



# MEMBERS' HANDBOOK

## Update No. 222

(Issued 14 December 2018)

Document Reference and Title	Instructions	Explanations
<b><u>VOLUME I</u></b>		
Contents of Volume I	Discard existing page i and replace with revised page i.	Revised contents page
<b>STATEMENT</b>		
<a href="#"><u>Statement 1.102 Corporate Practices (Registration) Rules (January 2019)</u></a>	Discard existing Statement 1.102 Corporate Practices (Registration) Rules (October 2016) and replace it with the January 2019 version.	Notes
<a href="#"><u>Statement 1.102 (sch.) Schedule to the Corporate Practices (Registration) Rules "Corporate Practices (Model Articles of Association)" (January 2019)</u></a>	Discard existing Statement 1.102 Schedule to the Corporate Practices (Registration) Rules "Corporate Practices (Model Articles of Association)" (March 2014) and replace it with the January 2019 version.	Notes

### Notes:

1. The two sets of Model Articles of Association ("AA") in the Schedule to the Corporate Practices (Registration) Rules for a sole practising corporate practice (which is a company with one member) and a multi practising corporate practice (which is a company with two or more members) respectively have been combined into one set of Model AA. The combined Model AA is applicable to both types of corporate practices. A corporate practice which has adopted the combined Model AA will not need to revise its AA subsequently when it changes from sole practising to multi practising (e.g. from having only one member to two members) or vice versa (e.g. from having two members to one member). There is no change to the provisions of the Model AA.
2. The AA of a corporate practice is required to follow substantially and not to contradict or operate inconsistently with the Model AA pursuant to Rule 4(e) of the Corporate Practices (Registration) Rules. As a result of the combination of the two sets of Model AA, Rule 4(e) has been slightly amended.
3. New corporate practices registered on or after 1 January 2019 need to adopt the combined Model AA.
4. Existing corporate practices registered before 1 January 2019 are not required to revise their AA until they change their status from sole practising to multi practising or vice versa in the future.



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(Updated to December 2018)

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**PROFESSIONAL ACCOUNTANTS ORDINANCE  
CHAPTER 50 SECTIONS 17, 18 AND 51**

**Corporate Practices (Registration) Rules**

**Authority and Commencement**

1. These Rules are made by the Council (the "**Council**") of the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") pursuant to sections 17, 18 and 51 of the Professional Accountants Ordinance (Cap. 50) ("**PAO**") and shall come into operation on 3 March 2014.

**Citation and Interpretation**

2. These Rules may be cited as the Corporate Practices (Registration) Rules, and shall apply to all applicants for, and holders of, current corporate practice registration certificates.
3. In these Rules, unless the context otherwise requires:
  - (a) "**authorised person**" means a practising member who has been duly authorised by the board of directors of a sole practising member corporate practice and approved by the Council to practise as a certified public accountant (practising) in the name of the sole practising member corporate practice in the event of death or incapacity or disqualification or involuntary absence of the sole practising member for such period and subject to such conditions as the Council may impose.
  - (b) "**certified public accountant**" means a person who is registered as a certified public accountant under the PAO.
  - (c) "**corporate applicant**" means a body corporate with limited liability established to carry on the business and to perform any of the functions of a certified public accountant (practising), and which applies for a corporate practice registration certificate to be issued under section 28F of the PAO.
  - (d) "**corporate practice**" means a corporate applicant which is for the time being registered under section 28E of the PAO.
  - (e) "**director**", in relation to a corporate applicant or corporate practice, has the same meaning as a director under the Companies Ordinance (Cap. 622) ("Companies Ordinance").
  - (f) "**disqualification**", in relation to a shareholder and director of a corporate applicant or corporate practice, means any disqualification from being a director of the corporate applicant or corporate practice by reason of the occurrence of any one of the events set out in the relevant article concerning disqualification of directors contained in the applicable Model Articles of Association.
  - (g) "**incapacity**", in relation to a shareholder and director of a corporate applicant or corporate practice, means any incapacity or senility certified in writing by two qualified medical practitioners that such person is not capable, whether due to illness, old age, accident or otherwise, of carrying on an accountancy practice or the business of a certified public accountant (practising) in a proper and effective way.

- (h) "**involuntary absence**", in relation to a shareholder and director of a corporate applicant or corporate practice, means the absence of such person as a result of any extraordinary event(s) or circumstance(s) which are beyond his/her reasonable contemplation or control, and which prevent him/her from attending to the business of the corporate practice.
- (i) "**non-practising member director**" means the director who is a certified public accountant but is not a practising member.
- (j) "**practising member**" means a certified public accountant holding a current practising certificate issued under the PAO.
- (k) "**reserve director**", in relation to a corporate applicant or corporate practice, has the same meaning as a reserve director under the Companies Ordinance.
- (l) "**sole practising member corporate practice**" means a corporate applicant or a corporate practice (as the case may be) which has only one member.

#### **Eligibility for Registration as a Corporate Practice**

4. A corporate applicant may be granted registration only if:
  - (a) it is a company limited by shares and formed and registered under the Companies Ordinance;
  - (b) in the case of a corporate applicant other than a sole practising member corporate practice:
    - (i) all the shareholders are directors and all the directors are shareholders of the corporate applicant;
    - (ii) every shareholder and every director of the corporate applicant is a certified public accountant;
    - (iii) all the shareholders are the ultimate beneficial owners of shares that they hold in the corporate applicant;
    - (iv) not less than two-thirds of the total number of directors are practising members;
    - (v) not less than two-thirds of the voting shares in the corporate applicant are beneficially owned by practising members; and
    - (vi) every non-practising member director satisfies the requirements from time to time laid down by the Council;
  - (c) in the case of a sole practising member corporate practice:
    - (i) there is only one shareholder and the shareholder is a director of the corporate applicant;
    - (ii) the shareholder is a practising member;

- (iii) the shareholder is the ultimate beneficial owner of all the share or shares held in the corporate applicant;
- (iv) save and except where a dispensation is granted under Rule 25:
  - (A) there is only one director and the director is the shareholder of the corporate applicant;
  - (B) the director is a practising member.
- (d) the corporate applicant complies with the Corporate Practices (Professional Indemnity) Rules (the "**PI Rules**") issued by the Council; and
- (e) the Articles of Association ("**AA**") of the corporate applicant follow substantially and do not contradict or operate inconsistently with the applicable provisions of the Model AA in the Schedule, as shall be appropriate.

