

1. MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION

The following contains a summary of the Memorandum of Association and Articles of Association. The principle objective is to provide potential investors with an overview of the Articles of Association. The Memorandum and Articles of Association comprise the Company's constitutive documents. Because the information contained below is in summary form, it does not contain all of the information that may be important to potential investors. As stated in the paragraph headed "Documents Available for Inspection" in Appendix IX to this prospectus, copies of the Memorandum of Association and Articles of Association are available for inspection.

Memorandum of Association

The Memorandum of Association states, inter alia, that the Company is a public company and that the liability of members of the Company is limited. Clause 4 of the Memorandum of Association of the Company provides that the principal objects of the Company are to carry on in all parts of the world the business of banking in all its aspects and to transact and do all matters and things incidental thereto, or which may at any time hereafter, at any place where the Company carries on business, be usual in connection with the business of banking or dealing in money or securities for money.

Articles of Association

The Articles of Association of the Company were adopted on 6th May, 1993 and were amended on 3rd December, 1993, 5th May, 1994, 9th May, 1996, 8th May, 1997, 11th May, 2000, 18th January, 2001, 3rd May, 2001 and 2nd May, 2002. The following is a summary of certain provisions of the Articles of Association.

The Hong Kong Stock Exchange has granted waivers from strict compliance with certain requirements of Appendix 3 to the Hong Kong Listing Rules.

Share rights

Subject to the Companies Acts, any resolution passed by the Company under the Companies Acts and other shareholders' rights, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide, or (if there is no such resolution or so far as it does not make specific provision) as the Board (as defined in the articles) may decide. Redeemable shares may be issued. Subject to the articles, the Companies Acts and other shareholders' rights, unissued shares are at the disposal of the Board.

Voting rights

Subject to any rights or restrictions attaching to any class of shares, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative has one vote and every proxy appointed by a member and present (other than the chairman) has one vote and, upon a poll, every member

who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy will have one vote for every U.S.\$2 nominal value of share capital held by him. No member shall be entitled to vote at any general meeting or class meeting in respect of any share held by him if any call or other sum then payable by him in respect of that share remains unpaid or if a member has been served with a restriction notice (as defined in the Articles of Association) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts.

Dividends and other distributions

Subject to the Companies Acts, the Company may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the Board. Subject to the Companies Acts, the Board may pay interim dividends, and also any fixed rate dividend, whenever the financial position of the Company, in the opinion of the Board, justifies its payment. If the Board acts in good faith, it is not liable to holders of shares with preferred or *pari passu* rights for losses arising from the payment of interim or fixed dividends on other shares.

The Board may withhold payment of all or any part of any dividends or other moneys payable in respect of the Company's shares from a person with a 0.25% interest (as defined in the Articles of Association) if such a person has been served with a restriction notice (as defined in the Articles of Association) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts.

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide, all dividends shall be apportioned and paid pro rata according to the amounts paid up on the share during any portion of the period in respect of which the dividend is paid. Except as set out above, dividends may be declared or paid in any currency.

The Board may if authorised by an ordinary resolution of the Company offer ordinary shareholders in respect of any dividend the right to elect to receive Shares by way of scrip dividend instead of cash.

Any dividend unclaimed after a period of 12 years from the date when it became due for payment shall be forfeited and revert to the Company.

The Company may stop sending cheques or warrants in payment of dividends by post in respect of any shares or may cease to employ any other means of payment for dividends if at least two consecutive payments have remained uncashed or are returned undelivered or that means of payment has failed. The Company may resume sending dividend cheques, warrants or employing that means of payment if the holder requests such resumption in writing.

On a liquidation, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Acts, divide among the

members in kind all or part of the assets of the Company (whether they shall consist of property of the same kind or not), or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with like sanction, shall think fit.

