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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

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**PROPOSALS FOR**

- (1) GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES,**
- (2) CHANGE OF COMPANY NAME AND ADOPTION OF CHINESE SECONDARY NAME,**
- (3) ADOPTION OF NEW BYE-LAWS,**
- (4) INCREASE OF AUTHORISED SHARE CAPITAL,**
- (5) ADOPTION OF NEW SHARE OPTION SCHEME,**
- (6) RE-ELECTION OF RETIRING DIRECTORS**

**AND**

**NOTICE OF ANNUAL GENERAL MEETING**

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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” of this circular.

A notice convening an annual general meeting to be held at Function Room, Basement 2, The Wharney Guang Dong Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong on Tuesday, 6 June 2017 at 3:00 p.m. is set out on pages 52 to 57 of this circular. Shareholders are advised to read the notice and to complete and return the accompanying form of proxy for use at the annual general meeting in accordance with the instructions thereon. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish and, in such event, the form of proxy shall be deemed to be revoked.

28 April 2017

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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Function Room, Basement 2, The Wharney Guang Dong Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong on Tuesday, 6 June 2017 at 3:00 p.m.;
“AGM Notice”	the notice convening the AGM set out on pages 52 to 57 of this circular;
“associates”	has the same meaning as defined in the Listing Rules;
“Board”	the board of Directors;
“business day”	the meaning ascribed thereto in the Listing Rules;
“Bye-laws”	the bye-laws of the Company, as amended from time to time;
“Company”	United Pacific Industries Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 0176);
“Change of Company Name”	the proposed change of the English name of the Company from “United Pacific Industries Limited” to “Superactive Group Company Limited” and to adopt and register the Chinese name of “先機企業集團有限公司” as the secondary name of the Company;
“close associate(s)”	shall have the same meaning as ascribed to it under the Listing Rules;
“Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time;
“connected person”	has the same meaning as defined in the Listing Rules;
“Date of Grant”	in respect of an Option, the business day on which the Board resolves to make an offer of that Option to an eligible Participant;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

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## DEFINITIONS

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“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$150,000,000 divided into 1,500,000,000 Shares of HK\$0.10 each to HK\$1,500,000,000 divided into 15,000,000,000 Shares of HK\$0.10 each by the creation of 13,500,000,000 new Shares of HK\$0.10 each;
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to allot and issue Shares set out as resolution no. 5 in the AGM Notice;
“Latest Practicable Date”	21 April 2107 , being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Bye-laws”	the new Bye-laws proposed to be adopted at the AGM, the principal terms of which are summarized in Appendix II to this circular;
“New Share Option Scheme”	the share option scheme of the Company proposed to be adopted at the AGM, the principal terms of which are summarized in Appendix III to this circular;
“Option”	an option granted (or proposed to be granted, as the context may indicate) under the New Share Option Scheme;
“Option Period”	in respect of any particular option under the New Share Option Scheme, such period to be determined as notified by the Board to each grantee at the time of the offer of the grant of the Option;
“Participant(s)”	any full-time or part-time employee of any member of the Group, any director (including executive, non-executive or independent non-executive Directors) of any member of the Group, any substantial shareholder of any member of the Group, and any consultant, adviser, distributor, contractor, supplier, agent, customer, business partner or service provider of any member of the Group;

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## DEFINITIONS

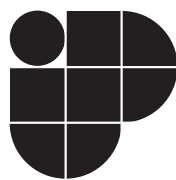
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“Previous Scheme”	the expired share option scheme previously adopted by the Company on 9 August 2004;
“Repurchase Mandate”	a general and unconditional mandate to the Directors to exercise the power of the Company to repurchase on the Stock Exchange, or any other stock exchange on which the Shares of the Company may be listed, Shares up to a maximum of 10% of the total number of the issued Shares as at the date of passing of the relevant resolution approving the said mandate;
“SFO”	Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong;
“Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of a Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“subsidiary”	the meaning as ascribed thereto in the Listing Rules.

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LETTER FROM THE BOARD

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**United Pacific  
Industries**

United Pacific Industries Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 0176)

*Executive Directors:*

Ms. Yeung So Lai (*Chairman*)

Mr. Lee Chi Shing Caesar (*Deputy Chairman*)

*Independent Non-executive Directors:*

Ms. Hu Gin Ing

Mr. Chiu Sze Wai Wilfred

Mr. Chow Wai Leung William

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head Office and Principal Place of Business:*

Unit 503C, 5/F Golden Centre

188 Des Voeux Road Central

Hong Kong

28 April 2017

*To the Shareholders,*

Dear Sir or Madam,

**PROPOSALS FOR**

- (1) GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES,**
- (2) CHANGE OF COMPANY NAME AND ADOPTION OF CHINESE SECONDARY NAME,**
- (3) ADOPTION OF NEW BYE-LAWS,**
- (4) INCREASE OF AUTHORISED SHARE CAPITAL,**
- (5) ADOPTION OF NEW SHARE OPTION SCHEME,**
- (6) RE-ELECTION OF RETIRING DIRECTORS**

**AND**

**NOTICE OF ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

On 26 May 2016, ordinary resolutions were passed to grant to the Directors the Issue Mandate and the Repurchase Mandate to issue Shares and to repurchase Shares respectively and to extend the Issue Mandate to include Shares repurchased under the Repurchase Mandate. These Issue Mandate and Repurchase Mandate will lapse at the conclusion of the AGM to be held on 6 June 2017. It is therefore proposed to renew the Issue Mandate and the Repurchase Mandate at the AGM.

At the AGM, ordinary resolutions will be proposed relating to the ordinary businesses, renewal of the grant of the Issue Mandate, the Repurchase Mandate and extension of the Issue Mandate, as well as the re-election of retiring Directors.

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## LETTER FROM THE BOARD

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As disclosed in the announcement of the Company dated 5 April 2017, the Directors propose to (1) change the English name of the Company from “United Pacific Industries Limited” to “Superactive Group Company Limited” and to adopt and register the Chinese name of “先機企業集團有限公司” as the secondary name of the Company; (2) adopt New Bye-laws in place of the existing Bye-laws in order to bring the constitution of the Company in line with the amendments to the Listing Rules and the Bermuda laws; (3) increase the authorised share capital of the Company from HK\$150,000,000 divided into 1,500,000,000 Shares of HK\$0.10 each to HK\$1,500,000,000 divided into 15,000,000,000 Shares of HK\$0.10 each by the creation of 13,500,000,000 new Shares of HK\$0.10 each; and (4) adopt the New Share Option Scheme pursuant to Chapter 17 of the Listing Rules for the purpose of recognizing, motivating and providing incentives to those who make contributions to the Group and attracting and retaining the best available personnel and providing additional incentive to the participants to promote the success of the business of the Group.

The purpose of this circular is to provide you with information regarding the: (i) the Issue Mandate; (ii) the Repurchase Mandate; (iii) Change of the Company Name; (iv) adoption of New Bye-laws; (v) Increase in Authorised Share Capital; (vi) adoption of the New Share Option Scheme; and (vii) re-election of retiring Directors to be proposed at the AGM and to set out the AGM Notice on pages 52 to 57 of this circular.

### **2. THE ISSUE MANDATE**

At the AGM, an ordinary resolution will be proposed that the Directors be given the Issue Mandate to exercise all powers of the Company to allot, issue and otherwise deal with new Shares up to, in aggregate, 20% of the total number of the issued Shares as at the date of passing of the relevant resolution.

As at the Latest Practicable Date, there was a total of 1,318,279,590 Shares in issue. Subject to the passing of the proposed resolution granting the Issue Mandate to the Directors, and on the basis that no other Shares are issued or repurchased by the Company between the Latest Practicable Date and the date of AGM, the Company will be allowed under the Issue Mandate to issue a maximum of 263,655,918 new Shares.

### **3. THE REPURCHASE MANDATE**

At the AGM, an ordinary resolution will also be proposed that the Directors be given the Repurchase Mandate to exercise all powers of the Company to repurchase on the Stock Exchange or on any other stock exchange on which the Shares of the Company may be listed, Shares up to, in aggregate, 10% of the total number of the issued Shares as at the date of passing of the relevant resolution.

Subject to the passing of the proposed resolution granting the Repurchase Mandate to the Directors, and on the basis that there were 1,318,279,590 issued Shares as at the Latest Practicable Date and no Shares are issued or repurchased by the Company between the Latest Practicable Date and the date of AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 131,827,959 Shares.

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## LETTER FROM THE BOARD

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Under the Listing Rules, the Company is required to give Shareholders all information which is reasonably necessary to enable Shareholders to make an informed decision as to whether to vote for or against the resolution in respect of the Repurchase Mandate at the AGM. An explanatory statement for such purpose is set out in Appendix I to this circular.

#### **4. EXTENSION OF THE ISSUE MANDATE**

In addition, an ordinary resolution will be proposed at the AGM to allow any Shares repurchased under the Repurchase Mandate (up to a maximum of 10% of the issued Shares as at the date of the grant of the Repurchase Mandate) to be added to the total number of Shares which may be allotted and issued under the Issue Mandate.

The Issue Mandate and the Repurchase Mandate would continue in force until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the end of the period within which the Company is required by the Companies Act or the Bye-laws to hold its next annual general meeting; and (iii) the date of revocation or variation by an ordinary resolution of Shareholders in general meeting prior to the next annual general meeting of the Company.

#### **5. PROPOSED CHANGE OF COMPANY NAME AND ADOPTION OF CHINESE SECONDARY NAME**

The Board proposes to change the English name of the Company from “United Pacific Industries Limited” to “Superactive Group Company Limited” and to adopt and register the Chinese name of “先機企業集團有限公司” as the secondary name of the Company.

