

THE COMPANIES ORDINANCE (CHAPTER 622)

Company Limited by Guarantee
and not having a share capital

ARTICLES OF ASSOCIATION

OF

FAIR TRADE HONG KONG FOUNDATION LIMITED

香港公平貿易聯盟有限公司

MANDATORY ARTICLES

1. The name of the Company is “FAIR TRADE HONG KONG FOUNDATION LIMITED 香港公平貿易聯盟有限公司” (hereinafter called “**the Foundation**”).
2. The registered office of the Foundation will be situated in Hong Kong.
3. The liability of the Members is limited.
4.
 - (1) The income and property of the Foundation, however derived, shall be applied solely towards the promotion of the objects of the Foundation as set out in these Articles.
 - (2) Subject to paragraph (4) and (5) below, no portion of the income and property of the Foundation shall be paid or transferred directly or indirectly, by way of dividend, bonus, or otherwise howsoever, to the Members of the Foundation.
 - (3) No member of the Board or Governing Body of the Foundation shall be appointed to any salaried office of the Foundation, or any office of the Foundation paid by fees and no remuneration or other benefit in money or money’s worth (except as provided in paragraph (5) below) shall be given by the Foundation to any member of the Board or Governing Body.
 - (4) Nothing herein shall prevent the payment, in good faith, by the Foundation of reasonable and proper remuneration or salaries or wages to any officer/officers or employee/employees or servant/servants of the Foundation, or to any Member of the Foundation not being a member of the Board or Governing Body of the Foundation or to any person or persons in return for any services actually rendered to the Foundation.
 - (5) Nothing herein shall prevent the payment, in good faith, by the Foundation:-
 - (a) to any Member of the Foundation of out-of-pocket expenses;
 - (b) of interest on money lent by any Member of the Foundation at a rate per year not exceeding 2% above the prime rate prescribed for the time being by The Hongkong and Shanghai Banking Corporation Limited for Hong Kong dollar loans;
 - (c) of reasonable and proper rent for premises demised or let by any Member of the Foundation;

- (d) of remuneration or other benefit in money or money's worth to a body corporate in which a Member of the Foundation is interested solely by virtue of being a member of that body corporate by holding not more than one-hundredth part of its capital or controlling not more than a one-hundredth part of its votes.
 - (6) No person shall be bound to account for any benefit he may receive in respect of any payment properly paid in accordance with paragraphs (4) and (5) above.
5. Every Member of the Foundation undertakes to contribute to the assets of the Foundation in the event of its being wound up while he is a Member, or within one year afterwards, for payment of the debts and liabilities of the Foundation contracted before he ceases to be a Member, and the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding \$10.

WE, the several persons whose names and addresses are subscribed, are desirous of being formed into a company, in pursuance of the Articles of Association attached.

Names, Addresses and Descriptions of Subscribers

(Sd.) Joshua Malcolm BEGBIE
Flat 10B, 2 Castle Peak Road,
Castle Peak Bay, Tuen Mun,
N.T. Hong Kong
Project Manager

(Sd.) LEUNG Pui Fung
Flat F, 42/F., Block 1,
Waterside Plaza, Tsuen Wan,
N.T. Hong Kong.
Trader

(Sd.) YIP Pui Wah, Miranda
Room 730, 7/F., Block A,
Ming Yuen Mansions, Phase 2,
Peacock Street, North Point,
Hong Kong.
Clerk

Dated the 23rd day of August, 2010.

Witness to the above signatures,

(Sd.) Carol Chen
Flat 17A, Serene Court,
8 Kotewall Road, Hong Kong.
Executive

OTHER ARTICLES

Interpretation

6. Interpretation

(1) In these Articles :-

“Articles”	: means the Articles of Association of the Foundation;
“Associated Company”	: means – (a) a subsidiary of the Foundation; (b) a holding company of the Foundation; (c) a subsidiary of such a holding company;
“Days”	: mean calendar days;
“Member ”	: means a person for the time being registered as a member of the Foundation;
“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);
“proxy notice”	: see Article 26(1);
“The Board of Directors” or “The Directors” or “The Board”	: means the Board of Directors of the Foundation for the time being; and
“The Foundation”	: means FAIR TRADE HONG KONG FOUNDATION LIMITED 香港公平貿易聯盟有限公司.

(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 Foundation.

(3) For the purposes of these Articles, a document is authenticated if it is authenticated in any way in which Section 828(5) or 892(3) of the Ordinance provides for documents or information to be authenticated for the purposes of the Ordinance.

7. The powers set forth in the Model Articles prescribed in Schedule 3 of the Companies (Model Articles) Notice (Cap. 622H) for the companies limited by guarantee shall not be applied to the Foundation.

