the summary financial report (each as defined in the Companies Ordinance) at least 21 days before the date of the general meeting.
- (b) Where a shareholder (a "**Consenting Shareholder**") has, in accordance with legislation and the Listing Rules, consented to treat the publication of the relevant financial documents and/or the summary financial report (each as defined in the Companies Ordinance) on the Company's computer network as discharging the Company's obligation under the Companies Ordinance to send a copy of the relevant financial documents and/or the summary financial report (each as defined in the Companies Ordinance), then publication by the Company, in accordance with legislation, on the Company's computer network of the relevant financial documents and the summary financial report (each as defined in the Companies Ordinance) at least 21 days before the date of the general meeting shall, in relation

to each Consenting Shareholder, be deemed to discharge the Company's obligations under paragraph (a).

138. Service of Notices

The Company may deliver or serve any notice or other document, including a share certificate, any notification of the publication of any notice or other document on a computer network, and any other corporate communication (as defined in the Listing Rules), to or on a shareholder:

- (a) personally;
- (b) by addressing it to him and posting it (airmail, if sent to an address outside Hong Kong) to, or leaving it at, the shareholder's registered address;
- (c) by publishing it by way of advertisement in at least one English language newspaper and one Chinese language newspaper published daily and circulating in Hong Kong;
- (d) by sending it using electronic communications to an address notified by the shareholder concerned to the Company for that purpose;
- (e) by publishing it on a computer network (including the Company's website); or
- (f) as authorised in writing by the relevant shareholder.

Where there are joint shareholders, the notice or other document may be delivered to or served on any one of the joint holders and will be treated as having been delivered or served to or on all the joint holders.

139. Record Date for Service

Where the Company serves or delivers notices or documents to shareholders, it may do so by reference to the register as it stands at any time not more than 15 days before the date the notice or document is served or delivered. Any change of details on the register after that time will not invalidate the service or delivery and the Company is not obliged to send the same notice or document to any person entered on the register after the date selected by the Company.

140. Service of Notices on Persons Entitled by Transmission

This article applies where a shareholder has died, or becomes bankrupt or is in liquidation or where someone else has otherwise become entitled by law to that shareholder's shares, but is still registered as a shareholder. It applies whether he is registered as a sole or joint shareholder. A person who is entitled to that shareholder's shares by law and who proves this to the reasonable satisfaction of the directors, can give a Hong Kong address for service of notices and other documents. If this is done, notices and other documents must be sent to that address. Otherwise, if any notice or other document is served on the shareholder named on the register, or sent to him in accordance with these articles, this will be valid despite his death, bankruptcy or liquidation or the fact that any other event giving rise to an entitlement to the shares by law has occurred. This applies even if the Company knew about these things. If notices or other documents are served or sent in accordance with this article, there is no need to send them to, or serve them in any other way, on any other people who may be involved.

141. When notices Deemed Served

- (a) If a notice or document is sent by the Company by post, it is treated as being served or delivered the day after it was posted. In proving that a notice or document was served or delivered, it is sufficient to show that the envelope was properly addressed and put into the postal system with postage paid.
- (b) If a notice or document is left by the Company at a shareholder's registered address, it is treated as being served or delivered on the day it was left.
- (c) If a notice is published by way of advertisement, it is treated as being served or delivered on the date it is published.
- (d) If a notice or document is given by e-mail, it is treated as being delivered by transmitting the e-mail to the address provided by the intended recipient and shall be deemed to have been received on the day following that on which it was sent, and it shall not be necessary for the receipt of the e-mail to be acknowledged by the recipients.
- (e) If a notice or document is served or delivered by the Company by publishing it on a computer network (including the Company's website), it is treated as being served or delivered on the day

on which the notification of such publication is served or delivered or where no such notification is required by legislation or the Listing Rules, the day on which the notice or document first appears on the computer network concerned.

- (f) If a notice or document is served or delivered by the Company by any other means authorised in writing by a shareholder, it is treated as being served or delivered when the Company has done what it was authorised to do by that shareholder for service or delivery.