New issues and pre-emption

Subject to applicable law, the unissued shares of the Company shall be at the disposal of the Board which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms as the Board may decide. Under section 80 of the Companies Act 1985, the Directors may not allot any of the unissued shares of the Company (including rights to subscribe for or to convert any security into shares of the Company) unless they are authorised to do so by the shareholders of the Company. Any such authority cannot exceed a period of five years. Section 89 of the Companies Act 1985 provides that, unless disappplied, the Directors can only allot unissued equity securities for cash pursuant to an authority under section 80 on a pre-emptive basis to the Company's ordinary shareholders in proportion to their existing holdings. It is normal practice for a public company, listed on the London Stock Exchange, to disapply, to a limited extent, the provisions of section 89 by a special resolution passed at each annual general meeting of the Company.

Non-cumulative preference shares

The authorised share capital of the Company includes 300,000,000 non-cumulative preference shares of U.S.\$5.00 each (the "dollar preference shares"), 500,000,000 non-cumulative preference shares of £1 each (the "sterling preference shares") and 1,000,000 non-cumulative preference shares of €1,000 each (the "euro preference shares"). In this paragraph the dollar preference shares, the sterling preference shares and the euro preference shares are together referred to as the preference shares. The provision contained in the Articles relating to such shares are summarised below:

- (i) the preference shares are to rank as regards repayment of capital and as regards income in priority to Shares in the Company.
- (ii) the preference shares are to carry the right to a non-cumulative preferential dividend in such currency and at such rates (whether fixed or variable) to determined by the Directors before allotment.
- (iii) the preference shares are to carry the right on a winding-up of the Company or other return of capital (but not, unless otherwise provided by their terms of issue, on a redemption, reduction or purchase by the Company of any of its issued share capital) in priority to any payment to the holders of Shares in the Company to the repayment of the nominal capital paid up on the preference shares together with any premium determined by the Directors before allotment (together the "liquidation entitlement"), and to an amount equal to the dividend for the then current dividend period accrued to the date of commencement of the winding-up.
- (iv) subject to any discretion allowed to the Directors under the Companies Act 1985 at the time of allotment of any preference shares and referred to below, unless the

Director shall before allotment of any particular preference shares determine that such shares shall not be redeemable, preference shares allotted will be redeemable at the option of the Company on any date.

On redemption there will be paid on each redeemable preference share the aggregate of the nominal capital paid up on such share, any premium credited as paid-up on such share, an amount equal to the dividend for the then current dividend period accrued to the date of redemption and, in the case of dollar preference shares and depending on the timing of redemption, a redemption premium.

- (v) preference shares will only carry a right to attend or vote at general meetings of the Company: (1) if the dividend on the preference shares most recently payable before any such meeting has not been paid in full; (2) if a resolution is to be put to the meeting varying or abrogating the rights attached to the preference shares and then only to speak or vote on the relevant resolution; (3) in relation to any particular preference shares, in such other circumstances (if any) as the Directors may determine prior to allotment of those shares.

Variation of rights

Subject to the Companies Acts, rights attached to any class of shares may be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting (except an adjourned meeting) the quorum shall be a person or persons holding or representing by proxy not less than one-third in nominal value of the issued shares of the class.

Form and transfer of shares

The shares are in registered form.

Subject to the Articles of Association, any member may transfer all or any of his shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The instrument of transfer must be executed by or on behalf of the transferor and (in the case of a partly paid share) the transferee and the transferor is deemed to remain the holder until the transferee's name is entered in the register.

The Board may, in its absolute discretion and without giving any reason, decline to register any transfer of any share which is not a fully paid share. The Board may also decline to register a transfer unless the instrument of transfer:

- (i) is accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require;
- (ii) is in respect of only one class of share; and

**APPENDIX IV SUMMARY OF THE MEMORANDUM AND ARTICLES OF
ASSOCIATION AND ENGLISH COMPANY LAW**

(iii) if to joint transferees, is in favour of not more than four such transferees.

The Board may decline to register a transfer of the Company's shares by a person with a 0.25% interest (as defined in the Articles of Association) if such a person has been served with a restriction notice (as defined in the Articles of Association) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts, unless the transfer is shown to the Board to be pursuant to an arm's length sale (as defined in the Articles of Association).