5. [Deleted]

### **Compliance with the HKICPA's Rules**

6. Every corporate practice, its directors and shareholders shall at all times observe the HKICPA's By-laws, Professional Standards and other Rules and any of them as may be amended from time to time which apply to all certified public accountants (the "**HKICPA's Rules**"). Certified public accountants who are shareholders and directors of a corporate practice shall be responsible for and accountable to the HKICPA for the conduct of the corporate practice, and shall be severally liable to disciplinary action for any failure by the corporate practice to comply with the HKICPA's Rules. To avoid doubt, it is hereby declared that no corporation shall be qualified to be a member or director of a corporate practice and no company having a corporate member or director shall be qualified for registration as a corporate practice.

### **Audit Report and Engagement Letter**

7. Save and except where a dispensation is granted under Rules 24 to 26, an audit report issued by a corporate practice from time to time shall be signed by a director of the corporate practice who is a practising member.
8. The audit report shall state the name of the corporate practice, and be signed in the name of the corporate practice. The report shall identify the director responsible for the performance of the audit engagement contemplated by such report and state his/her full name, as appearing in his/her practising certificate, and his/her practising certificate number.
9. The audit engagement letter shall identify the director appointed by the corporate practice to be responsible for the performance of the audit engagement contemplated by the audit report.

### **Application for Registration**

10. A corporate applicant seeking registration shall submit an application in such form and manner as the Council shall from time to time prescribe, which shall include:

- (a) the name and the address of the registered office of the corporate applicant;
  - (b) the name and address of each person who is a director and shareholder of the corporate applicant and his/her shareholding in it;
  - (c) in the case of a sole practising member corporate practice, the name and address of the reserve director, if any;
  - (d) in the case of a sole practising member corporate practice, the name and address of the authorised person, if any;
  - (e) such evidence as the Council shall require that the constitution including the AA of the corporate applicant is in accordance with Rule 4;
  - (f) such evidence as the Council shall require that the corporate applicant satisfies the PI Rules;
  - (g) a declaration by a practising member director for and on behalf of the corporate applicant that it agrees to be bound by and will at all times comply or procure compliance with the HKICPA's Rules, including, among others, these Rules and other Rules relating to corporate practices;
  - (h) save and except a sole practising member corporate practice, a declaration by a practising member director for and on behalf of the corporate applicant that all the shareholders of the corporate applicant are the ultimate beneficial owners of shares that they hold in the corporate applicant, and that not less than two-thirds of the voting shares of the corporate applicant are beneficially owned by practising members; and
  - (i) in the case of a sole practising member corporate practice, a declaration by the sole practising member director for himself/herself and for and on behalf of the corporate applicant that he/she is the sole shareholder of the corporate applicant and the ultimate beneficial owner of all the share or shares in the corporate applicant.
11. A registration fee, as may be fixed by the Council from time to time under section 28D(4) of the PAO, is payable on application for registration as a corporate practice.
12. The Council may, as provided under section 26 (applicable to corporate applicants pursuant to section 28G of the PAO) and sections 28D(3) and (4) of the PAO, grant or refuse the application.

### **Annual Registration**

13. An application for renewal of registration as a corporate practice shall be made to the Registrar appointed by the Council under the PAO (the "**Registrar**") not later than 15 December in the year preceding the year of renewal (or such later day as the Council may approve either generally or in respect of any application) in such form as the Council may specify, and shall not be granted except on payment of the registration fee fixed by the Council.
14. An applicant for renewal of registration as a corporate practice shall submit such evidence as the Council may require to demonstrate that the applicant satisfies the HKICPA's Professional Indemnity and Registration Rules relating to corporate practices.

### Changes in Circumstances

15. A corporate practice shall notify the Registrar in writing within 14 days of any change in the circumstances of the corporate practice as specified in Rule 16 below.
16. A corporate practice shall notify the Registrar in writing of:
  - (a) any change to:
    - (i) the name or the address of the registered office of the corporate practice; or
    - (ii) directors or shareholders of the corporate practice; or
    - (iii) the name or the address of any of the directors and shareholders of the corporate practice; or
    - (iv) the AA of the corporate practice

by forwarding a copy of the applicable notices or returns required by the Companies Ordinance provided that in case of Rule 16(a)(iv), written notice of any changes or proposed changes to the AA in respect of a corporate practice shall be sent to the Registrar within the time frame prescribed under section 28H of the PAO;
  - (b) the occurrence of any of the following events:
    - (i) the appointment of a receiver; or
    - (ii) the passing of a special resolution for a voluntary winding-up of the corporate practice; or
    - (iii) the corporate practice is notified of the presentation of a petition for a compulsory winding-up of the corporate practice; or
    - (iv) the making of a statutory declaration by the directors for a creditors' voluntary winding-up under section 228A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32);
  - (c) cessation of the corporate practice's compliance with the requirements of Rule 4;
  - (d) the devolution of any share held in a sole practising member corporate practice;
  - (e) the death or incapacity or disqualification or involuntary absence of any director and shareholder of the corporate practice; or
  - (f) the appointment of or any change to the reserve director of a sole practising member corporate practice or any change in the name or address of such person; or
  - (g) the appointment of or any change to the authorised person in a sole practising member corporate practice or any change in the name or address of such person.
17. Members are reminded that there are separate notification requirements under the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the notifiable matters prescribed under Rule 16 above and other changes of circumstances of a company.

**Withdrawal of Registration**

18. The Council may withdraw registration from a corporate practice where the Council considers that:
- (a) the corporate practice has breached or ceased to meet the requirements of Rule 4;
  - (b) the corporate practice has ceased to comply with the PI Rules;
  - (c) the corporate practice has breached or ceased to comply with any restriction or condition imposed pursuant to Rules 21(a), 22 or 26;
  - (d) the corporate practice has breached or ceased to comply with any of these Rules in any respect and in the circumstances withdrawal is justified; or
  - (e) any other circumstances for removal from the register as prescribed under section 27(1)(b) of the PAO has arisen.