142. Presumption Where Documents Destroyed

- (a) The Company may destroy or delete:
- (i) all transfer forms, and documents sent to support a transfer, and any other document which were the basis for making an entry on the register, after six years from the date of registration;
 - (ii) all dividend payment instructions and notifications of a change of address or name, after two years from the date these were registered; and
 - (iii) all cancelled share certificates, after one year from the date they were cancelled.
- (b) If the Company destroys or deletes a document under this article, it is conclusively treated as having been a valid and effective document in accordance with the Company's records relating to the document. Any action of the Company in dealing with the document in accordance with its terms before it was destroyed or deleted is conclusively treated as properly taken.
- (c) This article only applies to documents which are destroyed or deleted in good faith and where the Company is not on notice of any claim to which the document may be relevant.
- (d) This article does not make the Company liable:
- (i) if it destroys or deletes a document earlier than referred to in paragraph (a); or
 - (ii) if the Company would not be liable if this article did not exist.

- (e) This article applies whether a document is destroyed or deleted or disposed of in some other way.

143. Distribution of Assets otherwise than in Cash

If the Company is wound up (whether the liquidation is voluntary, under supervision of the court or by the court), the liquidator can, with the authority of a special resolution passed by the shareholders and any other sanction required by the legislation, divide among the shareholders the whole or any part of the assets of the Company. This applies whether the assets consist of property of one kind or different kinds. For this purpose, the liquidator can set such value as he considers fair upon any property and decide how such division is carried out as between shareholders or different groups of shareholders. The liquidator can transfer any part of the assets to trustees upon such trusts for the benefit of shareholders as the liquidator, acting under that resolution, decides. However, no shareholder can be compelled to accept any shares or other property under this article which carries a liability.

144. Indemnity of Officers

As far as the legislation allows this, the Company:

- (a) may indemnify any director or other officer of the Company against any liability;
- (b) may purchase and maintain insurance against any liability for any director or other officer of the Company;
- (c) will indemnify every director and other officer of the Company out of its own assets against any liability incurred by him as a director or other officer in defending any civil or criminal proceedings which relate to anything done or omitted, or claimed to have been done or omitted, by him as a director or other officer of the Company:
 - (i) in which judgment is given in his favour;
 - (ii) in which he is acquitted; or
 - (iii) in connection with any application under legislation for relief from liability in respect of any such act or omission where relief is granted to him by the court.

For the purposes of this article, no person appointed or employed by the Company as an auditor is an officer of the Company.

Names, Addresses and Descriptions of Subscribers

(Sd) TSANG, YAM-KUEN DONALD

Name: Financial Secretary Incorporated
 Address: 12/F., West Wing
 Central Government Offices
 Central
 Hong Kong

Description/ Body Corporate
 occupation:

(Sd) YUE CHUNG YEE

Name: YUE Chung Yee
 Address: Flat J, 11/F.
 Skyline Mansion
 51 Conduit Road
 Hong Kong

Description/ Civil Servant
 occupation:

Dated the 17th day of April, 2000.

WITNESS to the above signatures : (Sd) MARTIN MCKENZIE GLASS

Name: MARTIN MCKENZIE GLASS
 Address: 22 A2 Elm Tree Towers,
 8 Chun Fai Road, Hong Kong
 Occupation: Civil Servant

GLOSSARY**About the Glossary**

This Glossary is to help readers understand the Company's memorandum and articles. Words are explained as they are used in the memorandum and articles - they might mean different things in other documents. This Glossary is not legally part of the memorandum or articles, and it does not affect their meaning. The definitions are intended to be a general guide - they are not precise. Words and expressions which are printed in both **bold** and *italics* in a definition have their own legal definition as well as a more general explanation of their meaning which is contained in this Glossary.

abrogate If the special rights of a share are abrogated, they are cancelled or withdrawn.

adjourn Where a meeting breaks up, to be continued at a later time or day, at the same or a different place.

allot When new shares are allotted, they are set aside for the person they are intended for. This will normally be after the person has agreed to pay for a new share, or has become entitled to a new share for any other reason. As soon as a share is allotted, that person has the right to have his name put on the register of shareholders. When he has been registered, the share has also been issued.

