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UNITED GENE HIGH-TECH GROUP LIMITED

聯合基因科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 399)

- (1) PROPOSED SHARE CONSOLIDATION;
(2) PROPOSED CHANGE IN BOARD LOT SIZE;
(3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
(4) PROPOSED CHANGE OF DOMICILE;
(5) PROPOSED CAPITAL REORGANISATION;
AND
(6) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial Adviser to the Company



**WALLBANCK BROTHERS
Securities (Hong Kong) Limited**

A letter from the board of directors of the Company is set out on pages 5 to 15 of this circular. A form of proxy for use at the extraordinary general meeting of the Company ("EGM") is enclosed with this circular.

A notice convening the EGM to be held at 4:00 p.m. on Friday, 18 January 2013 at Room Nos. 1405-1406, Harbour Centre, No. 25 Harbour Road, Wanchai, Hong Kong is set out on pages EGM-1 to EGM-3 of this circular. Whether or not you are intended attend the EGM, you are strongly urged to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon, and to lodge them with the principal share registrar and transfer agents of the Company, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

24 December 2012

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DEFINITIONS

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

“Articles of Association”	the articles of association of the Company, as amended from time to time
“Bermuda Consolidated Share Certificates”	the share certificates for the Consolidated Shares issued by Bermuda registered Company upon the Change of Domicile becoming effective
“Board”	the board of Directors
“Capital Reduction”	the proposed reduction of the share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$0.19 on each of the issued Consolidated Shares so that the par value of each issued Consolidated Share will be reduced from HK\$0.20 to HK\$0.01
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving the Capital Reduction and the Share Subdivision
“Cayman Consolidated Share Certificates”	the share certificates for the Consolidated Shares issued by the Cayman Islands registered Company upon the Share Consolidation becoming effective
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change of Domicile”	the proposed change the domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda
“Company”	United Gene High-Tech Group Limited 聯合基因科技集團有限公司, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) of HK\$0.20 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, pass the relevant resolutions to approve, among other things, (i) the proposed Share Consolidation; (ii) the proposed change in board lot size; (iii) the proposed amendments to the Articles of Association; (iv) the proposed Change of Domicile; and (v) the proposed Capital Reorganisation

DEFINITIONS

“Existing Share Certificates”	the existing share certificates for the Shares
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	20 December 2012, being the latest practicable date for ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company upon the Capital Reorganisation becoming effective
“Registrar”	the principal share registrar and transfer agent of the Company, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Share Consolidation”	the proposed consolidation of every 20 issued and unissued Shares of HK\$0.01 each in the share capital of the Company into one Consolidated Share of HK\$0.20 each
“Share Subdivision”	the proposed sub-division of each authorised but unissued Consolidated Share into 20 New Shares with a par value of HK\$0.01 each
“Shareholders”	the registered holder(s) of the Shares, Consolidated Shares or New Shares (as the case may be)
“Shares”	the issued shares of HK\$0.01 each in the existing share capital of the Company and to the extent applicable, shall include the Consolidated Shares upon the Share Consolidation becoming effective and the New Shares upon the Capital Reorganisation becoming effective
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the proposed Share Consolidation, the proposed change in board lot size, the proposed Change of Domicile and the proposed Capital Reorganisation:

Latest time for lodging the form of proxy
for the EGM 4:00 p.m., Wednesday, 16 January 2013

EGM 4:00 p.m., Friday, 18 January 2013

Publication of EGM results announcement Friday, 18 January 2013

The following event is conditional on the fulfillment of the conditions for the implementation of the proposed Share Consolidation, the change in board lot size, the Change in Domicile and the Capital Reorganisation, the dates are therefore tentative:

Effective date of the Share Consolidation Monday, 21 January 2013

Commencement of dealings in
Consolidated Shares 9:00 a.m., Monday, 21 January 2013

Original counter for trading in Shares in board lots
of 10,000 Shares (in the form of
Existing Share Certificates) closes 9:00 a.m., Monday, 21 January 2013

Temporary counter for trading in
Consolidated Shares in board lots of 500
Consolidated Shares (in the form of
Existing Share Certificates) opens 9:00 a.m., Monday, 21 January 2013

First day for free exchange of Existing Share
Certificates for the Cayman Consolidated
Share Certificates Monday, 21 January 2013

First day of operation of
odd lot trading facility 9:00 a.m., Monday, 4 February 2013

Original counter for trading in Consolidated
Shares in board lots of 5,000 Consolidated Shares
(in the form of the Cayman Consolidated
Share Certificates) reopens 9:00 a.m., Monday, 4 February 2013

Parallel trading in Consolidated Shares
(in the form of the Cayman Consolidated Share
Certificates and Existing Share Certificates)
commences 9:00 a.m., Monday, 4 February 2013

Effective date of the Change of Domicile Wednesday, 20 February 2013

EXPECTED TIMETABLE

First day for free exchange of share certificates for
Bermuda Consolidated Share Certificates Wednesday, 20 February 2013

Temporary counter for trading in
Consolidated Shares in board lots of 500
Consolidated Shares (in the form of
Existing Share Certificates) closes 4:00 p.m., Wednesday, 27 February 2013

Parallel trading in Consolidated Shares
(in the form of Cayman Consolidated
Share Certificates and
Existing Share Certificates) ends 4:00 p.m., Wednesday, 27 February 2013

Last day of operation of
odd lot trading facility 4:00 p.m., Wednesday, 27 February 2013

Last day for free exchange of Existing Share
Certificates for Cayman
Consolidated Shares Certificates Monday, 4 March 2013

Effective date of the Capital Reorganisation Thursday, 14 March 2013

Commencement of dealings in New Shares 9:00 a.m., Thursday, 14 March 2013

First day for free exchange of share certificates for
new share certificates for New Shares Thursday, 14 March 2013

Last day for free exchange of share certificates for
Bermuda Consolidated Share Certificates Wednesday, 27 March 2013

Last day for free exchange of share certificates for
new share certificates for New Shares Tuesday, 23 April 2013

All times and dates in this circular refer to Hong Kong local times and dates. Dates or deadlines specified in expected timetable above depends on the results of the EGM and are therefore for indicative purpose only. An announcement will be made by the Company regarding any changes to the expected timetable as and when appropriate.



