

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in doubt as to the action you should take you should seek advice from your stockbroker, bank manager, solicitor, tax adviser, accountant or other independent financial adviser. If you have sold or transferred all of your shares in Bamboo Investments (Isle of Man) plc, please pass this document (including the form of proxy) at once to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee as soon as possible. Neither the Isle of Man Financial Supervision Commission nor any other regulatory body has reviewed this document.**

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# **BAMBOO INVESTMENTS (ISLE OF MAN) PLC**

*(incorporated and registered in the Isle of Man under the Isle of Man Companies Acts 1931 to 2004  
with registered number 112765C)*

## **RECOMMENDED PROPOSALS TO FACILITATE A RETURN OF CAPITAL TO SHAREHOLDERS**

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Notice of an Extraordinary General Meeting of the Company, to be held at IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP, British Isles on 17 September 2008 (the “Meeting”) is set out at the end of this document. Whether or not you propose to attend the Meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible.

Part 1

**BAMBOO INVESTMENTS (ISLE OF MAN) PLC**  
(the “Company”)

*(incorporated and registered in the Isle of Man under the Isle of Man Companies Acts 1931 to 2004  
with registered number 112765C)*

*Directors:*

C. D. Pemberton  
P. P. Scales  
M. C. Stoddart

*Registered Office:*

IOMA House  
Hope Street  
Douglas  
Isle of Man  
IM1 1AP

15 August 2005

To: Shareholders

Dear Sir or Madam,

**RECOMMENDED PROPOSALS TO FACILITATE FURTHER  
RETURN OF CAPITAL TO SHAREHOLDERS**

**Introduction**

**I have much pleasure in enclosing the interim accounts for the 6 months to 30 June 2008. These show two important developments in your Company: the first, the sale of the investment in Grosvenor Health Group Limited, which realised net proceeds of £1.15 million in addition to the £414,000 realised in 2006; the second, HM Revenue & Customs have now advised us that their review into the Company’s affairs has been satisfactorily completed and that there is no additional taxation to be payable. In the light of this, we are now proposing to return a further £1.6 million, equivalent to 14.47 pence per share, to the holders of the Company’s ordinary shares (“Shareholders”). The further return of capital will be subject to the passing of the two resolutions to be proposed at the Meeting which will be held on 17 September 2008.**

The board has been consulting with its advisers to establish an efficient way to return capital to Shareholders following the disposal of assets. Now that the Company has received its clearance from HM Revenue & Customs in respect of the enquiry into the Company’s tax affairs and now that it has sufficient cash resources for a further return of capital, it is proposed to:

- (i) re-register the Company (which is currently incorporated under the Isle of Man Companies Acts 1931-2004, the “**1931 Act**”) as a company governed by the Isle of Man Companies Act 2006 (the “**2006 Act**”) (the “**Reregistration**”);
- (ii) adopt new memorandum and articles of association (the “**New Memorandum and Articles**”);  
and
- (iii) conditional upon the Reregistration and the adoption of the New Memorandum and Articles, adopt a return of capital scheme (the “**Capital Return Scheme**”).

For the purposes of this document the Reregistration, the adoption of the New Memorandum and Articles and the Capital Return Scheme are collectively referred to as the “**Proposals**”.

**If the Proposals are approved at the Meeting, it is currently anticipated that the payments in respect of this new return of capital will be despatched to Shareholders on or about 30 September 2008. The Capital Return Scheme will enable further amounts to be returned in the same manner in future years, as the last few investments are sold.**

## **The Reregistration**

The 2006 Act updates and modernises Isle of Man company law and, amongst other things, abolishes a number of traditional company law formalities including the requirement to maintain capital (subject to solvency). Accordingly, subject to the Reregistration becoming effective, it should be easier for the Company to return capital to its Shareholders as there is no requirement to seek the approval of the Isle of Man High Court.

As part of the Reregistration the Company proposes to adopt the New Memorandum and Articles, which the Company considers are appropriate for a company incorporated under the 2006 Act. The proposed New Memorandum and Articles are not identical, but are broadly similar, to the Company's existing memorandum and articles of association; the main changes considered significant which have been incorporated in to the New Memorandum and Articles are listed in Section B of Part 2 of this document. In addition, Section A of Part 2 contains a brief explanation of the key characteristics of companies incorporated under the 2006 Act. Copies of the New Memorandum and Articles are available from the Company's registered office at any time before the Meeting; in addition, copies of the New Memorandum and Articles will be available at the Meeting.

