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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Cocoon Holdings Limited (the “Company”), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of Cocoon Holdings Limited.

Cocoon Holdings Limited
中國天弓控股有限公司

(formerly known as Huge China Holdings Limited 匯嘉中國控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 428)

**(1) PROPOSED CHANGE OF DOMICILE;
(2) PROPOSED ADOPTION OF THE MEMORANDUM OF
CONTINUANCE AND THE NEW BYE-LAWS; AND
(3) PROPOSED CAPITAL REORGANISATION**

A notice convening an extraordinary general meeting (the “EGM”) of the Company to be held at Picasso Room B, B1 Level, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong, Hong Kong on Monday, 11 March 2019 at 10:00 a.m. is set out on pages EGM-1 to EGM-6 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk.

Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong as soon as possible and in any event by 10:00 a.m. on Saturday, 9 March 2019 or not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish. In such event, the form of proxy previously submitted shall be deemed to be revoked.

Please note that 9 March 2019 is not a working day in Hong Kong and Computershare Hong Kong Investor Services Limited’s offices will not be open on this day for physical delivery of the proxy form. To be effective, all proxy appointments must be lodged with Computershare Hong Kong Investor Services Limited before the deadline.

4 February 2019

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

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| “Adoption of the Memorandum of Continuance and the New Bye-laws” | the proposed adoption of the Memorandum of Continuance and the New Bye-laws in compliance with the laws of Bermuda to replace, respectively, the memorandum of association and the articles of association of the Company |
| “Announcement” | the announcement of the Company dated 23 January 2019 in relation to, among other things, the proposed Change of Domicile, the Adoption of the Memorandum of Continuance and the New Bye-laws and the Capital Reorganisation |
| “Annual Reports” | the annual reports of the Company for the year ended 31 December 2016 and 2017 |
| “Articles” | the existing articles of association of the Company |
| “Board” | the board of Directors |
| “Business Day(s)” | a day on which banks are generally open for business in Hong Kong, except a Sunday and a Saturday or a day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. |
| “Capital Reduction” | the proposed reduction of the issued share capital of the Company by reducing the par value of each issued Existing Share from HK\$1.00 to HK\$0.10 by cancelling the paid up share capital to the extent of HK\$0.90 per issued Existing Share |
| “Capital Reorganisation” | collectively, the Capital Reduction, the Sub-division and the Reduction of Share Premium |
| “Cayman Memorandum” | the existing memorandum of association of the Company |

DEFINITIONS

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| “Cayman Memorandum and Articles” | collectively, the Cayman Memorandum and the Articles |
| “CCASS” | the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited |
| “Change of Domicile” | the proposed change of domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda |
| “Companies Act” | the Companies Act 1981 of Bermuda (as amended) |
| “Companies Law” | the Companies Law (as revised) of the Cayman Islands, as amended, consolidated or supplemented from time to time |
| “Company” | Cocoon Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange (Stock Code: 428) |
| “Court” | The Grand Court of the Cayman Islands |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company to be convened and held at 10:00 a.m. on Monday, 11 March 2019 for the Shareholders to consider and, if thought fit, approve, among other things, the Change of Domicile, the Adoption of the Memorandum of Continuance and the New Bye-laws and the Capital Reorganisation |
| “Existing Share(s)” | ordinary share(s) with a par value of HK\$1.00 each in the share capital of the Company prior to the Capital Reorganisation becoming effective |
| “HKSCC” | Hong Kong Securities Clearing Company Limited |

DEFINITIONS

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| “Hong Kong” | The Hong Kong Special Administrative Region of the People’s Republic of China |
| “Interim Report” | the interim report of the Company for the six months ended 30 June 2018 |
| “Latest Practicable Date” | 29 January 2019, being the latest practicable date for the purpose of ascertaining certain information included in this circular |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Memorandum of Continuance” | the memorandum of continuance of the Company proposed to be adopted by the Company and to take effect upon continuation of the Company in Bermuda |
| “New Bye-laws” | the new set of bye-laws of the Company proposed to be adopted by the Company and to take effect upon continuation of the Company in Bermuda |
| “New Share(s)” | ordinary share(s) with a par value of HK\$0.10 each in the share capital of the Company immediately following the Capital Reorganisation becoming effective |
| “Reduction of Share Premium” | the proposed reduction of the entire amount standing to the credit of the share premium account of the Company to nil |
| “Share(s)” | Existing Share(s), and/or New Share(s), as the case may be |
| “Shareholder(s)” | holder(s) of the Existing Share(s) or the New Share(s), as the case may be |
| “Special Resolution” | a resolution passed by a majority of not less than three-fourths of the votes cast by such Shareholders as, being entitled so to do, vote in person or, by duly authorised corporate representative or, where proxies are allowed, by proxy at a general meeting of the Company |

DEFINITIONS

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| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Sub-division” | the sub-division of each authorised but unissued Existing Share into 10 unissued New Shares |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong |
| “%” | per cent. |

EXPECTED TIMETABLE

The expected timetable for implementation of the Change of Domicile, the Adoption of the New Memorandum of Continuance and the New Bye-laws and the Capital Reorganisation is set out below:

| Event | Time and date 2019 |
|--|---|
| Date of despatch of the circular with notice and form of proxy of the EGM | Monday, 4 February |
| Latest time for lodging completed transfer forms accompanied by the relevant share certificates with the Hong Kong branch share registrar of the Company to be qualified for attendance at the EGM | 4:30 p.m. on Thursday, 28 February |
| Closure of the register of members of the Company to determine the qualification for attendance and voting at the EGM | Friday, 1 March to Monday, 11 March <i>(both dates inclusive)</i> |
| Latest date and time for lodging forms of proxy or the EGM | 10:00 a.m. on Saturday, 9 March |
| Date and time of the EGM | 10:00 a.m. on Monday, 11 March |
| Announcement of voting results of the EGM | Monday, 11 March |

EXPECTED TIMETABLE

The following events are conditional on the fulfilment of the conditions for the implementation of the Change of Domicile and the Capital Reorganisation and therefore the dates are tentative:

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| Expected effective date of the Change of Domicile and the Adoption of the Memorandum of Continuance and the New Bye-laws | On or after Monday, 1 April (Bermuda time)/on or after Tuesday, 2 April (Hong Kong time) |
| Expected effective date of the Capital Reorganisation | Thursday, 18 April |
| First day for free exchange of existing share certificates for new share certificates | Thursday, 18 April |
| Commencement of dealing in the New Shares | 9:00 a.m. on Thursday, 18 April |
| Last day for free exchange of existing share certificates of the Existing Shares for new share certificates of the New Shares | Friday, 31 May |

Note: All reference to times and dates in this circular are references to Hong Kong times and dates unless otherwise specified. Dates or deadlines specified in the expected timetable above depend on the results of the EGM and are therefore for indicative purpose only. Any changes to the expected timetable will be published or notified to Shareholders as and when appropriate.

Please note that 9 March 2019 is not a working day in Hong Kong and Computershare Hong Kong Investor Services Limited's offices will not be open on this day for physical delivery of the proxy form. To be effective, all proxy appointments must be lodged with Computershare Hong Kong Investor Services Limited before the deadline.

LETTER FROM THE BOARD

Cocoon Holdings Limited
中國天弓控股有限公司

(formerly known as Huge China Holdings Limited 匯嘉中國控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 428)

Executive Directors:

Mr. Chau Wai Hing (*Chairman of the Board*)

Mr. Wu Ming Gai

Non-executive Directors:

Mr. William Keith Jacobsen

Mr. Chen Albert

Mr. Wong Chung Yan Sammy

Independent Non-executive Directors:

Ms. Chan Man Yi

Ms. Leung Yin Ting

Mr. Jiang Qian

Registered Office:

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal Place of Business:

Unit 1601, 16th Floor

South Tower, Concordia Plaza

1 Science Museum Road

Tsim Sha Tsui, Kowloon

Hong Kong

4 February 2019

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED CHANGE OF DOMICILE;
(2) PROPOSED ADOPTION OF THE MEMORANDUM OF
CONTINUANCE AND THE NEW BYE-LAWS; AND
(3) PROPOSED CAPITAL REORGANISATION**

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the proposed Change of Domicile, the proposed Adoption of the Memorandum of Continuance and the New Bye-laws and the proposed Capital Reorganisation.

LETTER FROM THE BOARD

PROPOSED CHANGE OF DOMICILE

The Board proposes to change the domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda and to adopt the Memorandum of Continuance and the New Bye-laws in compliance with the laws of Bermuda to replace the existing memorandum and articles of association of the Company.

Effect of the Change of Domicile

Other than the expenses to be incurred, the Change of Domicile will not alter the underlying assets, investments, management or financial position of the Company nor the proportionate interests of the Shareholders. The Company's legal advisers as to the laws of the Cayman Islands and Bermuda are of the view that the continuation of the Company in Bermuda does not create a new legal entity or prejudice or affect the continuity of the Company. The Company will continue to maintain a principal place of business in Hong Kong.

