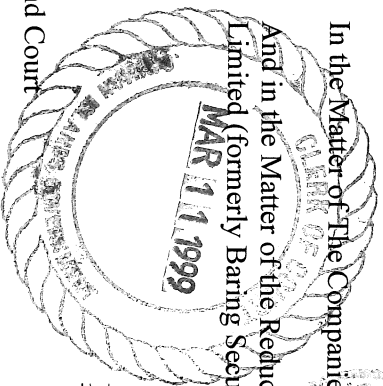


In the Matter of The Companies Law (1998 Revision)

And in the Matter of the Reduction of the Share Capital of ING Baring Securities (Japan) Limited (formerly Baring Securities (Japan) Limited)



PETITION

To: The Grand Court

The humble Petition of ING Baring Securities (Japan) Limited (formerly Baring Securities (Japan) Limited) shows that:-

1. Your Petitioner the above-named company (hereinafter called "the Company") was incorporated on 26th February 1985 under the then Companies Law as a company limited by shares.
2. The registered office of the Company is situate at Caledonian Bank and Trust Limited, Caledonian House, Mary Street, George Town, Grand Cayman, Cayman Islands, British West Indies.
3. The objects for which the Company was formed were to acquire, manage or dispose of the undertaking or any interest in any body of persons, firm or corporation carrying on the business of stockbrokers or dealers in securities and to carry on the business of stockbrokers, jobbers, dealers in securities of all kinds, investment bankers and investment managers and advisors and to carry out the other objects more particularly set forth in the Memorandum of Association of the Company.
4. The original capital of the Company was £7,100,000 divided into 7,100,000 ordinary shares of £1 each. By an Ordinary Resolution of the Company passed on 12th October 1992 the authorised share capital of the Company was increased from £7,100,000 to £50,000,000 by the creation of an additional 42,900,000 shares of £1 each. By a further Ordinary Resolution of the Company passed on 16th August 1995 the authorised share capital of the Company was increased to its present amount of £500,000,000 by the creation of an additional 450,000,000 shares of £1 each.
5. There has been no change in the authorised share capital of the Company since the date of the said Ordinary Resolution of 16th August 1995. The amount of the issued paid up share capital at the date hereof is £382,928,000. There is no issued share capital that is not fully paid up.

6. Article 27 of the Articles of Association of the Company provides as follows:

“The Company may by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) sub-divide its existing shares, or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of s.12 of the Law;
- (c) 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.”

7. Article 28 of the Articles of Association of the Company provides as follows:

“The Company may by special resolution reduce its share capital and any capital redemption reserve in any manner authorised by law.”

8. Article 51 of the Articles of Association of the Company provides as follows:

“A resolution in writing signed by all the members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.”

9. By a Special Resolution of the Company duly passed in accordance with s.60 of the Companies Law (1998 Revision) by written resolution on 26th February 1999, it was resolved:

- (1) “That the capital of the Company be reduced from £500,000,000 divided into 500,000,000 shares of £1 each to £50,000,000 divided into 500,000,000 ordinary shares of £0.10 each, and that such reduction be effected by cancelling paid up capital to the extent of 90p upon each of the issued ordinary shares of £1 each and reducing the nominal amount of each of the said issued ordinary shares to 10p and the nominal amount of each of the unissued ordinary shares to 10p.

- (2) “That all of the Company’s shares be consolidated into 50,000,000 shares of £1 each.”

10. The proposed reduction of capital does not involve an alteration or variation to the rights attached to any class of shares.