**Suspension of Registration**

19. The Council may make an order to suspend a corporate practice's registration for such period as the Council considers appropriate if it considers that:
- (a) any of the circumstances mentioned in Rules 18(a) to (e) inclusive exists or may exist and in the circumstances suspension is justified; or
  - (b) the corporate practice has or may reasonably be suspected to have breached or ceased to comply with any of these Rules in any respect and in the circumstances the suspension is justified.

A corporate practice shall not practise as certified public accountant (practising) or continue in any current appointment as auditor under the provisions of section 29 of the PAO during a period of suspension. It will not therefore be eligible for a new appointment or continue in any existing appointment as an auditor.

20. The Council may at any time vary or revoke an order made under this Rule.

**Notice of Withdrawal or Suspension Orders**

21. The Council may make an order to withdraw or suspend the registration of a corporate practice under Rule 18 or 19 without prior notice to the corporate practice if the Council considers that a delay in making such an order might seriously prejudice an audit client or any other party. In all other circumstances, the Council shall afford the corporate practice an opportunity to make oral or written representations in respect of a direction to make an order against it under this Rule within 21 days after notice is sent to it of the same. Having considered any such representations, the Council may:
- (a) revoke the direction unconditionally, or subject to compliance with conditions set by the Council; or



- (b) order that the direction to withdraw or suspend registration be effected for such period as the Council shall consider appropriate.

### **Dispensation**

22. If the corporate practice ceases or is likely to cease to meet the requirements of Rule 4 the corporate practice shall notify the Council in writing of the step or steps which the corporate practice is taking to remedy the position. The Council shall review the circumstances of the case. If it considers that the step or steps which the corporate practice is taking will remedy the position, the Council shall grant to the corporate practice a dispensation from the requirement to comply with Rule 4 for such period or periods and subject to such conditions as the Council considers necessary to enable the remedial step or steps to be effected. The Council shall not grant any such dispensation unless the corporate practice can demonstrate to the Council's satisfaction that the continued registration of the corporate practice during the period in which the dispensation is to apply would not be prejudicial to an audit client or any other party. The corporate practice shall comply with any conditions set by the Council for granting the dispensation.

### **Force Majeure**

23. If any event happens or any circumstances arise beyond the reasonable contemplation or control of the corporate practice ("**Force Majeure**") which make it impossible or impracticable for a corporate practice to comply with any of these Rules, the corporate practice shall forthwith inform the Registrar in writing of what has happened and the steps (if any can be taken) which the corporate practice proposes to take to deal with those events or circumstances. If the Council is satisfied that the event or circumstances is a Force Majeure and that the corporate practice is expeditiously taking all practicable steps available to it to relieve the situation, it may grant a dispensation to the corporate practice from the requirement to comply with any such Rule. The Council shall not grant any such dispensation unless the corporate practice can demonstrate to the Council's satisfaction that dispensation would not be seriously or unfairly prejudicial to the interests of any audit client or any other party.

### **Death, Incapacity, Disqualification and Involuntary Absence of Sole Practising Member**

24. Without prejudice to Rule 23 and subject to Rule 27, a dispensation of compliance with a requirement laid down in Rule 7 may be granted in the event of death or incapacity or disqualification or involuntary absence of the sole practising member of a sole practising member corporate practice by which an authorised person may sign an audit report in the name of the corporate practice.
25. Without prejudice to Rule 23 a dispensation of compliance with a requirement laid down in Rule 4(c) may be granted in the event of death or incapacity or disqualification or involuntary absence of the sole practising member of a sole practising member corporate practice by which a non-shareholder or a non-practising member who is eligible for appointment as a director under the Companies Ordinance may be appointed as:
- (a) a reserve director;
  - (b) a director in place of the sole practising member; or

(c) an alternate director,

of the sole practising member corporate practice for the continuation of the accountancy business operated by the corporate practice.

26. An application under Rules 23 to 25 shall be submitted to the Council within seven days (or such longer period as the Council may allow) after the occurrence of the event giving rise to the application or, in the case of the appointment of a reserve director, any time during the registration of the sole practising member corporate practice. Any approval granted may have retrospective effect as from the occurrence of such event and for such period or periods and subject to such conditions as the Council considers necessary to enable the continuation of the accountancy business operated by the corporate practice. The application shall be made by such person as the Council may accept.
27. An application under Rule 24 shall not be approved by the Council unless the authorised person is an insured party under the sole practising member corporate practice's insurance policy(ies) taken out in accordance with the PI Rules.

### **Cessation of Registration**

28. A corporate practice shall cease to be registered if:
- (a) an application from the corporate practice for withdrawal of registration under section 50 of the PAO is accepted by the Council. Cessation of registration will take effect from the date as set out in the application from the corporate practice;
  - (b) the Council withdraws registration in accordance with Rule 18, but no breach of these Rules by the corporate practice and no breach of a restriction or condition imposed under Rules 21(a), 22 or 26, shall invalidate the eligibility for appointment or the appointment for the time being as an auditor under the provisions of section 29 of the PAO of any corporate practice whose registration has not been withdrawn or suspended under Rule 18 or 19; or
  - (c) A Disciplinary Committee orders that a corporate practice be removed from the register pursuant to sections 35 and 28G of the PAO.
29. Every certified public accountant who is a director or shareholder of a corporate practice which ceases to be registered pursuant to Rule 28 must obtain run-off cover in accordance with the PI Rules. Failure to do so will subject him/her to disciplinary action under section 34 of the PAO.

### **Others**

30. The Council hereby reserves the right to alter, amend or supplement any terms and conditions stipulated in these Rules from time to time and will give reasonable notice to every certified public accountant of such alteration(s), amendment(s) or supplement(s) in any manner as it may, in its sole and absolute discretion, think fit. Such notice shall have effect irrespective of whether such certified public accountant has actually received the notice or has actual knowledge thereof.
31. [Deleted]

**SCHEDULE**

**[Rule 4(e)]**

**Corporate Practices  
(Model Articles of Association)**

The enclosed Model Articles of Association for Corporate Applicants / Corporate Practices Qualified for Registration Under Section 28D(2) of the Professional Accountants Ordinance (Cap. 50, Laws of Hong Kong) have been drawn up by the solicitors of the Hong Kong Institute of Certified Public Accountants (the HKICPA) and issued by the Council of the HKICPA on 1 January 2019 pursuant to section 51 of the Professional Accountants Ordinance Cap. 50 (PAO).