The Change of Domicile also will not involve the formation of a new holding company, the withdrawal of listing of the Existing Shares, any issue of new Existing Shares, any transfer of assets of the Company or any change in the existing shareholding of the Company. Implementation of the Change of Domicile will not affect the listing status of the Company on the Stock Exchange.

Reasons for the Change of Domicile

As advised by the Company's legal advisers as to the laws of the Cayman Islands, if the Company proceeds with the Capital Reorganisation in the Cayman Islands, which includes, amongst other things, the Capital Reduction in the Cayman Islands, sanction by the Court would be required. Since capital reduction in the Cayman Islands is a court sanctioned process, there is an inherent risk that it may not be sanctioned by the Court. Following the passing of the special resolution by shareholders at a general meeting, the shortest time frame in which a straightforward uncontested capital reduction in the Cayman Islands can be achieved is approximately six weeks from the filing of the petition with the Court. This time frame is subject to the availability of the Court, and there is no guarantee that capital reduction would be sanctioned within six weeks. The timetable may be extended if the Court application is contested, and it is difficult to estimate the exact amount of time required to obtain the Court sanction. Having reviewed the precedent cases of capital reorganisation involving capital reduction by companies incorporated in the Cayman Islands and listed on the Stock Exchange with effective date of capital reorganisation within the past few years, the Board also noted the significant discrepancy between the time frame required

LETTER FROM THE BOARD

from those relevant general meeting dates and respective effective dates, and there were cases requiring over five months. As such, the Board is of the view that Court sanction for the Capital Reduction may not be obtained in a commercially expedient time frame.

On the other hand, if the Capital Reorganisation is effected by way of a change of domicile of the Company from the Cayman Islands to Bermuda through de-registration in the Cayman Islands and continuation in Bermuda, the legal advisers of the Company as to the laws of the Cayman Islands and Bermuda have advised that no court sanction is required in the Cayman Islands or Bermuda for the Change of Domicile and the Capital Reorganisation after de-registration of the Company in the Cayman Islands and its continuation in Bermuda. As long as the relevant requirements under the Companies Act are complied with (including, without limitation, the publication of notice in a Bermuda newspaper, approval by the Shareholders pursuant to a Special Resolution and the Board on the Company's satisfaction of the applicable solvency test as required under the Companies Act) the Capital Reduction will become effective. By first implementing the Change of Domicile, followed by the Capital Reorganisation, the Board considers the relevant uncertainties and risks compared to those associated with effecting the Capital Reduction in the Cayman Islands which involves the court sanctioned process are significantly lower, hence, enabling the Capital Reorganisation to be completed in a timely and commercially expedient manner. Based on prior experience of similar transactions of the Company's legal advisers as to the laws of Bermuda, the Capital Reorganisation usually takes approximately six weeks.

In view of the above, the Board believes that the Company can take advantage of the efficiency and commercially expedient regulatory regime in Bermuda on capital reductions by the Change of Domicile, which will be in the interests of the Company and the Shareholders as a whole. Please refer to the section headed "Expected Timetable" on pages 5 to 6 of this circular for further details.

Conditions of the Change of Domicile

The Change of Domicile is conditional upon, among other things:

- (i) the passing of the necessary Special Resolutions by the Shareholders at the EGM to approve, among other things, the Change of Domicile and the Adoption of the Memorandum of Continuance and the New Bye-laws;
- (ii) approval of the Board;

LETTER FROM THE BOARD

- (iii) compliance with the relevant requirements under the Listing Rules and the relevant legal procedures and requirements under the laws of the Cayman Islands and the laws of Bermuda in respect of the Change of Domicile; and
- (iv) the obtaining of all necessary approvals from the relevant regulatory authorities or otherwise as may be required in respect of the Change of Domicile, if required.

The Change of Domicile is not conditional upon the Capital Reorganisation becoming effective. However, the Capital Reorganisation is conditional upon the Change of Domicile becoming effective.

Fixing the maximum number of Directors

As advised by the Company's legal advisers as to the laws of Bermuda, the Shareholders shall fix the maximum number of Directors and may authorise the Directors to elect or appoint a person to act as additional Director up to such maximum number upon continuation of the Company in Bermuda. Accordingly, the Directors propose to, conditional upon the continuation of the Company in Bermuda as an exempted company under the laws of Bermuda, seek the approval of the Shareholders at the EGM to fix the maximum number of Directors to twenty (20) and to grant an authority to the Directors to fill vacancies on the Board or appoint additional Directors up to such maximum number if necessary.

PROPOSED ADOPTION OF THE MEMORANDUM OF CONTINUANCE AND THE NEW BYE-LAWS

In connection with the Change of Domicile, the Company proposes to adopt the Memorandum of Continuance and the New Bye-laws in compliance with the laws of Bermuda to replace, respectively, the Cayman Memorandum and Articles, which will take effect immediately after the Change of Domicile becoming effective. As confirmed by the Company's Hong Kong and Bermuda legal advisers, the New Bye-laws conform with the relevant requirements of Appendix 3 to the Listing Rules and the Companies Act respectively. The Company also confirms that there is nothing unusual about the New Bye-laws for a company listed in Hong Kong.

A summary of the Memorandum of Continuance and the New Bye-laws and differences with the Cayman Memorandum and Articles are set out in the appendix to this circular.

LETTER FROM THE BOARD

Condition of the Adoption of the Memorandum of Continuance and the New Bye-laws

The Adoption of the Memorandum of Continuance and the New Bye-laws is conditional upon the passing of a Special Resolution by the Shareholders to approve, among other things, the Adoption of the Memorandum of Continuance and the New Bye-laws at the EGM.

PROPOSED CAPITAL REORGANISATION

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$1,000,000,000 divided into 1,000,000,000 Existing Shares, of which 119,908,950 Existing Shares have been issued and are fully paid or credited as fully paid. Upon the Change of Domicile becoming effective, the Board proposes to implement the Capital Reorganisation which will involve the following:

- (i) Reduction of Share Premium — the entire amount standing to the credit of the share premium account of the Company be reduced to nil and the credit arising from such reduction be transferred to an existing account of the Company designated as the contributed surplus account of the Company. Thereafter, the necessary amount (anticipated to be approximately HK\$184.5) million standing to the credit of the contributed surplus account of the Company be applied in full towards offsetting the entire amount of the accumulated losses of the Company as permitted under the New Bye-laws and the Companies Act. As at the Latest Practicable Date, the Company has a credit balance of HK\$200.4 million standing in its share premium account;
- (ii) Capital Reduction — the par value of each of the issued Existing Shares be reduced from HK\$1.00 to HK\$0.10 per issued Existing Share by the cancellation of the paid up share capital of the Company to the extent of HK\$0.90 per issued Existing Share by way of a reduction of capital, such that the par value of the issued Existing Shares will be reduced to HK\$0.10 each. The credit arising from the Capital Reduction will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act and be applied for such purposes as permitted by all applicable laws and the Memorandum of Continuance and the New Bye-laws of the Company and as the Board considers appropriate; and
- (iii) Sub-division — immediately following the Capital Reduction, each of the authorised but unissued Existing Shares with par value of HK\$1.00 each be subdivided into 10 New Shares with par value of HK\$0.10 each.

LETTER FROM THE BOARD

Upon the Capital Reorganisation becoming effective, each of the New Shares shall rank *pari passu* in all respects with each other and will have rights and privileges and be subject to the restrictions contained in the Memorandum of Continuance and the New Bye-laws.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional on the following conditions being fulfilled:

- (i) the Change of Domicile becoming effective;
- (ii) approval of the Board;
- (iii) the passing of the necessary Special Resolutions by the Shareholders at the EGM approving, among other things, the Change of Domicile, the Adoption of the Memorandum of Continuance and the New Bye-laws and the Capital Reorganisation;
- (iv) the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation;
- (v) the compliance with the relevant procedures and requirements under the laws of Bermuda and the Listing Rules to effect the Capital Reorganisation; and
- (vi) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

LETTER FROM THE BOARD

Effects of the Capital Reorganisation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$1,000,000,000 divided into 1,000,000,000 Existing Shares of HK\$1.00 each, of which 119,908,950 Existing Shares have been issued and are fully paid or credited as fully paid.

Assuming there will be no change in the issued share capital of the Company from the Latest Practicable Date up to the date on which the Capital Reorganisation become effective, the share capital structure of the Company will be as follows:

| | As at the Latest Practicable Date | Immediately after the Capital Reorganisation becoming effective |
|---------------------------------------|--|--|
| Par value per Share | HK\$1.00 | HK\$0.10 |
| Amount of authorised share capital | HK\$1,000,000,000 | HK\$1,000,000,000 |
| Number of authorised shares | 1,000,000,000 Existing Shares | 10,000,000,000 New Shares |
| Amount of issued share capital | HK\$119,908,950 | HK\$11,990,895 |
| Number of issued shares | 119,908,950 Existing Shares | 119,908,950 New Shares |
| Amount of share premium | HK\$200,400,000 | HK\$0 |
| Amount of unissued share capital | HK\$880,091,050 | HK\$988,009,105 |
| Number of unissued shares | 880,091,050 Existing Shares | 9,880,091,050 New Shares |
| Amount of contributed surplus account | Nil | HK\$123,800,000 |

As at the Latest Practicable Date, the Company has no outstanding share options, warrants or convertible bonds.