11. The proposed reduction of capital does not involve either the diminution of any liability in respect of issued but unpaid share capital or the payment to any shareholder of any paid-up share capital.
12. Prior to the passing of the Special Resolution for the reduction of capital set out in paragraph 7 hereof, capital to the extent of approximately £434,790,000 had been lost or was unrepresented by available assets. The losses consisted of £328,244,000 owed to the Company by a former Baring's Group subsidiary, £103,236,000 in dealing losses of the Company and special liquidation costs of £2,864,000 and arose as follows:
 - 12.1 As at 31st March 1994 the Company's retained earnings were £23,844,000. During the year ended 31st March 1995 exceptional trading losses of £434,344,000 were incurred.
 - 12.2 The said exceptional losses were suffered in the Far East by the Company and certain other Baring's Group related entities towards the end of the Company's financial year.
 - 12.3 The business of the Tokyo and Osaka branches of the Company was suspended on 27th February 1995. These branches were subsequently placed into special liquidation by the Japanese authorities on 3rd March 1995. Internationale Nederlanden Groep NV a company incorporated in the Netherlands, acquired the majority of the Companies in the Baring's Group, either directly or indirectly, including the Company on 8th March 1995.
 - 12.4 Subsequent to this acquisition the Japanese authorities terminated the special liquidation on 9th March 1995 and sanctioned the recommencement of the Company's business with effect from 10th March 1995.
 - 12.5 As a consequence of the above Far East trading losses, a former Baring's Group subsidiary, from which there was an amount due to the Company at 31st March 1995 of £328,244,000, was unable to meet its obligations to the Company. Accordingly, the total exceptional trading losses included the full amount of this group company balance.
 - 12.6 The exceptional dealing losses of £103,236,000 sustained by the Company substantially resulted from the enforced closure by the Tokyo Stock Exchange and Osaka Securities Exchange of certain arbitrage securities positions held by the Company as at 26th February 1995.
 - 12.7 Exceptional losses accruing as a result of the Tokyo and Osaka branches being placed in special liquidation amounted to £2,864,000.

- 12.8 Further losses were suffered in the financial years ended 31st March 1996 and 31st March 1997 respectively in the ordinary course of trading. The losses in question amounted to £19,003,000 for 1996 and £13,125,000 for 1997.
13. Accordingly as at 31st March 1997 the Company's aggregate retained trading losses amounted to £434,790,000.
14. As stated above, at the beginning of the year ended 31st March 1995 the authorised share capital of the Company was 50,000,000 ordinary shares of £1 each of which 20,000,000 were issued and fully paid up. As a consequence of the purchase of the bank by Internationale Nederlanden Groep NV, substantial equity was injected into the Company facilitated by an increase in the authorised share capital to £500,000,000 and an increase in issued share capital as follows:
- | | |
|-------------------|--|
| 30th May 1995 | 10,000,000 ordinary shares of £1 each at a premium of £6 each |
| 3rd July 1995 | 7,500,000 ordinary shares of £1 each at a premium of £6 each |
| 3rd August 1995 | 318,750,000 ordinary shares of £1 each at par by way of a rights issue |
| 22nd January 1996 | 6,234,375 ordinary shares of £1 each at par by way of a rights issue |
| 18th March 1996 | 20,444,118 ordinary shares of £1 each at par by way of a rights issue |
15. Accordingly the share capital of the Company is now 500,000,000 ordinary shares of £1 each of which 382,928,493 are issued and fully paid up. However the Company has a retained deficit of £434,790,000.
16. The membership fees of the Company on the Tokyo Stock Exchange are fixed by reference to the Company's nominal share capital. Therefore, the Company's Stock Exchange membership fee is higher than is required for its day to day operations. Accordingly the Company would like to reduce its share capital to reflect the true capital position and in order to write-off its retained deficit.
17. The form of minute proposed to be registered is as follows:
- “The capital of ING Baring Securities (Japan) Limited was by virtue of a Special Resolution of the Company and with the sanction of an Order of the Grand Court dated the day of 1999 reduced from £500,000,000 divided into 500,000,000 shares of £1 each to £50,000,000 divided into 500,000,000 shares of 10p each. At the date of the registration of this Minute 382,928,000 of

the said shares of 10p each have being issued and are deemed to be fully paid up and none of the remaining shares has been issued.

It is further provided by the said Special Resolution that on such reduction of capital taking effect all of the issued and unissued shares in the Company be consolidated into 50,000,000 shares of £1 each.

The capital of the Company is accordingly on the registration of this Minute £50,000,000 divided into 50,000,000 shares of £1 each of which 38,292,800 have been issued and are deemed to be fully paid up and the remainder are unissued."

18. Your Petitioner the Company therefore humbly prays as follows:

- (1) That the reduction of the capital of the Company proposed to be effected by the Special Resolution set forth in paragraph 9 of this Petition may be confirmed and that the above-mentioned Minute may 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 to the Court shall seem meet.
- (4) And your Petitioner will ever pray, etc.

DATED the 10th day of March 1999.

FILED the 10th day of March 1999.

W.S. Walker & Company
W. S. WALKER & COMPANY
Attorneys-at-Law for the Applicant

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

FILED by W. S. Walker & Company, P.O. Box 265, Walker House, George Town, Grand Cayman for Attorneys-at-Law for the Applicant herein whose address for service is that of their said Attorneys-at-Law.