Objects

8. The Foundation is established for the following objects:-
 - (1) To relieve poverty suffering and distress in any part of the world.
 - (2) In furtherance of the objects of the Foundation but not otherwise, to educate the public in particular but not exclusively by the dissemination of knowledge in the problems of economic and social development in the third world, particularly that of poverty, arising from national and international trading practices.
 - (3) In furtherance of the objects of the Foundation but not otherwise, to educate and raise public awareness in Hong Kong that, by participating in the Fair Trade systems, farmers, small producers and artisans in poor countries are able to increase their income, to improve their livelihoods and communities through sustainable economic development.
 - (4) For the relief of poverty of poor farmers and producers, to promote and encourage the people in Hong Kong to sell, serve and buy goods bearing a Fair Trade label so as to increase the demand of the products and to mainstream sustainable Fair Trade economy.

9. For the purpose of giving effect to and carrying out the above objects the Foundation shall have the following powers:-
 - (1) To devise, promote and monitor schemes facilitating the purchase of goods and services which have been originated by the labour of poor countries.
 - (2) To raise funds and to invite and receive contributions from any person or persons whatever by way of donation or subscription and to take any gift of property (of whatever nature or kind) for any one or more of the objects of the Foundation.
 - (3) On a non-profit making basis, to organize, co-ordinate or assist to organize, co-ordinate fairs for Fair Trade products, conferences, exhibitions, symposia, seminars, lectures, workshops, meetings or other activities for the purpose of promoting the objects of the Foundation.
 - (4) To cause to be written and printed or otherwise reproduced and circulated, gratuitously or otherwise, periodicals, magazines, books, leaflets or other documents or film or recorded tapes so as to make known, disseminate and further the objects of the Foundation.
 - (5) To establish, promote, co-operate with or act as trustees or agents for or assist in establishing or promoting, and to subscribe to, or become a member of, any society, association or other body, corporate or non-corporate, for the sole purpose of promoting the objects of the Foundation and to co-operate with manufacturers, dealers or other traders and with the press and other sources of publicity. Provided that none of the funds of the Foundation shall subscribe to any society, association or body which does not prohibit the distribution of its income and property amongst its members to an extent at least as great as is imposed on the Foundation under or by virtue of Article 4 above.
 - (6) To enter into any agreement or contract with any persons, firms, corporations, private or public, municipal or body politic, state or territorial government, and to procure from such body all rights, privileges and concessions that are rightfully due to the Foundation.

- (7) To co-operate, liaise with, support and exchange ideas with all relevant organizations, professional bodies, government organs and municipalities in carrying out the objects of the Foundation.
- (8) To make suggestions and recommendations to government or other appropriate authorities for attainment of any one or more objects of the Foundation.
- (9) To acquire by purchase, lease or otherwise any other lands, buildings, easements or property which may be requisite for any of the objects of the Foundation.
- (10) To manage, improve and maintain all or any part of the lands, buildings, easements and property of the Foundation and demise, underlet, exchange, sell or otherwise deal with and dispose of the same, either together or in portions, and for such considerations as the Foundation may think fit in furtherance of any one or more objects of the Foundation.
- (11)
- (12) To act as trustees of properties of any kind or tenure for or on behalf of any body or association and to do and execute all manner of documents in connection therewith.
- (13) To grant donations, scholarships, financial or material assistance to individuals, company, societies or clubs, institutions or to any Government or authority, municipal, local or otherwise, provided that any such grant or gift shall be made only on the express condition that the same shall be applicable solely for purposes which are in accordance with the objects of the Foundation.
- (14) For the objects of the Foundation, to invest and deal with the moneys of the Foundation, upon such investment, securities and in such reasonable and prudent manner allowed by law as may from time to time be determined.
- (15) For the objects of the Foundation, to draw, make, accept, endorse, discount, negotiate, execute and issue bills of exchange, promissory notes and other negotiable or transferable instruments.
- (16) Subject to Article 4 above, to hire and employ all classes of persons (including Members of the Foundation) whenever necessary for the purposes of carrying out the work of the Foundation and to pay to them and to other persons in return for services rendered to the Foundation, salaries, wages, rent free housing or housing allowance, gratuities and provident fund contributions.
- (17) To procure the Foundation to be registered or recognized in any part of the world.
- (18) To do all such other lawful things as are incidental or conducive to the attainment of all or any of the objects set out above.

Provided that:-

- (i) In case the Foundation shall take or hold any property which may be subject to any trusts, the Foundation will only deal with or invest the same in such manner as allowed by law, having regard to such trusts.
- (ii) The objects of the Foundation shall not extend to the regulation of relations between workers and employers or organisations of workers and organisations of

employers.

Members

Becoming and Ceasing to be Member

10. Application for membership

- (1) The subscribers to this Articles of Association and such other persons as the Directors shall admit to membership shall be Members of the Foundation.
- (2) Every application for membership shall be made in writing signed by the applicant in such form as the Board shall from time to time prescribe or approve, and the Board shall have an absolute discretion to accept or reject any application without assigning any reason therefor.