LETTER FROM THE BOARD

All New Shares will rank *pari passu* in all respects with each other and will have the rights and privileges and be subject to the restrictions contained in the Memorandum of Continuance and the New Bye-laws.

Implementation of the Capital Reorganisation will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders, except for the payment of the related expenses.

No outflow of resources will be caused by the Capital Reorganisation, except for the expenses expected to be insignificant in the context of the net asset value of the Company.

Reasons for the Capital Reorganisation

As disclosed in the Annual Reports and the Interim Report, the Company has been in a loss making position since the year ended 31 December 2016 and up to the six months ended 30 June 2018. In line with the financial performance of the Company, the share closing price of the Company has been on a decreasing trend from the highest of approximately HK\$4.95 per Share in January 2016 to the lowest of approximately HK\$0.50 per Share in September and December 2018. It is the approach of the Company to maintain timely and appropriate investment strategies in response to the volatile market, in order to enhance its investment portfolio and achieve net asset appreciation. Subsequent to the reduction of the entire amount of the share premium account of the Company to nil, the credits to be transferred from the share premium account to the contributed surplus account of the Company arising from the proposed Capital Reorganisation will enable the Company to offset its accumulated losses in full. With the accumulated losses eliminated, the Company will then be in a better position to return to net profitability and pay out dividends to its Shareholders in the future subject to compliance with the New Bye-laws and the relevant solvency tests and other requirements of the Companies Act.

Therefore, the Board considers that (i) the proposed Capital Reorganisation will provide greater flexibility to the Company in connection with future equity-fund raising activities and to declare dividends and/or to undertake any corporate exercise which requires the use of distributable reserves in the future, subject to the Company's performance, the provisions of the Companies Act and when the Board considers that it is appropriate to do so in the future; and (ii) the reduction of the nominal or par value of the Shares from HK\$1.00 each to HK\$0.10 each will result in a larger share premium per share, being the amount that the issue price of each new Share is above the then par value, upon any issue of New Shares which the Company can apply in the future pursuant to the provisions of the Companies Act. As the Capital Reorganisation will give greater flexibility to Company to utilise the distributable reserves as mentioned above which is beneficial to the Shareholders and potential investors in the Company, the Company considers that it would be less difficult to obtain equity financing, if so required, on reasonable terms in the

LETTER FROM THE BOARD

future, particularly when the market sentiment is weak. Nevertheless, Shareholders should note that, at this stage, there can be no assurance that any dividends will be declared or paid in the future, or that the Company will issue New Shares, even if the Capital Reorganisation takes effect.

The Company has reviewed the promissory notes issued by the Company which expired on or around the end of 2018, and it was confirmed that not all of them have been extended. In light of the financial results of the Company since 2016 and up to the six months ended 30 June 2018, the Board believes that it would be difficult for the Company to obtain new debt financing on favourable terms. Furthermore, debt financing will normally incur interest expenses which would then increase the total cost of the Company. Based on the abovementioned, the Board considers that equity financing, if available, would be more appropriate to the Company.

As at the Latest Practicable Date, the Company had no plan or intention or was not under any negotiation to enter into any agreement to conduct equity fund raising activity. Nevertheless, as aforesaid, the Company will have to explore suitable investment opportunities in order to enhance its investment portfolio and achieve net asset appreciation for its Shareholders and therefore has considered, and does not eliminate the possibility of the need for fund raising for the forthcoming 12 months from the Latest Practicable Date. Save for the Capital Reorganisation mentioned in this circular, the Company has no intention or plan to undertake other corporate actions or arrangements (e.g. share consolidation or subdivision) that may affect the trading of the Shares.

Based on the above, the Board considers that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole.

Listing application and status of the New Shares

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation.

The New Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which will be declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

LETTER FROM THE BOARD

Free Exchange of Certificates for New Shares

Subject to the Capital Reorganisation becoming effective, which is expected to be on Thursday, 18 April 2019, Shareholders may on or after Thursday, 18 April 2019 and until Friday, 31 May 2019 (both days inclusive) submit their existing certificates for the Existing Shares to the Hong Kong branch registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for exchange, at the expense of the Company for certificates for the New Shares. Thereafter, share certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each share certificate issued for the New Shares or each existing share certificate for the Existing Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher. After 4:00 p.m. on Friday, 31 May 2019, existing share certificates for the Existing Shares will not be accepted for delivery, trading, settlement and registration purposes.

Nevertheless, existing share certificates for the Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for the New Shares at any time.

The new share certificates for the New Shares will be orange in colour so as to be distinguished from the share certificates for the Existing Shares which are blue in colour.

WARNING

Shareholders should take note that the Change of Domicile, the Adoption of the Memorandum of Continuance and the New Bye-laws and the Capital Reorganisation are conditional upon satisfaction of the respective conditions set out in the paragraphs above. Therefore, the Change of Domicile, the Adoption of the Memorandum of Continuance and the New Bye-laws and the Capital Reorganisation may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Existing Shares, and if they are in any doubt about their position, they should consult their professional advisers.

LETTER FROM THE BOARD

GENERAL

The EGM will be held at Picasso Room B, B1 Level, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong, Hong Kong on Monday, 11 March 2019 at 10:00 a.m. for the Shareholders to consider and, if thought fit, to approve, amongst other matters, the Change of Domicile, the Adoption of the Memorandum of Continuance and the New Bye-laws and the Capital Reorganisation.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders or their associates would have any interest in the Change of Domicile, the Adoption of the Memorandum of Continuance and the New Bye-laws and the Capital Reorganisation. Accordingly, no Shareholders would be required to abstain from voting on the resolutions relating to the Change of Domicile, the Adoption of the Memorandum of Continuance and the New Bye-laws and the Capital Reorganisation at the EGM.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions will be put to vote by way of poll at the EGM. An announcement on the poll vote results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

On a poll, every Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy shall have one vote for every fully paid Existing Share held. A Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy who is entitled to more than one vote need not use all his/its votes or cast all his/its votes in the same way.

The notice convening the EGM is set out on pages EGM-1 to EGM-6 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as practicable but in an event by 10:00 a.m. on Saturday, 9 March 2019 or not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the EGM or any adjourned meeting should you so wish. In such event, the form of proxy previously submitted shall be deemed to be revoked.

LETTER FROM THE BOARD

Please note that 9 March 2019 is not a working day in Hong Kong and Computershare Hong Kong Investor Services Limited's offices will not be open on this day for physical delivery of the proxy form. To be effective, all proxy appointments must be lodged with Computershare Hong Kong Investor Services Limited before the deadline.

RECOMMENDATIONS

The Directors consider that the Change of Domicile, the Adoption of the Memorandum of Continuance and the New Bye-laws and the Capital Reorganisation are in the interests of the Company and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of all resolutions set out in the notice of the EGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendix to this circular.

Yours faithfully,
On behalf of the Board
Cocoon Holdings Limited
Chau Wai Hing
Chairman

**APPENDIX SUMMARY OF THE MEMORANDUM OF CONTINUANCE AND
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Set out below is a summary of the provisions of the Memorandum of Continuance and the New Bye-laws which will become effective upon continuation of the Company in Bermuda and their differences with the Cayman Memorandum and Articles.

THE CAYMAN MEMORANDUM AND THE MEMORANDUM OF CONTINUANCE

The Cayman Memorandum states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and that the Company shall have full power and authority to carry out any object not prohibited by any law as provided by the Companies Law, that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit as provided by the Companies Law and, as an exempted company, the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

Upon continuance of the Company in Bermuda, the Company will adopt the Memorandum of Continuance which, upon the registration by the Registrar of Companies in Bermuda, will in effect be the Company's new memorandum of association. The Memorandum of Continuance states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the Company is an exempted company as defined in the Companies Act. The Memorandum of Continuance also sets out the objects for which the Company was formed which are unrestricted and that the Company has the capacity, rights, powers and privileges of a natural person. As an exempted company, the Company will be carrying on business outside Bermuda from a place of business within Bermuda.

In accordance with and subject to section 42A of the Companies Act, the Memorandum of Continuance empowers the Company to purchase its own shares and pursuant to its New Bye-laws, this power is exercisable by the Board upon such terms and subject to such conditions as it thinks fit.

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THE ARTICLES OF ASSOCIATION AND THE NEW BYE-LAWS

(a) Shares

Articles of Association

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Share certificates

Every share certificate shall be issued under the Seal or a facsimile thereof or with the Seal printed thereon and shall specify the number and class and distinguishing numbers (if any) of the shares to which it relates, and the amount paid up thereon and may otherwise be in such form as the Directors may from time to time determine. No certificate shall be issued representing shares of more than one class. The Board may by resolution determine, either generally or in any particular case or cases, that any signatures on any such certificates (or certificates in respect of other securities) need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon.

