

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO: 227 OF 2009

IN THE MATTER OF THE COMPANIES LAW (2007 REVISION AS AMENDED)
AND IN THE MATTER OF CHINA.COM INC.

PETITION



To: The Grand Court

THE HUMBLE PETITION of China.com Inc. (the "**Company**") of PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands shows that:-

Purpose

- 1 The object of this Petition is to seek an Order of the Court pursuant to section 16 of the Companies Law (2007 Revision as amended) (the "Companies Law") confirming a reduction of the capital of the Company which has been approved by special resolution of the Company's shareholders.

Background

- 2 The Company was incorporated as an exempted company and registered on 15 October 1999 as a company limited by shares with the name "HONGKONG.COM CORPORATION". On 27 April 2005, the Company changed its name to "China.Com Inc".
- 3 The registered office of the Company is situate at the offices of Maples Corporate Services Limited, P.O. Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman. The Company's principal place of business is 33/F, Citigroup Centre, 18 Whitefield Road, Causeway Bay, Hong Kong Special Administrative Region of the People's Republic of China.

- 4 The objects for which the Company was formed are unrestricted but include, without limitation, to carry on business as an investment company and as an investment holding company and to carry out the other objects more particularly set forth in the Company's Restated Memorandum of Association and Restated Articles of Association (the "**Articles**") both dated 25 February 2000.
- 5 Since 9 March 2000, the issued shares of the Company have been listed and traded on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong.
- 6 The Company was incorporated and registered with an authorised share capital of US\$50,000 divided into 50,000 shares with a par value of US\$1.00 each of which one share was issued. By written resolutions of the sole shareholder on 22 February 2000, (1) the authorised share capital of the Company was increased to the aggregate of US\$50,000 and HK\$1,000,000,000 by the creation of an additional 10,000,000,000 shares of HK\$0.10 par value each, (2) the authorised share capital of the Company was reduced by US\$50,000 by the cancellation of 49,999 unissued shares of US\$1.00 par value each and the repurchase of the one issued share pursuant to section 37 of the Companies Law (1998 Revision).
- 7 On 27 June 2008, every 40 issued and unissued shares in the authorised share capital of the Company were consolidated into a single share with a par value of HK\$4.00. At the date of this Petition, the Company's authorised share capital is therefore HK\$1,000,000,000 divided into 250,000,000 shares with a par value of HK\$4.00 each. As at the date of this Petition, there are 107,173,641 issued shares each of which is fully paid or treated as fully paid.

Power to reduce the Company's share capital

- 8 Pursuant to 63(b) of the Articles, the Company has the power to reduce its share capital in any manner authorised and subject to any conditions prescribed by the Companies Law. Article 63(b) is as follows:

"The Company may by special resolution reduce its share capital, any capital redemption reserve or any share premium account in any manner authorised and subject to any conditions prescribed by the [Companies] Law."

- 9 By special resolutions of the Company duly passed in accordance with Company's Articles and Section 60 of the Companies Law at an extraordinary general meeting of the Company's shareholders held on 16 January 2009 in Hong Kong it was resolved -

"THAT:

- (A) The par value of each existing share be reduced from HK\$4.00 per share to HK\$0.01 per share;*
- (B) The Articles of Association of the Company (as amended) be amended so as to provide that the authorised share capital of the Company is HK\$2,500,000 divided into 250,000,000 shares of HK\$0.01 each;*
- (C) The words "HK\$1,000,000,000 divided into 10,000,000,000 shares of a nominal or par value of HK\$0.01 each" in clause 6 of the memorandum of association of the Company (as amended) be deleted and be replaced with the words "HK\$2,500,000 divided into 250,000,000 shares with a nominal or par value of HK\$0.01 each";*
- (D) The credit arising from the reduction of capital be transferred to a distributable reserve account of the Company; and*
- (E) The directors of the Company be and are hereby authorised to do all such acts and things and sign or execute all such documents or make such arrangements as they may, in their absolute discretion, consider necessary or expedient to effect and implement the matters contemplated by this resolution."*

Purpose of the Capital Reduction

- 10 The Company proposes that the credit item of HK\$427,622,827.59 arising upon the reduction of capital be transferred to a capital reserve account. It is also proposed that the said capital reserve account be generally available to be applied according to the needs of the Company from time to time and to enable the Company, if it sees fit, to return the balance to its shareholders as being in excess of the wants of the Company.

Minute of Order

- 11 The form of Minute proposed to be registered is as follows:

"The capital of China.com Inc. was, by virtue of a Special Resolution passed on 16 January 2009 and confirmed by an Order of the Grand Court reduced

ENDORSEMENT

This Petition having been presented to the Grand Court of the Cayman Islands on the 6th day of May 2009 will be heard at the Grand Court of the Cayman Islands on the 13th day of May 2009 at 10:00 am or as soon thereafter as the Petition can be heard.

This Petition was presented by Maples and Calder, attorneys for the Petitioner, whose address for service is PO Box 309, Umland House, Grand Cayman, KY1-1104, Cayman Islands. (Ref: CDM/JFP/301959-4/16499790)