Adherence to the Model Articles would ensure conformance with the requirement of the Council regarding the constitution of the corporate practice. However, the HKICPA accepts no responsibility for the Articles being suitably drafted as regards the interests of the members of the corporate practice or as being suitable in a particular situation. The model is issued on the understanding that the HKICPA is not engaged in giving legal advice. If legal assistance is required as regards the particular interests of the corporate practice or its members, the advice of a competent professional person should be sought. Provided always that any addition to or variation from the Model Articles does not contradict or operate inconsistently with the provisions of the Model Articles.

## **MODEL ARTICLES OF ASSOCIATION**

### **FOR CORPORATE APPLICANTS/ CORPORATE PRACTICES QUALIFIED FOR REGISTRATION UNDER SECTION 28D(2) OF THE PROFESSIONAL ACCOUNTANTS ORDINANCE (CAP. 50, LAWS OF HONG KONG)**

#### **THE COMPANIES ORDINANCE (CAP. 622, LAWS OF HONG KONG)**

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#### **COMPANY LIMITED BY SHARES**

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#### **ARTICLES OF ASSOCIATION OF**

[ \_\_\_\_\_ ]

#### **Preliminary**

1.
  - (1) Part I (comprising articles 4 – 10) below shall apply to the company regardless of the number of the company's members.
  - (2) In the event that, for any reason and in any manner whatsoever, the company has, for the time being, one member only, article 2 and part II (comprising articles 11 – 42) below shall apply to the company.
  - (3) In the event that, for any reason and in any manner whatsoever, the company has, for the time being, two or more members, article 3 and part III (comprising articles 43 – 62) shall apply to the company.
2. The articles contained in Schedule 2 of the Companies (Model Articles) Notice (Cap. 622H) ("Schedule 2"), a subsidiary legislation of the Companies Ordinance (Cap. 622, Laws of Hong Kong) ("the Ordinance") shall apply to the company, save and except in so far as they are hereby expressly excluded or are, in any way, inconsistent or conflict with the articles set out hereinbelow. In particular, but without limiting the generality of the foregoing, articles 2, 7-15, 16(3-8), 19, 22-25, 28-30, 34(2-4), 38-44, 45(2-4), 46(2), 47, 59(3), 63(1), 64-68, 71-72, 74, 78(2) and 82 in Schedule 2 shall not apply to the company. Those articles contained in Schedule 2 shall (in the absence of any express provision to the contrary) apply to the company with such modification as may be necessary in relation to a company which has only one member and one director.
3. The articles contained in Schedule 2 of the Companies (Model Articles) Notice (Cap. 622H) ("Schedule 2"), a subsidiary legislation of the Companies Ordinance (Cap. 622, Laws of Hong Kong) ("the Ordinance") shall apply to the company, save and except in so far as they are hereby expressly excluded or are, in any way, inconsistent or conflict with the articles set out hereinbelow. In particular, but without limiting the generality of the foregoing, articles 2, 12, 15, 16(3-8), 20, 22, 23, 25, 28-30, 41, 63(1), 64-68, 71-72 and 82 in Schedule 2 shall not apply to the company.

## Part I – Company with any number of members:

### Interpretation

4. (1) Unless the context expressly provides or otherwise requires, the words or expressions "certified public accountant (practising)", "corporate practice", "Council", "practising certificate", "certified public accountant", "Registrar" and "Institute" shall have the same meanings ascribed to each of them under section 2 of the Professional Accountants Ordinance (Cap. 50, Laws of Hong Kong) (as the same may be amended and/or supplemented from time to time), and the expression "authorised person" shall have the same meaning ascribed to it under the Corporate Practices (Registration) Rules made by the Council (as the same may be amended and/or supplemented from time to time).
- (2) In these articles, if not inconsistent with the subject or context, words importing the singular number only shall include the plural number and vice versa, and words importing any gender shall include all other genders.

### Name and Objects

5. The name of the company is [ ] limited].
6. The registered office of the company will be situated in Hong Kong.
7. The objects for which the company is established are:
- (1) to the extent not prevented by any law, decree, order, ordinance, rule, regulation or similar enactment which may be in force in Hong Kong from time to time, to carry on the business and to perform any of the functions of a certified public accountant (practising);
- (2) whether gratuitously or otherwise, to undertake the office of and to act as trustee of any trust to execute trusts of any kind and to exercise, perform and discharge all powers, functions and duties arising from and incidental thereto;
- (3) [here other object clause(s) as are considered appropriate may be specified provided that such object clause(s) is not, in any respect, inconsistent with or contradictory to the object clauses stipulated hereinabove]; and
- (4) to do all such things as are incidental or conducive to the attainment of the preceding objects of the company.
8. The liability of the members is limited to any amount unpaid on the shares held by the members.
9. The share capital and initial shareholdings on the company's formation is as follows:

Total Number of Shares Proposed to be Issued	Total Amount of Share Capital to be Subscribed by Founder Members	Total Amount to be Paid Up or to be Regarded as Paid Up on the Shares Proposed to be Issued	Total Amount to Remain Unpaid or to be Regarded as Unpaid on the Shares Proposed to be Issued
	[currency] (a)	[currency] (b)	[currency] (a) – (b)
[ ]	[ ]	[ ]	[ ]

10. The share capital to be subscribed by founder members is as follows:

Names, Addresses and Descriptions of Founder Members			Shares Proposed to be Issued to each Member	
			Number of Share(s)	Amount [currency]
(1)	[ ] of [ ]	[1]	[ ]	
(2)	[ ] of [ ]	[1]	[ ]	
			[2]	[ ]

## **Part II - Company with one member only:**

### **Private Company**

11. The company is a private company and accordingly:
- (1) the right to transfer shares is restricted in manner herein prescribed;
  - (2) the number of members of the company (exclusive of persons who are in the employment of the company and of persons who having been formerly in the employment of the company were while in such employment and have continued after the determination of such employment to be members of the company) is limited to 50;
  - (3) any invitation to the public to subscribe for any shares or debentures of the company is prohibited; and
  - (4) the company shall not have power to issue share warrants to bearer.