Alteration of share capital and purchase of own shares

The Company may from time to time by ordinary resolution:

- (i) increase its share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (iii) subject to applicable law, sub-divide its shares or any of them into shares of a smaller amount and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage or be subject to any restrictions as compared with the others; and
- (iv) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Subject to applicable law, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way. Subject to applicable law and to any rights conferred on the holders of any class of shares, the Company may purchase all or any of its shares of any class, including any redeemable shares. Purchases or contracts of purchase shall be authorised by such resolution of the Company as may be required by applicable law and by an extraordinary resolution passed at a separate general meeting of the holders of any class of shares which, at the date on which the purchases or contract therefor are authorised by the Company in general meeting, entitle them, either immediately or at any time later on, to convert all or any of the shares of that class into equity share capital of the Company.

Directors

Appointment of Directors

Subject to the Articles of Association, directors may be appointed by the Company by ordinary resolution or by the Board. A Director appointed by the Board holds office only until the next following annual general meeting of the Company but is not taken into account in determining the Directors or the number of Directors who are to retire by rotation at that meeting.

Directors' qualification shares

A Director must hold alone (and not jointly with others) at least U.S.\$1,000 nominal amount of share capital of the Company, which must be acquired within two months after the date of his appointment as a Director.

Retirement of Directors

At every annual general meeting of the Company, a minimum of one-third of the Directors shall retire by rotation. The Directors to retire by rotation shall be, firstly, those who by reason of age is due to retire at that meeting pursuant to the Companies Acts, secondly, any Director who wishes to retire at that meeting and does not offer himself for re-election, and thirdly, those of the other Directors who have been longest in office since their last election, or, in the case of Directors whose last election date from the same time, those to retire shall, in default of agreement among themselves, be determined by ballot.

Removal of Directors by special resolution

The Company may by special resolution remove any director before the expiration of his period of office.

Remuneration of Directors

Each of the Directors shall be paid a fee at such rate as may from time to time be determined by the Board, but the aggregate of all such fees so paid to the Directors shall not exceed £750,000 per annum or such higher amount as may from time to time be decided by ordinary resolution of the Company. Any Director who is appointed to any executive office shall be entitled to receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board or any committee authorised by the Board may decide, either in addition to or in lieu of his remuneration as a Director. In addition, any Director who, by request, goes or resides abroad for any purposes of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration as the Board or any committee authorised by the Board may determine. Each Director may be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board or committees of the Board or of the Company or any other meeting which as a Director he is entitled to attend and shall be paid all other costs and expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director.

Pensions and gratuities for Directors

The Board or any committee authorised by the Board may exercise the powers of the Company to provide benefits, either by the payment of gratuities or pensions or by insurance or in any other manner for any Director or former Director or his relations, dependants or persons connected to him, but no benefits (except those provided for by the Articles of

Association) may be granted to or in respect of a Director or former Director who has not been employed by or held an executive or other office or place of profit under the Company or any of its subsidiary undertakings or their respective predecessors in business without the approval of an ordinary resolution of the Company.

Permitted interests of Directors

Subject to the provisions of the Companies Acts, and provided he has declared the nature of his interest to the Board as required by the Companies Acts, a Director is not disqualified by his office from contracting with the Company in any manner, nor is any contract in which he is interested liable to be avoided, and any Director who is so interested is not liable to account to the Company or the members for any benefit realised by the contract by reason of the Director holding that office or of the fiduciary relationship thereby established.

A Director may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of Director for such period (subject to the provisions of the Companies Acts) and may be paid such extra remuneration for so doing as the Board may decide, either in addition to or in lieu of any remuneration provided for by other Articles of Association. A Director may also be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested or as regards which it has any power of appointment, and shall not be liable to account to the Company or the members for any benefit received by him as a director or officer of or from his interest in the other company.

A Director may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services.