asset Anything which is of any value to its owner.

attorney An attorney is a person who has been appointed to act for another person. The person is appointed by a formal document, called a **power of attorney**.

authorised share capital The total number of shares which a company has the potential, under its memorandum of association, to have in issue at any time. Authorised share capital includes all the shares which a company has in issue at any time as well as any shares which have been authorised by a shareholder's meeting but are not yet issued (whether or not authority to issue them has been given under the company's articles).

brokerage Commission which is paid to a broker by a company issuing shares where the broker's clients have applied for shares.

call A call to pay money which is due on shares which has not yet been paid. This happens if the company issues shares which are partly paid, where money remains to be paid to the company for the shares. The money which has not been paid can be **called** for. If all the

money to be paid on a share has been paid, the share is called a **fully paid share**.

capital redemption reserve A **reserve** which a company may have to set up to maintain the level of its capital base when shares are redeemed or bought back.

capitalise to convert some or all of the **reserves** of a company into capital (such as shares).

company representative If a corporation owns shares, it can appoint a company representative to attend a shareholders' meeting to speak and vote for it.

consolidate When shares are consolidated, they are combined with other shares - for example, three HK\$1.00 shares might be consolidated into one new HK\$3.00 share.

debenture A typical debenture is a longer-term borrowing by a company. The loan usually has to be repaid at a fixed date in the future and carries a fixed rate of interest.

declare When a dividend is declared, it becomes due to be paid.

entitled to a share by law In some situations, a person will be entitled to have shares which are registered in somebody else's name registered in his own name or to require the shares to be transferred to another person. When a shareholder dies, or the sole survivor of joint shareholders dies, his **personal representatives** have this right. If a shareholder is made bankrupt, his **trustee in bankruptcy** has the right.

executed A document is executed when it is signed or sealed or made valid in some other way.

exercise When a power is exercised, it is used.

forfeit and **forfeiture** When a share is forfeited it is taken away from the shareholder and goes back to the company. This process is called **forfeiture**. This can happen if a **call** on a **partly paid share** is not paid on time.

fully paid shares When all of the money or other property which is due to the company for a share has been paid or received, a share is called a **fully paid share**.

good title If a person has good title to a share, he owns it outright.

in issue See *issue*.

indemnity and **indemnify** If a person gives another person an indemnity, he promises to make good any losses or damage which the other might suffer. The person who gives the indemnity is said to **indemnify** the other person.

instruments Formal legal documents.

issue When a share has been issued, everything has been done by a company to make the shareholder the owner of the share. In particular, the shareholder's name has been put on the register. Existing shares which have been issued are called **in issue**.

liabilities Debts and other obligations.

lien Where the company has a lien over shares, it can take the dividends, and any other payments relating to the shares which it has a lien over, or it can sell the shares, to repay the debt and so on.

members Shareholders.

nominal amount or **nominal value** The amount of the share shown in a company's account. The nominal value of each of the Company's ordinary shares is HK\$1.00. This amount is shown on the share certificate for a share. When a company **issues** new shares this can be for a price which is at a **premium** to the nominal value. When shares are bought and sold on the stock market this can be for more, or less, than the nominal value. The nominal value is sometimes also called the **par value**.

office copy An extract copy of an official document, supplied by the office which holds, or issued, the original.

officer The term officer includes (subject to the provision of the articles) a director, secretary, any employee who reports directly to a director or any other person who the directors decide should be an officer.

ordinary resolution A decision reached by a simple majority of votes - that is by more than 50 per cent. of the votes cast.

partly paid shares If any money remains to be paid on a share, it is said to be partly paid. The unpaid money can be **called** for.

personal representatives A person who is entitled to deal with the property (the **estate**) of a person who has died. If the person who

has died left a valid will, the will appoints **executors** who are personal representatives. If the person died without a will, the courts will appoint one or more **administrators** to be the personal representatives.

poll On a vote taken on a poll, the number of votes which a shareholder has will depend on the number of shares which he owns. An ordinary shareholder has one vote for each share he owns. A poll vote is different to a vote taken on a **show of hands**, where each person who is entitled to vote has just one vote, however many shares he owns.