New Bye-Laws

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Share certificates

Every certificate for shares, warrants or debentures or representing any other form of securities of the Company shall be issued under the seal of the Company, which for this purpose may be a securities seal. In relation to the use of the securities seal for sealing certificates for shares or other securities of the Company, no signature of any Director, officer or other person and no mechanical reproduction thereof shall be required on any such certificates or other document and any such certificates or other document to which such securities seal is affixed shall be valid and deemed to have been sealed and executed with the authority of the Board notwithstanding the absence of any such signature or mechanical reproduction as aforesaid.

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The Company shall not be bound to register more than four persons as joint holders of any share.

(b) Directors

Articles of Association

(i) Power to allot and issue shares and warrants

The Board may allot, issue, grant options over or otherwise dispose of shares to such persons, at such times and for such consideration and upon such terms and conditions as the Board may in its absolute discretion determine but so that no share shall be issued for consideration in the form of promissory notes or future services or for cash or other non-cash consideration that is less in value than the greater of its fair market value or the nominal value of the Shares.

The Board may issue warrants to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

(ii) Power to dispose of the assets of the Company or any subsidiary

While there are no specific provisions in the Articles of Association relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles of Association or the Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iii) Compensation or payments for loss of office

The Board shall obtain the approval of the Company in general meeting before making any payment to any Director or past Director of the Company by way of compensation for loss of office, or as consideration for or in connection with his retirement from office (not being payment to which the Director is contractually entitled).

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(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors and their associates which are equivalent to provisions of Hong Kong law prevailing at the time of adoption of the Articles of Association.

The Company shall not directly or indirectly (i) make a loan to a Director or a director of any holding company of the Company or to any of their respective associates (as defined by the rules, where applicable, of the designated stock exchange); (ii) enter into any guarantee or provide any security in connection with a loan made by any person to a Director or such a director; or (iii) if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(v) Disclosure of interest in contracts with the Company or with any of its subsidiaries

A Director or an alternate Director may: (a) hold any other office or place of profit with the Company (except that of auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the Board may determine. Any remuneration (whether by way of salary, commission, participation in profits or otherwise) paid to any Director in respect of any such other office or place of profit shall be in addition to any remuneration provided for by or pursuant to any other Articles of Association; (b) act by himself or his firm in a professional capacity for the Company (otherwise than as auditor of the Company) and he or his firm may be remunerated for professional services as if he were not a Director; (c) continue to be or become a director or other officer of, or otherwise interested in, any other company promoted by the Company or in which the Company may be interested and no such Director shall be liable to account to the Company any remuneration, profit or other benefit received by him as a director or other officer of or from his interest in such other company. The Directors may exercise or cause to be exercised the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as Directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them to be directors or other officers of such other company, or voting or providing for the payment of remuneration to the directors or other officers of such other company and a Director shall be entitled to vote or be counted in the quorum on any resolution of the Board concerning his own appointment as the holder of any office or place of profit with the Company or any other company in which the Company is interested.

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Subject to the Companies Law and to the Articles of Association, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

A Director who to his knowledge is in any way, whether directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. For the purpose of the Articles of Association, a general notice to the Board by a Director to the effect that: (a) he is a member or officer of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with that company or firm; or (b) he is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with a specified person who is connected with him; shall be deemed to be a sufficient declaration of interest under the Articles of Association in relation to any such contract or arrangement, provided that no such notice shall be effective unless either it is given at a meeting of the Board or the Directors takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters namely: (i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associate(s) or obligations incurred or undertaken by him or any of his associate(s) at the request of or for the benefit of the Company or any of its subsidiaries; (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security; (iii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer; (iv) any proposal in which the Director or his

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associate(s) is/are interested in as an officer or executive or shareholder or in which the Director or his associate(s) is/are beneficially interested in the shares of that company, provided that the Director, and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights; (v) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to Directors or his associate(s) and to employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates and (vi) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(vi) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting and shall (unless otherwise directed by the resolution by which it is voted) be divided amongst the Board in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. Such remuneration shall be deemed to accrue from day to day.

Each Director shall be entitled to be paid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or committees of the Board or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of his duties as a Director.

A Director may be paid such extra remuneration for any office or place of profit held by him in the Company (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Article. The Board shall obtain approval of the Company in general meeting before making any payment to any Director or past Director of the Company by way of compensation for loss of office, or as consideration for or in connection with his retirement from office (not being payment to which the Director is contractually entitled).

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(vii) Appointment, retirement and removal

The Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy on the Board, or as an addition to the existing Board. The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

At each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed by the Board pursuant to the Articles of Association shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

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The office of a Director shall be vacated if the Director:

- (1) (not being an executive Director whose contract precludes resignation) resigns his office by notice in writing delivered to the Company or at the head office of the Company or tendered at a meeting of the Board;
- (2) becomes of unsound mind or a patient for any purpose of any statute relating to mental health;
- (3) without leave of absence from the Board, is absent from meetings of the Board for twelve consecutive months, and his alternate Director, if any, shall not during such period have attended in his stead and the Board resolves that his office be vacated;
- (4) becomes bankrupt or compounds with his creditors;
- (5) is prohibited by law from being a Director;
- (6) ceases to be a Director by virtue of any provision of the Companies Law and every other law of the legislature of the Cayman Islands for the time being in force applying to or affecting the Company, the Memorandum and/or the Articles of Association or is removed from office pursuant to the Articles of Association; or
- (7) shall be removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Board (including himself) for the time being comprising the Board.

(viii) Borrowing powers

Pursuant to the Articles of Association, the Board may exercise all the powers of the Company to raise or borrow or secure the payment of any sum or sums of money for the Company and to mortgage or charge all or any part of the undertaking, property and uncalled capital or any part thereof of the Company and to issue debentures, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party.

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New Bye-Laws

(i) Power to allot and issue shares

Without prejudice to any special rights or restrictions for the time being attaching to any shares or any class of shares, any share may be issued upon such terms and conditions and with such preferred, deferred or other special rights, or such restrictions, whether as regards dividend, voting, return of capital or otherwise, as the Company may from time to time by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine) and any preference share may, subject to the Companies Act and with the sanction of a special resolution, be issued on terms that it is liable to be redeemed upon the happening of a specified event or upon a given date and either at the option of the Company or, if so authorised by the Memorandum of Continuance of the Company, at the option of the holder.

The Board may, subject to the approval by the members in general meeting, issue warrants to subscribe for any class of shares or securities of the Company on such terms as the Board may from time to time determine. Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Act and the New Bye-laws, and to the permission of the Bermuda Monetary Authority being obtained, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times, for such consideration and generally on such terms as it shall in its absolute discretion think fit, but so that no shares shall be issued at a discount.

(ii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the New Bye-laws relating to the disposal of the assets of the Company or any of its subsidiaries although the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the New Bye-laws or applicable law of Bermuda to be exercised or done by the Company in general meeting.

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(iii) Compensation or payments for loss of office

Payments to any Director or past Director of the Company of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans to Directors

There are no provisions in the New Bye-laws relating to the making of loans to Directors. However, the Companies Act contains restrictions on companies making loans to their directors.

Specifically, a company is not permitted to make loans to any of its directors or to their families or companies in which they hold a 20% interest, without the consent of members of the company holding in aggregate not less than nine-tenths of the total voting rights of all members having the right to vote at any meeting of the members of the company. These prohibitions do not apply to anything done to provide a director with funds to meet expenditure incurred or to be incurred by him for the purposes of the company, provided that the company gives its prior approval at a general meeting or, if not, the loan is made on condition that it shall be repaid within six months of the next annual general meeting if the loan is not approved at such meeting. If the approval of the company is not given for a loan, the directors who authorised it will be jointly and severally liable for any loss arising.

(v) Disclosure of interests in contracts with the Company or any of its subsidiaries

Subject to the Companies Act, a Director may hold any other office or place of profit with the Company (except that of Auditors) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine. A Director of the Company may be or become a director or other officer of, or be otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profit or other benefit received by him as a director or officer of or from his interest in such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company. A Director

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shall not vote or be counted in the quorum on any resolution of the Board concerning his own appointment as the holder of any office or place of profit with the Company or any other company in which the Company is interested (including the arrangement or variation of the terms thereof, or the termination thereof).

Subject to the provisions of the Companies Act and the New Bye-laws, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor will any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested.