UNITED GENE HIGH-TECH GROUP LIMITED

聯合基因科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 399)

Executive Directors:

Ms. Lee Nga Yan

Dr. Guo Yi

Non-executive Directors:

Ms. Jiang Nian (*Chairman*)

Ms. Xiao Yan

Ms. Wu Yanmin

Independent non-executive Directors:

Ms. Chen Weijun

Dr. Zhang Zhihong

Mr. Wang Rongliang

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Principal place of business
in Hong Kong:*

Room Nos. 1405-1406

Harbour Centre

No. 25 Harbour Road

Wanchai, Hong Kong

24 December 2012

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED SHARE CONSOLIDATION;**
(2) PROPOSED CHANGE IN BOARD LOT SIZE;
(3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
(4) PROPOSED CHANGE OF DOMICILE;
(5) PROPOSED CAPITAL REORGANISATION;
AND
(6) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

On 13 December 2012, the Company announced that the Company proposed, among other things, to implement the followings:

- (a) the Share Consolidation by consolidating every 20 issued and unissued Shares of HK\$0.01 each in the existing share capital of the Company into one (1) Consolidated Share of HK\$0.20 each;

LETTER FROM THE BOARD

- (b) the change of board lot size of the Consolidated Shares for trading on the Stock Exchange to 5,000 Consolidated Shares upon the Share Consolidation becoming effective;
- (c) the amendments to the Articles of Association of adding a new article to the Articles of Association to allow the Company to de-register in the Cayman Islands and be registered by way of continuation in another jurisdiction;
- (d) the Change of Domicile of the Company from Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda; and
- (e) the Capital Reorganisation, upon the Share Consolidation and the Change of Domicile becoming effective, which involves the following:-
 - (1) the reduction of the share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$0.19 on each of the issued Consolidated Shares so that the par value of each issued Consolidated Share will be reduced from HK\$0.20 to HK\$0.01.
 - (2) Immediately following the Capital Reduction, each authorised but unissued Consolidated Share will also be sub-divided into 20 New Shares with a par value of HK\$0.01 each.

The purpose of this circular is to give details of, among other things, (i) the proposed Share Consolidation, the proposed change in board lot size, the proposed Change of Domicile, the proposed amendments to the Articles of Association and the proposed Capital Reorganisation; and (ii) a notice of the EGM.

PROPOSED SHARE CONSOLIDATION

The Company proposed to implement the Share Consolidation by consolidating every 20 issued and unissued Shares of HK\$0.01 each in the share capital of the Company into one (1) Consolidated Share of HK\$0.20 each. The Consolidated Shares will rank *pari passu* in all respects with each other.

The Share Consolidation will become effective upon the fulfillment of the conditions set out in the paragraph headed “Conditions of the Share Consolidation” below.

Effects of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$500,000,000 divided into 50,000,000,000 Shares of HK\$0.01 each, of which 15,813,860,480 Shares have been issued and are fully paid. Assuming that no further Shares will be issued or repurchased by the Company from the Latest Practicable Date to the effective date of the Share Consolidation, upon the Share Consolidation becoming effective, the authorised share capital of the Company will be HK\$500,000,000 divided into 2,500,000,000 Consolidated Shares of HK\$0.20 each, of which 790,693,024 Consolidated Shares will be in issue.

LETTER FROM THE BOARD

The effect of the Share Consolidation is tabulated as follows:-

	As at the Latest Practicable Date	Immediately after the Share Consolidation becoming effective
Amount of authorised share capital	HK\$500,000,000	HK\$500,000,000
Par value	HK\$0.01 per Share	HK\$0.20 per Consolidated Share
Number of authorised shares	50,000,000,000 Shares	2,500,000,000 Consolidated Shares
Amount of issued share capital	HK\$158,138,604.80	HK\$158,138,604.80
Number of issued shares	15,813,860,480 Shares	790,693,024 Consolidated Shares
Amount of unissued share capital	HK\$341,861,395.20	HK\$341,861,395.20
Number of unissued shares	34,186,139,520 Shares	1,709,306,976 Consolidated Shares

The Consolidated Shares will rank *pari passu* in all respects with each other. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares (if any) which will not be issued to the Shareholders otherwise entitled thereto but will be aggregated and sold, if possible, for the benefit of the Company.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the fulfillment of the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM by way of poll to approve the Share Consolidation;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective; and
- (iii) the obtaining of all necessary approvals from the relevant regulatory authorities or otherwise as may be required in respect of the Share Consolidation, if required.

LETTER FROM THE BOARD

Listing and Dealings

Application has been made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Consolidated Shares to be issued upon the Share Consolidation becoming effective.

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

No part of the securities of the Company is listed or dealt in on which listing or permission to deal is being or is proposed to be sought on other stock exchanges.

Free exchange of share certificates

Subject to the Share Consolidation becoming effective, the Shareholders may, from Monday, 21 January 2013 to Monday, 4 March 2013 (both dates inclusive) (the “**Share Consolidation Free Exchange Period**”), submit the Existing Share Certificates, which are ivory in color, to the Registrar, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong in exchange for the Cayman Consolidated Share Certificates or the Bermuda Consolidated Share Certificates (upon the Change of Domicile becoming effective), at the expense of the Company, which will be yellow and green in color respectively. It is expected that the said new share certificates for the Consolidated Shares will be available to the Shareholders for collection within 10 business days from the date of submission for exchange. Thereafter, the Existing Share Certificates will be accepted for exchange only on payment of a fee of HK\$2.50 or such higher amount as may from time to time be allowed by the Stock Exchange for each Existing Share Certificate cancelled or each new share certificate to be issued for the Consolidated Shares, whichever number of certificates cancelled/issued is higher, payable by the Shareholders to the Registrar.

Upon the Change of Domicile becoming effective, the free exchange period for Bermuda Consolidated Share Certificates will commence from Wednesday, 20 February 2013 to Wednesday, 27 March 2013. As a result, the said free exchange period will overlap with the Share Consolidation Free Exchange Period, as from Wednesday, 20 February 2013 to Monday, 4 March 2013 (both dates inclusive) (the “**Overlap Period 1**”). During the Overlap Period 1, only the Bermuda Share Certificates will be issued in exchange for the Existing Share Certificates submitted to Registrar. Nevertheless, the Share Consolidation Free Exchange Period will remain opened until Monday, 4 March 2013.

Nevertheless, the Existing Share Certificates will continue to be good evidence of legal title but will cease to be valid for dealings, trading and settlement purpose after the Share Consolidation has become effective and may be exchanged for new share certificates for the Consolidated Shares at any time in accordance with the foregoing.

Fractional Consolidated Shares

Fractional Consolidated Shares (if any) arising from the Share Consolidation will not be issued to the Shareholders otherwise entitled thereto but will be aggregated and, if possible, sold for the benefit of the Company.

