

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO: 625 OF 1999

IN THE MATTER OF SEAPOWER RESOURCES INTERNATIONAL LIMITED

AND IN THE MATTER OF THE COMPANIES LAW (1998 Revision)

PETITION

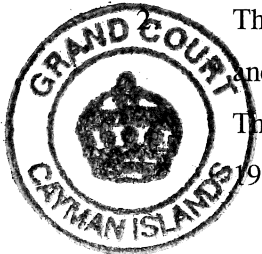
**TO: The Grand Court of the Cayman Islands**



**THE PETITION of Seapower Resources International Limited c/o Caledonian Bank & Trust Limited, Caledonian House, George Town, Grand Cayman, Cayman Islands shows that:-**

1. The object of this Petition is to seek an order of the Court pursuant to section 15 of the Companies Law (1998 Revision) (the "Companies Law") confirming a reduction of the capital of Seapower Resources International Limited (the "Company").

The Company was incorporated on 4<sup>th</sup> April, 1989 in the name of THL International Limited and registered on 4<sup>th</sup> April, 1989 under the Companies Law, as a company limited by shares. The Company changed its name to Seapower Resources International Limited on 5<sup>th</sup> April, 1990.



3. The registered office of the Company is and has at all times since 4<sup>th</sup> April, 1989 been situated at the offices of Caledonian Bank & Trust Limited, Caledonian House, PO Box 1043, George Town, Grand Cayman, Cayman Islands. However, the principal place of business of the Company is on the 22<sup>nd</sup> and 23<sup>rd</sup> floors of 1 Wellington Street, Central, Hong Kong and its shares are listed on the Hong Kong Stock Exchange.
4. The Company is an investment holding company with its operating subsidiaries (hereinafter collectively referred to as the "Group") principally engaged in cold storage warehousing, provision of logistics management services, property and investment holding.
5. The Company is not carrying on any trading activities.

6. For the year ended 31<sup>st</sup> March, 1999 the Company recorded a loss after taxation and minority interests of approximately HK\$835,565,000 resulting in an accumulated loss of approximately HK\$626,331,000 as at 31<sup>st</sup> March, 1999. Consequently, part of the paid-up capital of the Company has been lost and is no longer represented by its available assets.
7. Since 21<sup>st</sup> April, 1998 the Company's shares have been trading at prices below their nominal value of HK\$0.50 each. The Company's directors believe that, if they deem it appropriate to raise capital by issuing new share issues in order to attract potential investors, the Company must be able to offer for sale new shares at an issue price comparable to the market price, subject to market conditions. Because the market price is currently substantially less than the nominal value of the existing shares that would not be possible without reducing the nominal value of the shares.
8. The directors are of the view that part of the paid-up capital of the Company should be cancelled by means of a reduction of the Company's share capital from HK\$0.50 per share to HK\$0.05 per share in the manner set out in the resolution passed at the Extraordinary General Meeting of the Company held on 30<sup>th</sup> September, 1999, as reproduced in paragraph 13 below, in order to bring the paid-up capital more into line with the net assets of the Company. The proposed reduction of the nominal value of the shares of the Company would enable the Company to issue new shares above its nominal value (as reduced) in the future, if the directors consider this appropriate.
9. The Company was incorporated and registered with an authorised share capital of HK\$1,000,000,000, comprising 2,000,000,000 ordinary shares of par value HK\$0.50 each.
10. Subject to the provisions of the Articles of Association of the Company, the Company has power to redeem or re-purchase any or all of its issued shares and to sub-divide or consolidate its shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions whatsoever, and so that, unless the conditions of issue otherwise expressly provide, every issue of shares, whether stated to be Ordinary, Preference or otherwise, is subject to the powers of the Company as stated in the

Memorandum of Association.

11. The objects for which the Company was established are unrestricted and the Company has full power and authority to carry out any object not prohibited by any law as provided by section 7(4) of the Companies Law. The Company also has and is capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit as provided by section 27(2) of the Companies Law.
12. The Articles of Association of the Company provide, (inter alia), as follows:

“63. (a) *The Company may from time to time by ordinary resolution:-*

(i) *consolidate and divide all or any of its share capital into shares of larger amount than its existing shares, on any consolidation of fully paid shares into shares of larger amount, the Board may settle any difficulty which may arise as it thinks expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;*

(ii) *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 share capital by the amount of the shares so cancelled; and*

(iii) *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 provisions of the Law, and so that the resolution whereby any share is sub-divided may 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 or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.*

(b) *The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Law.”*

13. The reduction of capital was effected by a special resolution of the Company passed on 30<sup>th</sup> September, 1999 as follows:

