

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

190
CAUSE NO: FSD OF 2011

IN THE MATTER OF THE COMPANIES LAW (2011 REVISION)

AND IN THE MATTER OF THE REDUCTION OF SHARE CAPITAL OF 科浪國際控股有限公司
(ENGLISH: SUNLINK INTERNATIONAL HOLDINGS LIMITED)

PETITION

TO THE GRAND COURT

THE HUMBLE PETITION OF by 科浪國際控股有限公司 (ENGLISH: SUNLINK INTERNATIONAL HOLDINGS LIMITED), whose registered office is at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman KY1-1111, Cayman Islands, **SHOWS THAT:**

1. Your Petitioner, 科浪國際控股有限公司 (English: Sunlink International Holdings Limited) (hereinafter called the "**Company**") was incorporated on 5 July 2002 as an exempted company limited by shares under the Companies Law of the Cayman Islands (as amended) (the "**Companies Law**").
2. The objects for which the Company was formed are unrestricted, and the Company has full power and authority to carry out any object not prohibited by the Companies Law.
3. The Company is an investment holding company. It was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**HKEX**") on 3 March 2003. Trading in the shares of the Company on the HKEX has been suspended at the request of the Company since 2 December 2008.
4. The group of companies of which the Company is the ultimate holding company (the "**Group**") are principally engaged in the sale of (i) semiconductors and related products; (ii) auto devices and parts; and (iii) wireless devices and solutions. The Group's manufacturing bases and trading business are located in the People's Republic of China (the "**PRC**") and Hong Kong.
5. On 1 December 2008 and 10 December 2008 respectively, a creditor of the Company presented a winding up petition against the Company, and an application for the appointment of provisional liquidators to the Company, to the High Court of the Hong Kong Special Administrative Region

("High Court of Hong Kong"). On 11 December 2008, a supporting creditor filed a notice of intention to appear and support the winding up petition. The supporting creditor also filed an application for the appointment of provisional liquidators of the Company to the High Court of Hong Kong on 16 December 2008. Messrs Stephen Liu Yiu Keung and David Yen Ching Wai both of Ernst & Young Transactions Limited were subsequently appointed provisional liquidators of the Company (the "**Provisional Liquidators**") pursuant to the supporting creditor's application, by the order of the Honourable Madam Justice Chu sitting in the High Court of Hong Kong on 24 December 2008.

6. The authorised share capital of the Company at the date of its incorporation was HK\$380,000 divided into 3,800,000 ordinary shares of a par value of HK\$0.10 each.
7. Since the incorporation of the Company, the authorised share capital has been changed as follows:
 - (i) on 20 December 2002, the authorised share capital of the Company was increased from HK\$380,000 divided into 3,800,000 ordinary shares of a par value of HK\$0.10 each, to HK\$100,000,000, divided into 1,000,000,000 ordinary shares of a par value of HK\$0.10 each, by the creation of 996,200,000 additional shares of HK\$0.10 each, by a written resolution of the shareholders of the Company; and
 - (ii) on 22 January 2007, the authorised share capital of the Company was increased from HK\$100,000,000 divided into 1,000,000,000 ordinary shares of a par value of HK\$0.10 each, to HK\$300,000,000 divided into 3,000,000,000 ordinary shares of a par value of HK\$0.10 each, by the creation of 2,000,000,000 additional shares of HK\$0.10 each, by a resolution of the shareholders of the Company passed at a duly convened extraordinary general meeting.
8. As at the date of this Petition the authorised share capital of the Company is HK\$300,000,000 divided into 3,000,000,000 shares with a par value of HK\$0.10 each. The issued and fully paid up share capital of the Company is HK\$186,478,000, being 1,864,780,000 shares with a par value of HK\$0.10 each.
9. The articles of association of the Company adopted pursuant to written resolutions passed on 20 December 2002 (the "**Articles of Association**") provide (inter alia) as follows:

"4. the Company may from time to time by ordinary resolution in accordance with the Law alter the conditions of its Memorandum of Association to:

(a) increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;

(b) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(c) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Directors may determine provided always that where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting";

(d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association (subject, nevertheless, to the Law), and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred, deferred or other rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares;

(e) cancel any shares which, at the date of the 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 or, in the case of the shares, without par value, diminish the number of shares into which its capital is divided.

