

THE COMPANIES ORDINANCE (CHAPTER 622)

**Private Company Limited by Shares
ARTICLES OF ASSOCIATION
OF**



Part A Mandatory Articles

1. Company Name The name of the company is



2. Members' Liabilities

The liability of the members is limited.

3. Liabilities or Contributions of Members

The liability of the members is limited to any amount unpaid on the shares held by the members.

4. Share Capital and Initial Shareholdings (on the company's formation)

The total number of shares that the company proposes to issue

The total amount of share capital to be subscribed by the company's founder members

- (i) The amount to be paid up or to be regarded as paid up
- (ii) The amount to remain unpaid or to be regarded as remaining unpaid



Class of Shares

[Ordinary]

- The total number of shares in this class that the company proposes to issue
- The total amount of share capital in this class to be subscribed by the company's founder members

- (i) The amount to be paid up or to be regarded as paid up
- (ii) The amount to remain unpaid or to be regarded as remaining unpaid

I/WE, the undersigned, wish to form a company and wish to adopt the articles of association as attached, and I/we respectively agree to subscribe for the amount of share capital of the Company and to take the number of shares in the Company set opposite my/our respective name(s).

Name(s) of Founder Members	Number of Share(s) and Total Amount of Share Capital
	[Ordinary]shares
Merchant	
Total:	

Part B Other Articles

Part 1 interpretation

1. Interpretation

(1) In those articles—

articles means the articles of association of the company;

associated company means—

- (a) a subsidiary of the company;
- (b) a holding company of the company; or
- (c) a subsidiary of such a holding company.

distribution recipient means, in relation to a share in respect of which a dividend or other sum is payable—

- (a) the holder of the share;
- (b) if the share has 2 or more joint holders, whichever of them is named first in the register of members; or
- (c) if the holder is no longer entitled to the share by reason of death or bankruptcy or otherwise by operation of law, the transmittee;

fully paid in relation to a share, means the price at which the share was issued has been fully paid to the company;

holder in relation to a share, means the person whose name is entered in the register of members as the holder of the share;

mental incapacity has the meaning given by section 2(1) of the Mental Health Ordinance (Cap. 136);

mentally incapacitated person means a person who is found under the Mental Health Ordinance (Cap. 136) to be incapable, by reason of mental incapacity, of managing and administering his or her property and affairs;

Ordinance means the Companies Ordinance (Cap. 622);

paid means paid or credited as paid;

proxy notice—see article 43(1);

register of members means the register of members of the company;

transmittee means a person entitled to a share by reason of the death or bankruptcy of a member or otherwise by operation of law.

- (2) Other words or expressions used in these articles have the same meaning as in the Ordinance as in force on the date these articles become binding on the company.
- (3) For the purposes of these articles, a document is authenticated if it is authenticated in any way in which section 828(5) or 829(3) of the Ordinance provides for documents or information to be authenticated for the purposes of the Ordinance.
- (4) The articles set out in Schedule 2 of the Companies (Model Articles) Notice (Cap. 62211) do not apply to the company.

Part 2

Private Company

2. Company is private company

(1) The company is a private company and accordingly—

- (a) a member's right to transfer shares is restricted in the manner specified in this article;
- (b) the number of members is limited to 50; and
- (c) any invitation to the public to subscribe for any shares or debentures of the company is prohibited.

(2) The directors may in their discretion refuse to register the transfer of a share.

(3) In paragraph (1)(b)—

member excludes—

- (a) a member who is an employee of the company; and
- (b) a person who was a member while being an employee of the company and who continues to be a member after ceasing to be such an employee.

(4) For the purposes of this article, 2 or more persons who hold shares in the company jointly are to be regarded as 1 member.

Part 3

Directors and Company Secretary

Division 1—Directors' Powers and Responsibilities

3. Directors' general authority

(1) Subject to the Ordinance and these articles, the business and affairs of the company are managed by the directors, who may exercise all the powers of the company.

- (2) An alteration of these articles does not invalidate any prior act of the directors that would have been valid if the alteration had not been made.
- (3) The powers given by this article are not limited by any other power given to the directors by these articles.
- (4) A directors' meeting at which a quorum is present may exercise all powers exercisable by the directors.

4. Members' reserve power

- (1) The members may, by special resolution, direct the directors to take, or refrain from taking, specified action.
- (2) The special resolution does not invalidate anything that the directors have done before the passing of the resolution.