Restrictions on voting

Except as mentioned below, no Director may vote on, or be counted in a quorum in relation to, any resolution of the Board in respect of any contract in which he is to his knowledge materially interested and, if he does so, his vote shall not be counted. These prohibitions do not apply to a Director in relation to:

- (i) the giving to him of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him for the benefit of the Company or any of its subsidiaries;
- (ii) the giving to a third party of any guarantee, indemnity or security in respect of a debt or obligation of the Company or any of its subsidiaries which he has himself guaranteed, indemnified or secured in whole or in part;
- (iii) the subscription or purchase by him of shares, debentures or other securities of the Company pursuant to any offer or invitation to members or debenture holders of the Company, or any class of them, or to the public or any section of the public;

**APPENDIX IV SUMMARY OF THE MEMORANDUM AND ARTICLES OF
ASSOCIATION AND ENGLISH COMPANY LAW**

- (iv) the underwriting by him of any shares, debentures or other securities of the Company or any of its subsidiaries;
- (v) any contract in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;
- (vi) any contract concerning any other company (not being a company in which the Director owns 1% or more (as defined in the Articles of Association)) in which he is interested directly or indirectly;
- (vii) any contract concerning the adoption, modification or operation of a pension fund or retirement death or disability benefits scheme which relates both to Directors and employees of the Company or any of its subsidiaries and does not provide in respect of any Director as such any privilege or advantage not accorded to the employees to whom such fund or scheme relates;
- (viii) any contract for the benefit of employees of the Company or any of its subsidiaries under which he benefits in a similar manner to the employees and which does not accord to any Director as such any privilege or advantage not accorded to the relevant employees; and
- (ix) any contract for the purchase or maintenance for any Director of insurance against any liability.

Subject to the Companies Acts, the Company may by ordinary resolution suspend or relax the above provisions to any extent or ratify any transaction not duly authorised by reason of a contravention of such provisions.

The Company has undertaken to the Hong Kong Stock Exchange that it will propose amendments to the prohibition in (vi) above at, either, the Company's annual general meeting in 2003 or the earliest extraordinary general meeting of the Company convened for other issues so that a director's interest includes those of his associates (as defined in the Hong Kong Listing Rules) and, in the interim, to comply as though the amendments had been incorporated.

Borrowing powers

Subject to the Memorandum of Association, the Articles of Association, the Companies Acts and any directions given by the Company by special resolution, the business of the Company will be managed by the Board which may exercise all the powers of the Company, whether relating to the management of the business of the Company or not. In particular, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge any of its undertaking, property, assets (present and future) and uncalled capital and to issue debentures and other securities and to give security for any debt, liability or obligation of the Company or of any third party.

Members resident abroad

Any member whose registered address is not within the United Kingdom or within the country or territory in which a branch register on which he is entered is kept can give the Company a postal address within the United Kingdom at which notices or documents may be served upon him. Otherwise, such members are not entitled to receive any notice from the Company.

The Company has undertaken to the Hong Kong Stock Exchange that it will propose amendments to the Articles of Association at, either, the Company's annual general meeting in 2003 or the earliest extraordinary general meeting of the Company convened for other issues to ensure that certain notices to members are published in the English and Chinese press in Hong Kong and to ensure that any new classes of shares created by the Company which do not carry voting rights or which have different voting rights are designated as such and, in the interim, to comply as though the amendments had been incorporated.

2. ENGLISH COMPANY LAW

The Company is incorporated under the laws of England and Wales and accordingly is subject to English company law. A summary of certain provisions of English company law which apply to the Company are set out below, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review. All references to sections are to sections of the Companies Act 1985.