## **Consequences of Reregistration**

On the basis that the Reregistration proceeds, the 2006 Act provides that the Company will be the same legal entity as exists at present and Reregistration will not serve to prejudice or affect the continuity of the Company. On the date the Registrar of Companies in the Isle of Man issues a certificate of reregistration in respect of the Company, the Company shall cease to be a company incorporated under and subject to the 1931 Act; instead the Company shall be subject to the 2006 Act.

In addition to facilitating the Capital Return Scheme described in this document, a further consequence of the Reregistration is expected to be that the costs associated with the general administration of the Company will be reduced, since certain of the legal requirements to which the Company is subject as a 1931 Act company (and for which it incurs professional expenses) will not apply to it as an entity subject to the 2006 Act. In particular, the Company's financial statements will not require to be audited under the 2006 Act.

## **The Capital Return Scheme**

Under the Capital Return Scheme, returns of capital can to be made on an ad hoc basis whenever the Company has sufficient cash available for the purpose. On each occasion on which returns of capital will be made under the Capital Return Scheme, Shareholders will be entitled to receive a return of capital per ordinary share in the capital of the Company (a "Share") through the repurchase and cancellation of part of their shareholding, the amount of which will be determined by reference to the Company's computation of the net asset value per Share at the relevant time.

The decision to pay any such returns of capital will be at the sole discretion of the board of directors of the Company.

Subject to the approval of the Proposals, the first payment under the Capital Return Scheme will return £1.6 million to Shareholders. This will be achieved through the cancellation of 6,030,732 Shares, representing 54.55% of the existing issued share capital, and the return to Shareholders in respect of those Shares of 26.53 pence per Share, representing the unaudited net asset value per Share as at 30 June 2008. Shareholders will not be issued with new share certificates following the return of capital although Shareholders will be advised by letter of their resultant holdings at the same time as the payments are sent to them.

## **Ongoing Management Costs**

Your board is conscious that, as the size of your Company decreases through successive returns of capital, so the fixed and variable running costs of the Company have been increasing in proportion to the net assets.

Your board has therefore undertaken a detailed review of costs, and has taken the following measures to reduce further the costs of running the Company. First, as mentioned above, no statutory audit will be required under the applicable Isle of Man legislation. Shareholders will continue to get interim and annual accounts, but these will be unaudited and produced in an office bound format. Second, given the size of the investment portfolio, alternative measures are being taken for the safe custody of investments at a greatly reduced cost, while IOMA Fund and Investment Management Limited, as administrator, has agreed to a reduction in its fees. Thirdly, Close Ventures Limited, the investment adviser, has agreed to a reduction in its annual fee from 2.5% of the Company's net assets plus an administration fee of £25,000 plus VAT, to a total annual fee of £30,000 plus VAT, with another substantial reduction following any further return of capital. Finally, the directors have agreed to a reduction in their fees.

### **Meeting and Resolutions**

The Proposals are conditional upon the approval of the Shareholders at the Meeting.

The Meeting has accordingly been convened for the purposes of seeking approval for the Proposals. Shareholders will find at the end of this document a notice convening the Meeting and a form of proxy for use at the Meeting. The Meeting is convened for the date and time set out in the Notice and will be held at IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP, British Isles.

At the Meeting, two special resolutions will be proposed, each of which requires a majority of 75 per cent. of the votes cast in respect of the resolution to be cast in favour in order for the resolution to be passed. The first resolution seeks shareholder approval for the Reregistration and the adoption of the New Memorandum and Articles and the second resolution seeks shareholder authority for the implementation of the Capital Return Scheme.

### **Costs of the Proposals**

The costs and expenses relating to the Proposals to be incurred by the Company are estimated to amount to approximately £20,000.

### **Taxation**

**A summary of the tax consequences of the Proposals (relating to the return of capital currently proposed) is set out in Part 3 of this document. If you are in any doubt as to your tax position or the impact of the Proposals on you, you are recommended to consult your professional adviser.**

### **Action to be taken**

If you are unable to attend the Meeting but wish to exercise your vote, please complete the attached form of proxy and return it to Computershare Investor Services (Channel Islands) Limited, PO Box 83, Ordnance House, 31 Pier Road, St. Helier, Jersey, JE4 8PW.

