

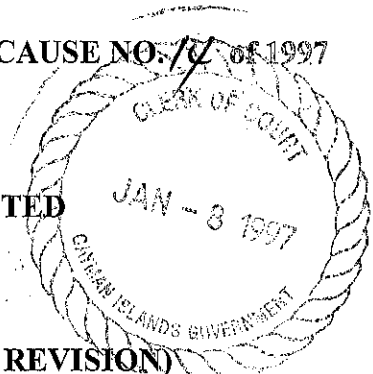
IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO. 76 of 1997

IN THE MATTER OF GAIA HEDGE III LIMITED

AND

IN THE MATTER OF THE COMPANIES LAW (1995 REVISION)



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PETITION  
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**To the Grand Court**

**The Humble Petition of GAIA HEDGE III LIMITED shows that:-**

1. The object of this Petition is to seek:-
  - (a) The sanction of the Court to a scheme of arrangement and amalgamation (the "Scheme") under Section 85(2) of the Companies Law of the Cayman Islands (1995 Revision) (the "Companies Law") between the above-named Gaia Hedge III Limited ("Gaia Hedge III") and its associate company Gaia Hedge II Limited ("Gaia Hedge II"); and
  - (b) The making by the Court of ancillary orders under Section 86 of the Companies Law directing the transfer of the assets of Gaia Hedge III to Gaia Hedge II the redemption of Gaia Hedge III's holdings of shares in the capital of Gaia Hedge II the allotment and issuance of the appropriate number of shares in the capital of Gaia Hedge II according to the values agreed as at Friday 27<sup>th</sup> December, 1996, and the dissolution without winding-up of Gaia Hedge III.

2. Gaia Hedge III was registered on 5<sup>th</sup> July, 1989 under the Companies Law as an exempted company limited by shares. The registered office of Gaia Hedge III is situated at P.O. Box 2097, Genesis Building, George Town, Grand Cayman, Cayman Islands.

3. Gaia Hedge III has an authorised share capital of nine hundred thousand United States Dollars (US\$900,000) divided into one thousand (1,000) ordinary shares of One United States cent (US\$0.01) par value each ("Ordinary Shares"), one million (1,000,000) founder shares of one United States cent (US\$0.01) par value each ("Founder Shares") and eighty eight million nine hundred and ninety nine thousand (88,999,000) unclassified shares of One United States cent (US\$0.01) par value each ("Unclassified Shares"). By virtue of article 11 of the articles of association of the Gaia Hedge III, the directors of Gaia Hedge III are empowered to issue any of the Unclassified Shares in the capital of Gaia Hedge III as "Participating Shares" or as "Nominal Shares" (as such terms are defined in the Articles). As at 27<sup>th</sup> December 1996 and at the date hereof, the issued and fully paid share capital of Gaia Hedge III was and is 1,000 Ordinary Shares, 1,000,000 Founder Shares and 182,061 Participating Shares (together, the "Shares").

4. Gaia Hedge II was registered on 2<sup>nd</sup> February 1988 under the Companies Law as an exempted company limited by shares. The registered office of Gaia Hedge II is situated at P.O. Box 2097, Genesis Building, George Town, Grand Cayman, Cayman Islands.

5. Gaia Hedge II has an authorised share capital of nine hundred thousand United States Dollars (US\$900,000) divided into one thousand (1,000) ordinary shares of One United States Cent (US\$ 0.01) par value each, ten thousand (10,000) Founder Shares of One United States Cent (US\$0.01) par value and eighty-nine million nine hundred and eighty-nine thousand (89,989,000) Unclassified Shares of One United States Cent (US\$0.01) par value each. By virtue of article 11 of the articles of association of Gaia Hedge II, the directors of Gaia Hedge II are empowered to issue any of the Unclassified Shares in the capital of Gaia Hedge II as Participating Shares or as Nominal Shares (as such terms are defined in such articles of association). As at 27<sup>th</sup> December 1996, the issued and fully paid share capital of Gaia