Share Capital*Issue of shares*

Under section 80 the directors of a company may not exercise any power of that company to allot the unissued shares of the company (including rights to subscribe for or to convert any security into shares of the company) unless they are authorised to do so by the shareholders of the company or by the company's articles of association. Any such authority cannot exceed a period of five years. Section 89 provides that, unless its provisions are disapplied, the directors of a company can only allot unissued equity securities of a company pursuant to an authority under section 80 for cash on a pre-emptive basis to its shareholders in proportion to their existing holdings. It is, however, normal practice for a public company the shares of which are listed on the Official List to disapply, to a limited extent, the provisions of section 89 by a special resolution passed at each annual general meeting of the company. Such a disapplication usually allows a public company so listed to allot equity securities for cash otherwise than on a pre-emptive basis up to a nominal value equal to 5% of the issued ordinary share capital of that company. The allotment authorities which have been given to the Directors are summarised in paragraphs 1(C)1 and 1(C)2 of Appendix VIII to this prospectus.

Share premium account

Directors are permitted to allot a company's shares at a premium i.e. at a price above the nominal or par value. The aggregate consideration received above the par value (whether cash or non-cash) must be placed into a "share premium account". A share premium account is treated in a similar way to share capital; for example, it cannot be distributed to the shareholders. It can, however, be used to pay up any unissued shares of the company which are to be allotted to shareholders as fully paid bonus shares.

Repurchase of shares

A limited company may, if authorised by its articles of association, purchase its own shares. The repurchase of shares must first be authorised by the company in general meeting. Such an authority may be a general authority in relation to market repurchases, or may be specific to the terms of a particular off-market repurchase. It is common for a public company the shares of which are listed on the Official List to authorise the market repurchase of up to 15% of its ordinary share capital at each annual general meeting of the company. Payments by a public company in respect of the repurchase of its own shares may only be made out of the company's distributable profits. Any shares repurchased must be cancelled and are not available for reissue. The Company currently has shareholder authority to make market purchases of up to 113,098,213 Shares. However, it should be noted that a repurchase of Shares on the Hong Kong Stock Exchange would constitute an off-market repurchase for the purposes of the Companies Act 1985.

Redeemable shares

A limited company may issue shares of any class which are redeemable at the option of either the company or the shareholder, if its articles of association so permit. A redemption of redeemable shares may only be made out of distributable profits of the company or, subject to certain exceptions, out of the proceeds of a fresh issue of shares made for the purposes of the redemption.

Reduction of share capital

There is a general prohibition on a company reducing its share capital, subject to limited exceptions. A company which is so authorised by its articles of association may, subject to confirmation by the court, reduce its issued share capital. An order of the court confirming a reduction of its issued share capital may be made on such terms and conditions as the court thinks fit having regard to certain provisions in the Companies Act 1985 designed to safeguard the interests of creditors where share capital is to be repaid or an unpaid liability on shares is to be reduced or extinguished.

Dividends

A company may only make distributions to its shareholders out of the excess of its accumulated realised profits, so far as not previously utilised by distribution or capitalisation,

less its accumulated realised losses, so far as not previously written off in a reduction or reorganisation of capital. In addition, a public company must ensure that any distribution does not result in its net assets being less than its called up share capital plus its undistributable reserves. Undistributable reserves for this purpose consist of any share premium account, any capital redemption reserve, the amount by which the company's accumulated unrealised profits exceed its accumulated unrealised losses, and any other reserve which the company is prohibited from distributing by law or by its memorandum or articles of association.

Disclosure of interests

A person who knowingly acquires or ceases to have an interest which is "material" in three per cent. or more, or an interest which is non-"material" in 10% or more, of a class of voting shares of a public company is required by the Companies Act 1985 to disclose that interest to the company in writing within two business days. Thereafter, any change in that interest must be disclosed to the company if it takes the aggregate holding either up or down through one full percentage point. Whether an interest is "material" depends upon the identity of the person interested. Broadly, the interests of fund managers and similar persons are not material; the interests of all other persons are material.

An "interest" in shares is widely defined, and subject to certain limited exceptions, includes an interest of any kind whatsoever, irrespective of any restraints or restrictions to which the exercise of any right attached to the interest may be subject; it includes rights to vote shares and conditional and unconditional contracts and options to acquire or dispose of shares. Certain interests held indirectly may also give rise to an obligation to disclose those interests.