##### **Reasons for the Change of Company Name**

The Board considers that the Change of Company Name will symbolize a new start and reflect the current status of the Group and its direction of future development. The Board believes that the new English and Chinese names of the Company will provide the Company with a new corporate image which will benefit the Company’s future business development. As such, the Board believes that the change is in the best interests of the Company and the Shareholders as a whole.

##### **Conditions of the Change of Company Name**

The Change of Company Name will be subject to the following conditions:

1. the passing of a special resolution by the Shareholders approving the Change of Company Name at the AGM; and
2. the approval of the Registrar of Companies in Bermuda having been obtained for the Change of Company Name.



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## LETTER FROM THE BOARD

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The relevant filings with the Registrar of Companies in Bermuda will be made after the passing of the special resolution at the AGM. Subject to satisfaction of the conditions set out above, the Change of Company Name will take effect from the date on which the Registrar of Companies in Bermuda enters the new name and the secondary name on the register in place of the existing name of the Company. Thereafter, the Company will carry out all necessary filing procedures with the Companies Registry in Hong Kong.

### **Effects of the Change of Company Name**

The Change of Company Name will not affect any of the rights of the existing Shareholders. All existing share certificates of the Company in issue bearing the current name of the Company will, after the Change of Company Name becoming effective, continue to be evidence of title to the Shares and will continue to be valid for trading, settlement, registration and delivery for the same number of Shares in the new name of the Company. There will not be any arrangement for free exchange of the existing share certificates of the Company for new share certificates printed in the new name of the Company. Upon the Change of Company Name becoming effective, any new share certificates will be issued in the new names of the Company.

The Company will make further announcement(s) on the Change of the Company Name and the effective dates of the Change of Company Name and the new stock short name of the Company under which the Shares will be traded on the Stock Exchange and the address of the new website of the Company as and when appropriate.

The Change of Company Name will not affect the Company's daily business operation and its financial position.

### **6. PROPOSED ADOPTION OF THE NEW BYE-LAWS**

The existing Bye-laws of the Company have not been amended since July 2006. The Board considers that it is appropriate to make corresponding amendments to the existing Bye-laws to bring them in line with the amendments to the Listing Rules and the Companies Act between 2006 and now, including the following major changes:

#### **(a) Voting at general meetings**

The Listing Rules have been amended, whereby 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. The New Bye-laws will put this into effect.

#### **(b) Voting at board meetings**

The Listing Rules have been amended, whereby subject to certain exceptions, a director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates has a material interest, nor shall he be counted in the quorum present at the meeting. The New Bye-laws will put this into effect. The

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## LETTER FROM THE BOARD

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existing provision that a director may vote on such board resolution provided that he or any of his associates are not beneficially interested in more than 5% in the party with which the Company proposes to enter into a contract or arrangement will be removed from the existing Bye-laws.

**(c) Physical board meetings**

The Listing Rules have been amended, whereby if a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. The New Bye-laws will put this into effect.

**(d) Notices of general meetings**

Appendix 14 to the Listing Rules (The Corporate Governance Code) has been amended such that notices to shareholders should be sent in the case of annual general meetings at least 20 clear business days before the meeting and to be sent at least 10 clear business days in the case of all other general meetings. The proposed changes to the Bye-laws will provide that the notice period for annual general meetings must be not less than twenty-one clear days and not less than twenty clear business days, and the notice period for any other general meeting (including a special general meeting) must be not less than fourteen clear days and not less than ten clear business days.

**(e) Share transfers**

The Companies Act has been amended to allow for transfer of shares of a listed company without a proper instrument of transfer. The New Bye-laws will be in line with this change in Bermuda law.

**(f) Dividends and distributions**

The Companies Act has been amended in relation to the solvency test, whereby Bermuda companies are now allowed to declare dividends or distributions when it is, or would after the payment be, unable to pay its liabilities as they become due and the realizable value of its assets would thereby be less than its liabilities. The New Bye-laws will be in line with this change in law.

**(g) Register of members**

The register and branch register of members of the Company shall be open for inspection by members of the public without charge at the registered office of the Company or such other place at which the register(s) is/are kept in accordance with the Companies Act. The New Bye-laws will also reflect this.

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## LETTER FROM THE BOARD

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### **(h) Financial assistance**

The prohibition against a company giving financial assistance for the acquisition of shares in the company has been removed from the Companies Act. The New Bye-laws will be in line with this change in Bermuda law.

The Board noted that Rule 13.90 of the Listing Rules requires a listed company to publish an updated and consolidated version of its constitutional documents on the websites of both the Company and the Stock Exchange. Therefore, instead of carrying out piecemeal modifications on the existing Bye-laws, the Board proposes to adopt a complete set of New Bye-laws to conform with the latest amendments to the Listing Rules and the Companies Act.

Shareholders should note that the major changes in the Bye-laws consequential upon the changes in the Listing Rules and the Companies Act described above are not exhaustive. The New Bye-laws also contain other changes which are primarily in line with the standard provisions of the bye-laws of other public listed companies incorporated in Bermuda. Your attention is drawn to the summary of the principal provisions of the New Bye-laws as set out in Appendix II to this circular. Copies of the existing Bye-laws and the draft New Bye-laws are also available for inspection at the Company's principal place of business in Hong Kong from now up to the date of the AGM, and at the AGM.

A summary of the New Bye-laws is set out in Appendix II to this circular. The adoption of the New Bye-laws is subject to the approval of Shareholders by way of a special resolution at the AGM.

The New Bye-laws are available only in English and the Chinese translation is for reference only. In case of any inconsistency, the English version of the New Bye-laws shall prevail.

The Company confirms that there is nothing unusual about the proposed adoption of the New Bye-laws for the Company as a Bermuda company listed on the Stock Exchange. The Directors consider that and also have been advised by the legal advisers of the Company as to the laws of Bermuda and as to the laws of Hong Kong that the proposed adoption of the New Bye-laws conforms with the laws of the Bermuda and the requirements of the Listing Rules, respectively.

### **7. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$150,000,000 divided into 1,500,000,000 Shares of HK\$0.10 each, of which 1,318,279,590 Shares have been issued and fully paid or credited as fully paid. In order to accommodate future expansion and the growth of the Group and to cater for possible issue of new Shares in the future, the Directors propose to increase the authorised share capital of the Company to HK\$1,500,000,000 divided into 15,000,000,000 Shares by the creation of 13,500,000,000 new Shares of HK\$0.10 each, all ranking pari passu in all respects. The increase in the authorised share capital of the Company is conditional on the passing of an ordinary resolution by Shareholders at the AGM.

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## LETTER FROM THE BOARD

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Save for the possible issue of new Shares upon the exercise of rights attached to any Options granted, there is no agreement entered into by the Company with any parties that may involve the issue of new Shares after the proposed increase in the authorised share capital.

### **8. PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME**

The Previous Scheme was expired on 8 August 2014. As at the Latest Practicable Date, no options granted under the Previous Scheme remain outstanding. At this time, there are no other share incentive schemes offered by the Company or any of its subsidiaries.

At the AGM, an ordinary resolution will be proposed for Shareholders to approve and adopt the New Share Option Scheme. Participants may be granted Options to subscribe for Shares upon the terms and subject to the conditions of the New Share Option Scheme. The purpose of this circular is to provide you with information relating to the New Share Option Scheme.

A summary of the principal terms of the New Share Option Scheme is set out in Appendix III to this circular. A copy of the rules of the New Share Option Scheme is available for inspection at the principal place of business of the Company in Hong Kong as stated above, during normal business hours from the date hereof up to and including the date of the AGM, which is a period of not less than 14 days before the date of the AGM.

In accordance with the Listing Rules, the Company will publish an announcement on the outcome of the AGM in respect of the resolution relating to the proposed adoption of the New Share Option Scheme on the date of the AGM or any adjournment thereof.

#### **Purpose of the New Share Option Scheme**

The purpose of the New Share Option Scheme is to recognise, motivate and provide incentives to those who make contributions to the Group and attract and retain the best available personnel and provide additional incentive to the participants to promote the success of the business of the Group. The New Share Option Scheme will also give Participants an opportunity to have a real and personal direct interest in the Company, and align their interests with those of Shareholders.

For all the foregoing reasons, the Board is of the view that it is in the interests of the Company to adopt the New Share Option Scheme.

#### **Conditions Precedent of the New Share Option Scheme**

The New Share Option Scheme shall take effect subject to the following conditions:

- (a) the passing of an ordinary resolution to approve the adoption of the New Share Option Scheme by the Shareholders in general meeting and authorising the Directors to grant Options to subscribe for Shares hereunder and to allot and issue Shares pursuant to the exercise of any Options granted under the New Share Option Scheme; and

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## LETTER FROM THE BOARD

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- (b) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, any Shares to be issued and allotted pursuant to the exercise of Options granted under the New Share Option Scheme.

An application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

Once the New Share Option Scheme is adopted, any alterations to the terms and conditions thereof, which are of material nature, must be approved by the Shareholders, except where the alterations take effect automatically pursuant to the terms originally provided in the New Share Option Scheme.

### **Value of the Options**

The Directors consider that it is not appropriate to state the value of all Options that can be granted under the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the value the Options have not been determined. Such variables include but are not limited to the exercise price, exercise period, any lock up period, any performance targets set and other variables. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

### **Principal Terms of the New Share Option Scheme**

A summary of the principal terms of the New Share Option Scheme is set out in the Appendix III to this circular. The terms of the New Share Option Scheme are in line with the provisions of Chapter 17 of the Listing Rules, which governs the terms of the share option schemes of listed companies.