11. Termination of membership

- (1) The rights of a Member shall be personal to himself; they shall not be transferable by his own act or operation of law and shall cease upon his death, or upon his ceasing from any cause to be a Member under the provisions of these Articles.
- (2) Any Member may withdraw his membership from the Foundation by giving one month's notice in writing to the Board of his intention so to do, and upon the expiration of the notice or at an earlier date as the Board may determine, he shall cease to be a Member of the Foundation.
- (3)
 - (a) The Board may for good cause stated ask a Member to resign his membership, and upon refusal to resign, such Member may have his membership terminated by resolution of a majority of at least two-thirds of the members of the Board present and voting at a special meeting of the Board at which not less than one half of the total number of Directors shall be present. The Member concerned shall have one month's notice sent to him of the meeting, and he may make representations in writing to the Board and attend the meeting, but he shall not be present at the voting or take part in the proceedings otherwise than as the Board allow. A Member expelled from the Foundation by such meeting may, within one month of receiving the notice of his expulsion, appeal from the decision of the Board to a special meeting of the Foundation which shall thereupon be convened by the Board.
 - (b) The Member concerned can request the Board to send a copy of the representations to every Member of the Foundation to whom notice of the meeting is sent. A majority of not less than three-fourths of the Members of the Foundation present at such meeting shall have power to annul the expulsion or to annul it subject to the performance of any condition which the meeting may think fit to impose.
 - (c) A Member so excluded shall cease to be a Member of the Foundation and forfeit all his rights in the Foundation.
- (4) Any Member who has voluntarily withdrawn his membership or has been expelled under the provisions of these Articles shall nevertheless remain liable for and shall pay to the Foundation all moneys which at the time of his ceasing to be a Member shall be due from him to the Foundation.

Organization of General Meetings

12. General Meetings

- (1) Subject to Sections 611, 612 and 613 of the Ordinance, the Foundation must, in respect of each financial year of the Foundation, hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it; and within 9 months after the end of its accounting reference period by reference to which the financial year is to be determined in accordance with Section 610 of the Ordinance.
- (2) If the accounting reference period mentioned in paragraph (1) above is the first accounting reference period of the Foundation and is longer than 12 months, the Foundation must hold a general meeting as its annual general meeting within the following period:-
 - (a) 9 months after the anniversary of the Foundation's incorporation; or
 - (b) 3 months after the end of that accounting reference period, whichever is the later.
- (3) The annual general meeting shall be held at such time and place as the Board shall appoint.
- (4) The Board may, if they think fit, call a general meeting.
- (5) If the Board are required to call a general meeting under Section 566 of the Ordinance, they must call it in accordance with Section 567 of the Ordinance.
- (6) If the Board do not call a general meeting in accordance with Section 567 of the Ordinance, the Members who requested the meeting, or any of them representing more than one half of the total voting rights of all of them, may themselves call a general meeting in accordance with Section 568 of the Ordinance.

13. Notice of General Meetings

- (1) An annual general meeting must be called by notice of at least 21 days in writing.
- (2) A general meeting other than an annual general meeting must be called by notice of at least 14 days in writing.
- (3) The notice is exclusive of:-
 - (a) the day on which it is served or deemed to be served; and
 - (b) the day for which it is given.
- (4) The notice must:-
 - (a) specify the date and time of the meeting;
 - (b) specify the place of the meeting (and if the meeting is to be held in 2 or more places, the principal place of the meeting and the other place or places of the meeting);
 - (c) state the general nature of the business to be dealt with at the meeting;

- (d) for a notice calling an annual general meeting, state that the meeting is an annual general meeting;
 - (e) if a resolution (whether or not a special resolution) is intended to be moved at the meeting:-
 - (a) include notice of the resolution; and
 - (b) include or be accompanied by a statement containing any information or explanation that is reasonably necessary to indicate the purpose of the resolution;
 - (f) if a special resolution is intended to be moved at the meeting, specify the intention and include the text of the special resolution; and
 - (g) Contain a statement specifying a Member's right to appoint a proxy under Section 596(1) of the Ordinance.
- (5) Paragraph (4)(e) does not apply in relation to a resolution of which:-
- (a) Notice has been included in the notice of the meeting under Section 567(3) or 568(2) of the Ordinance; or
 - (b) Notice has been given under Section 615 of the Ordinance.
- (6) Despite the fact that a general meeting is called by shorter notice than that specified in this Article, it is regarded as having been duly called if it is so agreed:-
- (a) for an annual general meeting, by all the Members entitled to attend and vote at the meeting; and
 - (b) in any other case, by a majority in number of the Members entitled to attend and vote at the meeting, being a majority together representing at least 95% of the total voting rights at the meeting of all the Members.