*“THAT, with effect from the date upon which this resolution takes effect pursuant to the Companies Law (1998 Revision) of the Cayman Islands (the “Effective Date”):*

- (a) *the issued share capital of the Company be reduced by cancelling paid up capital to the extent of HK\$0.45 on each of the 1,291,042,829 shares in issue as at 3<sup>rd</sup> September, 1999 (being the latest practicable date prior to the issue of the notice of this Meeting) and any further shares of the Company which may be issued prior to the Effective Date (“Reduction of Capital”) so that each issued share in the capital of the Company on the Effective Date shall be one fully-paid up ordinary share of HK\$0.05 in the capital of the Company (“Adjusted Share”) and any liability of the holders of Adjusted Shares to make any further contribution to the capital of the Company on each such Adjusted Share shall be treated as satisfied;*
- (b) *the credit arising from the Reduction of Capital be set off against accumulated losses of the Company as at 31<sup>st</sup> March, 1999;*

- (c) *the balance of the accumulated losses of the Company as at 31<sup>st</sup> March, 1999 not cancelled pursuant to paragraph (b) of this Resolution be eliminated by the same amount standing to the credit of the share premium account of the Company;*
- (d) *subject to and forthwith upon the Reduction of Capital taking effect, all of the authorised but unissued shares of HK\$0.50 each in the capital of the Company which shall include, without limitation, those unissued shares resulting from the Reduction of Capital be cancelled and forthwith upon such cancellation, the authorised share capital be increased to HK\$1,000,000,000 by the creation of such additional number of shares of HK\$0.05 each;*
- (e) *conditional upon the Reduction of Capital taking effect, clause 8 of the memorandum of association of the Company be amended by the deletion of its entirety and the substitution therefor with the following:*
- “8. The capital of the Company is HK\$1,000,000,000.00 divided into 20,000,000,000 shares of a nominal or par value of HK\$0.05 each provided always that subject to the provisions of The Companies Law Cap. 22 as amended and the Articles of Association the Company shall have power to redeem or purchase any or all of such shares and to sub-divide or consolidate the said shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be Ordinary, Preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.”
- (f) *conditional upon the Reduction of Capital taking effect, article 3 of the articles of association of the Company be amended by the deletion of its entirety and the substitution therefor with the following:*

“3. The share capital of the Company shall be HK\$1,000,000,000.00 divided into 20,000,000,000 shares of a par value of HK\$0.05 each”; and

(g) *The directors of the Company be and they are hereby authorised generally to do all things appropriate to effect and implement any of the foregoing.”*

14. The form of Minute proposed to be registered is as follows:

*“The Capital of **SEAPOWER RESOURCES INTERNATIONAL LIMITED** was by virtue of special resolution and with sanction of an Order of the Grand Court dated [            ] 1999 reduced from HK\$1,000,000,000 divided into 2,000,000,000 shares of HK\$0.50 each to HK\$1,000,000,000 divided into 20,000,000,000 shares of HK\$0.05 each. At the date of the registration of this Minute, ([            ] 1999) 1,291,042,829 of the shares have been issued and are deemed to be fully paid up. A special resolution of the Company has been passed to the effect that on the said reduction of capital taking effect the authorized capital of the Company be divided into 20,000,000,000 shares of HK\$0.05 each of which 1,291,042,829 are issued.”*

15. The interests of the Company’s creditors are not adversely affected by the proposed reduction of share capital. As a matter of prudence the Company intends to seek directions from the Court for the purpose of notifying its creditors in respect of the hearing of this petition by way of advertisement as the Court shall think fit.

YOUR PETITIONER THEREFORE HUMBL Y PRAYS AS FOLLOWS:-

1. That the provisions of Section 15(2) of the Companies Law may be dispensed with.
2. That the reduction of the capital of the Company proposed to be effected by the special resolution set forth in paragraph 13 of this Petition may be confirmed by the Court.

3. That such other order may be made as the Court thinks fit.

DATED this 12<sup>th</sup> day of October, 1999

*Maples and Calder*  
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Maples and Calder

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

ENDORSEMENT

This Petition having been presented to the Grand Court of the Cayman Islands on the 12<sup>th</sup> day of October, 1999 will be heard at the Grand Court of the Cayman Islands on the \_\_\_\_ day of \_\_\_\_\_, 1999 at \_\_\_\_ o'clock in the \_\_\_\_ noon (or as soon thereafter as the Petition can be heard).

This Petition was presented by Maples and Calder, Ugland House, P.O. Box 309GT, George Town, Grand Cayman, attorneys for the Petitioner.