In certain circumstances, persons who act together in relation to voting shares in a public company may each find themselves under an obligation to disclose their holdings as a result of being treated as interested in the voting shares held by other persons concerned. If voting shares are acquired pursuant to an agreement which includes provisions for the acquisition by one or more of the parties to it of interests in such shares, and if the agreement also includes provisions imposing obligations or restrictions on any one or more of them concerning the use, retention or disposal of their interests acquired under the agreement (whether or not together with any other interest of theirs in the shares to which the agreement relates), then each party to the agreement will be taken to be interested in all the shares which any other party to it is interested apart from the agreement, whether or not the interest of the other party was acquired pursuant to the agreement. In addition, each person who is a party to such an agreement will be required to notify each other party of the particulars of his interest. For this purpose an "agreement" includes any agreement or arrangement and applies to an arrangement even if it is not legally binding, so long as it involves mutuality in the undertakings, expectations or understandings of the parties.

A company has the right to require a person who the company knows, or has reasonable cause to believe, to be interested, or to have been interested in voting shares of the company within the three years immediately preceding the date of a notice served on

such a person, to confirm or deny the position and, if confirmed, to give certain information in relation to that shareholding.

Minority protection

Under English company law, a minority shareholder of a company can rarely bring an action, either in his own name or in the name of the company, to redress a wrong done to the company. However, an English court may permit a minority shareholder to bring such an action if the act complained of is illegal or beyond the corporate power of the company or constitutes a fraud on the minority shareholders or where the transaction complained of could only be sanctioned by a special or extraordinary resolution which has not been obtained or required a special procedure which has not been followed.

Under section 459 any member of a company may petition the court on the ground that the company's affairs are being or have been conducted in a manner which is unfairly prejudicial to the interests of its members generally or of some part of its members (including at least himself) or that any act or proposed act or omission of the company (including an act or omission on its behalf) is or would be so prejudicial. The court may make such order as it thinks fit upon such an application.

Directors

Directors' service contracts

A company is prohibited from entering into any agreement with a director under which the director's employment with the company or, where he is the director of a holding company, his employment with the group may continue (otherwise than at the instance of the company) for a period of more than five years during which such employment cannot be terminated by the company by notice, unless the agreement has first been approved by the shareholders of the company in general meeting and, where the director is also a director of the holding company, also approved by the shareholders of the holding company in general meeting.

Transactions involving directors

A company is prohibited from entering into any arrangement with any of its directors or the directors of the company's holding company under which such a director would acquire a substantial non-cash asset or assets from the company or vice versa, unless the arrangement is approved, in advance, by the shareholders of the company in general meeting and, where the director is a director of the holding company, also approved by the shareholders of the holding company in general meeting. Subject to certain other exceptions, the prohibition applies only to transactions where the value of the assets transferred exceeds £100,000 or, if lower, 10% of the company's net assets. Assets worth less than £2,000 are disregarded. The above prohibition applies also to transactions entered into with a wide circle of persons connected with such directors.

Loans to directors

Subject to certain exceptions, a company may not make a loan to a director of the company or of its holding company or enter into any guarantee or provide any security in connection with a loan made by any person to a director. In addition, a public company and members of its group may not make a loan to a person connected with a director or enter into certain types of credit transactions with a director or any person connected with him. However, the above prohibition does not apply to loans made by, or credit transactions entered into by, Standard Chartered Bank.

Accounts—summary financial statements

As an alternative to the general requirement of a company to send copies of its full annual report and accounts to shareholders, a company whose shares are listed on the Official List may instead send summary financial statements to its shareholders provided that certain criteria are satisfied. Those criteria include that the company has ascertained that the relevant shareholder does not wish to continue to receive copies of its full annual report and accounts. A summary financial statement must contain information specified in regulations made under the Companies Act 1985.

Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90 per cent. of the shares which are the subject of the offer accept, the offeror may, at any time within two months after achieving that 90% holding, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the court within six weeks of the notice objecting to the transfer.