14. Persons entitled to receive notice of general meetings

- (1) Notice of a general meeting must be given to:-
 - (a) every Member; and
 - (b) every Director.
- (2) If notice of a general meeting or any other document relating to the meeting is required to be given to a Member, the Foundation must give a copy of it to its auditor (if more than one auditor, to every one of them) at the same time as the notice or the other document is given to the Member.

15. Accidental omission to give notice of general meetings

Any accidental omission to give notice of a general meeting to, or the non-receipt of notice of a general meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

16. Attendance and speaking at general meetings

- (1) A person is able to exercise the right to speak at a general meeting when the

person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions that the person has on the business of the meeting.

- (2) A person is able to exercise the right to vote at a general meeting when:-
 - (a) the person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
 - (b) the person's vote can be taken into account in determining whether or not those resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- (3) The Board may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- (4) In determining attendance at a general meeting, it is immaterial whether any 2 or more Members attending it are in the same place as each other.
- (5) Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have rights to speak and vote at the meeting, they are able to exercise them.

17. Quorum for general meetings

- (1) No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business and continues to be present until the conclusion of the meeting; save as herein otherwise provided, not less than one half of all the Members for the time being present in person or by proxy shall be a quorum.
- (2) No business other than the appointment of the chairperson of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

18. Chairing general meetings

- (1) The Chairman of the Board shall preside as Chairman at every general meeting of the Foundation.
- (2) If at any meeting the Chairman shall not be present within 15 minutes after the time appointed for the holding of the meeting, one of the members of the Board shall preside, or if no such member be present or willing to take the chair the Members present shall choose one of their Members to be chairperson of the meeting.

19. Attendance and speaking by non-members

- (1) Directors may attend and speak at general meetings, whether or not they are Members of the Foundation.
- (2) The chairperson of a general meeting may permit other persons to attend and speak at a general meeting even though they are not:-
 - (a) Members of the Foundation; or

- (b) otherwise entitled to exercise the rights of Members in relation to general meetings.

20. Adjournment

- (1) If a quorum is not present within half an hour from the time appointed for holding a general meeting, the meeting must:-
 - (a) if called on the request of Members, be dissolved; or
 - (b) in any other case, be adjourned to the same day in the next week, at the same time and place, or to another day and at another time and place that the Board determine.
- (2) If at the adjourned meeting, a quorum is not present within half an hour from the time appointed for holding the meeting, the Member or Members present in person or by proxy constitute a quorum.
- (3) The chairperson may adjourn a general meeting at which a quorum is present if:-
 - (a) the meeting consents to an adjournment; or
 - (b) it appears to the chairperson that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- (4) The chairperson must adjourn a general meeting if directed to do so by the meeting.
- (5) When adjourning a general meeting, the chairperson must specify the date, time and place to which it is adjourned.
- (6) Only the business left unfinished at the general meeting may be transacted at the adjourned meeting.
- (7) If a general meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as for an original meeting.
- (8) If a general meeting is adjourned for less than 30 days, it is not necessary to give any notice of the adjourned meeting.

Voting at General Meetings

21. General rules on voting

- (1) A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with these Articles.
- (2) If there is an equality of votes, whether on a show of hands or on a poll, the chairperson of the meeting at which the show of hands takes place or at which the poll is demanded, is entitled to a second or casting vote.
- (3) On a vote on a resolution on a show of hands at a general meeting, a declaration by the chairperson that the resolution:-
 - (a) has or has not been passed; or

(b) has passed by a particular majority,

is conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

(4) An entry in respect of the declaration in the minutes of the meeting is also conclusive evidence of that fact without the proof.

22. Errors and disputes

(1) Any objection to the qualification of any person voting at a general meeting may only be raised at the meeting or adjourned meeting at which the vote objected to is tendered, and a vote not disallowed at the meeting is valid.

(2) Any objection must be referred to the chairperson of the meeting whose decision is final.

23. Demanding a poll

(1) A poll on a resolution may be demanded:-

(a) in advance of the general meeting where it is to be put to the vote; or

(b) at a general meeting, either before or on the declaration of the result of a show of hands on that resolution.

(2) A poll on a resolution may be demanded by:-

(a) the chairperson of the meeting;

(b) at least 2 Members present in person or by proxy; or

(c) any Member or Members present in person or by proxy and representing at least 5% of the total voting rights of all the Members having the right to vote at the meeting.

(3) The instrument appointing a proxy is regarded as conferring authority to demand or join in demanding a poll on a resolution.

(4) A demand for a poll on a resolution may be withdrawn.

24. Number of votes a member has

On a vote on a resolution, whether on a show of hands at a general meeting or on a poll taken at a general meeting:-

(a) every Member present in person has 1 vote; and

(b) every proxy present who has been duly appointed by a Member entitled to vote on the resolution has 1 vote.