### **Share Capital**

12. No person shall be eligible to become or remain the legal and/or beneficial owner of any share in the company unless he is:
- (1) a natural person;
  - (2) a certified public accountant (practising); and
  - (3) not prohibited from qualifying or acting as a director under the Ordinance
- AND a person eligible in the terms of this article is in these articles referred to as "an Eligible Person".
13. Notwithstanding anything to the contrary contained in these articles, the ultimate beneficial ownership of all the issued share capital of the company shall be vested in the sole member of the company.

### **Lien**

14. Subject to any other articles contained herein, the company may sell, in such manner as the sole director thinks fit, any shares on which the company has a lien, but no sale shall be made unless such shares shall be sold to an Eligible Person nor unless a sum in respect of which the lien exists is presently payable, nor until the expiration of 14 days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death or bankruptcy.

### **Transfer of Shares**

15. Subject to such of the restrictions of these articles as may be applicable, a member may transfer all or any of his shares by instrument in writing in any usual or common form or any other form which the sole director may approve. For the avoidance of doubt, a member shall not be entitled to transfer any of his share(s) to any person other than an Eligible Person.
16. Save as set out in article 17 and subject to section 151 of the Ordinance, the sole director may in his sole and absolute discretion decline to register any transfer of

shares whether or not fully paid up without assigning any reason therefore and shall so decline if in his opinion the registration thereof would or might be in breach of any other articles contained herein.

## Transmission of Shares

17. (1) In case of the death of a member, the legal personal representative(s) of the deceased shall be the only person(s) recognised by the company as having any title to the deceased's interest in his share(s) in the company.
- (2) Any person becoming entitled to a share in consequence of the death of a member shall, forthwith upon becoming so entitled and upon such evidence being produced as may from time to time properly be required by the directors and subject as hereinafter provided:
- (a) in case such person is, for the time being, an Eligible Person, elect either to be registered himself as holder of the share(s) owned by such deceased member or to have any Eligible Person(s) nominated by him registered as the transferee(s) thereof; or
- (b) in case such person is, for the time being, not an Eligible Person nominate any Eligible Person(s) to be registered as the transferee(s) thereof,
- and the directors in such cases may not decline or suspend registration of the transfer of the share(s).
- (3) If the person so becoming entitled and being an Eligible Person shall elect to be registered himself as the transferee of the relevant share(s), he shall deliver or send to the company a notice in writing signed by him stating that he so elects. If such person or the person so becoming entitled and not being an Eligible Person shall nominate any Eligible Person(s) to be so registered, he shall execute transfer(s) of the share(s) in favour of such Eligible Person(s). All the limitations, restrictions and provisions of these articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer(s) as aforesaid as if the death of the member had not occurred and the notice or transfer(s) were transfer(s) signed by that member, except that the directors may not decline or suspend registration of the transfer of the share(s).
- (4) In the event that, within a period of 60 days after the death of the member of the company, the person so becoming entitled and being an Eligible Person fails to deliver or send to the company a notice in writing signed by him stating that he has elected to be registered himself as the transferee of the relevant share(s) or the person so becoming entitled and not being an Eligible Person fails to execute transfer(s) of share(s) in favour of the Eligible Person(s) duly nominated by him to be so registered, such person shall be deemed to have duly appointed and authorised the authorised person (referred to in article 36) or the reserve director (referred to in article 31) as his agent who shall immediately, for and on his behalf and with intent so as to bind him, (as the case may be) register such person as the transferee of the relevant share(s) by way of serving upon the company a notice in writing stating so or nominate any Eligible Person(s) to be so registered and execute transfer(s) of share(s) in favour of such Eligible Person(s), in any manner whatsoever as such agent may, in his sole and absolute discretion, think fit Provided That, upon request in writing on the part of such person, being the person becoming entitled to the deceased's interest in article 17(1), the Council may, in its sole and absolute discretion, agree to extend such 60 day period for a further period as it may think fit.



- (5) A person becoming entitled to share(s) by reason of the death of the holder shall be entitled to the same dividends and other advantages (if any) to which he would be entitled if he were the registered holder of the share(s), except that he shall not, before being registered as a member in respect of the share(s), be entitled in respect of such share(s) to exercise any right conferred by membership in relation to meetings of the company.

Provided always that the directors may at any time give notice requiring any such person to elect either to be registered himself as the transferee of the share(s) or to transfer such share(s), and if the notice is not complied with within 90 days, the directors may thereafter withhold payment of all dividends, bonuses or other moneys (if any) payable in respect of the share(s) until the requirements of the notice have been complied with.

- (6) (a) In the event that a member of the company suffers from incapacity or disqualification and such incapacity or disqualification continues for a period of 60 days, such incapacitated or disqualified member shall be deemed to have duly appointed and authorised the committee, receiver or curator bonis appointed by the court to manage the property of the incapacitated member, the authorised person (referred to in article 36) or the director appointed under article 32(1), as appropriate, as his agent who shall immediately, for and on his behalf and with intent so as to bind him, sell or transfer to any Eligible Person(s) the incapacitated or disqualified member's share(s) in the company upon any terms and conditions whatsoever and in any manner whatsoever as such agent may, in his sole and absolute discretion, think fit and the directors in such events may not decline or suspend registration of the transfer of the share(s).

Provided That, upon request in writing on the part of such person/any interested person, the Council may, in its sole and absolute discretion, agree to extend such 60 day period for a further period as it may think fit.

- (b) For the purposes of this sub-article:
- (i) the expression "incapacity", in relation to a member of the company, means that any incapacity or incompetence certified by two qualified medical practitioners in writing due to the fact that such member of the company is incapacitated or incompetent, whether through illness, old age, accident or otherwise, for carrying on accountancy practice or business of a certified public accountant (practising) in a proper and effective way; and
- (ii) the expression "disqualification", in relation to a member of the company, means any disqualification for being a director of the company by reason of the occurrence of any one of the events set out in article 39.

## **Forfeiture of Shares**

18. A forfeited share may be sold or otherwise disposed of subject to any other articles contained herein on such terms and in such manner as the sole director thinks fit and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the sole director thinks fit. For the avoidance of doubt, such forfeited share shall not be sold to any person other than an Eligible Person.