5. The Board may settle as it considers expedient any difficulty which arises in relation to any consolidation and division under the last preceding Article and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise some person to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company's benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

6. *The Company may from time to time by special resolution, subject to any confirmation or consent required by the Law, reduce its share capital or any share premium account or any capital redemption reserve or other undistributable reserve in any manner permitted by law.*

7. *Except so far as otherwise provided by the conditions of issue, or by these Articles, any capital raised by the creation of new shares shall be treated as if it formed part of the original capital of the Company, and such shares shall be subject to the provisions contained in these Articles with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, cancellation, surrender, voting and otherwise."*

10. Moreover, the term "special resolution" is defined in Article 2 of the Articles of Association as:

"Special Resolution" a resolution shall be a special resolution when it has been passed by a majority of not less than three-fourths of 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 respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which not less than twenty-one (21) clear days' Notice, specifying (without prejudice to the power contained in these Articles to amend the same) the intention to propose the resolution as a special resolution, has been duly given. Provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the Members having the right to attend and vote at any such meeting, being a majority together holding not less than ninety-five (95) per cent. in nominal value of the shares giving that right and in the case of an annual general meeting, if it is 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 less than twenty-one (21) clear days' Notice has been given;"

The Proposed Restructuring of the Group

11. Since their appointment in Hong Kong, the Provisional Liquidators have worked with the directors of the Company (the "**Directors**") and the Company's legal and financial advisors to try to preserve the value of the Group's business. One of the roles of the Provisional Liquidators is, with the assistance of their financial advisors, to identify interested investors with a view to restructuring the Company.

12. Brilliant Capital International Limited (the "**Investor**"), a company incorporated in the British Virgin Islands with limited liability and ultimately beneficially owned by Mr Suen Cho Hung, Paul ("**Mr Suen**"), submitted a proposal to the Provisional Liquidators for investment in and reorganisation of the Company and its operating subsidiaries (the "**Restructuring Proposal**"). Following the

submission of the Restructuring Proposal, an exclusivity agreement was entered amongst the Investor, Mr Suen as the Guarantor for the Investor, the Company and the Provisional Liquidators on 11 May 2009. This was supplemented by a supplemental exclusivity agreement dated 11 June 2010, which granted the Investor an exclusivity period to prepare a proposal for the resumption of trading in the shares of the Company on the HKEX, and to enter into a restructuring agreement with the Company and the Provisional Liquidators for the implementation of the proposed restructuring of the Group.

13. The Investor, the Provisional Liquidators and their advisors prepared a resumption of trading proposal in respect of the shares in the Company, which was submitted to the HKEX on 14 January 2010, 28 October 2010, and 10 August 2011 (collectively known as the "**Resumption Proposal**"). On 19 August 2011, the HKEX issued a letter approving the resumption of trading of the shares of the Company provided that certain conditions including completion of the transactions contemplated by the Resumption Proposal, are met by 28 February 2012.
14. An agreement for the implementation of the Restructuring Proposal was entered into between, amongst others, the Company (acting by the Provisional Liquidators), the Investor, Mr Suen as Guarantor for the Investor, and the Provisional Liquidators on 30 September 2011, supplemented by a side letter dated 11 November 2011 (the "**Restructuring Agreement**").
15. The essential terms of the Restructuring Agreement include the Company and its ordinary unsecured creditors (other than the preferential creditors who shall be paid in full out of scheme funds, and the Investor) (the "**Scheme Creditors**") entering into a scheme of arrangement (the "**Scheme**") under the Companies Law and the Companies Ordinance of Hong Kong, pursuant to which, the Scheme Creditors will compromise their claims against the Company in consideration for the Company making funds, shares and convertible bonds available to Scheme Creditors from (inter alia) the proceeds of subscription for shares in the Company by the Investor and other public investors with such investment in the Company's share capital being facilitated by the Capital Restructuring referred to in this Petition. The restructuring of the Company's indebtedness and its share capital are interconditional and will (inter alia) result in the acquiring a controlling interest in the enlarged issued share capital of the Company. The Scheme is therefore an essential step for the successful resumption of trading of shares of the Company.