None of the Directors is a trustee of the New Share Option Scheme or has a direct or indirect interest in the trustee of the New Share Option Scheme, if any.

Under the New Share Option Scheme, the Board has the authority to set the terms and conditions in the grant of the Options (e.g. in relation to the minimum period of the Options to be held, the performance targets to be achieved before such Options can be exercised and the requirement for a minimum exercise price). The Board believes that this will provide the Board with more flexibility in imposing appropriate conditions in light of the circumstances of each grant and help facilitate the achievement of the purpose of the New Share Option Scheme, which is to provide incentives and rewards for the Participants' contributions to the Company.

### **Main Differences Between the New Share Option Scheme and the Previous Scheme**

The main differences between the terms of the New Share Option Scheme and the Previous Scheme are as follows:

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## LETTER FROM THE BOARD

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### **Who may join**

The Previous Scheme extended to senior employees or executive directors of the Group and who are over 21 years old. The participants of the New Share Option Scheme are employee, director, substantial shareholder, consultant, adviser, distributor, contractor, supplier, agent, customer, business partner or service provider of any member of the Group.

### **Maximum number of Shares issuable under the scheme**

The maximum number of shares comprised in options that may be granted under the Previous Scheme could not exceed 5% of the issued share capital as at the then adoption date, whereas under the New Share Option Scheme, it is 10% of the issued share capital as at the adoption date.

Under the Previous Scheme, the grant of option, exercise price and exercise period of an option would be recommended by a compensation committee of the Company and the options would be subject to a vesting period of three years. There is no such term under the New Share Option Scheme.

### **Suspension of exercise of option**

Under the Previous Scheme, the compensation committee may suspend the exercise of any option for any period not exceeding in aggregate of 60 days in any one year. There is no such term under the New Share Option Scheme.

## **9. PROPOSED RE-ELECTION OF RETIRING DIRECTORS**

At the AGM, Ms. Yeung So Lai, Mr. Lee Chi Shing, Caesar, Mr. Chiu Sze Wai Wilfred and Mr. Chow Wai Leung William will retire from office in accordance with Bye-law 114 of the Bye-laws and, being eligible, they all offer themselves for re-election and Ms. Hu Gin Ing will retire from office in accordance with Bye-law 111 of the Bye-laws and, being eligible, she offers herself for re-election as independent non-executive Director. Pursuant to Rule 13.74 of the Listing Rules, the details of the above retiring Directors as required under Rule 13.51(2) of the Listing Rules are set out in Appendix IV to this circular.

## **10. 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of the 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.

## **11. ANNUAL GENERAL MEETING**

AGM Notice is set out on pages 52 to 57 of this circular. A form of appointment of proxy (the "Proxy") for use at the AGM is dispatched with this circular and published on HKExnews, the website of Hong Kong Exchanges and Clearing Limited, at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company

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## LETTER FROM THE BOARD

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at [www.upi.com.hk](http://www.upi.com.hk) and [www.irasia.com/listco/hk/upi](http://www.irasia.com/listco/hk/upi). Whether or not you intend to attend the AGM, you are requested to complete the Proxy and return it to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 48 hours before the time appointed for the AGM or any adjournment thereof. Completion and return of the Proxy will not preclude you from attending and voting in person at the AGM and at any adjournment thereof if you so wish and, in such event, the Proxy shall be deemed to be revoked.

### 12. VOTING BY POLL

All the resolutions set out in the AGM Notice would be decided by poll in accordance with the Listing Rules and the Bye-laws. To the best of the Directors' knowledge, information and belief, none of the Shareholders is required to abstain from voting for the resolutions to be proposed at the Annual General Meeting.

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 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 votes or cast all his votes in the same way.

After the conclusion of the AGM, the poll results will be published on HKExnews, the website of Hong Kong Exchanges and Clearing Limited, at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.upi.com.hk](http://www.upi.com.hk) and [www.irasia.com/listco/hk/upi](http://www.irasia.com/listco/hk/upi). The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded or required.

### 13. RECOMMENDATION

The Directors believe that the proposed Issue Mandate, the Repurchase Mandate, the extension of the Issue Mandate, the Change of Company Name, the adoption of New Bye-laws, the Increase in Authorised Share Capital, the adoption of New Share Option Scheme and the re-election of the retiring Directors are all in the best interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of all the ordinary resolutions and special resolutions as set out in the AGM Notice.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on any of the resolutions to be proposed at the AGM. Save for the resolution in relation to his/her re-election as Director, none of the Directors has a material interest in any of the resolutions and is required to abstain from the Board meeting.

### 14. GENERAL

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

Yours faithfully,  
For and on behalf of the Board  
**United Pacific Industries Limited**  
**Ms Yeung So Lai**  
*Chairman*

*This appendix serves as an explanatory statement, as required by the Listing Rules, to provide certain information to you for your consideration of the Repurchase Mandate.*

## **1.    SHARE CAPITAL**

As at the Latest Practicable Date, there was a total of 1,318,279,590 Shares in issue. Subject to the passing of the ordinary resolution approving the Repurchase Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of AGM, the Directors would be authorised under the Repurchase Mandate to repurchase up to a maximum of 131,827,959 Shares during the period ending on the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the end of the period within which the Company is required by the Companies Act or the Bye-laws to hold its next annual general meeting; and (iii) the date of revocation or variation of the Repurchase Mandate by an ordinary resolution of Shareholders in general meeting prior to the next annual general meeting of the Company.

## **2.    REASONS FOR REPURCHASE MANDATE**

The Directors believe that the Repurchase Mandate will provide the Company the flexibility to make such repurchases when appropriate and beneficial to the Company and the Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders as a whole.

## **3.    FUNDING OF REPURCHASES**

Repurchases made pursuant to the Repurchase Mandate would be financed entirely from the funds legally available for such purposes in accordance with the memorandum of association of the Company and Bye-laws, the applicable laws of Bermuda and the Listing Rules.

There might be a material adverse impact on the working capital or gearing position of the Company in the event that the Repurchase Mandate is exercised in full as compared with the position disclosed in the latest published audited accounts for the year ended 31 December 2016.

However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

## **4.    DIRECTORS AND THEIR CLOSE ASSOCIATES**

To the best of the knowledge and belief of the Directors, having made all reasonable enquiries, none of the Directors nor any of their close associates has any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell any Shares to the Company.



The Company has not been notified by any core connected person that such a person has a present intention to sell any Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

#### **5.    UNDERTAKING OF THE DIRECTORS**

The Directors have undertaken to the Stock Exchange that they will exercise the Repurchase Mandate in accordance with the Listing Rules and all applicable laws of Bermuda, and in accordance with the memorandum of association of the Company and the Bye-laws.

#### **6.    TAKEOVERS CODE CONSEQUENCES**

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition pursuant to Rule 26 of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, depending on the level of increase of the interest of the Shareholder (and concerted parties, if any), could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Super Fame Holdings Limited, the substantial Shareholder, is interested in 768,487,998 Shares, representing approximately 58.29% of the total issued Shares. Based on such shareholding and in the event that the Directors exercise the power in full to repurchase Shares pursuant to the Repurchase Mandate, the interest of Super Fame Holdings Limited and its associates will be increased to approximately 64.77% of the total issued Shares. No obligation to make a mandatory offer to Shareholders under the Takeovers Code would arise.

In the event that the Repurchase Mandate is exercised in full, the number of Shares held by the public would not fall below 25%.

#### **7.    SHARE REPURCHASES MADE BY THE COMPANY**

During the six months preceding the Latest Practicable Date, no Share had been repurchased by the Company, whether on the Stock Exchange or otherwise.

**8.    SHARE PRICES**

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous 12 months preceding the Latest Practicable Date:

	<b>Per Share</b>	
	<b>Highest</b>	<b>Lowest</b>
	<i>(HK\$)</i>	<i>(HK\$)</i>
2016		
April	0.5100	0.4450
May	0.4750	0.4300
June	0.4500	0.3950
July	0.4050	0.3950
August	0.4250	0.3900
September	0.5700	0.4100
October	0.5100	0.4450
November	0.5500	0.4350
December	0.5400	0.4850
2017		
January	0.5900	0.4700
February	0.6700	0.5000
March	0.5600	0.5300
April (Up to the Latest Practicable Date)	0.6500	0.5200

**SUMMARY OF THE CONSTITUTION OF THE COMPANY  
AND BERMUDA COMPANY LAW**

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Set out below is a summary of certain provisions of the memorandum of association (the “Memorandum of Association”) and bye-laws (the “Bye-laws”) of the Company and of certain aspects of Bermuda company law.

**1. MEMORANDUM OF ASSOCIATION**

The Memorandum of Association 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 Association 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 Association empowers the Company to purchase its own shares and pursuant to its Bye-laws, this power is exercisable by the board of Directors (the “board”) upon such terms and subject to such conditions as it thinks fit.

**2. BYE-LAWS**

The new Bye-laws will be adopted at the AGM on 6 June 2017 subject to the passing of a special resolution by Shareholders. The following is a summary of certain provisions of the Bye-laws:

**(a) Directors**

*(i) Power to allot and issue shares and warrants*

Subject to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may 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). Subject to the Companies Act, any preference shares may be issued or converted into shares that are liable to be redeemed, at a determinable date or at the option of the Company or, if so authorised by the Memorandum of Association, at the option of the holder, on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution determine. The board may issue warrants conferring the right upon the holders thereof 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.