## Purchase of Own Shares

19. Subject to sections 233 to 237 and 244 to 273 of the Ordinance, the company may purchase its own shares (including any redeemable shares).
20. Subject to sections 257 to 266 of the Ordinance, the company may make a payment in respect of the redemption or purchase of its own shares otherwise than out of the distributable profits of the company or the proceeds of a fresh issue of shares.

## Allotment of Shares

21. The sole director shall not exercise any power conferred on him to allot shares in the company without the prior approval of the company in general meeting where such approval is required by sections 140 to 141 of the Ordinance. In the event that the sole director is so authorised to allot any share in the company, he shall allot such share to an Eligible Person (including an existing member of the company).

## General Meetings

22. The sole director may, if he thinks fit, call a general meeting. A member of the company may also call a general meeting in the same manner as nearly as possible as that in which meetings may be called by the sole director.

## Proceedings at General Meetings

23. No business is to be transacted at a general meeting if there is no quorum. The sole member present in person or by proxy constitutes a quorum at a general meeting.
24. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of the sole member, shall be dissolved; in any other case, it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the sole director may determine.
25. The sole shareholder may adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

## Appointment of Proxy

26. An instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances admit:

"  
I, \_\_\_\_\_, of \_\_\_\_\_ Limited  
member of the above-named company, hereby  
appoint \_\_\_\_\_ of \_\_\_\_\_, or failing  
him, \_\_\_\_\_, as my proxy to vote for me on my  
behalf at the [annual or extraordinary, as the case may be] general meeting of the  
company to be held on the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_, and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_."

27. Where it is desired to afford the sole member an opportunity of voting for or against a resolution the instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances admit:

"  
I, \_\_\_\_\_, of \_\_\_\_\_ Limited  
member of the above-named company, hereby  
appoint \_\_\_\_\_ of \_\_\_\_\_, or failing  
him, \_\_\_\_\_ of \_\_\_\_\_, as my proxy to vote for me on my  
behalf at the [annual or extraordinary, as the case may be] general meeting of the  
company to be held on the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_, and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_.

This form is to be used \*in favour of / against the resolution.

Unless otherwise instructed, the proxy will vote as he thinks fit.

\*Strike out whichever is not desired."

28. When the sole member takes any decision that may be taken by the company in general meeting and that has effect as if agreed by the company in general meeting, he shall (unless that decision is taken by way of a resolution in writing) provide the company with a written record of that decision pursuant to section 617 of the Ordinance. Such a record shall be sufficient evidence of the decision having been taken by the member.

## Directors

29. The sole member of the company shall become the company's director and save permitted by any other articles contained herein the company shall have no other directors.
30. Subject to any other articles contained herein the shareholding qualification for the company's director shall be at least one share.
31. The company may in general meeting and notwithstanding anything in these articles, subject to approval by the Council, nominate a natural person who has attained the age of 18 years as a reserve director of the company, to act in the place of the sole director who is also the sole member in the event of his death. Upon the death of the sole director, the reserve director shall be deemed to be a director of the company for all purposes until such time as an Eligible Person becomes a member and a director of the company or until he resigns from his office as director in accordance with section 464 of the Ordinance, whichever is the earlier. There is no share qualification for a reserve director at any time, whether before the death of the sole director or after the death of the sole director when the reserve director becomes a director of the company.
32. (1) In the event of incapacity or disqualification of the director, subject to approval by the Council, the company may by ordinary resolution appoint any person to be a director of the company until such time as an Eligible Person becomes a member and a director of the company, or until the date upon which the incapacity or disqualification ends. There is no share qualification for a director so appointed in such event. Sub-article (6)(b) of article 17 shall apply for the purposes of this article.
- (2) In the event of involuntary absence of the director, the director may, subject to approval by the Council, appoint any other person to act as alternate director in his place by written notification to the company and at his discretion in similar manner remove such alternate director. The alternate director, whilst acting as such, shall exercise and discharge all the functions, powers and duties of the director he represents, but shall look to such director solely for his remuneration

as alternate director. The signature of an alternate director to any director's resolution in writing and any written record of the sole director's decision shall, unless the notice of his appointment provides to the contrary, be as effective as the signature of his appointor. Any person appointed as an alternate director shall vacate his office as alternate director if and when the involuntary absence of his appointor ends, or his appointor removes him or vacates office as director. A director shall not be liable for the acts or defaults of any alternate director appointed by him. Sub-article (3) of article 36 shall apply for the purposes of this article.

## **Powers and Duties of Directors**

33. The sole director shall have full power to represent and act for the company in all matters. He may take any decision that may be taken by way of resolution in a meeting of directors and the decision so taken shall have effect as if passed as a resolution in a meeting of the directors. In lieu of minutes of meeting, the director shall provide the company with a record in writing and sign a note or memorandum of all the decisions so taken pursuant to section 483 of the Ordinance. Such a note or memorandum shall constitute sufficient evidence of the decision having been taken by the director.
34. The company may exercise the powers conferred upon the company by sections 636 to 639 of the Ordinance with regard to the keeping of a branch register, and the sole director may (subject to the provisions of those sections) make and vary such articles as he may think fit in respect of the keeping of any such register.
35. The sole director shall be entitled to vote as the sole director in respect of any contract, arrangement or dealing in which he is interested or upon any matter arising out thereof, and if he shall so vote, his vote shall be counted and he shall be taken into account in determining the quorum for the meeting at which any such contract, arrangement or dealing is to be considered.
36.
  - (1) All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the sole director shall from time to time by resolution determine, but any client's audit report shall be signed by the sole director holding a current practising certificate or by an authorised person,
    - (a) in the event of death, incapacity or disqualification of the director during the period commencing from the death, incapacity or disqualification to the date upon which his share(s) are sold or transferred to an Eligible Person or the incapacity or disqualification ends, or
    - (b) in the event of involuntary absence of the director, during the period of such absence.
  - (2) In addition to applying for the purposes of article 17(6), sub-article (6)(b) of article 17 shall apply for the purposes of this article.
  - (3) For the purposes of this article, the expression "involuntary absence", in relation to a director, means the absence of such person as a result of any extraordinary event(s) or circumstance(s) which are beyond his/her reasonable contemplation or control and which prevent him/her from attending to the business of the corporate practice.
37. The sole director shall furnish to the Registrar for the time being of the Institute full details of the sole director and sole member of the company and of the authorised person referred to in article 36 at such times as may be required by the Registrar and shall supply to the Registrar such further information in relation to the company as the Registrar shall reasonably require for the purpose of or in connection with the registration or continued registration of the company as a corporate practice.