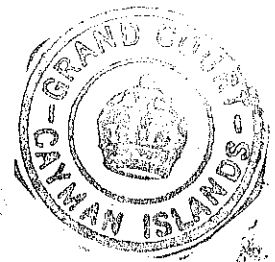
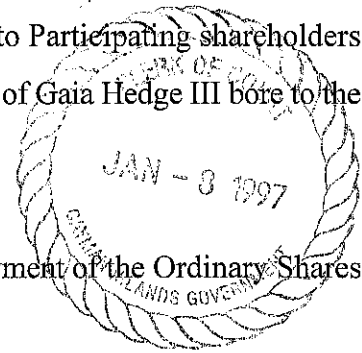
Hedge II was 1,000 Ordinary Shares, 10,000 Founder Shares and 154,727.5 Participating Shares.

6. The primary object of the Scheme is to carry out a merger between Gaia Hedge III and Gaia Hedge II under the terms of which Gaia Hedge II will be the surviving entity, and Gaia Hedge III will be dissolved. Briefly, the Scheme involves the transfer of all assets, undertaking and property and the liabilities of Gaia Hedge III to Gaia Hedge II, the redemption of Gaia Hedge III's holdings of Participating shares in the capital of Gaia Hedge II and the allotment and issue to the shareholders of Gaia Hedge III of the appropriate number of Participating Shares in Gaia Hedge II according to the values agreed as at Friday 27<sup>th</sup> December, 1996. Gaia Hedge III will thereupon be dissolved without winding up and the Shares cancelled.
7. On 20<sup>th</sup> December, 1996 an extraordinary general meeting of Gaia Hedge III was duly convened and held at 3<sup>rd</sup> Floor, Genesis Building, George Town, Grand Cayman, Cayman Islands.
8. The resolution submitted to the said meeting was that the Scheme should be approved and it was so approved by shareholders representing seventy six point two per cent (76.2%) in value of the Participating Shares in issue as stated in the certified true copy of the minutes of the meeting attached hereto and the Scheme was approved by the sole ordinary shareholder and sole Founder Shareholder at separate class meetings of the Ordinary Shareholder and Founder Shareholder held on 20<sup>th</sup> December, 1996.

**YOUR PETITIONER THEREFORE HUMBL Y PRAYS** that:-

- (1) The Scheme may be sanctioned by the Court so as to be binding on Gaia Hedge III and Gaia Hedge II.

- (2) The Court make an order directing the transfer on 29 January, 1997 of all assets undertaking and property and the liabilities of Gaia Hedge III to Gaia Hedge II.
- (3) The Court make an order directing the dissolution without winding-up of Gaia Hedge III.
- (4) The Court make an order directing the redemption of the Participating shares in the capital of Gaia Hedge II held by Gaia Hedge III and the allotment and issue of an appropriate number of Participating shares in the capital of Gaia Hedge II to Participating shareholders of Gaia Hedge III in the same proportions as the net asset value of Gaia Hedge III bore to the net asset value of Gaia Hedge II on 27<sup>th</sup> December, 1996.
- (5) The Court make an order directing the cancellation without payment of the Ordinary Shares in the capital of Gaia Hedge III.
- (6) The Court make an order directing the cancellation of the Founder Shares in the capital of Gaia Hedge III and payment in cash to the Founder Shareholders in Gaia Hedge III of the par value of such Founder Shares.
- (7) The Court make such further orders or directions as it thinks fit.



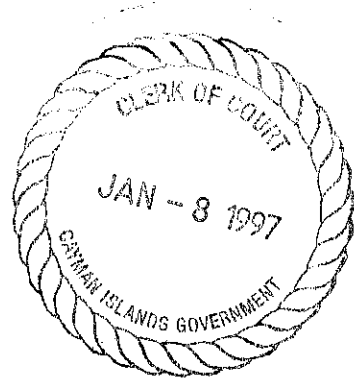
AND your Petitioner will ever pray, etc.

DATED this 8<sup>th</sup> day of January, 1997.

*Truman Bodden & Co.*

**TRUMAN BODDEN & COMPANY**

This petition is not intended to be served.



This Petition was presented by Truman Bodden & Company, P.O. Box 866, Anderson Square Building, George Town, Grand Cayman, attorneys-at-law for the Petitioner.