Subject to the provisions of the Companies Act, the Bye-laws, any direction that may be given by the Company in general meeting and, where applicable, the rules of any Designated Stock Exchange (as defined in the Bye-laws) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

*(ii) Power to dispose of the assets of the Company or any of its subsidiaries*

There are no specific provisions in the Bye-laws relating to the disposal of the assets of the Company or any of its subsidiaries.

*Note:* The Directors may, however, 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 Bye-laws or the Companies Act to be exercised or done by the Company in general meeting.

*(iii) Compensation or payments for loss of office*

Payments to any Director or past Director 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 and provision of security for loans to Directors*

There are no provisions in the Bye-laws relating to the making of loans to Directors. However, the Companies Act contains restrictions on companies making loans or providing security for loans to their directors, the relevant provisions of which are summarised in the paragraph headed “Bermuda Company Law” in this Appendix.

*(v) Financial assistance to purchase shares of the Company*

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Bye-laws) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

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

A Director may 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, subject to the Companies Act, upon such terms as the board may determine, and may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Bye-laws. A Director may be or become a director or other officer of, or a member of, 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, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Bye-laws, 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.

Subject to the Companies Act and to the Bye-laws, 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 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 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.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates (as defined in the Bye-laws) is materially interested but this prohibition shall not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) 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 close 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;

- (cc) any contract or arrangement 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 close 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 close 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; or
- (ee) 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, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

*(vii) Remuneration*

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such remuneration (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 any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by them in attending any board meetings, committee meetings 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 their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (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 Bye-law. A Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and 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 may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependants or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

*(viii) Retirement, appointment and removal*

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

*Note:* There are no provisions relating to retirement of Directors upon reaching any age limit.

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, subject to authorisation by the members in general meeting, as an addition to the existing board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the members in general meeting. 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. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

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 any breach of any contract between him and the Company) provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention to do so and be served on such Director fourteen (14) days before the meeting and, at such meeting,

such Director shall be entitled to be heard on the motion for his removal. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors unless otherwise determined from time to time by members of the Company.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period (subject to their continuance as Directors) and upon such terms as the board may determine and the board may revoke or terminate any of such appointments (but without prejudice to any claim for damages that such Director may have against the Company or vice versa). The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and 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, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

*(ix) Borrowing powers*

The board may from time to time at its discretion exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Act, to issue debentures, bonds and 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.

*Note:* These provisions, in common with the Bye-laws in general, can be varied with the sanction of a special resolution of the Company.

**(b) Alterations to constitutional documents**

The Bye-laws may be rescinded, altered or amended by the Directors subject to the confirmation of the Company in general meeting. The Bye-laws state that a special resolution shall be required to alter the provisions of the Memorandum of Association, to confirm any such rescission, alteration or amendment to the Bye-laws or to change the name of the Company.

**(c) Alteration of capital**

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Act:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;



- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares as the directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association;
- (v) change the currency denomination of its share capital;
- (vi) make provision for the issue and allotment of shares which do not carry any voting rights; and
- (vii) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may, by special resolution, subject to any confirmation or consent required by law, reduce its authorised or issued share capital or, save for the use of share premium as expressly permitted by the Companies Act, any share premium account or other undistributable reserve.

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

Subject to the Companies Act, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths 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 Bye-laws relating to general meetings will mutatis mutandis apply, but so that 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 authorised 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 two holders present in person or (in the case of a member being a corporation) its duly authorised representative or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

**(e) Special resolution-majority required**

A special resolution of the Company must be passed by a majority of not less than three-fourths of the 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 duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Bye-laws (see paragraph 2(i) below for further details).

**(f) Voting rights**

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Bye-laws, at any general meeting on a poll every member present in person or by proxy or (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 installments is treated for the foregoing purposes as paid up on the share.

A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares held by that clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Bye-laws), 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 shareholder in contravention of such requirement or restriction shall not be counted.

**(g) Requirements for annual general meetings**

An annual general meeting of the Company must be held in each year other than the year in which its statutory meeting is convened at such time (within a period of not more than 15 months after the holding of the last preceding annual general meeting unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Bye-laws)) and place as may be determined by the board.

**(h) Accounts and audit**

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 receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the provisions of the Companies Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or, subject to the Companies Act, at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting.

Subject to the Companies Act, a printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the auditors' report, shall be sent to each person entitled thereto at least twenty-one (21) days before the date of the general meeting and at the same time as the notice of annual general meeting and laid before the Company at the annual general meeting in accordance with the requirements of the Companies Act provided that this provision shall not require a copy of those documents to be sent to any person whose address the Company is not aware or to more than one of the joint holders of any shares or debentures; however, to the extent permitted by and subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Bye-laws), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Subject to the Companies Act, at the annual general meeting or at a subsequent special general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the members appoint another auditor. Such auditor may be a member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company. The remuneration of the auditor shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than Bermuda. If the auditing standards of a country or jurisdiction other than Bermuda are used, the financial statements and the report of the auditor should disclose this fact and name such country and jurisdiction.

**(i) Notices of meetings and business to be conducted thereat**

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings (including a special general meeting) must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange (as defined in the Bye-laws), it shall be deemed to have been duly called if it is so agreed:

in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together representing not less than ninety-five per cent (95%) of the total voting rights at the meeting of all the members.

**(j) Transfer of shares**

All transfers of shares may be effected in any manner permitted by and in accordance with the rules of the Designated Stock Exchange by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so 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 also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law 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.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall 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 registered office in Bermuda or such other place in Bermuda at which the principal register is kept in accordance with the Companies Act.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Bye-laws) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept 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).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in an appointed newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Bye-laws), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

**(k) Power for the Company to purchase its own shares**

The Bye-laws supplement the Company's Memorandum of Association (which gives the Company the power to purchase its own shares) by providing that the power is exercisable by the board upon such terms and conditions as it thinks fit.

**(l) Power for any subsidiary of the Company to own shares in the Company**

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

**(m) Dividends and other methods of distribution**

Subject to the Companies Act, the Company in general meeting may 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. The Company in general meeting may also make a distribution to its members out of contributed surplus (as ascertained in accordance with the Companies Act). No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than its liabilities.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies 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.

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 shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders 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 an ordinary 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 shareholders to elect to receive such dividend in cash in lieu of such allotment.

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.

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.

**(n) Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company is 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 of the Company. 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.

**(o) Call on shares and forfeiture of shares**

Subject to the Bye-laws and to the terms of allotment, the board may from time to time make such calls 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). A call may be made payable either in one lump sum or by installments. 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 twenty per cent. (20%) per annum as the board may agree to accept 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 monies uncalled and unpaid or installments 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) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating 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 monies 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 the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

**(p) Inspection of register of members**

The register and branch register of members shall be open to inspection between 10:00 a.m. and 12:00 noon during business hours by members of the public without charge at the registered office or such other place in Bermuda at which the register is kept in accordance with the Companies Act, unless the register is closed in accordance with the Companies Act.

**(q) Quorum for meetings and separate class meetings**

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

**(r) Rights of the minorities in relation to fraud or oppression**

There are no provisions in the Bye-laws relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Bermuda law, as summarised in paragraph 4(e) of this Appendix.

**(s) Procedures on liquidation**

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

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 Act, divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, 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 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 members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

**(t) Untraceable members**

The Company may sell any of the shares of a member who is untraceable if (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 have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Bye-laws) giving notice of its intention to sell such shares and a period of three months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Bye-laws), has elapsed since such advertisement and the Designated Stock Exchange (as defined in the Bye-laws) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.



**(u) Other provisions**

The Bye-laws provide that to the extent that it is not prohibited by and is in compliance with the Companies Act, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

The Bye-laws also provide that the Company is required to maintain at its registered office a register of directors and officers in accordance with the provisions of the Companies Act and such register is open to inspection by members of the public without charge between 10:00 a.m. and 12:00 noon during business hours.

**3. VARIATION OF MEMORANDUM OF ASSOCIATION AND BYE-LAWS**

The Memorandum of Association may be altered by the Company in general meeting. The Bye-laws may be amended by the Directors subject to the confirmation of the Company in general meeting. The Bye-laws state that a special resolution shall be required to alter the provisions of the Memorandum of Association or to confirm any amendment to the Bye-laws or to change the name of the Company. For these purposes, a resolution is a special resolution if it has been passed by a majority of not less than three-fourths of the votes cast by such members of the Company as, being entitled to do so, vote in person or, in the case of such members as are corporations, by their respective duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than twenty-one (21) clear days' and not less than ten clear business days' notice specifying the intention to propose the resolution as a special resolution has been duly given. Except in the case of an annual general meeting, the requirement of twenty-one (21) clear days' notice may be waived by a majority in number of the members having the right to attend and vote at the relevant meeting, being a majority together holding not less than 95 percent in nominal value of the shares giving that right.

**4. BERMUDA COMPANY LAW**

The Company is incorporated in Bermuda and, therefore, operates subject to Bermuda law. Set out below is a summary of certain provisions of Bermuda company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Bermuda company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

**(a) Share capital**

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account", to which the provisions of the Companies Act relating to a reduction of share capital of a company shall apply as if the share premium account was paid up share capital of the company except that the share premium account may be applied by the company:

- (i) in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares;
- (ii) in writing off:
  - (aa) the preliminary expenses of the company; or
  - (bb) the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; or
- (iii) in providing for the premiums payable on redemption of any shares or of any debentures of the company.

In the case of an exchange of shares the excess value of the shares acquired over the nominal value of the shares being issued may be credited to a contributed surplus account of the issuing company.

The Companies Act permits a company to issue preference shares and subject to the conditions stipulated therein to convert those preference shares into redeemable preference shares.