To be valid the form of proxy must be received at the above address not later than 48 hours before the time fixed for the holding of the Meeting.

### **Recommendation**

**The directors of the Company consider that the Proposals are in the best interests of the Company and the Shareholders as a whole. Accordingly, the directors of the Company unanimously recommend all Shareholders to vote in favour of the resolutions at the Meeting.**

Yours faithfully

Michael Stoddart  
*Chairman*

for and on behalf of

BAMBOO INVESTMENTS (ISLE OF MAN) PLC

## Part 2

# ISLE OF MAN COMPANIES ACT 2006

## Section A

### KEY CHARACTERISTICS

Set out below are some of the key characteristics of companies incorporated under the 2006 Act. It should be noted that the following does not constitute an exhaustive list of the differences between the statutory regimes to which companies incorporated under the 1931 Act and companies incorporated under the 2006 Act are subject.

#### Share Capital

Under the 2006 Act, there is no longer the concept of authorised share capital. Therefore, shares may be issued with or without par value. It should be noted that post Reregistration the Company will continue to have shares of £0.05 par value.

#### Dividends, Redemptions and Buy-backs of Shares

Subject to compliance with its New Memorandum and Articles, the 2006 Act will allow the Company post Reregistration to declare and pay a dividend and to purchase, redeem or otherwise acquire its own shares subject only to meeting a statutory solvency test.

#### Capacity and Powers

Companies incorporated under the 2006 Act have separate legal personality and perpetual existence. In addition, such companies have unlimited capacity to carry on or undertake any business or activity; this is so notwithstanding the matter of corporate benefit. The 2006 Act specifically states that no corporate act is beyond the capacity of a company incorporated under the 2006 Act by reason only of the fact that the relevant company has purported to restrict its capacity in any way in its memorandum or articles of association or otherwise. A person who deals in good faith with a company incorporated under the 2006 Act is entitled to assume that the directors of the company are acting without limitation.

#### Other Points

In addition to the foregoing, the following other points should be noted in relation to companies incorporated under the 2006 Act:

- there are no prohibitions in relation to a company providing financial assistance for the purchase of its own shares;
- there is a requirement for a registered agent appropriately licensed in the Isle of Man. (Isle of Man Financial Trust Limited, the parent of the Company's existing Isle of Man administrator, will be the Company's first registered agent following Reregistration);
- there is no differentiation between public and private companies;
- there are simple share offer document requirements;
- there are reduced compulsory registry filings;
- there is no statutory requirement for a company incorporated under the 2006 Act to have an annual general meeting; and
- the statutory accounting requirements are simplified.

## **Section B**

### **THE NEW MEMORANDUM AND ARTICLES**

The New Memorandum and Articles are not based upon the Company's existing memorandum and articles of association, although they are similar to the existing articles in most respects. Set out below is a list of some of the key differences between the existing articles of association and the New Memorandum and Articles that are proposed to be adopted. This list is not exhaustive, however, copies of the New Memorandum and Articles are available upon request at the Company's registered office at any time up to the time of the Meeting.

#### **Resolutions**

The 2006 Act does not differentiate between ordinary resolutions (passed by a simple majority of votes cast in relation to the relevant resolution) and special resolutions (passed by a majority of three-quarters of votes cast in relation thereto). However, there is no prohibition on the Company adopting such a differentiation if it chooses to do so. Accordingly, the New Memorandum and Articles retain the requirements for ordinary resolutions and special resolutions in similar circumstances to where these are required under the current articles of association.

#### **Authorised Share Capital**

Companies incorporated under the 2006 Act are not required to have authorised share capital. However, the New Memorandum and Articles state that, unless increased by ordinary resolution, the maximum number of ordinary shares in the Company's capital available for issue is 400,000,000 shares, which reflects the Company's present authorised share capital.

The 2006 Act permits companies incorporated under that Act to have shares with no par value; in respect of the Company, the New Memorandum and Articles require shares to be issued with a par value of £0.05.

#### **Reduction of Capital**

The New Memorandum and Articles will permit the Company to reduce its share capital, subject to the statutory solvency test being satisfied, with the sanction of a special resolution; there will be no need for the Isle of Man High Court to sanction any reduction of capital.