LETTER FROM THE BOARD

PROPOSED CHANGE IN BOARD LOT SIZE

The Shares of HK\$0.01 each in the share capital of the Company are trading in board lot size of 10,000 Shares. The Company proposed to change the board lot size of the Consolidated Shares for trading on the Stock Exchange to 5,000 Consolidated Shares upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.022 per Share as quoted on the Stock Exchange as at the Latest Practicable Date, the estimated market value per board lot of 5,000 Consolidated Shares will be HK\$2,200 assuming the Share Consolidation becomes effective.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation and the change in board lot size, the Company has appointed Orient Securities Limited to stand in the market to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holdings of odd lots of the Consolidated Shares from Monday, 4 February 2013 to Wednesday, 27 February 2013 (both days inclusive). Holders of odd lots of the Consolidated Shares who wish to take advantage of this facility either to dispose of their odd lots of the Consolidated Shares or to top up to a full board lot may, directly or through their brokers, contact Mr. Wong Kwan Ho of Orient Securities Limited at Room 2801-04, 28/F, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong by phone at (852) 2123-2215 during the said period.

REASONS FOR SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. In view of recent trading price of the Shares, the Board proposed to implement the Share Consolidation and the change in board lot size in order to comply with trading requirements of the Listing Rules. It is expected that the Share Consolidation would bring about a corresponding increase in the trading price of the Consolidated Shares and the change in board lot size will result in the Consolidated Shares being traded in a more reasonable board lot size and value. Based on the above, it is fair and reasonable for the Board to hold the view that the Share Consolidation and the change in board lot size to be in the interest of the Company and the Shareholders as a whole.

PROPOSED AMENDMENT TO THE ARTICLES

To facilitate the Change of Domicile, it is proposed that a new article be added to the Articles of Association to allow the Company to de-register in the Cayman Islands and be registered by way of continuation in another jurisdiction, subject to the laws of such jurisdiction and approval by the Shareholders by way of special resolution. As such, it is proposed that the following new article be inserted in the Articles of Association:-

“TRANSFER BY WAY OF CONTINUATION

168. The Company may, by special resolution, resolve to de-register the Company from the Cayman Islands and to transfer and continue the Company as a body corporate to, and under the laws of, a country or jurisdiction outside the Cayman Islands which permits or does not prohibit the transfer of the Company pursuant to the Companies Law.”

LETTER FROM THE BOARD

PROPOSED CHANGE OF DOMICILE

The Company proposes to change the domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda.

Effect of the Change of Domicile

Other than the expenses to be incurred, the Change of Domicile will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders. The Company's legal advisers as to the laws of the Cayman Islands and Bermuda are of the view that the continuation of the Company into Bermuda does not create a new legal entity or prejudice or affect the continuity of the Company. The Company will continue to maintain a principal place of business in Hong Kong.

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

To facilitate the Change of Domicile, it is proposed that a memorandum of continuance and a new set of bye-laws will be adopted by the Company to replace the existing memorandum of association and the Articles of Association respectively in order to comply with Bermuda company laws. A summary of the proposed memorandum of continuance and bye-laws of the Company and differences with the memorandum and articles of association is set out in Appendix II of this circular.

Reasons for the Change of Domicile

If the Company proceeds with the Capital Reorganisation, which include, amongst other things, the Capital Reduction in the Cayman Islands, the sanction by the Grand Court of the Cayman Islands would be required, such sanction cannot be obtained in a commercially expedient time frame. If the Capital Reorganisation will be effected by way of a change of domicile of the Company from the Cayman Islands to Bermuda through deregistration in the Cayman Islands and continuation in Bermuda, the legal advisers of the Company as to the laws of the Cayman Islands and Bermuda have advised that no court order is required in the Cayman Islands or Bermuda for the Change of Domicile and the Capital Reorganisation after deregistration of the Company in Cayman Islands and its continuation in Bermuda. Accordingly, it is fair and reasonable for the Board to hold the view that it would save the Company's time and costs for carrying out of the Capital Reorganisation in Bermuda by first implementing the Change of Domicile.

Conditions of the Change of Domicile

The Change of Domicile is conditional upon fulfillment of the following conditions:

- (i) the Share Consolidation becoming effective;
- (ii) the passing of the special resolution(s) by the Shareholders at the EGM to approve (a) an amendment to the Articles of Association to facilitate the Change of Domicile; (b) the Change of Domicile; and (c) the adoption of the memorandum of continuance and bye-laws of the Company;
- (iii) the compliance with the relevant legal procedures and requirements under the laws of Cayman Islands, the Bermuda laws and the Listing Rules; and

LETTER FROM THE BOARD

- (iv) the obtaining of all necessary approvals from the relevant regulatory authorities or otherwise as may be required in respect of the Change of Domicile, if required.

Free exchange of share certificates

Subject to the Change of Domicile becoming effective, the Shareholders may, from Wednesday, 20 February 2013 to Wednesday, 27 March 2013 (both dates inclusive) (the “**Change of Domicile Free Exchange Period**”), submit the Existing Share Certificates or the Cayman Consolidated Share Certificates, which will be ivory and yellow in color respectively, to the Registrar, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong in exchange for the Bermuda Consolidated Share Certificates, at the expense of the Company, which will be green in color. It is expected that the Bermuda Consolidated Share Certificates will be available to the Shareholders for collection within 10 business days from the date of submission for exchange. Thereafter, the Cayman Consolidated Share Certificates will be accepted for exchange only on payment of a fee of HK\$2.50 or such higher amount as may from time to time be allowed by the Stock Exchange for each Cayman Share Certificate cancelled or each Bermuda Consolidated Share Certificate to be issued, whichever number of certificates cancelled/issued is higher, payable by the Shareholders to the Registrar.

Upon the Capital Reorganisation becoming effective, the free exchange period for new share certificates for the New Shares will commence from Thursday, 14 March 2013 to Tuesday, 23 April 2013. As a result, the said free exchange period will overlap with the Change of Domicile Free Exchange Period, as from Thursday, 14 March 2013 to Wednesday, 27 March 2013 (both dates inclusive) (the “**Overlap Period 2**”). During the Overlap Period 2, only the shares certificates for the New Shares will be issued in exchange for the Existing Share Certificates or the Cayman Consolidated Share Certificates submitted to Registrar. Nevertheless, the Change of Domicile Free Exchange Period will remain opened until Wednesday, 27 March 2013.

Nevertheless, the Existing Share Certificates and the Cayman Consolidated Share Certificates will continue to be good evidence of legal title but will cease to be valid for dealings, trading and settlement purpose after the Change of Domicile has become effective and may be exchanged for the Bermuda Consolidated Share Certificates at any time in accordance with the foregoing.