The Companies Act includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. Where provision is made by the memorandum of association or bye-laws for authorising the variation of rights attached to any class of shares in the company, the consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required, and where no provision for varying such rights is made in the memorandum of association or bye-laws and nothing therein precludes a variation of such rights, the written consent of the holders of three-fourths of the issued shares of that class or the sanction of a resolution passed as aforesaid is required.

**(b) Financial assistance to purchase shares of a company or its holding company**

There is no longer any statutory restriction in Bermuda on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in accordance with their fiduciary duties to the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

**(c) Purchase of shares and warrants by a company and its subsidiaries**

A company may, if authorised by its memorandum of association or bye-laws, purchase its own shares. Such purchases may only be effected out of the capital paid up on the purchased shares or out of the funds of the company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of funds of the company otherwise available for dividend or distribution or out of the company's share premium account. Any amount due to a shareholder on a purchase by a company of its own shares may (i) be paid in cash; (ii) be satisfied

by the transfer of any part of the undertaking or property of the company having the same value; or (iii) be satisfied partly under (i) and partly under (ii). Any purchase by a company of its own shares may be authorised by its board of directors or otherwise by or in accordance with the provisions of its bye-laws. Such purchase may not be made if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the company is, or after the purchase would be, unable to pay its liabilities as they become due. The shares so purchased may either be cancelled or held as treasury shares. Any purchased shares that are cancelled will, in effect, revert to the status of authorised but unissued shares. If shares of the company are held as treasury shares, the company is prohibited to exercise any rights in respect of those shares, including any right to attend and vote at meetings, including a meeting under a scheme of arrangement, and any purported exercise of such a right is void. No dividend shall be paid to the company in respect of shares held by the company as treasury shares; and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) shall be made to the company in respect of shares held by the company as treasury shares. Any shares allotted by the company as fully paid bonus shares in respect of shares held by the company as treasury shares shall be treated for the purposes of the Companies Act as if they had been acquired by the company at the time they were allotted.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Bermuda law that a company's memorandum of association or its bye-laws contain a specific provision enabling such purchases.

Under Bermuda law, a subsidiary may hold shares in its holding company and in certain circumstances, may acquire such shares. A company, whether a subsidiary or a holding company, may only purchase its own shares if it is authorised to do so in its memorandum of association or bye-laws pursuant to section 42A of the Companies Act.

**(d) Dividends and distributions**

A company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the company's assets would thereby be less than its liabilities. Contributed surplus is defined for purposes of section 54 of the Companies Act to include the proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the company.

**(e) Protection of minorities**

Class actions and derivative actions are generally not available to shareholders under the laws of Bermuda. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong done to the company where the act complained of is alleged to be beyond the corporate power of the company or is illegal or would result in the violation of the company's memorandum of association and bye-laws. Furthermore, consideration would be given by the court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than actually approved it.

Any member of a company who complains that the affairs of the company are being conducted or have been conducted in a manner oppressive or prejudicial to the interests of some part of the members, including himself, may petition the court which may, if it is of the opinion that to wind up the company would unfairly prejudice that part of the members but that otherwise the facts would justify the making of a winding up order on just and equitable grounds, make such order as it thinks fit, whether for regulating the conduct of the company's affairs in future or for the purchase of shares of any members of the company by other members of the company or by the company itself and in the case of a purchase by the company itself, for the reduction accordingly of the company's capital, or otherwise. Bermuda law also provides that the company may be wound up by the Bermuda court, if the court is of the opinion that it is just and equitable to do so. Both these provisions are available to minority shareholders seeking relief from the oppressive conduct of the majority, and the court has wide discretion to make such orders as it thinks fit.

Except as mentioned above, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in Bermuda.

A statutory right of action is conferred on subscribers of shares in a company against persons, including directors and officers, responsible for the issue of a prospectus in respect of damage suffered by reason of an untrue statement therein, but this confers no right of action against the company itself. In addition, such company, as opposed to its shareholders, may take action against its officers including directors, for breach of their statutory and fiduciary duty to act honestly and in good faith with a view to the best interests of the company.

**(f) Management**

The Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Furthermore, the Companies Act requires that every officer should comply with the Companies Act, regulations passed pursuant to the Companies Act and the bye-laws of the company. The directors of a company may, subject to the bye-laws of the company, exercise all the powers of the company except those powers that are required by the Companies Act or the bye-laws to be exercised by the members of the company.

**(g) Accounting and auditing requirements**

The Companies Act requires a company to cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Furthermore, it requires that a company keeps its records of account at the registered office of the company or at such other place as the directors think fit and that such records shall at all times be open to inspection by the directors or the resident representative of the company. If the records of account are kept at some place outside Bermuda, there shall be kept at the office of the company in Bermuda such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each three month period, except that where the company is listed on an appointed stock exchange, there shall be kept such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each six month period.

The Companies Act requires that the directors of the company must, at least once a year, lay before the company in general meeting financial statements for the relevant accounting period. Further, the company's auditor must audit the financial statements so as to enable him to report to the members. Based on the results of his audit, which must be made in accordance with generally accepted auditing standards, the auditor must then make a report to the members. The generally accepted auditing standards may be those of a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be appointed by the Minister of Finance of Bermuda under the Companies Act; and where the generally accepted auditing standards used are other than those of Bermuda, the report of the auditor shall identify the generally accepted auditing standards used. All members of the company are entitled to receive a copy of every financial statement prepared in accordance with these requirements, at least five (5) days before the general meeting of the company at which the financial statements are to be tabled. A company the shares of which are listed on an appointed stock exchange may send to its members summarized financial statements instead. The summarized financial statements must be derived from the company's financial statements for the relevant period and contain the information set out in the Companies Act. The summarized financial statements sent to the company's members must be accompanied by an auditor's report on the summarized financial statements and a notice stating how a member may notify the company of his election to receive financial statements for the relevant period and/or for subsequent periods.

The summarized financial statements together with the auditor's report thereon and the accompanied notice must be sent to the members of the company not less than twenty-one (21) days before the general meeting at which the financial statements are laid. Copies of the financial statements must be sent to a member who elects to receive the same within seven (7) days of receipt by the company of the member's notice of election.

**(h) Auditors**

Unless the requirement to appoint an auditor is waived by all of the shareholders and all of the directors, either in writing or at the general meeting, any auditor appointed shall hold office until a successor is appointed by the members or if the members fail to do so until the directors appoint a successor.

A person, other than an incumbent auditor, shall not be capable of being appointed auditor at a general meeting unless notice in writing of an intention to nominate that person to the office of auditor has been given not less than twenty-one (21) days before the general meeting. The company must send a copy of such notice to the incumbent auditor and give notice thereof to the members not less than seven (7) days before the general meeting. An incumbent auditor may, however, by notice in writing to the secretary of the company waive the requirements of the foregoing.

Where an auditor is appointed to replace another auditor, the new auditor must seek from the replaced auditor a written statement as to the circumstances of the latter's replacement. If the replaced auditor does not respond within fifteen (15) days, the new auditor may act in any event. An appointment as auditor of a person who has not requested a written statement from the replaced auditor is voidable by a resolution of the shareholders at a general meeting. An auditor who has resigned, been removed or whose term of office has expired or is about to expire, or who has vacated office is entitled to attend the general meeting of the company at which he is to be removed or his successor is to be appointed; to receive all notices of, and other communications relating to, that meeting which a member is entitled to receive; and to be heard at that meeting on any part of the business of the meeting that relates to his duties as auditor or former auditor.

**(i) Exchange control**

An exempted company is usually designated as "non-resident" for Bermuda exchange control purposes by the Bermuda Monetary Authority. Where a company is so designated, it is free to deal in currencies of countries outside the Bermuda exchange control area which are freely convertible into currencies of any other country. The permission of the Bermuda Monetary Authority is required for the issue of shares and securities by the company and the subsequent transfer of such shares and securities. In granting such permission, the Bermuda Monetary Authority accepts no responsibility for the financial soundness of any proposals or for the correctness of any statements made or opinions expressed in any document with regard to such issue. Before the company can issue or transfer any further shares and securities in excess of the amounts already approved, it must obtain the prior consent of the Bermuda Monetary Authority.

The Bermuda Monetary Authority has granted general permission for the issue and transfer of shares and securities to and between persons regarded as resident outside Bermuda for exchange control purposes without specific consent for so long as any equity securities, including shares, are listed on an appointed stock exchange (as defined in the Companies Act). Issues to and transfers involving persons regarded as "resident" for exchange control purposes in Bermuda will be subject to specific exchange control authorisation.

**(j) Taxation**

Under present Bermuda law, no Bermuda withholding tax on dividends or other distributions, nor any Bermuda tax computed on profits or income or on any capital asset, gain or appreciation will be payable by an exempted company or its operations, nor is there any Bermuda tax in the nature of estate duty or inheritance tax applicable to shares, debentures or other obligations of the company held by non-residents of Bermuda. Furthermore, a company may apply to the Minister of Finance of Bermuda for an assurance, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, that no such taxes shall be so applicable until 31st March 2035, although this assurance will not prevent the imposition of any Bermuda tax payable in relation to any land in Bermuda leased or let to the company or to persons ordinarily resident in Bermuda.

**(k) Stamp duty**

An exempted company is exempt from all stamp duties except on transactions involving “Bermuda property”. This term relates, essentially, to real and personal property physically situated in Bermuda, including shares in local companies (as opposed to exempted companies). Transfers of shares and warrants in all exempted companies are exempt from Bermuda stamp duty.