#### **Purchase of Shares**

The New Memorandum and Articles permit the directors of the Company to implement the Capital Return Scheme, subject to the statutory solvency test.

#### **Share Certificates**

The New Memorandum and Articles provide that the Company shall not issue share certificates unless otherwise determined by the directors in their discretion, either generally or as regards any particular Shareholder. If the Reregistration is approved at the Meeting, no further share certificates are intended to be issued.

#### **Sanction to Variation**

The existing articles of association of the Company permit, in the event the share capital is divided into shares of different classes, the variation of the rights attached to a class of shares with the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution. The New Memorandum and Articles contain a similar provision except that the reference to approval by extraordinary resolution has been deleted, as to the 2006 Act does not recognise the concept of such resolutions, and reference to a special resolution inserted.

**Transfer of Shares**

The New Memorandum and Articles require that share transfers are delivered to the registered agent for the time being of the Company. (The first registered agent of the Company is anticipated to be Isle of Man Financial Trust Limited, the registered office of which is the same as that of the Company.)

**Annual General Meetings**

Because the 2006 Act does not require companies incorporated pursuant to its provisions to convene annual general meetings, the New Memorandum and Articles do not impose an obligation upon the directors of the Company to convene general meetings on an annual basis, although they may do so in their discretion. If the Reregistration is approved, the directors presently envisage annual general meetings continuing to be held thereafter.

**The Seal**

There is an obligation contained in the New Memorandum and Articles for the Company to have a seal; the 2006 Act does not require companies incorporated under such Act to have seals, but they may if they wish. References to an official seal for use abroad has been deleted as the 2006 Act contains no provision in this regard.

**Secretary**

The 2006 Act does not require the appointment of a company secretary as it requires each company subject to its provisions to appoint a registered agent which will fulfil similar duties. The New Memorandum and Articles, however, permit the board of the Company to continue to appoint a secretary.

**President**

The existing articles of association allows for the appointment of a person to be president of the Company, although no such appointment has ever been made. The New Memorandum and Articles do not contain this provision.

**Dividends**

The New Memorandum and Articles contain provisions relating to dividends and distributions which are generally similar in effect to those which are contained in the Company's existing articles of association (but with appropriate revisions appertaining to the statutory solvency test applicable to companies under the 2006 Act).

**Borrowing Powers**

The current articles of association contain detailed provisions concerning the borrowing powers of the Company which have not been replicated in the New Memorandum and Articles, as the directors of the Company do not envisage that the Company will have any material borrowings in the foreseeable future if the Reregistration is approved.

**Capitalisation of Reserves**

The provisions in relation to capitalisation of reserves contained in the existing articles of association have been largely retained except that the capitalisation will only be permitted in terms of the New Memorandum and Articles to the extent that the statutory solvency test is satisfied and the amounts utilised to capitalise an issue of new shares are required to be deducted from the Company's profits as opposed to any reserve fund.

**Accounts and Audit**

Because the 2006 Act is not unduly prescriptive in terms of accounting, the New Memorandum and Articles require a printed copy of the directors' report and any auditors' report accompanied by printed copies of the annual accounts (comprising a profit and loss account and a balance sheet) to be distributed to Shareholders within nine months of the date of the balance sheet comprised in such accounts.

The New Memorandum and Articles do not impose any audit requirement in respect of the Company's accounts, as an audit is not compulsory under the 2006 Act. The directors of the Company do not presently intend that the accounts of the Company in respect of future financial periods will be audited if the Reregistration is approved at the Meeting.

**Amendment to Constitutional Documents**

It should be noted that, unlike companies incorporated under the 1931 Act, the 2006 Act does not require a company to amend its memorandum or articles of association by special resolution. However, following the Reregistration the New Memorandum and Articles may only be amended by special resolution.

## Part 3

### TAXATION

The information in this Part 3, which is intended as a general guide only, is based on current legislation and practice regarding United Kingdom and Isle of Man taxation and may be subject to change, summarises advice received by the directors of the Company as to the position of Shareholders who are resident or ordinarily resident in the United Kingdom for tax purposes and who hold their Shares as an investment. The information in this Part 2 does not constitute legal or tax advice to any Shareholders. Accordingly, Shareholders who are in any doubt as to their tax position, or who are subject to tax in a jurisdiction other than the United Kingdom or may hold their Shares otherwise than as an investment, are strongly recommended to consult their professional adviser.