PROPOSED CAPITAL REORGANISATION

The Company proposes to implement the Capital Reorganisation, upon the Share Consolidation and the Change of Domicile becoming effective, which involves the following:-

- (1) the reduction of the share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$0.19 on each of the issued Consolidated Shares so that the par value of each issued Consolidated Share will be reduced from HK\$0.20 to HK\$0.01.
- (2) Immediately following the Capital Reduction, each authorised but unissued Consolidated Share will also be sub-divided into 20 New Shares with a par value of HK\$0.01 each.

The Capital Reorganisation will become effective upon fulfillment of the conditions set out in the paragraph headed “Conditions of the Capital Reorganisation”.

LETTER FROM THE BOARD

Effects of Capital Reorganisation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$500,000,000 divided into 50,000,000,000 Shares of HK\$0.01 each, of which 15,813,860,480 Shares have been issued and are fully paid. Upon the Share Consolidation and the Capital Reorganisation becoming effective, the authorised share capital of the Company will be HK\$500,000,000 divided into 50,000,000,000 New Shares of HK\$0.01 each, of which 790,693,024 New Shares of HK\$0.01 each will be in issue.

Assuming that no further Shares will be issued or repurchased by the Company after the Latest Practicable Date to the effective date of the Capital Reorganisation, the nominal value of the issued share capital of the Company immediately before the Capital Reorganisation becoming effective will be approximately HK\$158,138,604.80. A credit of approximately HK\$150,231,674.56 will arise as a result of the Capital Reduction. Such credit will be applied by the Board to set off against the accumulated losses of the Company and the balance (if any) will be transferred to contributed surplus account of the Company. The total accumulated losses of the Company were approximately HK\$535,181,000 as shown in the audited consolidated financial statements of the Company for the year ended 30 June 2012.

The effect of the Capital Reorganisation is tabulated as follows:-

	As at Latest Practicable Date	Immediately after the Share Consolidation becoming effective	Immediately after the Share Consolidation and Capital Reorganisation becoming effective
Amount of authorised share capital	HK\$500,000,000	HK\$500,000,000	HK\$500,000,000
Par value	HK\$0.01 per Share	HK\$0.20 per Consolidated Share	HK\$0.01 per New Share
Number of authorised shares	50,000,000,000 Shares	2,500,000,000 Consolidated Shares	50,000,000,000 New Shares
Amount of issued share capital	HK\$158,138,604.80	HK\$158,138,604.80	HK\$7,906,930.24
Number of issued shares	15,813,860,480 Shares	790,693,024 Consolidated Shares	790,693,024 New Shares
Amount of unissued share capital	HK\$341,861,395.20	HK\$341,861,395.20	HK\$492,093,069.76
Number of unissued shares	34,186,139,520 Shares	1,709,306,976 Consolidated Shares	49,209,306,976 New Shares

LETTER FROM THE BOARD

Other than the expenses to be incurred, the implementation of the Capital Reorganisation will not, of itself, alter the underlying assets, business operations, management or financial positions of the Company or proportionate interests or rights of the Shareholders. The Board holds the view that the Capital Reorganisation will not have any adverse effect on the financial position of the Group and that on the date of Capital Reorganisation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. No capital will be lost as a result of the Capital Reorganisation and, except for the expenses involved in relation to the Capital Reorganisation which is expected to be insignificant in the context of the net asset value of the Company, the net asset value of the Company will remain unchanged before and after the Capital Reorganisation becoming effective. The Capital Reorganisation does not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid up capital of the Company or will it result in any change in relative rights of the Shareholder.

The New Shares of par value of HK\$0.01 each will rank *pari passu* in all respects with each other.

Conditions of Capital Reorganisation

The Capital Reorganisation is conditional upon the fulfillment of the following conditions:

- (i) the Change of Domicile becoming effective;
- (ii) the passing of special resolution(s) by the Shareholders at the EGM by way of poll to approve the Capital Reorganisation;
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares in issue and to be issued upon the Capital Reorganisation becoming effective;
- (iv) the compliance with the relevant procedures and requirements under Bermuda laws (where applicable) and the Listing Rules to effect the Capital Reorganisation; and
- (v) the obtaining of all necessary approvals from the relevant regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation, if required.

Reasons for the Capital Reorganisation

The Capital Reorganisation is proposed in order to provide the Company with more flexibility in possible future fund raisings. Further, the credit in the contributed surplus account arising from the Capital Reduction as set out above, will enable the Company to set off its accumulated losses and may be applied in the future for distribution to the Shareholders or in any manner permitted by the laws of Bermuda and the bye-laws of the Company. Accordingly, it is fair and reasonable for the Board to hold the view that the Capital Reorganisation to be in the interests of the Company and the Shareholders as a whole.

Listing and Dealings

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

LETTER FROM THE BOARD

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

No part of the securities of the Company is listed or dealt in on which listing or permission to deal is being or is proposed to be sought on other stock exchanges.

Free exchange of share certificates

Subject to the Capital Reorganisation becoming effective, the Shareholders may, from Thursday, 14 March 2012 to Tuesday, 23 April 2012 (both dates inclusive), submit the Existing Share Certificates, the Cayman Consolidated Share Certificates or the Bermuda Consolidated Share Certificates, which is ivory, yellow and green in color respectively, to the Registrar, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in exchange for the new share certificates for the New Shares, at the expense of the Company, which will be red in color. It is expected that the new share certificates for the New Shares will be available to the Shareholders for collection within 10 business days from the date of submission for the exchange. Thereafter, the share certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 or such higher amount as may from time to time be allowed by the Stock Exchange for each share certificate for the Shares cancelled or each new share certificate to be issued for the New Shares, whichever number of certificates cancelled/issued is higher, payable by the Shareholders to the Registrar.

Nevertheless, the Existing Share Certificates, the Cayman Consolidated Share Certificates and the Bermuda Consolidated Share Certificates will continue to be good evidence of legal title but will cease to be valid for dealings, trading and settlement purpose after the Capital Reorganisation has become effective and may be exchanged for new share certificates for the New Shares at any time in accordance with the foregoing.

ADJUSTMENT IN RELATION TO THE OUTSTANDING CONVERTIBLE SECURITIES

As at the Latest Practicable Date, the Company has no derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into the Shares.