**(l) Loans to directors**

Bermuda law prohibits the making of loans by a company to any of its directors or to their families or companies in which they hold more than a twenty per cent. (20%) interest, without the consent of any member or members 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 (a) anything done to provide a director with funds to meet the 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 will be repaid within six months of the next following annual general meeting or in the case of a company that has made an election to dispense with annual general meetings in accordance with the Companies Act, at or before the next following general meeting which shall be convened within 12 months of the authorisation of the making of the loan, if the loan is not approved at or before such meeting, (b) in the case of a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, anything done by the company in the ordinary course of that business, or (c) any advance of moneys by the company to any officer or auditor under Section 98(2)(c) of the Companies Act which allows the company to advance moneys to an officer or auditor of the company for the costs incurred in defending any civil or criminal proceedings against them, on condition that the officer or auditor shall repay the advance if any allegation of fraud or dishonesty is proved against them. 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 therefrom.

**(m) Inspection of corporate records**

Members of the general public have the right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda which will include the company’s certificate of incorporation, its memorandum of association (including its objects and powers) and any

alteration to the company's memorandum of association. The members of the company have the additional right to inspect the bye-laws of a company, minutes of general meetings and the company's audited financial statements. Minutes of general meetings of a company are also open for inspection by directors of the company without charge for not less than two (2) hours during business hours each day. The register of members of a company is open for inspection by members of the public without charge. The company is required to maintain its share register in Bermuda but may, subject to the provisions of the Companies Act, establish a branch register outside Bermuda. Any branch register of members established by the company is subject to the same rights of inspection as the principal register of members of the company in Bermuda. Any person may on payment of a fee prescribed by the Companies Act require a copy of the register of members or any part thereof which must be provided within fourteen (14) days of a request. Bermuda law does not, however, provide a general right for members to inspect or obtain copies of any other corporate records.

A company is required to maintain a register of directors and officers at its registered office and such register must be made available for inspection for not less than two (2) hours in each day by members of the public without charge. If summarized financial statements are sent by a company to its members pursuant to section 87A of the Companies Act, a copy of the summarized financial statements must be made available for inspection by the public at the registered office of the company in Bermuda.

**(n) Winding up**

A company may be wound up by the Bermuda court on application presented by the company itself, its creditors or its contributors. The Bermuda court also has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Bermuda court, just and equitable that such company be wound up.

A company may be wound up voluntarily when the members so resolve in general meeting, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above. Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval.

Where, on a voluntary winding up, a majority of directors make a statutory declaration of solvency, the winding up will be a members' voluntary winding up. In any case where such declaration has not been made, the winding up will be a creditors' voluntary winding up.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators within the period prescribed by the Companies Act for the purpose of winding up the affairs of the company and distributing its assets. If the liquidator at any time forms the opinion that such company will not be able to pay its debts in full, he is obliged to summon a meeting of creditors.



As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting requires at least one month's notice published in an appointed newspaper in Bermuda.

In the case of a creditors' voluntary winding up of a company, the company must call a meeting of creditors of the company to be summoned on the day following the day on which the meeting of the members at which the resolution for winding up is to be proposed is held. Notice of such meeting of creditors must be sent at the same time as notice is sent to members. In addition, such company must cause a notice to appear in an appointed newspaper on at least two occasions.

The creditors and the members at their respective meetings may nominate a person to be liquidator for the purposes of winding up the affairs of the company provided that if the creditors nominate a different person, the person nominated by the creditors shall be the liquidator. The creditors at the creditors' meeting may also appoint a committee of inspection consisting of not more than five persons.

If a creditors' winding up continues for more than one year, the liquidator is required to summon a general meeting of the company and a meeting of the creditors at the end of each year to lay before such meetings an account of his acts and dealings and of the conduct of the winding up during the preceding year. As soon as the affairs of the company are fully wound up, the liquidator must make an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon shall call a general meeting of the company and a meeting of the creditors for the purposes of laying the account before such meetings and giving an explanation thereof.

**(a) Definitions**

For the purpose of this section, the following expressions have the meanings set out below unless the context requires otherwise:

”Adoption Date”	6 June 2017 (the date on which the New Share Option Scheme is conditionally adopted by the Shareholders at general meeting);
”Board”	the board of Directors or a duly authorised committee of the board of Directors
”Business Day”	any day on which the Stock Exchange is open for the business of dealings in securities
”Group”	the Company and any entity in which the Company, directly or indirectly, holds any equity interest
”Scheme Period”	the period commencing on the Adoption Date and expiring at the close of business on the business day immediately preceding the tenth anniversary thereof

**(b) Summary of terms**

The following is a summary of the principal terms of the rules of the New Share Option Scheme:

*(i) Purpose of the New Share Option Scheme*

The purpose of the New Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, substantial shareholders, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

*(ii) Who may join and basis of eligibility*

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, substantial shareholder, consultant, adviser, distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, options to subscribe at a price calculated in accordance with paragraph (iii) below for such number of Shares as it may determine in accordance with the terms of the New Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

*(iii) Price of Shares*

The subscription price of a Share in respect of any particular option granted under the New Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

*(iv) Grant of options and acceptance of offers*

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.

*(v) Maximum number of Shares*

- (aa) Subject to sub-paragraphs (bb) and (cc) below, the maximum number of Shares issuable upon exercise of all options to be granted under the New Share Option Scheme and any other share option schemes of the Company as from the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the New Share Option Scheme or any other share option schemes of the Company) must not in aggregate exceed 10% of all the Shares in issue as at the Adoption Date. Therefore, it is expected that the Company may grant options in respect of up to 131,827,959 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 131,827,959 Shares from time to time) to the participants under the New Share Option Scheme.
- (bb) The 10% limit as mentioned above may be refreshed at any time by approval of the Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the New Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled or lapsed in accordance with the terms of the New Share Option Scheme and any other share option schemes of the Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to the Shareholders containing the information as required under the Listing Rules in this regard.

- (cc) The Company may seek separate approval by the Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to the Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose and all other information required under the Listing Rules.
- (dd) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under the New Share Option Scheme or any other share option schemes of the Company if this will result in such 30% limit being exceeded.
- (ee) If the Company conducts a share consolidation or subdivision after the 10% limit set out in paragraphs (v)(aa) or (v)(bb) (as the case may be) has been approved in general meeting, the maximum number of Shares that may be issued upon exercise of all options to be granted under all of the share option schemes of the Company under the 10% limit set out in paragraphs (v)(aa) or (v)(bb) (as the case may be) as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same.

*(vi) Maximum entitlement of each participant*

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the New Share Option Scheme or any other share option schemes of the Company in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his associates abstaining from voting. In such event, the Company must send a circular to the Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of the Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

*(vii) Grant of options to certain connected persons*

- (aa) Any grant of an option to a Director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).

(bb) Where any grant of options to a substantial Shareholder or an independent non-executive Director (or any of their respective associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the New Share Option Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:

- (i) representing in aggregate over 0.1% of the Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options is required to be approved by the Shareholders at a general meeting of the Company, with voting to be taken by way of poll. The Company shall send a circular to the Shareholders containing all information as required under the Listing Rules in this regard. All connected persons of the Company shall abstain from voting (except where any connected person intends to vote against the proposed grant). Any change in the terms of an option granted to a substantial Shareholder or an independent non-executive Director or any of their respective associates is also required to be approved by the Shareholders in the aforesaid manner.

*(viii) Restrictions on the times of grant of options*

(aa) The Company may not grant any options after inside information has come to its knowledge until such inside information has been announced. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules);
- (ii) the deadline for the Company to publish an announcement of the results for any year, or half-year under the Listing Rules, or quarterly or other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement; and
- (iii) no option may be granted during any period of delay in publishing a results announcement.

(bb) Further to the restrictions in paragraph (aa) above, no option may be granted to a Director on any day on which financial results of the Company are published:

- (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

- (ii) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

*(ix) Time of exercise of option*

An option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

*(x) Performance targets*

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

*(xi) Ranking of Shares*

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that the Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of the Company as the holder thereof.

*(xii) Rights are personal to grantee*

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

*(xiii) Rights on cessation of employment by death*

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (xiv) below arises within a period of three years prior to the death, in the case the grantee is an employee at the date of grant), the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his death provided that where any of the events referred to in (xvii), (xviii) and (xix) occurs prior to his death or within such period of 12 months following his death, then his legal personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

*(xiv) Rights on cessation of employment by dismissal*

In the event that the grantee is an employee of the Group at the date of grant and he subsequently ceases to be an employee of the Group on any one or more of the grounds that he has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Group, his option shall lapse automatically (to the extent not already exercised) on the date of cessation of his employment with the Group.

*(xv) Rights on cessation of employment for other reasons*

In the event that the grantee is an employee, a consultant or an adviser (as the case may be) of a member of the Group at the date of grant and he subsequently ceases to be an employee, a consultant or an adviser (as the case may be) of the Group for any reason other than his death or the termination of his employment of an employee or engagement of a consultant or an adviser (as the case may be) on one or more of the grounds specified in (xiv) above, the option (to the extent not already lapsed or exercised) shall lapse on the expiry of 6 months after the date of cessation of such employment of an employee or engagement of a consultant or an adviser (as the case may be) (which date will be in the case of an employee the last actual working day, on which the grantee was physically at work with the Company or the relevant member of the Group whether salary is paid in lieu of notice or not, and in the case of a consultant or an adviser (as the case may be), the last actual day of providing consultancy or advisory services to the relevant member of the Group).