#### 1. Capital Return Scheme

Provided that under Isle of Man law payments made by the Company to Shareholders under the Capital Return Scheme are regarded as capital rather than income distributions, your board has been advised that, under United Kingdom taxation provisions, such payments should fall to be taxed in accordance with the rules relating to the taxation of chargeable gains, rather than income. In this regard, the directors have also been advised that a Manx Court would be likely to view a payment pursuant to the Capital Return Scheme, being funded from capital and shareholder reserves and accounted for in the balance sheet of the Company, as being in the nature of a capital distribution under Isle of Man law.

In relation to individual and corporate Shareholders who are UK resident, other than dealers in securities, the capital returns should, therefore, be treated, subject to the following paragraph, as the proceeds of a part disposal of the holding of Shares.

If sums paid by way of a capital return to Shareholders are “small”, that is to say less than £3,000 or less than 5% of the value of the relevant shareholding, the receipt by a Shareholder of a capital return which is “small” will not be treated as a disposal, or part disposal, of an asset and no UK tax will be due on receipt of the capital return. Instead, an amount equal to the amount received is deducted from the tax base cost of the Shareholder’s holding of Shares. This treatment will only apply where, and to the extent that, the holding of Shares from which the capital return is derived has a positive base cost against which to offset the capital receipt. Where this is not the case, the receipt of a capital return may fall to be treated as a part disposal. A capital return treated as “small” is not required to be included on any self-assessment tax return. An individual Shareholder’s annual exempt amount for capital gains tax purposes will not be affected by this treatment.

No tax credit will be available for individual Shareholders on the receipt of a capital return.

#### 2. Isle of Man Taxation

The Company will not incur any liability to Isle of Man taxation as a result of implementation of the Proposals, and there will be no Isle of Man withholding tax suffered on payments made to Shareholders.

It is expected that Isle of Man resident Shareholders will not be taxed on any receipt from the Capital Return Scheme as such receipts will be considered capital.

#### 3. Stamp Duty

There are no UK or Isle of Man stamp duty implications.

# BAMBOO INVESTMENTS (ISLE OF MAN) PLC

*(incorporated and registered in the Isle of Man under the Isle of Man Companies Acts 1931 to 2004 with registered number 112765C)*

NOTICE is hereby given that an Extraordinary General Meeting of Bamboo Investments (Isle of Man) PLC (the “**Company**”) will be held at IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP, British Isles on 17 September 2008 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as **Special Resolutions**:

1. That:
  - (i) the Company be re-registered as a company incorporated under the Companies Act 2006 (the “2006 Act”);
  - (ii) the Company adopts the memorandum of association complying with s.149(2) of the 2006 Act in the form initialled by the Chairman of the meeting; and
  - (iii) the Company adopts the articles of association in the form initialled by the Chairman of the meeting.
2. That, subject to the passing of resolution 1 set out in this notice of meeting, and the Registrar issuing a certificate of re-registration in respect of the Company pursuant to s.146 of the 2006 Act, the Capital Return Scheme (as defined and referred to in the circular to shareholders of which this Notice forms part) be and is hereby approved.

By order of the Board  
Philip Peter Scales  
*Company Secretary*

15 August 2008

*Registered Office:*  
IOMA House  
Hope Street  
Douglas  
Isle of Man  
IM1 1AP

## Notes:

- 1 A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him; a proxy need not be a member of the Company. In the case of joint holders, if more than one of such joint holders is present, only the person whose name stands first in the Register of Members in respect of the relevant joint holding will be entitled to vote, whether in person or by proxy.
- 2 A form of proxy accompanies this Notice. Completion and return of the form of proxy will not preclude a member from attending and voting at the Meeting if he so wishes. In the event that a member who has lodged a form of proxy attends the Meeting, his form of proxy will be deemed to have been revoked.
- 3 In order to be valid the form of proxy should be completed and Computershare Investor Services (Channel Islands) Limited, PO Box 83, Ordnance House, 31 Pier Road, St. Helier, Jersey, JE4 8PW, not later than 48 hours before the time fixed for the meeting together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority.