EGM

A notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular. The EGM will be convened on at 4:00 p.m. on Friday, 18 January 2013 at Room Nos. 1405-1406, Harbour Centre, No. 25 Harbour Road, Wanchai, Hong Kong at which resolutions will be proposed to the Shareholders to consider and, if thought fit, to approve the proposed Share Consolidation, the proposed change in board lot size, the proposed amendments to the Articles of Association, the proposed Change of Domicile and the proposed Capital Reorganisation. The resolutions to be proposed at the EGM will be taken by way of poll.

As none of the Shareholders is interested in the proposed Share Consolidation, the change in board lot size, the Change of Domicile, the amendments to the Articles of Association and the Capital Reorganisation, no Shareholder is required to abstain from voting at the EGM.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Registrar, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event, not later than 48 hours before the time of the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

RECOMMENDATION

The Board (including the independent non-executive Directors) holds the view that the proposed Share Consolidation, the change in board lot size, the Change of Domicile, the amendments to the Articles of Association and the Capital Reorganisation are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Therefore, the Directors recommend the Shareholders to vote in favor of the resolutions to be proposed at the EGM.

GENERAL

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

On behalf of the Board
United Gene High-Tech Group Limited
Lee Nga Yan
Executive Director

The principal statute in the Cayman Islands governing the operation of the Company is The Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “**Companies Law**”). Upon continuation of the Company in Bermuda, the governing statute will be The Companies Act 1981 of Bermuda (the “**Companies Act**”). In general, many of the provisions of both the Companies Law and the Companies Act have been taken from the Companies Act, 1948 of the United Kingdom although their application has, in certain instances, been adapted to conform to general concepts of company law in the Cayman Islands and in Bermuda, respectively. In some circumstances, however, certain statutory provisions of the Companies Law and the Companies Act differ quite substantially from their equivalent in the United Kingdom Companies Act. In Bermuda, certain aspects of Canadian company law have been included in the Companies Act. Generally, principles of English company law apply in Cayman and Cayman courts will look to English decisions for guidance in interpreting these principles, subject to the statutory differences. Similarly, in Bermuda, the courts treat English common law relating to companies as of strong persuasive authority. Further a court is directed by the Interpretation Act, 1951 of Bermuda to apply as nearly as practicable the rules for interpretation and construction of provisions of law which are applicable in England to the interpretation and construction of statutory provisions of Bermuda law.

The following is a summary of the differences of certain provisions of the Companies Law and the Companies Act.

	CAYMAN	BERMUDA
Directors, officers and Representatives	<p>The minimum number of directors of a Cayman company is one. There is no requirement that any of the directors be resident in Cayman. Corporate directors are permitted.</p> <p>An exempted company may in its articles provide that a director must hold at least one share in the company.</p> <p>An exempted company must have such officers as are prescribed by its articles.</p>	<p>The minimum number of directors of a company is two. An exempted company must satisfy one of certain Bermuda residency requirements, namely: appoint (i) a minimum of one director, other than an alternate director, who is ordinarily resident in Bermuda; or (ii) a secretary that is an individual or a company, and who is ordinarily resident in Bermuda; or (iii) a resident representative that is an individual or a company, and who is ordinarily resident in Bermuda. Corporate directors are not permitted.</p>

	CAYMAN	BERMUDA
Constitutional documents	<p>The constitutional documents of an exempted company are its memorandum and articles of association.</p> <p>An exempted company may register articles. The articles only bind the company and its members when registered. The articles of association provide for the regulation of a company's affairs and will set out the rights and duties as between the company, the shareholders and the directors. The articles of association are not generally available for inspection by the public. Where articles have been registered, a copy of every "special resolution" must also be filed with the Registrar either annexed to or embodied in the articles.</p>	<p>The constitutional documents of an exempted company are its memorandum of association and bye-laws.</p> <p>The memorandum of association is filed with the Registrar and is available for public inspection. The bye-laws will generally prescribe the rights and duties as between the company, the shareholders and the directors. The bye-laws of a Bermuda company are not filed with the Registrar and are not available for public inspection.</p>

	CAYMAN	BERMUDA
Share premium and contributed surplus	<p>When a company issues shares at a premium, the amount of the premium will generally be transferred to the share premium account. The money in the share premium account may be applied, subject to the provisions of the memorandum and articles of association, in such manner as the company may, from time to time, determine including, but without limitation, among other things, paying distributions or dividends to members.</p>	<p>When a company issues shares at a premium, the premium will be transferred to the share premium account and its use is more restrictive than that under Companies Law. Share premium is not distributable but it may be used to pay up unissued shares to be issued to members of the company as fully paid bonus shares.</p> <p>Where premium arises from an exchange of shares, however, 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. Contributed surplus can, among other things, be distributed to the shareholders subject to there being reasonable grounds for believing that, after the payment (a) the company would be able to pay its liabilities as they become due; and (b) the realizable value of the company's assets would thereby be more than the aggregate of its liabilities and its issued share capital and share premium account.</p>

	CAYMAN	BERMUDA
Financial assistance	<p>There is no statutory restriction in the Cayman Islands 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. A company may therefore provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.</p>	<p>The Companies Act includes financial assistance provisions historically intended to preserve the capital of a 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.</p>
Shareholders' meetings	<p>An exempted company is not required to hold an annual general meeting. A meeting of shareholders, or a class of shareholders, may be validly convened and business conducted, subject to the memorandum and the articles, with only one shareholder present in person, or as the articles provide, on such notice to shareholders as the articles prescribe.</p> <p>Articles may provide for general meetings of shareholders to be called only by the directors or at the written request of shareholders in accordance with the articles.</p> <p>Where there is no contrary provision in the articles, a meeting shall be duly summoned where 5 days' notice is served on every member, 3 members are competent to summon the meeting, and any person elected by the members present is competent to preside as chairman.</p> <p>Shareholders' meetings need not be held in Cayman.</p>	<p>An exempted company must hold an annual general meeting once in every calendar year. A meeting of shareholders may be validly convened, subject to the bye-laws, with at least one person present representing shareholders. The Companies Act provides that the minimum notice with respect to the calling of the annual general meeting or any special general meeting is five days – shorter notice periods require special agreement of the members. The bye-laws may further extend this notice period.</p> <p>Upon the request of shareholders holding at the date of the request not less than 10% of the paid up capital of the company, the directors are required to convene a special general meeting.</p> <p>Shareholders' meetings need not be held in Bermuda.</p>