Save as otherwise provided by the New Bye-laws, a Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his associates has a material interest, and if he does so his vote shall not be counted (nor shall be counted in the quorum for that resolution), but this prohibition will not apply to any of the following matters namely:

- (aa) any contract or arrangement for the giving by the Company of any security or indemnity to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company and any of its subsidiaries;
- (bb) any contract or arrangement for the giving by the Company of any security or indemnify to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility or guaranteed or secured in whole or in part whether solely or jointly;

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- (cc) any contract or arrangement concerning an offer of the shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

- (dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;

- (ee) any proposal or arrangement for the benefit of employees of the Company or its subsidiaries including the adoption, modification or operation of a pension fund or retirement, death or disability benefit scheme which relates both to Directors, his associate(s) and employees of the Company or any of its subsidiaries and does not give the Director or his associate(s), as such any privilege not generally accorded to the class of persons to whom such scheme or fund relates; and

- (ff) any proposal or arrangement concerning the adoption, modification or operation of any employee's share scheme involving the issue or grant of options over shares or other securities by the Company to, or for the benefit of, the employees of the Company or its subsidiaries under which the Director or his associate(s) may benefit.

(vi) Remuneration

The Directors shall be entitled to receive by way of remuneration for their services such sum as is from time to time determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the Board may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. The foregoing provisions shall not apply to a Director who holds any salaried employment or office in the Company except in the case of sums paid in respect of Directors' fees. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them respectively in or about the performance of their duties as Directors, including their expenses of travelling to and from board meetings, committee meetings or general meetings, or otherwise incurred whilst engaged in the business of the Company or in the discharge of their duties as Directors. The Board may grant special

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remuneration to any Director, who being called upon, performs any special or extra services to or at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be arranged. Notwithstanding the foregoing, the remuneration of a managing director, joint managing director, deputy managing director or other executive director or a Director appointed to any other office in the management of the Company may be fixed from time to time by the Board and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including pension (and/or gratuity) and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration is in addition to his remuneration as a Director.

The Board also has power to establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation funds for the benefit of, or to give or procure the giving of donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of the Company, or of any company which is a subsidiary of the Company, or is allied or associated with the Company or with any such subsidiary company, or who are or were at any time Directors or officers of the Company or of any such other company as aforesaid, and holding or who have held any salaried employment or office in the Company or such other company, and the spouses, widows, widowers, families and dependents of any such persons and may make payments for or towards the insurance of any such persons. Any Director holding any such employment or office is entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or emolument.

(vii) Retirement, appointment and removal

At each annual general meeting one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest one-third) will retire from office by rotation. The Directors to retire in every year will be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office at least seven days before the date of the general meeting.

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Directors of the Company are entitled to attend and speak at all general meetings.

The number of Directors shall not be less than two. A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for breach of any contract of service between him and the Company). The Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the Board.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The Board may from time to time entrust to and confer upon a managing director, joint managing director, deputy managing director or executive director all or any of the powers of the Board that it may think fit provided that the exercise of all or any of the powers by such Director shall be subject to such regulations and restrictions as the Board may from time to time make and impose. The Board may delegate any of its powers to committees consisting of such member or members of its body and such other persons as the Board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed upon it by the Board.

(viii) Borrowing powers

Subject to the provisions of the Companies Act, the Board may from time to time at its discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and uncalled capital or any part thereof. The Board may raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular by the issue of debentures, debenture stock, bonds or other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

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(c) Alterations to the constitutional documents

Articles of Association

The Articles of Association shall not be rescinded, altered or amended and no new articles shall be made until the same has been approved by a special resolution of the members. A special resolution shall be required to alter the provisions of the memorandum of association or to change the name of the Company.

New Bye-Laws

The New Bye-laws may be amended by the Directors subject to the approval of the Company in general meeting. The New Bye-laws state that a special resolution is required to alter the Memorandum of Continuance, to approve any amendment of the New Bye-laws or to change the name of the Company.

(d) Variation of rights of existing shares or classes of shares

Articles of Association

Subject to the Companies Law (as revised) of the Cayman Islands and without prejudice to the Articles of Association, all or any of the special rights for the time being attached to the shares or any class of shares may, unless otherwise provided by the terms of issue of the shares of that class, from time to time (whether or not the Company is being wound up) be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting all the provisions of the Articles of Association relating to general meetings of the Company shall, mutatis mutandis, apply, but so that: (a) the necessary quorum (other than at an adjourned meeting) shall be two persons (or in the case of a member being a corporation, its duly authorized representative) holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting of such holders, two holders present in person or (in the case of a member being a corporation) its duly authorized representative or by proxy (whatever the number of shares held by them) shall be a quorum; and (b) every holder of shares of the class shall be entitled to one vote for every such share held by him.

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The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking *pari passu* therewith. The rights attached to the ordinary shares of the Company shall be deemed to be varied by the creation or issue of any other class or classes of shares in priority to them as respects participation in the profits or assets of the Company.

New Bye-laws

If at any time the capital is divided into different classes of shares, all or any of the special rights (unless otherwise provided for by the terms of issue of the shares of that class) attached to any class may, subject to the provisions of the Companies Act, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the New Bye-laws relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum is not less than two persons holding or representing by proxy one-third in nominal value of the issued shares of the class, and that any holder of shares of the class present in person or by proxy or by a duly authorised corporate representative may demand a poll.

(e) Alteration of capital

Articles of Association

The Company may from time to time in accordance with the Companies Law alter the conditions of its Memorandum of Association to: (a) by Special Resolution increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe; (b) by ordinary resolution consolidate and divide all or any of its capital into shares of larger amount than its existing shares; (c) by Special Resolution divide its shares into several classes and attach thereto respectively any special rights, privileges and/or restrictions (including as to dividends, distributions or voting); (d) by ordinary resolution sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Company's Memorandum of Association (subject, nevertheless, to the Companies Law), and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred, deferred or other rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares; (e) by ordinary resolution cancel any shares which, at the date of the passing of the resolution, have not been

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taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled or, in the case of shares, without par value, diminish the number of shares into which its capital is divided.

New Bye-Laws

The Company may from time to time by ordinary resolution:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate or divide all or any of its share capital into shares of larger amount than its existing shares; on any consolidation of fully paid shares into shares of larger amount, the Board may settle any difficulty which may arise as it thinks expedient and in particular (but without prejudice to the generality of the foregoing) may, as between the holders of the shares to be consolidated, determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares ratably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;
- (iii) divide its shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions;
- (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;
- (v) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Continuance, subject nevertheless to the Companies Act, and so that the resolution whereby any shares is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may

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have any such preferred or other special rights over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares;

(vi) change the currency denomination of its share capital; and

(vii) subject to applicable regulatory requirements, make provision for the issue and allotment of shares which do not carry any voting rights.

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account or other undistributable reserve in any manner authorised and subject to any conditions prescribed by law.

(f) Special resolution — majority required

Articles of Association

In accordance with the Articles of Association, a resolution shall be a special resolution when it has been passed by a majority of not less than three-fourths of votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at an annual general meeting or extraordinary general meeting of a notice in writing of not less than twenty-one (21) days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that, as permitted by the Companies Law, a special resolution may be approved in writing by all members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument, or the last of such instruments (if more than one), is executed.

New Bye-Laws

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast of such members as, being entitled so to do, vote in person or, where a corporate representative is allowed, by a duly authorised corporate representative or, where proxies are allowed, by proxy at a general meeting of which not less than 21 days' notice (in the case of an annual general meeting) and not less than 14 days' notice for any other general meeting, specifying the intention to propose the resolution as a special resolution, has been duly given. However, if it is so agreed by a majority in number of the members having a right to attend

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and vote at such meeting, being a majority together holding not less than 95 per cent of the total voting rights a resolution may be proposed and passed as a special resolution at a meeting of which not less than 21 days' notice (in the case of an annual general meeting) and not less than 14 days' notice for any other general meeting has been given.

(g) Voting rights (generally and on a poll) and right to demand a poll

Articles of Association

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles of Association, at any general meeting on a show of hands every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy shall have one vote and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall be decided by way of a poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. On a poll votes may be given either personally or by proxy. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way. In the case of an equality of votes, the chairman of such meeting shall be entitled to a second or casting votes in addition to any other vote he may have.

Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of such senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holdings. The legal representatives of a deceased member in whose name any share stands shall for the purpose of the Articles of Association be deemed joint holders thereof.

A member in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from a mental disorder or is otherwise incapable of managing his own affairs may vote, whether on a show of hands or on a poll, by any other person authorised in such circumstances to do so, and any such person may vote on a poll by proxy, provided that such evidence as the Board may require of the authority of the person claiming to

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vote shall be deposited at the registered office of the Company (or at such other place as may be specified in accordance with the Articles of Association for the delivery of instruments appointing a proxy), not later than the last time at which a valid instrument of proxy could be so delivered.

No member shall, unless the Board otherwise determines, be entitled to attend and vote at any general meeting unless he is duly registered as a shareholder of the Company on the record date for such meeting and all calls or other sums presently payable by him in respect of shares in the Company have been paid.

Where the Company has knowledge that any member is, under the rules of the designated stock exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

No objection shall be raised as to the qualification of the voter unless the same is raised at the general meeting or the adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such general meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the general meeting whose decision on such matters shall be final and conclusive.

New Bye-Laws

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a show of hands every member who is present in person or by a duly authorised corporate representative or by proxy shall have one vote and on a poll, every member present in person or by a duly authorised corporate representative or by proxy shall have one vote for every share of which he is the holder which is fully paid up or credited as fully paid (but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share). On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes in the same way.