*(xvi) Effects of alterations to share capital*

In the event of any alteration in the capital structure of the Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which any member of the Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised; and/or the subscription prices, as the auditors of or independent financial adviser to the Company shall certify or confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable in compliance with the requirements set out in the note to Rule 17.03(13) of the Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange from time to time, provided that any alteration shall give a grantee, the same proportion of the issued share capital of the Company as that to which he was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value. The capacity of the auditors or the independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrators and their confirmation shall, in the absence of manifest error, be final and conclusive and binding on the Company and the Grantees. In respect of any adjustments required by this paragraph, other than any made on a capitalisation issue, the Auditors or the independent financial adviser, as the case may be, shall confirm to the Board in writing that the adjustments satisfy the requirements set out in Rule 17.03(13) of the Listing Rules and the note thereto and/or such other requirement prescribed under the Listing Rules from time to time.

*(xvii) Rights on a general offer*

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all the Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/ or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already lapsed or exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

*(xviii) Rights on winding-up*

In the event a notice is given by the Company to the members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it dispatches such notice to each member of the Company give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than two Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

*(xix) Rights on compromise or arrangement*

In the event of a compromise or arrangement between the Company and the Shareholders or the creditors of the Company being proposed in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies pursuant to the Companies Law, the Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representatives) on the same day as it gives notice of the meeting to the Shareholders or the creditors to consider such a compromise or arrangement and the options (to the extent not already lapsed or exercised) shall become exercisable in whole or in part on such date not later than two Business Days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement (“**Suspension Date**”), by giving notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the Suspension Date, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether



upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the New Share Option Scheme) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or willful default on the part of the Company or any of the officers.

*(xx) Lapse of options*

An option shall lapse automatically on the earliest of:

- (aa) the expiry of the period referred to in paragraph (ix) above;
- (bb) the date on which the Board exercises the Company's right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (xii);
- (cc) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (xiii), (xv), (xvii), (xviii) or (xix) above;
- (dd) subject to paragraph (xviii) above, the date of the commencement of the winding-up of the Company;
- (ee) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his integrity or honesty;
- (ff) where the grantee is only a substantial shareholder of any member of the Group, the date on which the grantee ceases to be a substantial shareholder of such member of the Group;  
or
- (gg) subject to the compromise or arrangement as referred to in paragraph (xix) become effective, the date on which such compromise or arrangement becomes effective.

*(xxi) Cancellation of options granted but not yet exercised*

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion sees fit and in manner that complies with all applicable legal requirements for such cancellation.

*(xxii) Period of the New Share Option Scheme*

The New Share Option Scheme will remain in force for a period of ten years commencing on the date on the Adoption Date and shall expire at the close of business on the Business Day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

*(xxiii) Alteration to the New Share Option Scheme*

- (aa) The New Share Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the New Share Option Scheme which alters to the advantage of the grantees of the options relating to matters governed by Rule 17.03 of the Listing Rules shall not be made except with the prior approval of the Shareholders in general meeting.
- (bb) Any amendment to any terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of the Board in respect of alteration of the New Share Option Scheme must be approved by Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (cc) Any amendment to any terms of the New Share Option Scheme or the options granted shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

*(xxiv) Termination to the New Share Option Scheme*

The Company by resolution in general meeting or the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the New Share Option Scheme.

*(xxv) Conditions of the New Share Option Scheme*

The New Share Option Scheme is conditional upon the Listing Committee granting the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of any options which may be granted under the New Share Option Scheme.

**(c) Present status of the New Share Option Scheme**

Application will be made to the Listing Committee for the listing of and permission to deal in 131,827,959 (or such numbers of Shares as shall result from a sub-division or a consolidation of such 131,827,959 Shares from time to time) Shares which fall to be issued pursuant to the exercise of options which may be granted under the New Share Option Scheme.

As at the date of this circular, no option has been granted or agreed to be granted under the New Share Option Scheme.

The following are particulars of the directors who will retire from office, all of who, being eligible, offer themselves for re-election at the AGM:

**Executive Directors**

**Ms. Yeung So Lai**, aged 39, has been appointed as an executive Director since 25 January 2017 and as directors of various subsidiaries of the Company. Ms. Yeung is presently a director of a number of private companies engaged in the business of investment holding and is experienced in corporate management. Ms. Yeung was also the executive director and chief executive officer of Sun Century Group Limited (formerly known as Hong Long Holdings Limited) (stock code: 1383), a company listed on the Main Board of the Stock Exchange from 2 September 2011 to 31 March 2017 and Imperium Group Global Holdings Limited (formerly known as JF Household Furnishings Limited) (stock code: 0776) from 21 September 2012 to 31 July 2016, the shares of which are listed on the Main Board of the Stock Exchange.

As at the Latest Practicable Date, Ms. Yeung has entered into a letter of appointment with the Company. Her appointment is for a term of one (1) year subject to the rotation, removal, vacation or termination of such office set out in the Bye-laws, the Companies Act, the Listing Rules and any other applicable laws. The remuneration of Ms. Yeung for acting as the executive Director will be determined and agreed among themselves, the remuneration committee of the Company and the Board with reference to, among others, their responsibilities, performance and the prevailing market practice respectively.

**Mr. Lee Chi Shing Caesar**, aged 53, has been appointed as an executive Director since 25 January 2017 and as directors of various subsidiaries of the Company. Mr. Lee obtained a Professional Diploma in Accountancy from the Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic) in 1985 and a Bachelor of Arts in Business Studies from the City University of Hong Kong (formerly known as the City Polytechnic of Hong Kong) in 1994. He had worked in the Inland Revenue Department for over 15 years after his graduation. In 2000, he joined Ernst and Young, an international accounting firm, as a senior manager. He later obtained a Master degree in International Accountancy from the City University of Hong Kong in 2001. He was the executive director of Sun International Resources Limited (formerly known as Galileo Capital Group Limited) (stock code: 8029), a company listed on the Growth Enterprise Market of the Stock Exchange, from 14 August 2006 to 30 November 2015. He has been the executive director of Newtree Group Holdings Limited (stock code: 1323), a company listed on the Main Board of the Stock Exchange since 4 October 2011. He is experienced in corporate management and internal control. He is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. In addition, he is a member of the Society of Registered Financial Planners.

As at the Latest Practicable Date, Mr. Lee has entered into a letter of appointment with the Company. His appointment is for a term of one (1) year subject to the rotation, removal, vacation or termination of such office set out in the Bye-laws, the Companies Act, the Listing Rules and any other applicable laws. The remuneration of Mr. Lee for acting as the executive Director will be determined and agreed among themselves, the remuneration committee of the Company and the Board with reference to, among others, their responsibilities, performance and the prevailing market practice respectively.

**Independent Non-executive Directors**

**Mr. Chiu Sze Wai Wilfred**, aged 42, has been appointed as an independent non-executive Director, a member of the Audit Committee, the Nominating and Corporate Governance Committee and Remuneration Committee since 8 February 2017. He is currently a practicing solicitor in Hong Kong. Mr. Chiu obtained a Bachelor of Business from Southern Cross University, Australia in 1997. Mr. Chiu obtained a Bachelor of Laws from Manchester Metropolitan University, United Kingdom in 2003. Mr. Chiu subsequently obtained a Postgraduate Certificate in Laws from The University of Hong Kong in 2005. Mr. Chiu was admitted as a solicitor in 2007 and is now a Partner of Li, Wong, Lam & W.I. Cheung. Mr. Chiu specializes in land, property and development matters and possesses extensive experience in dealing with various kinds of property-related matters. Mr. Chiu is also the Legal Advisor of Hong Kong Gifted Education Teacher's Association.

Mr. Chiu is entitled to a director's fee of HK\$180,000 per annum which is determined by the Board with reference to his responsibilities and duties within the Company.

**Mr. Chow Wai Leung William**, aged 44, has been appointed as an independent non-executive Director, Chairman of the Nominating and Corporate Governance Committee, a member of the Audit Committee and Remuneration Committee since 8 February 2017. He is a certified public accountant and an executive of an accounting firm in Hong Kong. Mr. Chow has various years of experience in auditing, taxation and company secretarial practice in Hong Kong. He obtained a Bachelor's Degree in Business Administration (Hons.) from Hong Kong Baptist University in 1996. He is member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Society of Chinese Accountants and Auditors and the Taxation Institute of Hong Kong.

Mr. Chow is entitled to a director's fee of HK\$180,000 per annum which is determined by the Board with reference to his responsibilities and duties within the Company.

**Ms. Hu Gin Ing**, aged 58, was appointed as an independent non-executive Director, Chairman of the Audit Committee and a member of the Nominating and Corporate Governance Committee of the Company since November 2013. Ms. Hu was appointed as a member of the Remuneration Committee in May 2014 and re-designated as Chairman in September 2014. Ms. Hu has experience in media, television network and private equity investments. Ms. Hu has been a director/partner of NHL CPA Limited, Hong Kong, since January 2005. She currently holds the position as Global CFO of Acer Inc., a company listed on the Taiwan Stock Exchange Corporation (stock code: 2353). Ms. Hu has been an independent non-executive director of Carnival Group International Holdings Limited (stock code: 996), LVGEM (China) Real Estate Investment Company Limited (stock code: 95) and Enterprise Development Holdings Limited (stock code: 1808), all of which are listed on the Stock Exchange. Ms. Hu was a non-executive director of SMI Culture & Travel Group Holdings Limited (formerly known as SMI Culture Group Holdings Limited), a company listed on the Main Board of the Stock Exchange (stock code: 2366) from August 2013 to October 2014 and independent director of Arich Enterprise Company Limited, a company listed on the Taiwan Stock Exchange Corporation (stock code: 4173) from December 2012 to June 2015.