25. Votes of mentally incapacitated Members

(1) A Member who is a mentally incapacitated person may vote, whether on a show of hands or on a poll, by the Member's committee, receiver, guardian or other person

in the nature of a committee, receiver or guardian appointed by the Court.

- (2) The committee, receiver, guardian or other person may vote by proxy on a show of hands or on a poll.

26. Content of proxy notices

- (1) A proxy may only validly be appointed by a notice in writing (proxy notice) that:-
 - (a) states the name and address of the Member appointing the proxy;
 - (b) identifies the person appointed to be that Member's proxy and the general meeting in relation to which that person is appointed;
 - (c) is authenticated, or is signed on behalf of the Member appointing the proxy; and
 - (d) is delivered to the Foundation in accordance with these Articles and any instructions contained in the notice of the general meeting in relation to which the proxy is appointed.
- (2) The Foundation may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- (3) If the company requires or allows a proxy notice to be delivered to it in electronic form, it may require the delivery to be properly protected by a security arrangement it specifies.
- (4) A proxy notice may specify how the proxy appointed under it is to vote (or that the proxy is to abstain from voting) on one or more resolutions dealing with any business to be transacted at a general meeting.
- (5) Unless a proxy notice indicates otherwise, it must be regarded as:-
 - (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the general meeting; and
 - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

27. Execution of appointment of proxy on behalf of member appointing the proxy

If a proxy notice is not authenticated, it must be accompanied by written evidence of the authority of the person who executed the appointment to execute it on behalf of the Member appointing the proxy.

28. Delivery of proxy notice and notice revoking appointment of proxy

- (1) A proxy notice does not take effect unless it is received by the Foundation:-
 - (a) for a general meeting or adjourned general meeting, at least 48 hours before the time appointed for holding the meeting or adjourned meeting;
 - (b) for a poll taken more than 48 hours after it was demanded, at least 24 hours before the time appointed for taking the poll.

- (2) An appointment under a proxy notice may be revoked by delivering to the Foundation a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- (3) A notice revoking the appointment only takes effect if it is received by the Foundation:-
 - (a) for a general meeting or adjourned general meeting, at least 48 hours before the time appointed for holding the meeting or adjourned meeting; and
 - (b) for a poll taken more than 48 hours after it was demanded, at least 24 hours before the time appointed for taking the poll.

29. Effect of Member's voting in person on proxy's authority

- (1) A proxy's authority in relation to a resolution is to be regarded as revoked if the Member who has appointed the proxy:-
 - (a) attends in person the general meeting at which the resolution is to be decided; and
 - (b) exercises, in relation to the resolution, the voting right that the Member is entitled to exercise.
- (2) A Member who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of the meeting or any adjournment of it, even though a valid proxy notice has been delivered to the Foundation by or on behalf of the Member.

30. Effect of proxy votes in case of death, mental incapacity, etc. of Member appointing the proxy

- (1) A vote given in accordance with the terms of a proxy notice is valid despite:-
 - (a) the previous death or mental incapacity of the Member appointing the proxy; or
 - (b) the revocation of the appointment of the proxy or of the authority under which the appointment of the proxy is executed.
- (2) Paragraph (1) above does not apply if notice in writing of the death, mental incapacity or revocation is received by the Foundation:-
 - (a) for a general meeting or adjourned general meeting, at least 48 hours before the time appointed for holding the meeting or adjourned meeting; and
 - (b) for a poll taken more than 48 hours after it was demanded, at least 24 hours before the time appointed for taking the poll.

31. Amendments to proposed resolutions

- (1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:-
 - (a) notice of the proposed amendment is given to the company secretary in

writing; and

- (b) the proposed amendment does not, in the reasonable opinion of the chairperson of the meeting, materially alter the scope of the resolution.
- (2) The notice must be given by a person entitled to vote at the general meeting at which it is to be proposed at least 48 hours before the meeting is to take place (or a later time the chairperson of the meeting determines).
- (3) A special resolution to be proposed at a general meeting may be amended by ordinary resolution if:-
- (a) the chairperson of the meeting proposes the amendment at the meeting at which the special resolution is to be proposed; and
 - (b) the amendment merely corrects a grammatical or other non-substantive error in the special resolution.
- (4) If the chairperson of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the vote on that resolution remains valid unless the Court orders otherwise.

Honorary Advisors

32. The Board shall have power to invite any person to act as Honorary Advisor of the Foundation either for a fixed term or without limitation as to the period for which each of them is to hold office.
33. The Honorary Advisors shall assist and provide guidance to the Board in formulating the Foundation's policies and development plans, supervise the plan's implementation, review and give comments on the Foundation's work.

Directors and Company Secretary

Directors' Powers and Responsibilities

34. **The Board**

The Board shall, until otherwise resolved, consist of not less than three (3) and not more than fifteen (15) members of Directors and a Director does not have to be a Member of the Foundation.