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless voting by way of a poll is required by way of the Listing Rules or a poll is (before or on the declaration of the result of the show of hands) demanded by (i) by at least three members present in person or by proxy or by a duly authorised corporate representative for the time being

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entitled to vote at the meeting; or (ii) by any member or members present in person or by proxy or by a duly authorised corporate representative and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or (iii) by a member or members present in person or by proxy or by a duly authorised corporate representative and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

(h) Annual general meetings

Articles of Association

An annual general meeting of the Company shall be held in each year other than the year of the Company's adoption of the Articles of Association (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting) at such time and place as may be determined by the Board.

New Bye-Laws

An annual general meeting must be held once in every year and within not more than fifteen months after the last preceding annual general meeting.

(i) Accounts and Audit

Articles of Association

At each annual general meeting in each year, the members shall appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. Such auditor must be independent from the Company, the Custodian and the Investment Manager (both as defined in the Articles of Association). The members may, at any general meeting convened and held in accordance with the Articles of Association, by Special Resolution remove the auditor at any time before the expiration of his term of office and shall by ordinary resolution at that meeting appoint another auditor in his stead for the remainder of his term.

Subject to the Companies Law the accounts of the Company shall be audited at least once in every year. The remuneration of the auditor shall be fixed by the Company in general meeting or in such manner as the members may determine. The Board may fill the casual vacancy in the office of auditor and fix the remuneration of the auditor so appointed. The auditor shall at all

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reasonable times have access to all books kept by the Company and to all accounts and vouchers relating thereto; and he may call on the Directors or officers of the Company for any information in their possession relating to the books or affairs of the Company. The statement of profit and loss account and the balance sheet provided for by the Articles of Association shall be examined by the auditor; and he shall make a written report thereon stating whether such statement and balance sheet are drawn up so as to present fairly the financial position of the Company and the results of its operations for the period under review and, in case information shall have been called for from Directors or officers of the Company, whether the same has been furnished and has been satisfactory.

New Bye-Laws

The Board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipts and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Act affecting the Company or necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of account are to be kept at the head office or at such other place as the Board thinks fit and shall always be open to the inspection of the Directors provided that such records as are required by the Companies Act shall also be kept at the registered office. No member (not being a Director) or other person has any right to inspect any account or book or document of the Company except as conferred by the Companies Act or ordered by a court of competent jurisdiction or authorised by the Board or by the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as are required by the Companies Act. Every balance sheet of the Company shall be signed on behalf of the Board by two Directors and a copy of every balance sheet (including every document required by law to be comprised therein or attached or annexed thereto) and profit and loss account which is to be laid before the Company at its annual general meeting, together with a copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting, be sent to every member of, and every holder of debentures of, the Company and every other person entitled to receive notices of general meetings of the Company under the Companies Act or of the New Bye-laws. If all or any of the shares or debentures of the Company are for the time being (with the consent of the Company) listed or

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dealt in on any stock exchange, there shall be forwarded to the appropriate officer of such stock exchange such number of copies of such documents as may for the time being required under its regulations or practice.

Auditors shall be appointed and their duties regulated in accordance with the Companies Act. Subject as otherwise provided by such provisions the remuneration of the auditors shall be fixed by or on the authority of the Company at each annual general meeting, but in respect of any particular year, the Company in general meeting may delegate the fixing of such remuneration to the Board.

(j) Notices of meetings and business to be conducted thereat

Articles of Association

An annual general meeting and any extraordinary general meeting at which the passing of a special resolution is to be considered shall be called by not less than twenty-one days' notice. All other extraordinary general meetings may be called by not less than fourteen (14) days' notice but a general meeting may be called by shorter notice, subject to the Companies Law, if it is so agreed: (a) in the case of a meeting called as an annual general meeting, by all the members entitled to attend and vote thereat; and (b) in the case of any other meeting, by a majority in number of the members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the issued shares giving that right.

The notice shall specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in case of special business, the general nature of the business. The notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all members other than to such members as, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding-up of a member and to each of the Directors and the auditors. The accidental omission to give notice of a meeting or (in cases where instruments of proxy are sent out with the notice) to send such instrument of proxy to, or the non- receipt of such notice or such instrument of proxy by, any person entitled to receive such notice shall not invalidate any resolution passed or the proceedings at that meeting.

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An annual general meeting must be called by twenty-one (21) days' notice in writing at least and any other special general meeting shall be called by at least fourteen days' notice in writing (in each case exclusive of the day on which the notice is served or deemed to be served and of the day for which it is given). The notice shall specify the place, the day and the hour of meeting and, in the case of special business, the general nature of that business.

Any notice or document to be given to or by any person pursuant to these New Bye-laws may be served on or delivered to any shareholder of the Company either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such shareholder at his registered address as appearing in the register or by leaving it at that address addressed to the shareholder or by any other means authorised in writing by the shareholder concerned or (other than share certificates) by publishing it by way of advertisement in at least one English language newspaper and one Chinese language newspaper circulating generally in the Hong Kong. In case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the register and notice so given shall be sufficient notice to all the joint holders. Without limiting the generality of the foregoing but subject to the applicable laws of Bermuda and any rules prescribed by The Stock Exchange of Hong Kong Limited from time to time, a notice or document may be served or delivered by the Company to any shareholder by electronic means to such address as may from time to time be authorised by the shareholder concerned or by publishing it on a website and notifying the shareholder concerned, in such manner as he may from time to time authorise, that it has been so published.

(k) Transfer of shares

Articles of Association

Subject to the Articles of Association, any member may transfer all or any of his shares by an instrument of transfer in the usual common form or in a form prescribed by the designated stock exchange or in any other form approved by the Board and may be in writing or, if the Board resolves, by machine imprinted signature. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof.

The Board may without giving any reason therefor decline to register a transfer of any share (not being a fully paid up share).

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The Board may decline to recognise any instrument of transfer unless:- (a) a fee of such maximum sum as the designated stock exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof; (b) the instrument of transfer is in respect of only one class of share; (c) the instrument of transfer is lodged at the registered office of the Company or such other place at which the register of members is kept in accordance with the Companies Law or the registration office (as the case may be) accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); (d) in the case of a transfer to joint holders, the number of joint holders does not exceed four; (e) the shares concerned are free of any lien in favour of the Company; and (f) if applicable, the instrument of transfer is duly and properly stamped.

If the Board refuses to register a transfer of any share, it shall, within two (2) months after the date on which the transfer was lodged with the Company, send to each of the transferor and transferee notice of the refusal.

The registration of transfers of shares or of any class of shares may, after notice has been given by advertisement in any newspapers or by any other means in accordance with the requirements of any designated stock exchange to that effect be suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the Board may determine.

New Bye-Laws

All transfers of shares must be effected by transfer in writing in the usual or common form or in any other form acceptable to the Board and may be under hand or by means of mechanically imprinted signatures or such other manner as the Board may from time to time approve. An instrument of transfer must be executed by or on behalf of the transferor and by or on behalf of the transferee and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof.

The Board may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

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Unless the Board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor shall shares on any branch register be transferred to the principal register or any other register. All transfers and other documents of title must be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the transfer office in Bermuda.

The Board may in its absolute discretion and without assigning any reason therefore, refuse to register any transfer of any shares (not being fully paid shares) to a person of whom it does not approve and it may refuse to register the transfer of any shares (not being fully paid shares) on which the Company has a lien. The Board may also refuse to register a transfer of shares (whether fully paid or not) in favour of more than four persons jointly. If the Board refuses to register a transfer, it will within two months after the date on which the transfer was lodged with the Company send to the transferor and transferee notice of the refusal.

The Board may decline to recognise any instrument of transfer unless a fee of such sum as the Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time determine is paid to the Company in respect thereof has been paid, the shares are free of any lien in favour of the Company, the instrument of transfer is properly stamped, is in respect of only one class of share and is lodged at the relevant registration or transfer office accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do). Where applicable, the permission of the Bermuda Monetary Authority with respect thereto shall be obtained.

The registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine and either generally or in respect of any class of shares. The register of members shall not be closed for more than thirty days in any year.

Fully paid shares shall be free from any restriction with respect to the right of the holder thereof to transfer such Shares (except when permitted by the Stock Exchange) and shall also be free from all liens.

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(l) Power of the Company to purchase its own shares

Articles of Association

Subject to the Companies Law, the Company's Memorandum and Articles of Association and, where applicable, the rules of any designated stock exchange and/or any competent regulatory authority, any power of the Company to purchase or otherwise acquire its own shares shall be exercisable by the Board in such manner, upon such terms and subject to such conditions as it thinks fit.

New Bye-Laws

In accordance with and subject to the Companies Act, the Memorandum of Continuance empowers it to purchase its own shares; pursuant to the New Bye-laws, this power is exercisable by the Board upon such terms and subject to such conditions as it thinks fit.