38. (1) The sole director shall notify the Registrar in writing of any proposal to amend, in any manner whatsoever, the Articles of Association of the company not later than the day on which notice is given to the member of the company at which the amendment(s) is to be considered.
- (2) The sole director shall notify the Registrar in writing of any amendment to the Articles of Association of the company before the expiration of a period of 21 days beginning on the day on which the relevant special resolution approving and authorising such amendment is passed.

### Disqualification of Directors

39. The office of the sole director shall be vacated if the sole director:
- (1) 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; or
  - (2) becomes bankrupt or makes any arrangement or composition with his creditors generally; or
  - (3) becomes prohibited from being a director by reason of any disqualification order made under Part IVA of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32); or
  - (4) becomes a mentally incapacitated person; or
  - (5) resigns his office by notice in writing to the company given in accordance with section 464(5) of the Ordinance; or
  - (6) ceases to be eligible to become or remain a member of the company; or
  - (7) ceases to be or remain an Eligible Person.

### Proceedings of Directors

40. The quorum for director's meeting shall be one.
41. The sole director shall, at all times, be the chairman of any meeting of the company's directors.

### Dividends and Reserve

42. (1) If a dividend or other sum that is a distribution is payable in respect of a share, it must be paid by one or more of the following means:
- (a) transfer to a bank account specified by the distribution recipient in writing;
  - (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient in writing;
  - (c) sending a cheque made payable to the specified person by post to the specified person at the address the distribution recipient has specified in writing.
- (2) In this article:  
**specified person** means a person specified by the distribution recipient in writing.

### **Part III - Company with two or more members:**

#### **Private Company**

43. The company is a private company and accordingly:
- (1) the right to transfer shares is restricted in manner herein prescribed;
  - (2) the number of members of the company (exclusive of persons who are in the employment of the company and of persons who having been formerly in the employment of the company were while in such employment and have continued after the determination of such employment to be members of the company) is limited to 50 Provided That where two or more persons hold one or more shares in the company jointly, they shall for the purpose of this regulation be treated as a single member;
  - (3) any invitation to the public to subscribe for any shares or debentures of the company is prohibited; and
  - (4) the company shall not have power to issue share warrants to bearer.

#### **Share Capital**

44. No person shall be eligible to become or remain the legal and/or beneficial holder of any share in the company unless he is:
- (1) a natural person;
  - (2) a certified public accountant who satisfies the requirements from time to time of the Institute; and
  - (3) not prohibited from qualifying or acting as a director under the Ordinance;

AND a person eligible in the terms of this article is in these articles referred to as "an Eligible Person".

45. Notwithstanding anything to the contrary contained in these articles, not less than two-third of the ultimate beneficial ownership of the issued share capital of the company carrying voting rights shall be held by members of the Institute who hold current practising certificates.

#### **Lien**

46. Subject to any other articles contained herein, the company may sell, in such manner as the directors think fit, any shares on which the company has a lien, but no sale shall be made unless such shares shall be sold to any Eligible Person(s) nor unless a sum in respect of which the lien exists is presently payable, nor until the expiration of 14 days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death or bankruptcy.

#### **Transfer of Shares**

47. Subject to such of the restrictions of these articles as may be applicable, any member may transfer all or any of his shares by instrument in writing in any usual or common form or any other form which the directors may approve. For the avoidance of doubt, any member shall not be entitled to transfer any of his share(s) to any person other than any Eligible Person(s) (including any existing member(s) of the company).

48. The directors may in their sole and absolute discretion decline to register any transfer of shares whether or not fully paid up, save as provided for under section 151 of the Ordinance, without assigning any reason therefor and shall so decline if in their opinions the registration thereof would or might be in breach of any other articles contained herein.

### Transmission of Shares

49. (1) In case of the death of a member, the survivor(s) where the deceased was a joint holder or the legal personal representative(s) of the deceased where he was a sole holder (as the case may be) shall be the only person(s) recognised by the company as having any title to the deceased's interest in his share(s) in the company, but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
- (2) Any person becoming entitled to a share in consequence of the death of a member shall, forthwith upon becoming so entitled and upon such evidence being produced as may from time to time properly be required by the directors and subject as hereinafter provided:
- (a) in case such person is, for the time being, an Eligible Person, elect either to be registered himself as holder of the share(s) owned by such deceased member or to have other Eligible Person(s) (including any existing member(s) of the company) nominated by him registered as the transferee(s) thereof; or
- (b) in case such person is, for the time being, not an Eligible Person, nominate any Eligible Person(s) (including any existing member(s) of the company) to be registered as the transferee(s) thereof,
- but the directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of any transfer of the share(s) by that member before his death, as the case may be.
- (3) If the person so becoming entitled and being an Eligible Person shall elect to be registered himself as the transferee of the relevant share(s), he shall deliver or send to the company a notice in writing signed by him stating that he so elects. If such person or the person so becoming entitled and not being an Eligible Person (as the case may be) shall nominate any Eligible Person(s) to be so registered, he shall execute transfer(s) of the share(s) in favour of such Eligible Person(s). All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer(s) as aforesaid as if the death of the member had not occurred and the notice or transfer(s) were transfer(s) signed by that member.
- (4) In the event that, within a period of 60 days after the death of the member of the company, the person so becoming entitled and being an Eligible Person fails to deliver or send to the company a notice in writing signed by him stating that he has elected to be registered himself as the transferee of the relevant share(s) or the person so becoming entitled and not being an Eligible Person fails to execute transfer(s) of share(s) in favour of the Eligible Person(s) duly nominated by him to be so registered, such person shall be deemed to have duly appointed and authorised any one of the surviving member(s) of the company as his agent who shall immediately, for and on his behalf and with intent so as to bind him, (as the case may be) register such person as the transferee of the relevant share(s) by way of serving upon the company a notice in writing stating so or nominate any Eligible Person(s) to be so registered and execute transfer(s) of share(s) in favour of such Eligible Person(s), in any manner whatsoever as such agent may, in his sole and absolute discretion, think fit Provided That, upon request in writing on

the part of such person, being the person becoming entitled to the deceased's interest in article 49(1), the Council may, in its sole and absolute discretion, agree to extend such 60 day period for a further period as it may think fit.