35. **The Board's general authority**

- (1) Subject to the Ordinance and these Articles, the operations and affairs of the Foundation are managed by the Board, who may exercise all the powers of the Foundation.
- (2) An alteration of these Articles does not invalidate any prior act of the Board 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 Board by these Articles.
- (4) A meeting of the Board at which a quorum is present may exercise all powers exercisable by the Board.

36. Members' reserve power

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

37. The Board may delegate

- (1) Subject to these Articles, the Board may, if they think fit, delegate any of the powers that are conferred on them under these Articles:-
 - (a) to any person or committee;
 - (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 Board so specify, the delegation may authorize further delegation of the Board's powers by any person to whom they are delegated.
- (3) The Board may:-
 - (a) revoke the delegation wholly or in part; or
 - (b) revoke or alter its terms and conditions.

38. Committees

- (1) The Board may make rules providing for the conduct of business of the committees to which they have delegated any of their powers.
- (2) The committees must comply with the rules.

Decision-taking by the Board

39. The Board to take decision collectively

A decision of the Board may only be taken:-

- (a) by a majority of the Directors at a meeting; or
- (b) in accordance with Article 40 below.

40. Unanimous decisions

- (1) A decision of the Board 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.

41. Calling Directors' meetings

- (1) Any Director may call a Directors' meeting by giving notice of the meeting to the Board 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.

42. 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.

43. Quorum for the meetings of the Board

- (1) At a meeting of the Board, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- (2) The quorum for the meeting of the Board shall be not less than one half of the total number of Directors present in person throughout the meeting.
- (3) If a quorum is not present at the time appointed for a meeting, the Directors shall adjourn the meeting until a quorum is constituted.

44. 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 the

meeting of the Board, 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.

45. Chairing of meetings of the Board

- (1) The Chairman shall preside at all meetings of the Board and in his absence, the Directors shall elect one amongst them to chair the meeting.
- (2) The person appointed for the time being is known as the chairperson.
- (3) If the chairperson is unwilling to chair the meeting, the participating Directors may appoint one of themselves to chair it.

46. Chairman's casting vote at Directors' meetings

- (1) If the numbers of votes for and against a proposal are equal, the Chairman or other Director chairing the meeting of the Board has a casting vote.
- (2) Paragraph (1) does not apply if, in accordance with these Articles, the Chairman or other Director is not to be counted as participating in the decision-making process for quorum or voting purposes.

47. 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 Foundation that is significant in relation to the Foundation's activities; 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 Foundation;
 - (b) an arrangement for the Foundation to give any security to a third party in

respect of a debt or obligation of the Foundation for which the Director has assumed responsibility wholly or in part under a guarantee or indemnity or by the deposit of a security; or

(c) subject to Article 4 above, an arrangement under which benefits are made available to employees and Directors or former employees and Directors of the Foundation or any of its subsidiaries, which do not provide special benefits for Directors or former Directors.

(6) A reference in this Article to a transaction, arrangement or contract includes a proposed transaction, arrangement or contract.

48. Supplementary provisions as to conflicts of interest

(1) Subject to Article 4 above, a Director may hold any other office under the Foundation (other than the office of auditor) in conjunction with the office of Director for a period and on terms that the Directors determine.

(2) A Director or intending Director is not disqualified by the office of Director from contracting with the Foundation:-

(a) with regard to the tenure of the other office mentioned in paragraph (1); or

(b) as vendor, purchaser or otherwise.

(3) The contract mentioned in paragraph (2) or any transaction, arrangement or contract entered into by or on behalf of the Foundation in which any Director is in any way interested is not liable to be avoided.

(4) A Director who has entered into a contract mentioned in paragraph (2) or is interested in a transaction, arrangement or contract mentioned in paragraph (3) is not liable to account to the Foundation for any profit realized by the transaction, arrangement or contract by reason of:-

(a) the Director holding the office; or

(b) the fiduciary relation established by the office.

(5) Paragraphs (1), (2), (3) or (4) only applies if the Director has declared the nature and extent of the Director's interest under the paragraph to the other Directors in accordance with Section 536 of the Ordinance.

(6) A Director of the Foundation may be a Director or other officer of, or be otherwise interested in:-

(a) any company promoted by the Foundation; or

(b) any company in which the Foundation may be interested as shareholder or otherwise.

(c) Subject to the Ordinance, the Director is not accountable to the Foundation for any remuneration or other benefits received by the Director as a director or officer of, or from the director's interest in, the other company unless the Foundation otherwise directs.