(m) Power of any subsidiary of the Company to own shares in the Company

Articles of Association

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

New Bye-Laws

There are no provisions in the New Bye-laws relating to ownership of the Company by a subsidiary.

(n) Dividends and other methods of distribution

Articles of Association

Subject to the Companies Law, the Company in general meeting may from time to time declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board. Dividends may be declared and paid out of the profits of the Company, realized or unrealised, or from any reserve set aside from profits which

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the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide: (a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of the Articles of Association as paid up on the share; and (b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

The Board may from time to time pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights and may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever such profits, in the opinion of the Board, justifies such payment.

The Board may deduct from any dividend or other moneys payable to a member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise. No dividend or other moneys payable by the Company on or in respect of any share shall bear interest against the Company.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the register of members in respect of the shares at his address as appearing in the register of members or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the

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Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed after a period of six (6) years from the date of declaration shall be forfeited and shall revert to the Company. The payment by the Board of any unclaimed dividend or other sums payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.

New Bye-Laws

The Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends will be apportioned and paid pro rata according to the amounts paid or credited as paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid upon a share in advance of calls will for this purpose be treated as paid up on the shares. The Board may retain any dividends or other moneys payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Board may deduct from any dividend or bonus payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the Board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. The Company may also upon the recommendation of the Board by a special resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

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Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any Shares held by him, and in respect of all or any of the moneys so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the Share or the due portion of the Shares upon which payment has been advanced by such member before it is called up.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on 2 consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(o) Proxies

Articles of Association

Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

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The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified at the registration office or the registered office of the Company, as may be appropriate) not less than twenty-four (24) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

Instruments of proxy shall be in any common form or in such other form as the Board may approve (provided that this shall not preclude the use of the two-way form) and the Board may, if it thinks fit, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

New Bye-Laws

Any member of the Company entitled to attend and vote at a meeting of the Company or a meeting of the holders of any class of shares in the Company is entitled to appoint another person as his proxy to attend and vote instead of him. Votes, whether on a show of hands or on a poll may be given either personally or by a duly authorised corporate representative or by proxy. A member holding two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a member of the Company.

The instrument appointing a proxy, shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

The instrument appointing a proxy to vote at a general meeting shall: (i) be deemed to confer authority upon the proxy to demand or join in demanding a poll and to vote on any resolution (or amendment thereto) put to the meeting for which it is given as the proxy thinks fit. Provided that any form issued to a member for use by him for appointing a proxy to attend and vote at a special

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general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business; and (ii) unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

Where that member is a recognised clearing house within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), it may appoint such person or persons as it thinks fit to act as its proxy or proxies or as its corporate representative or representatives, to the extent permitted by the Companies Act, at any members' general meeting or any meeting of any class of members provided that if more than one proxy or corporate representative is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy or corporate representative is to be appointed. The person so appointed will be entitled to exercise the same powers on behalf of the clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise as if it were an individual member of the Company including the right to vote individually on a show of hands. The number of persons a clearing house may appoint to act as its corporate representative or representatives shall not exceed the number of shares held by the clearing house (or its nominee), being shares in respect of which there is an entitlement to attend and vote at the relevant meeting.

In addition, a proxy or proxies representing either an individual member or a member which is a corporation, shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise including the right to vote individually on a show of hands.

(p) Calls on shares and forfeiture of shares

Articles of Association

Subject to the Articles of Association, the Board may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium or otherwise) and not by the conditions of issue thereof made payable at fixed times, and each member shall (subject to being given at least fourteen (14) days' notice specifying the time and place of payment) pay to the Company as required by such notice the amount called on his shares. A call may be postponed or revoked as the Board determines.

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A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be made payable by instalments.

A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect thereof or other moneys due in respect thereof.

If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the amount unpaid from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board may determine, but the Board may in its absolute discretion waive payment of such interest wholly or in part.

If a call remains unpaid after it has become due and payable the Board may give to the person from whom it is due not less than fourteen (14) clear days' notice: (a) requiring payment of the amount unpaid together with any interest which may have accrued and which may still accrue up to the date of actual payment; and (b) stating that if the Notice is not complied with the shares on which the call was made will be liable to be forfeited. If the requirements of any such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect, and such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share but not actually paid before the forfeiture.

New Bye-Laws

The Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20 per cent per annum as the Board shall fix from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and

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unpaid or instalments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20 per cent per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration of fourteen days from the date of the notice) on or before which the payment required by the notice is to be made, and it will also name the place where payment is to be made, such place being either the registered office of the Company, or some other place at which calls of the Company are usually made payable. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20 per cent per annum as the Board may prescribe.

(q) Inspection of corporate records/register of members

Articles of Association

The register of members and branch register of members, as the case may be, shall during normal business hours (subject to such reasonable restrictions as the Board may impose) be open to inspection by any member of the Company without charge and by any other person on payment of such fees as the Board may determine. The register of members including any overseas or local or other branch register of members may, after notice has been given by advertisement in an appointed newspaper or any other newspapers in accordance with the requirements of any

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designated stock exchange or by any electronic means in such manner as may be accepted by the designated stock exchange to that effect, be closed at such times or for such periods not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares.

New Bye-Laws

There are no provisions in the New Bye-laws relating to inspection of the register of members. However, under the laws of Bermuda, members of the general public have the right to inspect the public documents of a company available at the office of the Registrar, which include the company's certificate of incorporation, its memorandum of association and any alteration to the memorandum of association and documents relating to an increase or reduction of authorised capital. The members have the additional right to inspect the New Bye-laws, minutes of general meetings and audited financial statements of the company, which must be presented to the annual general meeting of members.

A company is required to maintain its share register in Bermuda but may establish a branch register outside Bermuda. The register of members of the company and any branch register are also open to inspection by members without charge, and to general members of the public for a fee. Where a member of the company or other person requests a copy of the register of members or branch register, this must be provided within 14 days of the request. Each company is required to keep at its registered office a register of its directors and officers which is open for inspection by members of the public without charge. Bermuda law does not, however, provide a general right for members to inspect or obtain copies of any other corporate records.

(r) Quorum for meetings and separate class meetings

Articles of Association

No business other than the appointment of a chairman of a meeting shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Two (2) Members entitled to vote and present in person or by proxy or (in the case of a member being a corporation) by its duly authorised representative shall form a quorum for all purposes.

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New Bye-Laws

For all purposes the quorum for a general meeting shall be two members present in person or by a duly authorised corporate representative or by proxy and entitled to vote. In respect of a separate class meeting convened to sanction the modification of class rights, the necessary quorum shall not be less than two persons holding or representing by proxy or by a duly authorised corporate representative one-third in nominal value of the issued shares of that class.

(s) Rights of minorities in relation to fraud or oppression

Articles of Association

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law.

New Bye-Laws

There are no provisions in the New Bye-laws relating to rights of minority members in relation to fraud or oppression. However, Bermuda company law provides for protection of minorities.

(t) Procedures on liquidation

Articles of Association

The Board shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up. A resolution that the Company be wound up by the court or be wound up voluntarily shall be a Special Resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the

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whole of the paid-up capital such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a Special Resolution and any other sanction required by the Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of properties of one kind or shall consist of properties to be divided as aforesaid of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

New Bye-Laws

A resolution that the Company be wound up by the court or be wound up voluntarily must be a special resolution.

If the Company shall be wound up, the surplus assets remaining after payment to all creditors are to be divided among the members in proportion to the capital paid up on the shares held by them respectively, and if such surplus assets shall be insufficient to repay the whole of the paid up capital, they are to be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them respectively, all subject to the rights of any shares issued on special terms and conditions.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the sanction of a special resolution, divide among the members in specie or kind the whole or any part of the assets of the Company and whether the assets consist of property of one kind or consists of properties of different kinds and the liquidator may, for such purposes, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division is to be carried out as between the members or different classes of members and the members within each class. Under the Companies Act the liquidator may, with the like sanction, vest any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. Under the Companies Act, the liquidator may, with like sanction, vest any part of the

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assets in trustees upon such trusts for the benefit of members as the liquidator, with the like sanction shall think fit, but so that no member shall be compelled to accept any shares or other assets upon which there is a liability.

(u) Untraceable members

Articles of Association

The Company may cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.

The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a member who is untraceable, but no such sale shall be made unless:

- (a) all cheques or warrants in respect of dividends of the shares in question, being not less than three in total number, for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by the Articles of Association have remained uncashed;
- (b) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law; and
- (c) the Company, if so required by the rules governing the listing of shares on the designated stock exchange, has given notice to, and caused advertisement in newspapers in accordance with the requirements of, the designated stock exchange to be made of its intention to sell such shares in the manner required by the designated stock exchange, and a period of three (3) months or such shorter period as may be allowed by the designated stock exchange has elapsed since the date of such advertisement.

For the purpose of the foregoing, the “relevant period” means the period commencing twelve (12) years before the date of publication of the advertisement referred to in paragraph (c) above and ending at the expiry of the period referred to in that paragraph.