	CAYMAN	BERMUDA
Voting	<p>Shareholders may vote at general meetings in person. In so far as the company's articles provide, shareholders may vote by proxy; the holder of a proxy may, but need not, be a shareholder and a corporate shareholder of the company may appoint such person as it thinks fit to be its representative at any general meeting of the company or class of shareholders of the company.</p> <p>The Companies Law requires that certain decisions of the shareholders in general meeting must be approved by a "special resolution". A resolution will be a special resolution when passed by a majority of not less than two-thirds (or such greater number as specified in the articles) of the shareholders who vote in person or by proxy at a general meeting and notice of the meeting specified the intention to propose a special resolution. A special resolution will also be made when, if authorized in the articles, a special resolution in writing is approved and signed by all shareholders entitled to vote at a general meeting. Except as aforesaid, resolutions require to be approved by simple majority.</p> <p>Where no regulations are made as to voting, every member has one vote.</p>	<p>Shareholders may vote at general meetings in person or by proxy. The holder of a proxy may, but need not, be a shareholder. A corporate shareholder of an exempted company may appoint such person as it thinks fit to be its representative at general meetings. The holder of more than one share may appoint more than one proxy.</p> <p>Unless the bye-laws provide otherwise, resolutions of shareholders generally require to be approved by a simple majority. Resolutions may be approved by unanimous written consent.</p>

	CAYMAN	BERMUDA
Redemption and repurchase of shares	<p>An exempted company may, if authorized by its articles, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or the shareholder, and it may purchase its own shares, including any redeemable shares. A redemption or purchase may be made out of profits, or the proceeds of a fresh issue of shares made for the purpose of the redemption or purchase, or, under certain circumstances, out of capital. No redemption or purchase may take place unless the shares are fully paid, or if as a result of the redemption or purchase, there would no longer be any other member of the company holding shares. Shares redeemed are treated as cancelled and are available for reissue.</p> <p>An exempted company cannot hold shares in treasury.</p>	<p>Where an exempted company has the power to redeem or repurchase its shares, the manner of effecting such redemptions or purchases must be set out in the bye-laws. A redemption or purchase must be made out of the capital paid up thereon and any related share premium, or profits, or the proceeds of a fresh issue of shares. No redemption or purchase may take place if, as a result of such redemption or purchase, the issued and outstanding shares of the company would represent less than the minimum authorized capital or if there are reasonable grounds for believing that the company would be unable to pay its liabilities as they become due. Shares redeemed or purchased may be held as treasury shares or may be treated as cancelled, in which case they are available for reissue.</p>
Increase of share capital	<p>A company can increase its share capital if authorized by its articles. The articles may provide that this be done by ordinary resolution of the shareholders in general meeting.</p>	<p>The authorized share capital of the company may be increased if authorized by its bye-laws and by resolution of shareholders in general meeting. A memorandum of increase must be filed within 30 days of the increase with the Registrar.</p>

	CAYMAN	BERMUDA
Reduction of share capital	<p>Subject to the provisions of the Companies Law and to confirmation by the court, a company, if so authorized by its articles, may reduce its share capital by special resolution of its shareholders. After the resolution is passed, the company may apply to the court for an order confirming the reduction. A copy of the order of the court and a minute approved by the court setting out particulars prescribed in the Companies Law must be registered with the Registrar. A notice of the registration must be published in the manner directed by the court.</p>	<p>A company may reduce its share capital if authorized by a general meeting of shareholders, provided that publication of the intention to reduce the capital has been made in a newspaper in Bermuda and there are no reasonable grounds for believing that the company is, or after the reduction would be, unable to pay its liabilities as they become due. A memorandum of reduction of share capital must be filed with the Registrar.</p>
Dividends	<p>Dividends may only be paid from profits. The Companies Law prohibits companies from paying a distribution or dividend to shareholders out of share premium account unless, immediately following the date on which the proposed payment is to be made, the company is able to pay its debts as they fall due in the ordinary course of business.</p>	<p>An exempted company may, subject to its bye-laws, by resolution of the directors declare and pay a dividend, or make a distribution out of contributed surplus, provided there are reasonable grounds for believing that after any such payment the company will be able to pay its liabilities as they become due and the realisable value of its assets will thereby be greater than its liabilities.</p>

	CAYMAN	BERMUDA
Protection of minority shareholders	<p>Any shareholder of a company may petition to the court which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.</p>	<p>Shareholders are entitled to complain to the court under the Companies Act that the affairs of a Bermuda company are being conducted in a manner which is oppressive or prejudicial to the shareholders or a part of them. A Bermuda company may be wound up by the court if the court is of the opinion that it is just and equitable that the company should be wound up. A complaint by a shareholder that the affairs of a company are being conducted or have been conducted in a manner oppressive or unfairly prejudicial to the interest of some part of the members would be considered one of the just and equitable grounds.</p>

	CAYMAN	BERMUDA
Stamp duty	<p>No stamp duty is payable on a transfer of shares of a Cayman company except that which hold interests in land in the Cayman. Certain documents are subject to stamp duty which is generally a nominal amount.</p>	<p>No stamp duty is payable on a transfer of shares of a Bermuda company or in respect of any instrument executed by an exempted company or in respect of an instrument relating to an interest in an exempted company. Stamp duty may be payable in respect of transactions involving Bermuda property.</p>
Taxation	<p>No taxes are imposed in Cayman upon an exempted company or its shareholders.</p> <p>An exempted company is entitled to receive an undertaking from the Cayman government such that no law enacted in Cayman imposing any tax to be levied on profits, income, gains or appreciation or which is in the nature of estate duty or inheritance tax shall apply to an exempted company, or its shares or by withholding for a period of up to twenty years, which is usually renewable for a further ten years upon expiry.</p>	<p>No taxes are imposed in Bermuda on an exempted company or its shareholders, other than on shareholders ordinarily resident in Bermuda.</p> <p>An exempted company may apply for and is likely to receive from the Minister of Finance an assurance that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital assets, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, such tax shall not until March 2016 be applicable to the company or to any of its operations or to the shares, debentures or other obligations of the company except insofar as such tax applies to persons ordinarily resident in Bermuda and holding such shares, debentures or other obligations of the company or any land leased or let to the company.</p>

APPENDIX II SUMMARY OF THE PROPOSED MEMORANDUM OF CONTINUANCE AND BYE-LAWS OF THE COMPANY AND DIFFERENCES WITH THE MEMORANDUM AND ARTICLES OF ASSOCIATION

Set out below is a summary of the provisions of the new memorandum of continuance (the “**New Memorandum**”) and the bye-laws of the Company (“**Bye-laws**”) upon continuation in Bermuda and their differences with the memorandum (the “**Memorandum**”) and articles of association (the “**Articles**”) of the Company prior to the Change of Domicile.