49. Validity of acts of meeting of the Board

The acts of any meeting of the Board or of a committee of Directors or the acts of any person acting as a Director are as valid as if the Directors or the person had been duly appointed as a Director and was qualified to be a Director, even if it is afterwards discovered that:-

- (a) there was a defect in the appointment of any of the Directors or of the person acting as a Director;
- (b) any one or more of them were not qualified to be a Director or were disqualified from being a Director;
- (c) any one or more of them had ceased to hold office as a Director; or
- (d) any one or more of them were not entitled to vote on the matter in question.

50. Record of decisions to be kept

The Board must ensure that the Foundation keeps a written record of every decision taken by the Board under Article 39 for at least 10 years from the date of the decision.

51. The Board's discretion to make further rules

Subject to these Articles, the Directors may make any rule that they think fit about:-

- (a) how they take decisions; and
- (b) how the rules are to be recorded or communicated to Directors.

Appointment and Retirement of Directors

52. Appointment and retirement of Directors

- (1) The First Directors shall be appointed by the Subscribers to this Articles of the Association or a majority of them. The First Directors shall retain office until the first Annual General Meeting to be held in the year.
- (2) At the first Annual General Meeting of the Foundation, all the Directors shall retire from office and at the Annual General Meeting in every subsequent year, one-half of the Directors for the time being, or if their number is not a multiple of two, then the number nearest to one-half, shall retire from office.
- (3) The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall, unless they otherwise agree among themselves, be determined by lot.
- (4) The Foundation may from time to time by ordinary resolution increase or reduce the number of Directors, and may also determine in what rotation the increased or reduced number is to go out of office.
- (5) The Board of Directors shall have the power to appoint any person to fill up a casual vacancy occurring in the Board of Directors. The Director so appointed shall hold office only until the next following Annual General Meeting and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

- (6) Members of the Board shall elect among themselves one Chairman and other offices as the Foundation deems fit; no member of the Board may hold more than one office.

53. Retiring Director eligible for reappointment

- (1) A retiring Director shall be eligible for re-election and shall act as a Director throughout the meeting at which he retires.
- (2) No person other than a Director retiring at the meeting shall unless recommended by the Directors be eligible for election to the office of Director at any general meeting unless, not less than 3 nor more than 21 days before the date appointed for the meeting, there shall have been left at the registered office of the Foundation, or at such other place within Hong Kong as is specified for that purpose in the notice convening the meeting, notice in writing signed by 2 Members duly qualified to attend and vote at the meeting for which such notice is given, of their intention to propose such person for election, and also notice in writing signed by that person of his willingness to be elected.

54. Termination of Director's appointment

- (1) The Foundation may by ordinary resolution remove any Director before the expiration of his period of office, and may by an ordinary resolution appoint another person in his stead.
- (2) The person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.
- (3) A person ceases to be a Director if the person:-
 - (a) becomes a full-time salaried employee of the Foundation; or
 - (b) retires by rotation under Article 52(3); or
 - (c) ceases to be a director under the Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) or is prohibited from being a director by law;
 - (d) becomes bankrupt or makes any arrangement or composition with the person's creditors generally;
 - (e) becomes a mentally incapacitated person;
 - (f) resigns the office of Director by notice in writing of the resignation in accordance with Section 464(5) of the Ordinance;
 - (g) for more than 6 months has been absent without the directors' permission from meetings of the Board of Directors held during that period; or
 - (h) is removed from the office of Director by an ordinary resolution of the Foundation.

Directors' Indemnity and Insurance

55. Indemnity

- (1) Only in furtherance of the objects of the Foundation but not otherwise, a Director or former Director of the Foundation may be indemnified out of the Foundation's assets against any liability incurred by the Director to a person other than the Foundation or an associated company of the Foundation in connection with any negligence, default, breach of duty or breach of trust in relation to the Foundation or associated company (as the case may be).
- (2) Paragraph (1) only applies if the indemnity does not cover:-
 - (a) any liability of the Director to pay:-
 - (a) a fine imposed in criminal proceedings; or
 - (b) a sum payable by way of a penalty in respect of non-compliance with any requirement of a regulatory nature; or
 - (b) any liability incurred by the Director:-
 - (a) in defending criminal proceedings in which the Director is convicted;
 - (b) in defending civil proceedings brought by the Foundation, or an associated company of the Foundation, in which judgment is given against the Director;
 - (c) in defending civil proceedings brought on behalf of the Foundation by a Member of the Foundation or of an associated company of the Foundation, in which judgment is given against the Director;
 - (d) in defending civil proceedings brought on behalf of an associated company of the Foundation by a member of the associated company or by a member of an associated company of the associated company, in which judgment is given against the Director; or
 - (e) in connection with an application for relief under Sections 903 or 904 of the Ordinance in which the Court refuses to grant the Director relief.
- (3) A reference in paragraph (2)(b) to a conviction, judgment or refusal of relief is a reference to the final decision in the proceedings.
- (4) For the purposes of paragraph (3), a conviction, judgment or refusal of relief:-
 - (a) if not appealed against, becomes final at the end of the period for bringing an appeal; or
 - (b) if appealed against, becomes final when the appeal, or any further appeal, is disposed of.
- (5) For the purposes of paragraph (4)(b), an appeal is disposed of if:-
 - (a) it is determined, and the period for bringing any further appeal has ended; or
 - (b) it is abandoned or otherwise ceases to have effect.