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To give effect to any such sale the Board may authorise some person to transfer the said shares and an instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such shares, and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale will belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds. No trust shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Any sale under this Articles of Association shall be valid and effective notwithstanding that the member holding the shares sold is dead, bankrupt or otherwise under any legal disability or incapacity.

New Bye-Laws

The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a member who is untraceable, but no such sale shall be made unless:

- (i) all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by the New Bye-Laws of the Company have remained uncashed;
- (ii) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law;
- (iii) on the expiry of the relevant period, the Company has caused an advertisement to be inserted in the newspapers of its intention to sell such shares and a period of three months has elapsed since the date of such advertisement; and
- (iv) the Company has notified the Stock Exchange of its intention to effect such sale.

NOTICE OF EGM

Cocoon Holdings Limited 中國天弓控股有限公司

(formerly known as Huge China Holdings Limited 匯嘉中國控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 428)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Cocoon Holdings Limited (the “**Company**”) will be held at Picasso Room B, B1 Level, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong at Monday, on 11 March 2019, at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company:

SPECIAL RESOLUTIONS

To consider and, if thought fit, pass with or without amendments the following resolutions as special resolutions of the Company:

1. “**RESOLVED THAT**

- (a) subject to (i) passing of special resolutions numbered 1(b) and 1(c) below; (ii) the approval of the board of directors of the Company (the “**Board**”); (iii) the compliance with the relevant requirements under the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the relevant legal procedures and requirements under the laws of the Cayman Islands and the laws of Bermuda; and (iv) the obtaining of all necessary governmental and regulatory consents, the change of the domicile of the Company (the “**Change of Domicile**”) from the Cayman Islands to Bermuda by way of de-registration as a company under the laws of the Cayman Islands and continuation of the Company as an exempted company under the laws of Bermuda be and is hereby approved;
- (b) conditional and immediately upon the continuance of the Company in Bermuda as an exempted company under the laws of Bermuda, the memorandum of continuance, a copy of which has been produced to the Meeting marked “**A**” and initialled by the chairman of the Meeting (the “**Chairman**”) for the purpose of identification, be and is hereby adopted in substitution for the memorandum of

NOTICE OF EGM

association of the Company, effective from the date that the memorandum of continuance be and is approved and registered by the Registrar of Companies in Bermuda;

- (c) conditional and immediately upon the continuance of the Company in Bermuda as an exempted company under the laws of Bermuda, the bye-laws of the Company, a copy of which has been produced to the Meeting marked “**B**” and initialled by the Chairman for the purpose of identification (the “**New Bye-laws**”), be and are hereby adopted in substitution for the articles of association of the Company, effective from the date that the memorandum of continuance be and is approved and registered by the Registrar of Companies in Bermuda;
 - (d) conditional and immediately upon the continuance of the Company in Bermuda as an exempted company under the laws of Bermuda, (i) the maximum number of directors of the Company (the “**Directors**”) shall, for the time being, be fixed at twenty (20), (ii) each of the currently serving Directors remain and continue to be a Director until such time as they retire or their position is otherwise vacated in accordance with the New Bye-laws, and (iii) each Director acting singly be and is hereby authorised to fill any vacancies on the board of Directors and to appoint additional Directors up to the maximum number determined herein or such other maximum number as may be determined from time to time by members of the Company in general meeting and to appoint alternate Directors at their discretion; and
 - (e) anyone of the Directors be and is hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including affixing common seal of the Company, as he or she may consider necessary or expedient to give effect to or in connection with the implementation of the Change of Domicile.”
2. “**NOTED THAT** the Board has confirmed that the Company is, and on the date upon which the Capital Reorganisation (as defined below) is to be effected and after the Capital Reorganisation is effected will be, able to pay its liabilities as they become due.
 3. “**RESOLVED THAT** subject to: (i) the passing of special resolution numbered 1 above and conditional upon the Change of Domicile (as defined in special resolution numbered 1 above) becoming effective; (ii) the Stock Exchange granting the listing of, and permission to deal in, the New Shares (as defined below) arising from the Capital Reorganisation; (iii) the compliance with the relevant procedures and requirements under the laws of Bermuda and the Listing Rules to effect the Capital Reorganisation;

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and (iv) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required to effect the Capital Reorganisation (as defined below), with effect from 9:00 a.m. (Hong Kong time) on the 17th day after the effective date of the Change of Domicile (based on Bermuda time) or the date that the above conditions are fulfilled (if it is not a business day in Hong Kong, the immediately following business day in Hong Kong) in Hong Kong time (whichever is the later) (the “**Effective Date**”),

- (a) the entire amount standing to the credit of the share premium account of the Company as at the Effective Date be and is hereby reduced to nil and the credit arising from such reduction (the “**Reduction of Share Premium**”) be and is hereby transferred to an existing account of the Company designated as the contributed surplus account of the Company within the meaning of the Companies Act 1981 of Bermuda (the “**Contributed Surplus Account**”);
- (b) the necessary amount (anticipated to be approximately HK\$184.5 million) standing to the credit of the Contributed Surplus Account be applied in full towards offsetting the entire amount of the accumulated losses of the Company as permitted under the New Bye-laws and the Companies Act (the “**Off-Set**”);
- (c) the par value of each of the issued shares of HK\$1.00 each in the existing share capital of the Company (the “**Existing Shares**”) be and is hereby reduced from HK\$1.00 to HK\$0.10 each (the “**New Shares**”) by the cancellation of the paid up share capital of the Company to the extent of HK\$0.90 per issued Existing Share by way of a reduction of capital (the “**Capital Reduction**”), such that the par value of the issued Existing Shares will be reduced to HK\$0.10 each;
- (d) the credit arising from the Capital Reduction will be transferred to the Contributed Surplus Account and the Directors or a committee thereof be and are hereby authorised to pay a dividend and/or to make any other distribution out of the Contributed Surplus Account from time to time without further authorisation from the shareholders of the Company and/or to use the credit in such other manner as permitted by all applicable laws and the memorandum of continuance of the Company and the bye-laws of the Company in effect from time to time without any further authorisation from the shareholders of the Company and all such actions in relation thereto be and are approved, ratified and confirmed;

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- (e) immediately following the Capital Reduction, each of the then authorised but unissued Existing Shares with par value of HK\$1.00 each be subdivided into 10 New Shares with par value of HK\$0.10 each (the “**Sub-division**”, together with the Capital Reduction, the Off-Set and the Reduction of Share Premium, the “**Capital Reorganisation**”);
- (f) each of the New Shares shall rank *pari passu* in all respects with each other and will have rights and privileges and be subject to the restrictions contained in the memorandum of continuance of the Company and the bye-laws of the Company in effect;
- (g) the credit arising in the books of the Company from (a) the Reduction of Share Premium, and (b) the Capital Reduction and after the effectiveness of the Off-Set be credited to the Contributed Surplus Account and the Directors be and are hereby authorised to use the amount then standing to the credit of the Contributed Surplus Account in any manner as may be permitted under the New Bye-laws of the Company and the Companies Act 1981 of Bermuda (as amended) in effect from time to time and all applicable laws including, without limitation, eliminating or setting off the accumulated losses of the Company from time to time and/or paying a dividend and/or making any other distribution out of the Contributed Surplus Account from time to time without further authorisation from the shareholders of the Company and all such actions in relation thereto be and are approved, ratified and confirmed; and
- (h) each Director, acting singly, be and is hereby authorised to do all such acts and things and execute all such documents, which are ancillary to the Capital Reorganisation and of administrative nature, on behalf of the Company, including affixing the common seal of the Company, as he or she may consider necessary or expedient to give effect to the Capital Reorganisation.”

Yours faithfully,
On behalf of the Board
Cocoon Holdings Limited
Chau Wai Hing
Chairman

Hong Kong, 4 February 2019

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As at the date of this notice, the board of directors of the Company comprises the following:

Executive Directors:

Mr. Chau Wai Hing (*Chairman of the Board*)

Mr. Wu Ming Gai

Non-executive Directors:

Mr. William Keith Jacobsen

Mr. Chen Albert

Mr. Wong Chung Yan Sammy

Independent Non-executive Directors:

Ms. Chan Man Yi

Ms. Leung Yin Ting

Mr. Jiang Qian

Notes:

1. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member of the Company who is an individual or a member of the Company which is a corporation is entitled to exercise the same powers on behalf of the member of the Company which he or they represent as such member of the Company could exercise.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.
3. The instrument appointing a proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting thereof at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

Please note that 9 March 2019 is not a working day in Hong Kong and Computershare Hong Kong Investor Services Limited's offices will not be open on this day for physical delivery of the proxy form. To be effective, all proxy appointments must be lodged with Computershare Hong Kong Investor Services Limited before the deadline.

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4. To ascertain shareholders' eligibility to attend and vote at the EGM, the register of members will be closed from Friday, 1 March to Monday, 11 March 2019 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify to attend and vote at the Extraordinary General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 28 February 2019.
5. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. Where there are joint holders of any share any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
7. All votes to be taken at the Meeting shall be conducted by way of poll.