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**APPENDIX IV PARTICULARS OF RETIRING DIRECTORS STANDING FOR RE-ELECTION**

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Ms. Hu obtained an Master of Business Administration degree from Florida International University, the United States of America (the “US”), a Master of Science degree from Barry University, the US and a Bachelor degree in Foreign Language from the National Taiwan University. Ms. Hu is a Certified Public Accountant, a member of the Hong Kong Institute of Certified Public Accountants as well as a member of the American Institute of Certified Public Accountants and has over 21 years of experience in accounting and finance.

Ms. Hu had entered into a letter of appointment with the Company. The appointment of Ms. Hu as an independent non-executive Director is for a term of two years, subject to retirement by rotation pursuant to the Bye-laws.

Ms. Hu is entitled to a director’s fee of HK\$250,000 per annum which is determined by the Board with reference to her responsibilities and duties within the Company. Ms. Hu received director’s emolument in the total sum of HK\$250,000 for the year ended 31 December 2016.

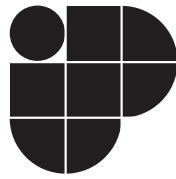
Save as disclosed above, as at the Latest Practicable Date, each of the five Directors named above has confirmed that (i) he/she does not hold any directorship in other public listed companies in Hong Kong or overseas in the past three years; (ii) he/she does not hold any other position with the Company or subsidiaries of the Company; (iii) he/she does not have any relationship with any directors, senior management or substantial or controlling Shareholders; (iv) other than the 768,487,998 Shares, representing approximately 58.29% of the issued Shares interested by Mr. Lee and Ms. Yeung, he/she does not have any interest in the shares or underlying shares of the Company within the meaning of Part XV of the SFO; and (v) there is no other information that is required to be disclosed pursuant to Rule 13.51(2) (h) to 13.51(2)(v) of the Listing Rules nor there is any other matter that needs to be brought to the attention of the Shareholders in relation to his appointment.

Each of Mr. Chiu, Mr. Chow and Ms. Hu is not appointed for a specific term but shall be subject to re-election following retirement by rotation or otherwise in accordance with the provisions of the Bye-laws.

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## NOTICE OF ANNUAL GENERAL MEETING

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# United Pacific Industries

United Pacific Industries Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 0176)

**NOTICE IS HEREBY GIVEN** that the annual general meeting of United Pacific Industries Limited (the “Company”) will be held at Function Room, Basement 2, The Wharney Guang Dong Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong on Tuesday, 6 June 2017, at 3:00 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the report of the directors and the independent auditor’s report for the year ended 31 December 2016.
2. To re-elect each of the following directors by separate resolution:
  - a. Ms. Yeung So Lai as executive director
  - b. Mr. Lee Chi Shing Caesar as executive director
  - c. Ms. Hu Gin Ing as independent non-executive director
  - d. Mr. Chiu Sze Wai Wilfred as independent non-executive director
  - e. Mr. Chow Wai Leung William as independent non-executive director
3. To authorise the board of directors to fix the remuneration of the directors.
4. To re-appoint BDO Limited as the auditor of the Company and to authorise the board of directors to fix its remuneration.

### ORDINARY RESOLUTIONS

5. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional ordinary shares of HK\$0.10 each in the capital of the Company (the “**Shares**”) and to make or grant offers, agreements and options (including but not limited to bonds, warrants and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including but not limited to bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the total number of the shares of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) above otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company; or (iii) any option scheme or similar arrangement for the time being adopted for the grant or issue to Directors, officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (iv) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company pursuant to the bye-laws of the Company (the “**Bye-laws**”); or (v) a specific authority granted or to be granted by the shareholders in general meeting, shall not exceed 20 per cent of the total number of the issued Shares as at the date of passing this resolution (such total number to be subject to adjustment in the case of any conversion of any or all of the shares of the Company into a larger or smaller number of shares of the Company after the passing of this resolution) and the approval in paragraph (a) of this resolution shall be limited accordingly; and
- (d) for the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws to be held; and
  - (iii) the date on which the authority given under this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

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## NOTICE OF ANNUAL GENERAL MEETING

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6. As special business to consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase ordinary shares of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) or of any other stock exchange, as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the total number of the shares of the Company which the Directors are authorised to repurchase pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent of the total number of the issued Shares of the Company as at the date of passing of this resolution (such total number to be subject to adjustment in the case of any conversion of any or all of the shares of the Company into a larger or smaller number of shares of the Company after the passing of this resolution); and the said approval shall be limited accordingly; and
- (c) for the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws to be held; and
  - (iii) the date on which the authority given under this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

7. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT** conditional upon the passing of ordinary resolutions No. 5 and No. 6 as set out in the notice convening this meeting, the general mandate granted to the Directors to allot, issue and deal with additional shares of the Company pursuant to ordinary resolution No. 5 set out in the notice convening this meeting be and is hereby extended by the addition thereto a number representing the total number of the shares of the Company repurchased by the Company under the authority granted pursuant to ordinary resolution No. 6 set out in the notice convening this meeting provided that such number shall not exceed 10 per cent of the total number of the issued Shares of the Company as at the date of passing of this resolution (such total number to be subject to adjustment in the case of any conversion of any or all of the shares of the Company into a larger or smaller number of shares of the Company after the passing of this resolution).”



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## NOTICE OF ANNUAL GENERAL MEETING

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8. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

“**THAT** (i) the authorized share capital of the Company be increased from HK\$150,000,000 divided into 1,500,000,000 shares of HK\$0.10 each (the “**Share(s)**”) to HK\$1,500,000,000 divided into 15,000,000,000 Shares of HK\$0.10 each by the creation of 13,500,000,000 new Shares of HK\$0.10 each (the “**Increase in Authorised Share Capital**”); and (ii) any one of the Directors be and is hereby authorised for and on behalf of the Company to do all such acts and things and execute all such documents which he/she considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Increase in Authorised Share Capital.”

9. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

“**THAT** subject to and conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Shares to be issued pursuant to the exercise of any options (“**Options**”) granted or to be granted under the new share option scheme of the Company (the “**New Share Option Scheme**”), the rules of which are contained in the document marked “**B**” produced to the meeting and for the purposes of identification signed by the Chairman thereof, (i) the New Share Option Scheme be and is hereby approved and adopted; and (ii) the Directors be and are hereby authorised to do all such acts, deeds and things and to enter into all such transactions, arrangements and agreements as they may, in their absolute discretion, deem necessary or expedient in order to give full effect to the New Share Option Scheme including but without limitation;

- (a) to administer and determine the selection of grantees and the terms of their respective Options;
- (b) to modify and/or amend the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modifications and/or amendments;
- (c) to issue and allot from time to time such Shares as may be required to be issued pursuant to the exercise of Options; and
- (d) to make application at the appropriate time or times to the Stock Exchange, and any other stock exchanges on which the issued shares of the Company may for the time being be listed, for listing of and permission to deal in any Shares which may hereafter from time to time be issued and allotted pursuant to the exercise of Options under the New Share Option Scheme.”

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## NOTICE OF ANNUAL GENERAL MEETING

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### SPECIAL RESOLUTIONS

10. As special business, to consider and, if thought fit, pass the following resolution as a Special Resolution:

“**THAT** “Superactive Group Company Limited” and “先機企業集團有限公司” be and is hereby adopted as the Company’s name and the Company’s Chinese secondary name, respectively and the Directors be and are hereby authorised to do all such acts, deeds and things and to enter into all such transactions, arrangements and agreements as they may, in their absolute discretion, deem necessary or expedient in order to effect and record such adoption.”

11. As special business, to consider and, if thought fit, pass the following resolution as a Special Resolution:

“**THAT** the New Bye-laws, a copy of which has been produced to this meeting marked “A” and signed by the Chairman for the purposes of identification be and are hereby approved and adopted as the New Bye-laws in substitution for and to the exclusion of the existing Bye-laws and that the Directors be and are hereby authorised to do all such acts, deeds and things and to enter into all such transactions, arrangements and agreements as they may, in their absolute discretion, deem necessary or expedient in order to effect and record such adoption.”

By Order of the Board  
**United Pacific Industries Limited**  
**Yeung So Lai**  
*Chairman*

Hong Kong, 28 April 2017

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Principal Place of Business in Hong Kong:*

Unit 503C  
5/F., Golden Centre  
188 Des Voeux Road Central  
Hong Kong

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## NOTICE OF ANNUAL GENERAL MEETING

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*Notes:*

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. To be valid, a form of appointment of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. For determining the entitlement to attend and vote at the annual general meeting, the register of members will be closed from 1 June 2017 to 6 June 2017, both days inclusive. During this period, no transfer of shares will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 31 May 2017.
4. Regarding item 2 of this notice, details of the retiring Directors proposed to be re-elected are set out in Appendix IV to this circular.
5. Where there are registered joint holders of any Shares, any one of such persons may vote, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders are present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for this purpose be deemed joint holders thereof.
6. All resolutions at the meeting will be taken by poll pursuant to the Bye-laws and the Listing Rules and the results of the poll voting will be published on the websites of the Stock Exchange and the Company respectively in accordance with the Listing Rules.
7. If typhoon signal No.8 or above, or "black" rainstorm warning is in effect any time after 8:00 a.m. and before the above meeting time, the meeting will be postponed. The Company will post an announcement on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's websites ([www.upi.com.hk](http://www.upi.com.hk), [www.irasia.com/listco/hk/upi](http://www.irasia.com/listco/hk/upi)) to notify shareholders of the date, time and place of the rescheduled meeting.
8. The executive Directors as at the date of this notice are Ms. Yeung So Lai and Mr. Lee Chi Shing Caesar and the independent non-executive Directors are Mr. Chiu Sze Wai Wilfred, Mr. Chow Wai Leung William and Ms. Hu Gin Ing.