56. Insurance

Only in furtherance of the objects of the Foundation but not otherwise, the Board of Directors may decide to purchase and maintain insurance, at the expense of the Foundation, for a Director of the Foundation, or a director of an associated company of the Foundation, against:-

- (a) any liability to any person attaching to the Director in connection with any negligence, default, breach of duty or breach of trust (except for fraud) in relation to the Foundation or associated company (as the case may be); or
- (b) any liability incurred by the Director in defending any proceedings (whether civil or criminal) taken against the Director for any negligence, default, breach of duty or breach of trust (including fraud) in relation to the Foundation or associated company (as the case may be).

Company Secretary

57. Appointment and removal of company secretary

- (1) Subject to Article 4 above, the Board of Directors may appoint a company secretary for a term, at a remuneration and on conditions they think fit.
- (2) The Board of Directors may remove a company secretary appointed by them

Miscellaneous Provisions

Communications to and by Company

58. Means of communication to be used

- (1) Subject to these Articles, anything sent or supplied by or to the Foundation under these Articles may be sent or supplied in any way in which Part 18 of the Ordinance provides for documents or information to be sent or supplied by or to the Foundation for the purposes of the Ordinance.
- (2) Subject to these Articles, any notice or document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such a notice or document for the time being.
- (3) A Director may agree with the Foundation that notices or documents sent to that Director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

Administrative Arrangements

59. The Company Seals

- (1) A common seal may only be used by the authority of the directors.
- (2) A common seal must be a metallic seal having the Foundation's name engraved on it in legible form.
- (3) Subject to paragraph (2), the directors may decide by what means and in what form a common seal is to be used.

- (4) Unless otherwise decided by the directors, if the Foundation has a common seal and it is affixed to a document, the document must also be signed by at least a member of the Board and the Secretary or 1 authorized person.
- (5) For the purposes of this Article, an authorized person is:-
 - (a) any director of the Foundation;
 - (b) the company secretary; or
 - (c) any person authorized by the directors for signing documents to which the common seal is applied.

60. No right to inspect accounts and other records

A person is not entitled to inspect any of the Foundation's accounting or other records or documents merely because of being a member, unless the person is authorized to do so by:-

- (a) an enactment;
- (b) an order under Section 740 of the Ordinance;
- (c) the directors; or
- (d) an ordinary resolution of the Foundation.

61. Auditor

Auditors shall be appointed and their duties regulated in accordance with the relevant Sections of the Ordinance.

62. Auditor's insurance

- (1) Only in furtherance of the objects of the Foundation but not otherwise, the Directors may decide to purchase and maintain insurance, at the expense of the Foundation, for an auditor of the Foundation, or an auditor of an associated company of the Foundation, against:-
 - (a) any liability to any person attaching to the auditor in connection with any negligence, default, breach of duty or breach of trust (except for fraud) occurring in the course of performance of the duties of auditor in relation to the Foundation or associated company (as the case may be); or
 - (b) any liability incurred by the auditor in defending any proceedings (whether civil or criminal) taken against the auditor for any negligence, default, breach of duty or breach of trust (including fraud) occurring in the course of performance of the duties of auditor in relation to the Foundation or associated company (as the case may be).
- (2) In this Article, a reference to performance of the duties of auditor includes the performance of the duties specified in Section 415(6)(a) and (b) of the Ordinance.

63. Winding Up

If upon the winding up or dissolution of the Foundation there remains, after the satisfaction of all its debts and liabilities, any property whatsoever, this shall not be paid to or distributed among the Members of the Foundation; but shall be given or transferred to some other institution or institutions, having objects similar to the objects of the Foundation, and which shall prohibit the distribution of its or their income and property amongst its or their members to an extent at least as great as is imposed on the Foundation under or by virtue of Article 4 and this article, such institution or institutions to be determined by the Members of the Foundation at or before the time of dissolution and in default thereof by a Judge of the High Court of the Hong Kong Special Administrative Region having jurisdiction in regard to charitable funds and, if this provision cannot be effected, then to some charitable object.

64. Others

- (1) The Directors shall prepare annual financial statements for each accounting reference period as required by the Ordinance. The financial statements shall be prepared to show a true and fair view and follow accounting standards issued or adopted by the Hong Kong Institute of Certified Public Accountants or its successors and adhere to all of its recommended practices.
- (2) The Directors shall keep accounting records (including donation receipts) as required by the Ordinance.