1. THE MEMORANDUM AND THE NEW MEMORANDUM

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

Upon continuance of the Company in Bermuda, the Company will adopt the New Memorandum which, upon filing with and registration by the Bermuda Registrar, will in effect be the Company’s new memorandum of association. The New Memorandum 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 New Memorandum 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 sections 42, 42A and 42B of the Companies Act, the New Memorandum empowers the Company to issue preference shares which are, at the option of the holder, liable to be redeemed, purchase its own shares and acquire its own shares to be held as treasury shares. Pursuant to the Bye-laws, the power to purchase the Company’s own shares is exercisable by the board of Directors (the “**board**”) upon such terms and subject to such conditions as it thinks fit.

2. THE ARTICLES AND THE BYE-LAWS

(a) Directors

(i) Power to allot and issue shares and warrants

Summary

Subject to the Companies Law, the constitutional document of the Company and 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 if there has not been 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 the holder if so authorised by its memorandum of association, are liable to be redeemed 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.

APPENDIX II	SUMMARY OF THE PROPOSED MEMORANDUM OF CONTINUANCE AND BYE-LAWS OF THE COMPANY AND DIFFERENCES WITH THE MEMORANDUM AND ARTICLES OF ASSOCIATION
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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.

Material differences

The corresponding provisions of the Articles relating to the power of directors to allot and issue shares and warrants are substantially the same.

Under the Articles, no shares of the Company may be issued at a discount except in accordance with the provisions of the Companies Law.

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

Summary

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.

Material differences

The Articles do not contain any prohibition or restriction on the disposal of the assets of the Company or any of its subsidiaries.

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

Summary

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.

APPENDIX II	SUMMARY OF THE PROPOSED MEMORANDUM OF CONTINUANCE AND BYE-LAWS OF THE COMPANY AND DIFFERENCES WITH THE MEMORANDUM AND ARTICLES OF ASSOCIATION
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Material differences

The Articles contain similar provisions.

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

Summary

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.

Material differences

There are provisions in the Articles prohibiting the making of loans to a Director of the Company or a director of any holding company of the Company or to any of their respective associates (as defined by the rules, where applicable, of the Designated Stock Exchange (as defined in the Articles)) for so long as the shares of the Company are listed on the Stock Exchange.

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

Summary

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.

Material differences

The Articles only permit the Company to give financial assistance for the purchase of its shares if the purchase is allowed by the Companies Law and made in compliance with the rules and regulations of the Stock Exchange and any other relevant regulatory body.

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

Summary

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 associates 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 associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his 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 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 associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

APPENDIX II	SUMMARY OF THE PROPOSED MEMORANDUM OF CONTINUANCE AND BYE-LAWS OF THE COMPANY AND DIFFERENCES WITH THE MEMORANDUM AND ARTICLES OF ASSOCIATION
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- (dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; 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 associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

Material differences

The Articles contain substantially similar provisions except that the Articles contain an additional exception to the above prohibition, where the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder other than a company in which the Director and/or his associate(s) is/are beneficially interested in five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or any third company through which his interest or that of any of his associates is derived).

(vii) Remuneration

Summary

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

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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.

Material differences

The Articles contain substantially similar provisions.

(viii) Retirement, appointment and removal

Summary

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. A Director may also be removed from office by notice in writing served upon him signed by not less than three-fourths in number of the Directors (not including the Director(s) being removed) then in office. 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.

Material differences

The Articles contain substantially similar provisions except that there is no requirement to serve any notice on the Director who is being removed nor is there any provision allowing such director to be heard on the motion for his removal. There are also no provisions in the Articles to allow for removal of Directors by the board.

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(ix) *Borrowing powers*

Summary

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.

Material differences

The Articles contain substantially similar provisions.

(x) *Physical board meeting*

Summary

If a Substantial Shareholder (as defined in the Bye-laws) 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.

Material differences

The Articles do not contain such requirement for physical board meeting.

(b) Alterations to constitutional documents

Summary

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 Continuance, to confirm any such rescission, alteration or amendment to the Bye-laws or to change the name of the Company.

Material differences

Under the Articles, any alteration to the Memorandum and the Articles requires the sanction of a special resolution.

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(c) Alteration of capital

Summary

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 Continuance;
- (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.

Material differences

Save for paragraph (v) of the above summary, Article 4 of the Articles contain similar provisions. The Company may also by special resolution reduce any capital redemption reserve.

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

Summary

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

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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.

Material differences

The Articles contain substantially similar provisions.

(e) Special resolution-majority required

Summary

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 of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in the Bye-laws), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and not less than ten (10) clear business days has been given.

Material differences

The definition of special resolution under the Articles is the same except that if permitted by the rules of the Designated Stock Exchange, an annual general meeting may be called by shorter notice if it is so agreed by all the members entitled to attend and vote thereat, and in the case of any other meeting, if it is so agreed by a majority in number of the members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the issued shares giving that right.

(f) Voting rights

Summary

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

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(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 authorized 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.

Material differences

The Articles contain substantially similar provisions except that there are no provisions for the chairman to allow in good faith a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

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(g) Requirements for annual general meetings

Summary

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.

Material differences

Similarly, the Company must hold a general meeting as its annual general meeting and not more than 15 months shall elapse between the date of one annual general meeting and the next. However, the first annual general meeting of the Company may be held at any time within 18 months of its incorporation.

(h) Accounts and audit

Summary

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 of or to more than one of the joint

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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. If the office auditor becomes vacant by his resignation or death, or by his becoming incapable of acting by reason of illness or other disability, the Directors may fill the vacancy and fix the remuneration of the Auditor so appointed.

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.

Material differences

The Articles contain substantially similar provisions except that the Directors need to convene an extraordinary general meeting to fill the vacancy of the office of auditor under those circumstances.

(i) Notices and business to be conducted at the meetings

Summary

The Bye-laws allow deem consent on the part of a shareholder to a corporate communication being made available to him on the Company's website or the website of the Designated Stock Exchange upon compliance with the requisite procedures.

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any special general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other special general meetings shall be called by notice of at

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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.

Material differences

The Articles contain substantially similar provisions except the use of websites for communication with shareholders. A notice convening a meeting to pass a special resolution shall specify the intention to propose the relevant resolution as a special resolution.

(j) Transfer of shares

Summary

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.

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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.

Material differences

The Articles contain substantially similar provisions.

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

Summary

The Bye-laws supplement the Company's Memorandum of Continuance (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.

Material differences

The Articles provide that subject to the provisions of the Companies Law and the rules of the Stock Exchange, the Company may repurchase its own shares on such terms as the Directors may deem fit.