The Capital Restructuring

16. The Restructuring Agreement contemplates, amongst other things, the following restructuring of the Company's share capital under the Companies Law subject to approval of the Company's shareholders (the "**Capital Restructuring**") in order to enable the Investor's capital injection into the Company referred to above to be effected:

- (a) the par value of every issued share will be reduced from HK\$0.10 to HK\$0.0005 by cancelling share capital to the extent of HK\$0.0995 per issued share such that the authorised share capital of the Company is reduced from HK\$300,000,000 to HK\$932,390 (the "**Capital Reduction**"), and the credit which arises as a result of the Capital Reduction be applied to offset against part of the accumulated losses of the Company as at 31 December 2010 (the "**Accumulated Losses**"), or in a manner otherwise permitted by the Companies Law;
- (b) immediately following the Capital Reduction, all remaining authorised but unissued shares of the Company as at the Effective Date will be cancelled (the "**Capital Cancellation**");
- (c) upon the Capital Reduction and the Capital Cancellation becoming effective, every 20 shares of HK\$0.0005 in the Company will be consolidated into one new share with a par value HK\$0.01 each (each a "**New Share**") (the "**Share Consolidation**") and any fractions of New Shares arising on the Share Consolidation shall not be allocated to the holders of the existing shares otherwise entitled thereto but such fractions shall be aggregated and sold for the benefit of the Company on such terms and subject to such conditions as the Directors may, in their sole and absolute discretion, think fit;
- (d) subject to and forthwith upon the Capital Restructuring Events (as defined below) becoming effective, the authorised share capital will be increased from HK\$932,390 to HK\$100,000,000, by the creation of 9,906,761,000 New Shares of HK\$0.01 each (the "**Authorised Share Capital Increase**");
- (e) the entire amount standing to the credit of the share premium account of the Company as at 31 December 2010 will be cancelled (the "**Share Premium Cancellation**") and the credit which arises from as a result of the Share Premium Cancellation will be applied to set off against part of the Accumulated Losses or in a manner otherwise permitted by the Companies Law.

17. On 16 November 2011, notices and circulars in respect of the extraordinary general meeting of the Company's shareholders (the "**EGM**") to (among other things) reduce the share capital of the Company were sent out to the shareholders of the Company. The EGM was held in accordance with the Articles of Association with requisite notice being given to the shareholders of the Company. The relevant resolutions were clearly set out in the notices of the EGM and attached proxy forms.
18. At the EGM duly held on 9 December 2011, 99.998% of the Company's shareholders in attendance and voting (in person or by proxy), voted in favour of the Capital Restructuring which includes the Capital Reduction.
19. After the completion of the Capital Reduction, the Share Consolidation, the Capital Cancellation, (together the "**Capital Restructuring Events**"), the Share Premium Cancellation and the Authorised Share Capital Increase, the authorised share capital of the Company shall be HK\$100,000,000, divided into 10,000,000,000 New Shares of HK\$0.01 each, comprising 93,239,000 issued New Shares, and 9,906,761,000 unissued New Shares.

Extraordinary General Meeting of the Company

20. By a special resolution (the "**Resolution**") duly passed at the EGM convened and held on 9 December 2011 and in accordance with the Articles of Association and with the Companies Law, it was resolved that conditional upon (inter alia) the approval of the Capital Reduction by the Grand Court of the Cayman Islands (the "**Cayman Court**"), the registration of the order of the Cayman Court confirming the Capital Reduction, and the minute approved by the Cayman Court relating to the Capital Reduction (as required by the Companies Law), compliance with any conditions or directions as may be imposed by the Cayman Court in relation to the Capital Reduction, and on the Listing Committee of the HKEX granting the listing of, and permission to deal in the New Shares in issue upon the date on which the Capital Reduction becomes effective (the "**Effective Date**"):
 - (a) the par value of every issued share be reduced from HK\$0.10 to HK\$0.0005 by cancelling share capital to the extent of HK\$0.0995 per issued share, and the credit which arises as a result of the Capital Reduction be applied to offset against part of the Accumulated Losses, or in a manner otherwise permitted by the Companies Law;
 - (b) immediately following the Capital Reduction, all remaining authorised but unissued shares of the Company as at the Effective Date be cancelled;
 - (c) upon the Capital Reduction and the Capital Cancellation becoming effective, every 20 shares of HK\$0.0005 in the Company be consolidated into one New Share with a par

value of HK\$0.01 each and any fractions of New Shares arising on the Share Consolidation shall not be allocated to the holders of the existing Shares otherwise entitled thereto but such fractions shall be aggregated and sold for the benefit of the Company on such terms and subject to such conditions as the Directors may, in their sole and absolute discretion, think fit;