5. Directors may delegate

- (1) Subject to these articles, the directors may, if they think fit, delegate any of the powers that are conferred on them under these articles—
 - (a) to any person;
 - (b) by any means (including by power of attorney);
 - (c) to any extent and without territorial limit;
 - (d) in relation to any matter; and
 - (e) on any terms and conditions.
- (2) If the directors so specify, the delegation may authorize further delegation of the directors' powers by any person to whom they are delegated.
- (3) The directors may—
 - (a) revoke the delegation wholly or in part; or
 - (b) revoke or alter its terms and conditions.

Division 2—Decision-taking by Directors

6. Directors to take decision collectively

- (1) A decision of the directors may only be taken—
 - (a) by a majority of the directors at a meeting; or
 - (b) in accordance with article 7.
- (2) Paragraph (1) does not apply if—
 - (a) the company only has 1 director; and
 - (b) no provision of these articles requires it to have more than one director.
- (3) If paragraph (1) does not apply, the director may take decisions without regard to any of the provisions of these articles relating to directors' decision-taking.

7. Unanimous decisions

- (1) A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other (either directly or indirectly) by any means that they share a common view on a matter.
- (2) Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.
- (3) A reference in this article to eligible directors is a reference to directors who would have been entitled to vote on the matter if it had been proposed as a resolution at a directors' meeting.
- (4) A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at a directors' meeting.

8. Calling directors' meetings

- (1) Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorizing the company secretary to give such notice.
- (2) Notice of a directors' meeting must indicate—
 - (a) its proposed date and time; and
 - (b) where it is to take place.
- (3) Notice of a directors' meeting must be given to each director, but need not be in writing.

9. Participation in directors' meetings

- (1) Subject to these articles, directors participate in a directors' meeting, or part of a directors' meeting, when—
 - (a) the meeting has been called and takes place in accordance with these articles; and

- (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- (2) In determining whether directors are participating in a directors' meeting, it is irrelevant where a director is and how they communicate with each other.
- (3) If all the directors participating in a directors' meeting are not in the same place, they may regard the meeting as taking place wherever any one of them is.
- 10. Quorum for directors' meetings**
- (1) At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- (2) The quorum for directors' meetings may be fixed from time to time by a decision of the directors and unless otherwise fixed it is 2 unless there is a sole director, in which case the quorum is 1.
- 11. Meetings if total number of directors less than quorum**
- If the total number of directors for the time being is less than the quorum required for directors' meetings, the directors must not take any decision other than a decision—
- (a) to appoint further directors; or
- (b) to call a general meeting so as to enable the members to appoint further directors.
- 12. Chairing of directors' meetings**
- (1) The directors may appoint a director to chair their meetings.
- (2) The person appointed for the time being is known as the chairperson.
- (3) The directors may terminate the appointment of the chairperson at any time.
- (4) If the chairperson is not participating in a directors' meeting within 10 minutes of the time at which it was to start or is unwilling to chair the meeting, the participating directors may appoint one of themselves to chair it.
- 13. Chairperson's casting vote at directors' meetings**
- (1) If the numbers of votes for and against a proposal are equal, the chairperson or other director chairing the directors' meeting has a casting vote.
- (2) Paragraph (1) does not apply if, in accordance with these articles, the chairperson or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.
- 14. Conflicts of interest**
- (1) This article applies if—
- (a) a director is in any way (directly or indirectly) interested in a transaction, arrangement or contract with the company that is significant in relation to the company's business; and
- (b) the director's interest is material.
- (2) The director must declare the nature and extent of the director's interest to the other directors in accordance with section 536 of the Ordinance.
- (3) The director must neither—
- (a) vote in respect of the transaction, arrangement or contract in which the director is so interested; nor
- (b) be counted for quorum purposes in respect of the transaction, arrangement or contract.
- (4) If the director contravenes paragraph (3)(a), the vote must not be counted.
- (5) Paragraph (3) does not apply to—
- (a) an arrangement for giving a director any security or indemnity in respect of money lent by the director to or obligations undertaken by the director for the benefit of the company;
- (b) an arrangement for the company to give any security to a third party in respect of a debt or obligation of the company for which the director has assumed responsibility wholly or in part under a guarantee or indemnity or by the deposit of a security;
- (c) an arrangement under which benefits are made available to employees and directors or former employees and directors of the company or any of its subsidiaries, which do not provide special benefits for directors or former directors; or
- (d) an arrangement to subscribe for or underwrite shares.
- (6) A reference in this article (except in paragraphs (5)(d) and (7)) to a transaction, arrangement or contract includes a proposed transaction, arrangement or contract.
- (7) In this article—
- arrangement to subscribe for or underwrite shares* means—
- (a) a subscription or proposed subscription for shares or other securities of the company;
- (b) an agreement or proposed agreement to subscribe for shares or other securities of the company; or
- (c) an agreement or proposed agreement to underwrite any of those shares or securities.