- (5) A person becoming entitled to share(s) by reason of the death of the holder shall be entitled to the same dividends and other advantages (if any) to which he would be entitled if he were the registered holder of the share(s), except that he shall not, before being registered as a member in respect of the share(s), be entitled in respect of such share(s) to exercise any right conferred by membership in relation to meetings of the company.

Provided always that the directors may at any time give notice requiring any such person to elect either to be registered himself as the transferee of the share(s) or to transfer such share(s), and if the notice is not complied with within 90 days, the directors may thereafter withhold payment of all dividends, bonuses or other moneys (if any) payable in respect of the share(s) until the requirements of the notice have been complied with.

- (6) Any person to whom the right to any shares in the company has been transmitted by operation of law shall, if the directors refuse to register the transfer(s), be entitled to call on the directors to furnish a statement of the reason(s) for the refusal within 28 days after his request therefor.

- (7) (a) In the event that a member of the company suffers from incapacity or disqualification and such incapacity or disqualification continues for a period of 60 days, such incapacitated or disqualified member shall be deemed to have duly appointed and authorised any one of the other member(s) of the company as his agent who shall immediately, for and on his behalf and with intent so as to bind him, sell or transfer to any Eligible Person(s) the incapacitated or disqualified member's share(s) in the company upon any terms and conditions whatsoever and in any manner whatsoever as such agent may, in his sole and absolute discretion, think fit Provided That, upon request in writing on the part of such member, the Council may, in its sole and absolute discretion, agree to extend such 60 day period for a further period as it may think fit.

(b) For the purposes of this sub-article:

- (i) the expression "incapacity", in relation to a member of the company, means any incapacity or incompetence certified by two qualified medical practitioners in writing due to the fact that such member of the company is incapacitated or incompetent, whether through illness, old age, accident or otherwise, for carrying on accountancy practice or business of a certified public accountant (practising) in a proper and effective way; and
- (ii) the expression "disqualification", in relation to a member of the company, means any disqualification for being a director of the company by reason of the occurrence of any one of the events set out in article 61.

## **Forfeiture of Shares**

50. A forfeited share may be sold or otherwise disposed of subject to any other articles contained herein on such terms and in such manner as the directors think fit and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the directors think fit. For the avoidance of doubt, such forfeited share shall not be sold to any person other than an Eligible Person (including any existing member of the company).



## Purchase of Own Shares

51. Subject to sections 233 to 237 and 244 to 273 of the Ordinance, the company may purchase its own shares (including any redeemable shares).
52. Subject to sections 257 to 266 of the Ordinance, the company may make a payment in respect of the redemption or purchase of its own shares otherwise than out of the distributable profits of the company or the proceeds of a fresh issue of shares.

## Allotment of Shares

53. The directors shall not exercise any power conferred on them to allot shares in the company without the prior approval of the company in general meeting where such approval is required by sections 140 to 141 of the Ordinance. In the event that the directors are so authorised to allot any share in the company, they shall allot such share to an Eligible Person (including any existing member of the company).

## Directors

54. The members of the company shall become the company's directors, all of whom shall be members of the Institute and at least two-third holding current practising certificates.
55. Each of the company's directors shall be a registered holder (whether solely or jointly with others or otherwise) in at least one share in the company.

## Powers and Duties of Directors

56. The company may exercise the powers conferred upon the company by sections 636 to 639 of the Ordinance with regard to the keeping of a branch register, and the directors may (subject to the provisions of those sections) make and vary such articles as they may think fit in respect of the keeping of any such register.
57. A director shall be entitled to vote as a director in respect of any contract, arrangement or dealing in which he is interested or upon any matter arising out thereof, and if he shall so vote, his vote shall be counted and he shall be taken into account in determining the quorum for the meeting at which any such contract, arrangement or dealing is to be considered.
58. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the directors shall from time to time by resolution determine, but any client's audit report shall be signed by any director holding a current practising certificate.
59. The directors shall furnish to the Registrar for the time being of the Institute full details of the directors and members of the company at such times as may be required by the Registrar and shall supply to the Registrar such further information in relation to the company as the Registrar shall reasonably require for the purpose of or in connection with the registration or continued registration of the company as a corporate practice.
60.
  - (1) The directors shall notify the Registrar in writing of any proposal to amend, in any manner whatsoever, the Articles of Association of the company not later than the day on which notice is given to the members of the company at which the amendment(s) is to be considered.
  - (2) The directors shall notify the Registrar in writing of any amendment to the Articles of Association of the company before the expiration of a period of 21 days beginning on the day on which the relevant special resolution approving and authorising such amendment is passed.

## Disqualification of Directors

61. The office of director shall be vacated if the director:
- (1) 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; or
  - (2) becomes bankrupt or makes any arrangement or composition with his creditors generally; or
  - (3) becomes prohibited from being a director by reason of any disqualification order made under Part IVA of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32); or
  - (4) becomes a mentally incapacitated person; or
  - (5) resigns his office by notice in writing to the company given in accordance with section 464(5) of the Ordinance; or
  - (6) shall for more than six months have been absent without permission of the directors from meetings of the directors held during that period; or
  - (7) ceases to be eligible to become or remain a member of the company; or
  - (8) ceases to be or remain an Eligible Person.

## Removal of Directors

62. The company may by ordinary resolution remove any director before the expiration of his period of office notwithstanding anything in these articles or in any agreement between the company and such director. Such removal shall be without prejudice to any claim such director may have for damages for breach of any contract of service between him and the company. Such director so removed shall, with immediate effect from such removal, cease to be or remain as a member of the company and shall transfer his share(s) to any Eligible Person(s) (including any existing member(s) of the company) as soon as possible but, in any event, not later than 60 days after such removal Provided That, upon request in writing on the part of such director, the Council may, in its sole and absolute discretion, agree to extend such 60 day period for a further period as it may think fit.