- (d) subject to and forthwith upon the Capital Restructuring Events becoming effective, the authorised share capital be increased from HK\$932,390 to HK\$100,000,000, by the creation of 9,906,761,000 New Shares of HK\$0.01 each;
- (e) the entire amount standing to the credit of the share premium account of the Company as at 31 December 2010 be cancelled and the credit which arises from as a result of the Share Premium Cancellation will be applied to set off against part of the Accumulated Losses or in a manner otherwise permitted by the Companies Law;
- (f) clause 8 of the memorandum of association of the Company be amended by deleting it entirely and replacing it with the following provision:

"8. The share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 ordinary shares of a nominal or par value of HK\$0.01 each, with power for the Company insofar as is permitted by law to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Law and the articles of association of the Company and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of Shares whether stated to be preference or otherwise shall be subject to the powers hereinbefore contained."

- (g) article 3(1) of the articles of association of the Company be amended by the deletion of its entirety and by its replacement with the following provision:

"3(1). The authorised share capital of the Company shall be HK\$100,000,000 divided into 10,000,000,000 ordinary shares of a nominal or par value of HK\$0.01 each";

- (h) the Provisional Liquidators and the Directors be authorised generally to do all acts, deeds and things, to take all necessary steps and to do, approve, sign and execute all documents (including the affixation of the common seal of the Company where execution under seal is required) which may be necessary or desirable or expedient for the purpose of giving effect to or implementing any of the foregoing.


21. The Capital Reduction in the form proposed does not involve (i) an alteration or variation to the rights attached to the Company's shares; (ii) a diminution of the liability of any shareholder in respect of amounts unpaid on issued share capital; or (iii) the return of capital to any shareholder of the Company.
22. The form of Minute proposed to be registered records:
- "The authorised share capital of Sunlink International Holdings Limited was by virtue of a special resolution of its shareholders, and with the sanction of an order of the Grand Court of the Cayman Islands dated [] January 2012, reduced from HK\$300,000,000 divided into 3,000,000,000 ordinary shares each with a par value of HK\$0.10, to HK\$932,390 divided into 1,864,780,000 ordinary shares each of a par value of HK\$0.0005. As at the date of registration of this minute 93,239,000 ordinary shares of HK\$0.0005 each have been issued and fully paid."*
23. After the completion of the Capital Restructuring, the authorised share capital of the Petitioner shall be HK\$100,000,000, divided into 10 000,000,000 New Shares, comprising 93,239,000 issued New Shares and 9,906,761,000 unissued New Shares.

Your Company therefore humbly prays as follows:

1. That the Capital Reduction of the Company proposed to be effected by the Special Resolution set forth in paragraph 20 of this Petition may be confirmed and the above mentioned Minute set forth in paragraph 22 of this Petition be approved by the Court;
2. That to this end all necessary inquiries and directions may be made and given;
3. Or that such other order may be made in the premises as the Court shall deem fit.

AND your Company will ever pray etc.

DATED the *9th* day of December 2011


WALKERS
Attorneys at Law for the Company

NOTE: It is not intended to serve this Petition on any person.

This Petition is presented by Walkers, Attorneys at Law, Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9001, Cayman Islands for the Company whose address for service is care of said Attorneys at Law.

ENDORSEMENT

This petition, having been presented to the Grand Court of the Cayman Islands on the 9th day of December 2011 will be heard at the Grand Court of the Cayman Islands on:

Date:

Time:

(or as soon thereafter as the petition can be heard).

This Petition is presented by Walkers, Attorneys at Law, Walker House, 87 Mary Street, George Town Grand Cayman KY1-9001, Cayman Islands for the Company whose address for service is care of said Attorneys at Law.

IN THE GRAND COURT OF THE GRAND CAYMAN ISLANDS
 FINANCIAL SERVICES DIVISION

Assignment of proceedings to FSD Judge

Title of Proceeding :	FSD No:
Reduction of Share Capital of Sunlink International Holdings Limited	<u>190</u> OF 2011
Applicants - Attorney contact information:	Respondents - Attorney contact information:
Fiona MacAdam Walkers 914 4273 Fiona.macadam@walkersglobal.com	N/A
Is a particular judge seized of any related matter ? If so which matters.	Would it be inappropriate for a matter to be assigned to a particular judge?
Justice Cresswell (FSD 185 OF 2011)	N/A
If this matter is urgent please explain why in a covering letter.	Dates for the listing officer (Yasmin Ebanks) to avoid:
PLEASE SEE ATTACHED COVERING LETTER.	

Dated this 9th day of December 2011