power of attorney A formal document which legally appoints one or more persons to act on behalf of another person.

premium If a company issues a new share for more than its **nominal value**, the amount above the nominal value is the premium.

proxy A proxy is a person who is appointed by a shareholder to attend a meeting and vote for that shareholder. A proxy is appointed by using a **proxy form**. A proxy does not have to be a shareholder.

proxy form A form which a shareholder uses to appoint a proxy to attend a meeting and vote for him. The proxy forms are sent out by the company and must be returned to the company before the meeting to which they relate.

quorum The minimum number of shareholders or directors who must be present before a shareholders' or, as appropriate, directors' meeting can start. When this number is reached, the meeting is said to be **quorate**.

rank when either capital or income is distributed to shareholders, it is paid out according to the rank of the shares. For example, a share which ranks ahead of (or above) another share in sharing in a company's income is entitled to have its dividends paid first, before any dividends are paid on shares which rank below (or after) it. If there is not enough income to pay dividends on all shares, the available income must be used first to pay dividends on shares which rank first, and then to shares which rank below. The same applies for repayments of capital. Capital must be paid first to shares which rank first in sharing in the company's capital, and then to shares which rank below. A company's preference shares (if it has any) generally rank ahead of its ordinary shares.

redeem, redemption and redeemable When a share is redeemed, it goes back to the company in return for a sum of money which was fixed (or calculated from a formula fixed) before the share was issued. This

process is called **redemption**. A share which can be redeemed is called a **redeemable** share.

renounces and **renunciation** Where a share has been **allotted**, but nobody has been entered on the share register for the share, it can be renounced to another person. This transfers the right to have the share registered to another person. This process is called **renunciation**.

requisition A formal process which shareholders can use to call a meeting of shareholders. Generally speaking the shareholders who want to call a meeting must hold at least 10 per cent. of the issued shares.

reserves A fund which has been set aside in the accounts of a company - profits which are not paid out to shareholders as dividends, or used up in some other way, are held in a reserve by the company.

retire by rotation At every annual general meeting a proportion of the directors retires in turn. This gives the shareholders the chance to confirm or renew their appointments by voting on whether to re-elect them.

revoke To withdraw or cancel.

rights issue A way by which companies raise extra share capital. Usually the existing shareholders will be offered the chance to buy a certain number of new shares, depending on how many shares they already have. For example shareholders may be offered the chance to buy one new share for every four they already have.

share premium account If a new share is issued by a company for more than its nominal value, the amount above the nominal value is the premium and the total of these premiums is held in a reserve (which cannot be used to pay dividends) called the share premium account.

show of hands A vote where each person who is entitled to vote has just one vote, however many shares he holds.

special resolution A decision reached by a majority of at least 75 per cent. of votes cast. Shareholders must be given at least 21 days' notice of any special resolution.

special rights These are the rights of a particular class of shares as distinct from rights which apply to all shares generally. Typical examples of special rights are: where the shares rank; their rights to sharing in income and assets; and voting rights.

statutory declaration A formal way of declaring something in writing. Particular words and formalities must be used.

subdivide When shares are subdivided they are split into shares which have a smaller nominal amount. For example, a HK\$1.00 share might be subdivided into two HK\$0.50 shares.

subject to Means that something else has priority, or prevails, or must be taken into account. When a statement is subject to something this means that the statement must be read in the light of that other thing; which will prevail if there is any conflict.

subscribe for shares To agree to take new shares in a company (usually for a cash payment).

subscribers The people who first buy the shares.

subsidiary A company which is controlled by another company (for example, because the other company owns a majority of its shares) is called a subsidiary of that company.

trustees People who hold property of any kind for the benefit of one or more other people under a kind of arrangement which the law treats as a **trust**.

underwriting A person who agrees to buy new shares if they are not bought by other people underwrites the share offer.

wind up The formal process to put an end to a company. When a company is wound up, its assets are distributed. The assets go first to creditors who have supplied property and services and then to shareholders. Shares which rank above other shares in sharing in the company's assets will receive any funds which are left over before any shares which rank after (or below) them.