

Appendix 3

Articles of Association

The articles of association or equivalent document must conform with the following provisions and, where necessary, a certified copy of a resolution of the board of directors or other governing body undertaking to comply with the appropriate provisions must be lodged with the Exchange. This appendix does not apply to an issuer which has only debt securities listed.

As regards Transfer and Registration

1. (1) That transfers and other documents relating to or affecting the title to any registered securities shall be registered and where any fee or fees is/are charged, such fee or fees shall not exceed the maximum fees prescribed by the Exchange from time to time in the Exchange Listing Rules.
- (2) That fully-paid shares shall be free from any restriction on the right of transfer (except when permitted by the Exchange) and shall also be free from all lien.
- (3) That where power is taken to limit the number of shareholders in a joint account, such limit shall not prevent the registration of a maximum of four persons.

As regards Definitive Certificates

2. (1) That all certificates for capital must be under seal, which may only be affixed with the authority of the directors, or be executed under signature of appropriate officials with statutory authority.
- (2) Where power is taken to issue share warrants to bearer, that no new share warrant shall be issued to replace one that has been lost, unless the issuer is satisfied beyond reasonable doubt that the original has been destroyed.

As regards Dividends

3. (1) That any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.
- (2) Where power is taken to forfeit unclaimed dividends, that power shall not be exercised until six years or more after the date of declaration of the dividend.

As regards Directors

4. (1) That, subject to such exceptions specified in the articles of association as the Exchange may approve, a director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates has a material interest nor shall he be counted in the quorum present at the meeting. (Note 1)
- (2) That any person appointed by the directors to fill a casual vacancy on or as an addition to the board shall hold office only until the next following annual general meeting of the issuer, and shall then be eligible for re-election.
- (3) That, where not otherwise provided by law, the issuer in general meeting shall have power by ordinary resolution to remove any director (including a managing or other executive director, but without prejudice to any claim for damages under any contract) before the expiration of his period of office.
- (4) That the minimum length of the period, during which notice to the issuer of the intention to propose a person for election as a director and during which notice to the issuer by such person of his willingness to be elected may be given, will be at least 7 days.
- (5) That the period for lodgment of the notices referred to in sub-paragraph 4(4) will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting.

As regards Accounts

5. That a copy of either (i) the directors' report, accompanied by the balance sheet (including every document required by law to be annexed thereto) and profit and loss account or income and expenditure account, or (ii) the summary financial report shall, at least 21 days before the date of the general meeting, be delivered or sent by post to the registered address of every member.

As regards Rights

6. (1) That adequate voting rights will, in appropriate circumstances, be secured to preference shareholders.
- (2) That the quorum for a separate class meeting (other than an adjourned meeting) to consider a variation of the rights of any class of shares shall be the holders of at least one-third of the issued shares of the class.

As regards Notices

7. (1) That where power is taken to give notice by advertisement such advertisement may be published in the newspapers.
- (2) That an overseas issuer whose primary listing is or is to be on the Exchange shall give notice sufficient to enable members, whose registered addresses are in Hong Kong, to exercise their rights or comply with the terms of the notice. If the overseas issuer's primary listing is on another stock exchange, the Exchange will normally be satisfied with an undertaking by the issuer to do so and will not normally request the issuer to change its articles to comply with this paragraph where it would be unreasonable to do so.
- (3) That there is no prohibition on the giving of notice to members whose registered address is outside Hong Kong.

As regards Redeemable Shares

8. That, where the issuer has the power to purchase for redemption a redeemable share:—
 - (1) purchases not made through the market or by tender shall be limited to a maximum price; and
 - (2) if purchases are by tender, tenders shall be available to all shareholders alike.

As regards Capital Structure

9. That the structure of the share capital of the issuer be stated and where such capital consists of more than one class of share it must also be stated how the various classes shall rank for any distribution by way of dividend or otherwise.

As regards Non-Voting or Restricted Voting Shares

10. (1) That, where the capital of the issuer includes shares which do not carry voting rights, the words "non-voting" must appear in the designation of such shares.
- (2) That, where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting".

As regards Proxies

11. (1) That where provision is made in the articles as to the form of proxy, this must be so worded as not to preclude the use of the two-way form.
- (2) That a corporation may execute a form of proxy under the hand of a duly authorised officer.

As regards disclosure of interests

12. No powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the company.

As regards untraceable members

13. (1) That where power is taken to cease sending dividend warrants by post, if such warrants have been left uncashed, it will not be exercised until such warrants have been so left uncashed on two consecutive occasions. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.
- (2) That where power is taken to sell the shares of a member who is untraceable it will not be exercised unless:—
 - (a) during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and
 - (b) on expiry of the 12 years the issuer gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and notifies the Exchange of such intention.

As regards voting

14. That, where any shareholder is, under these Exchange Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

NOTES

Note 1 Articles of Association will be acceptable to the Exchange if they provide exceptions from the requirements of paragraph 4(1) of this Appendix in respect of the following matters:—

- (1) *the giving of any security or indemnity either:—*
 - (a) *to the director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the issuer or any of its subsidiaries; or*
 - (b) *to a third party in respect of a debt or obligation of the issuer or any of its subsidiaries for which the director or his close associate(s) has himself/ themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;*
- (2) *any proposal concerning an offer of shares or debentures or other securities of or by the issuer or any other company which the issuer may promote or be interested in for subscription or purchase where the director or his close associate(s) is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;*
- (3) *any proposal concerning any other company in which the director or his close associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the director or his close associate(s) is/are beneficially interested in shares of that company, provided that the director and any of his close associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his close associates is derived) or of the voting rights;*
- (4) *any proposal or arrangement concerning the benefit of employees of the issuer 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 the director or his close associate(s) 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, his close associates and employees of the issuer or any of its subsidiaries and does not provide in respect of any director, or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and*
- (5) *any contract or arrangement in which the director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the issuer by virtue only of his/their interest in shares or debentures or other securities of the issuer.*