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

Summary

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

Material differences

Similarly, the Articles do not contain any a provision.

(m) Dividends and other methods of distribution

Summary

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

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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.

Material differences

The Articles contain substantially similar provisions save that dividend must be paid out of profits and reserves available for distribution including share premium and there is no reference to contributed surplus which is distributable under Bermuda law.

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(n) Proxies

Summary

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.

Material differences

The Articles contain substantially similar provisions.

(o) Call on shares and forfeiture of shares

Summary

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.

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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.

Material differences

The Articles contain substantially similar provisions to the Bye-laws.

(p) Inspection of register of members

Summary

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.

Material differences

Under the Articles, the principal register and branch register of Members, as the case may be, shall be open to inspection for at least two (2) hours on every business day by members of the Company without charge or by any other person, upon payment of a nominal charge.

(q) Quorum for meetings and separate class meetings

Summary

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.

Material differences

The Articles contain similar provisions.

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

Summary

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.

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Material differences

The Articles contain no provisions specifically dealing with such rights of minority shareholders.

(s) Procedures on liquidation

Summary

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.

Material differences

The Articles contain substantially similar provisions to the Bye-laws.

(t) Untraceable members

Summary

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.

Material differences

The Articles contain similar provisions.

NOTICE OF THE EGM



UNITED GENE HIGH-TECH GROUP LIMITED

聯合基因科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 399)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “EGM”) of United Gene High-Tech Group Limited (the “Company”) will be held at 4:00 p.m. on Friday, 18 January 2013 at Room Nos. 1405–1406, Harbour Centre, No. 25 Harbour Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing (with or without modification) the following resolutions:

ORDINARY RESOLUTION

1. “THAT subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the listing of, and permission to deal in, the Consolidated Shares (as defined below), every twenty (20) issued and unissued shares of HK\$0.01 each in the existing share capital of the Company be consolidated into one (1) share of HK\$0.20 each (the “Consolidated Shares”) (the “Share Consolidation”) and the directors of the Company (the “Directors”) be and are hereby authorised to do all such acts, deeds and things and sign and execute all such documents on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to the Share Consolidation.”

SPECIAL RESOLUTIONS

2. “THAT the articles of association of the Company be and are hereby amended by the addition of the following new Article 168:

“TRANSFER BY WAY OF CONTINUATION

168. The Company may, by special resolution, resolve to de-register the Company from the Cayman Islands and to transfer and continue the Company as a body corporate to, and under the laws of, a country or jurisdiction outside the Cayman Islands which permits or does not prohibit the transfer of the Company pursuant to the Companies Law.”

3. “THAT
 - (a) subject to the passing of special resolution numbered 2 above and obtaining all necessary governmental and regulatory consents and approval and conditional upon the Share Consolidation becoming effective, the change of the domicile of the Company (the “Change of

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Domicile") from the Cayman Islands to Bermuda by way of de-registration as a company under the laws of the Cayman Islands and continuation of the Company as an exempted company under the laws of Bermuda be and is hereby approved;

- (b) the memorandum of continuance, a copy of which has been produced to the meeting marked "A" and initialed by the chairperson of the meeting for the purpose of identification, be and is hereby adopted in substitution for the memorandum of association of the Company, effective from the date that the memorandum of continuance is approved and registered by the Registrar of Companies in Bermuda;
 - (c) conditional upon the continuance of the Company into Bermuda as an exempted company under the laws of Bermuda, the bye-laws of the Company, a copy of which has been produced to the meeting marked "B" and initialed by the chairperson of the meeting for the purpose of identification, be and is hereby adopted in substitution for the articles of association of the Company, effective from the date that the memorandum of continuance is approved and registered by the Registrar of Companies in Bermuda;
 - (d) the Directors be and are hereby authorised to undertake all such acts, deeds and things and execute all such documents on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to the Change of Domicile."
4. "THAT subject to the passing of special resolution numbered 3 above and conditional upon the Share Consolidation and the Change of Domicile becoming effective and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares (as defined below) arising from the Capital Reorganisation (as defined below), with effect from the 22nd day (if it is not a business day, the immediately following business day) after the effective date of the Change of Domicile:
- (a) the paid-up capital of each issued Consolidated Share be and is hereby reduced from HK\$0.20 to HK\$0.01 by cancelling HK\$0.19 on each of the issued Consolidated Shares such that the par value of each issued Consolidated Share be reduced from HK\$0.20 to HK\$0.01 so as to form a new share with par value of HK\$0.01 (the "**New Share**") (the "**Capital Reduction**");
 - (b) each of the then authorised but unissued Consolidated Share of HK\$0.20 each be and is hereby sub-divided into twenty (20) New Shares of HK\$0.01 each (the "**Share Subdivision**", together with the Capital Reduction, the "**Capital Reorganisation**");
 - (c) the credit arising from the Capital Reduction be and is hereby transferred to the contributed surplus account of the Company and the

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Directors be and are hereby authorized to apply the entire amount standing to the credit of the contributed surplus account of the Company in such manner as they consider appropriate and in accordance with bye-laws of the Company and all applicable laws, including but not limited to setting off against the accumulated losses of the Company from time to time (the “**Authorisation**”);

- (d) the Directors be and are hereby authorized to do all such acts, deeds and things and execute all such documents, including under seal where applicable, as they considers necessary or expedient to give effect to the Capital Reorganisation and the Authorisation.”

On behalf of the Board
United Gene High-Tech Group Limited
Lee Nga Yan
Executive Director

Hong Kong, 24 December 2012

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

*Principal Place of Business
in Hong Kong:*
Room Nos. 1405-1406
Harbour Centre
No. 25 Harbour Road
Wanchai, Hong Kong

Notes:

- (1) A member of the Company entitled to attend and vote at the EGM is entitled to appoint one or (if holding two or more shares) more proxies to attend and vote in his stead. A proxy need not be a member of the Company. If more than one proxy is appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
- (2) To be valid, the form of proxy together with any power of attorney or other authority under which it is signed or a notarially certified copy of that power of attorney or other authority must be deposited with the principal share registrar and transfer agent of the Company, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not later than 48 hours before the time fixed for holding the meeting or any adjournment thereof.
- (3) When there are joint holders of any Shares, any one of such persons may vote at the EGM 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 the EGM jointly or by proxy, then one of the said persons so present whose name stands first on the register of members of the Company shall alone be entitled to vote in respect of such Share.
- (4) Completion and return of the form of proxy will not preclude members from attending and voting at the EGM and in such event, the form of proxy shall be deemed to be revoked.