

IN THE GRAND COURT OF THE CAYMAN ISLANDS

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CAUSE NO: OF 2000

IN THE MATTER OF **PLENTY TYPE LIMITED**

AND IN THE MATTER OF THE COMPANIES LAW (2000 REVISION)

PETITION

To: The Grand Court of the Cayman Islands

THE PETITION of Plenty Type Limited (the "Company") c/o Maples and Calder, P.O. Box 309, Ugland House, George Town, Grand Cayman shows that:

1. The object of this Petition is to seek an Order of the Court pursuant to section 15 of the Companies Law (2000 Revision) (the "Companies Law") confirming a reduction of the capital of the Company.
2. The Company was incorporated on 15th August 1996 in the name of Plenty Type Limited and registered on 15th August 1996 under the Companies Law, as a company limited by shares.
3. The registered office of the Company is and has at all times since 15th August 1996 been situated at the offices of Maples and Calder, Ugland House, George Town, Grand Cayman. The principal place of business of the Company is Hong Kong.
4. The Company owns
 - (i) 48% of the issued shares of Chia Tai Lianyungang Company Limited (a Hong Kong company) whose principal activity is investment holding;

- (ii) 48% of the issued shares of Chia Tai Shenyang Company Limited (a Hong Kong company) whose principal activity is investment holding;
 - (iii) 1.9% of the issued shares of Charoen Pokphand (USA) Inc. (a Company incorporated in the State of Alabama in the United States of America) whose principal activity is the production and sale of animal feeds and chicken meat; and
 - (iv) 4.96% of the issued shares of Avian Farms Inc. (a company incorporated in the State of Delaware in the United States of America) whose principal activity is the breeding of high purity grand grand parent chicken stock.
5. All of the 19,613,502 issued and allotted shares of the Company are fully paid and are owned by Charoen Pokphand Enterprise (Taiwan) Company Limited (the "Holding Company"), a Taiwanese company listed on the Taipei Stock Exchange since 1987.
6. For the year ended 31st December, 1998 the Company recorded a loss after taxation of approximately HK\$25,518,182 and recorded a further loss after taxation for the year ended 31st December, 1999 of approximately HK\$38,557,200 resulting in an accumulated loss as at 31st December 1999 (net of retained profits as at 31st December, 1997 of HK\$4,515,838) of approximately HK\$59,559,544. Consequently, part of the paid-up capital of the Company has been permanently lost and is no longer represented by its available assets. These losses have not been reflected in the consolidated accounts of the Holding Company.
7. The Holding Company wishes to include the accumulated losses of the Company referred to above in the consolidated accounts of the Group. Pursuant to Article 99 of the Assessment Rules for Income Tax Returns of Profit-Seeking Enterprises in the Republic of China the accumulated losses incurred by a wholly-owned subsidiary may only be taken into consideration in the Holding Company's consolidated accounts if the

subsidiary reduces its issued share capital by an amount equal to the accumulated losses.

8. The directors are of the view that part of the paid-up of the Company should be cancelled by means of a reduction of the Company's share capital from US \$1.00 per share to US\$0.611 per share in the manner set out in the Written Resolution of the Sole Shareholder of the Company held on 22nd August, 2000 as reproduced in paragraph 13 below, in order to bring the paid-up share 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 (since reduced) in the future, if the directors consider this appropriate.
9. The Company was incorporated on 15th August, 1996 with an issued share capital of US\$2 divided into two shares of US\$1.00 each. The share capital was increased by the issuing of the following tranches of shares of the same class, each fully paid:
 - (i) on 5th February 1998, 12,250,000 shares;
 - (ii) on 26th March 1998, 2,000,000 shares;
 - (iii) on 2nd February 1999, 1,751,750 shares;
 - (iv) on 16th March 1999 1,751,750 shares; and
 - (v) on 26th March 1999, 1, 860,000 shares.
10. Subject to the provisions of the Articles 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 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 what so ever, 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 were established as unrestricted and the Company has full power and authority to carry out any object not prohibited by 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:

“Without prejudice to Article 11 hereof and subject to the provisions of the Statute, the Company may by Special Resolution reduce its share capital and any capital redemption reserve fund”.

13. The reduction of capital was effected by a written resolution of the sole shareholder of the Company passed on 22nd August 2000 as follows:

“THAT, with effect from the date upon which this resolution takes effect pursuant to the Companies Law (2000 Revision) of the Cayman Islands (the “Effective Date”):

a. *The issued share capital of the Company be reduced by canceling paid up capital to the extent of US\$0.389 on each of the 19,613,502 shares in issue as at 22nd August 2000 (the “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 US\$0.611 in the capital of the Company (“Adjusted Share”) and any liability of the holders of the 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 31st December 1999;*

- c. *Subject to and forthwith upon the Reduction of Capital taking effect, all of the authorized but unissued shares of US\$1.00 each in the capital of the Company which shall include, without limitation, those unissued shares resulting from the Reduction of Capital be cancelled.*
- d. *Conditional upon the Reduction of Capital taking effect, Clause 6 of the Memorandum of Association of the Company be amended by the deletion of its entirety and the substitution therefore with the following:*
- “6. the share capital of the Company is US\$11,983,850 divided into 19,613,502 shares of a nominal or par value of US\$0.611 each with power for the Company in so far as it 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 (2000 Revision) and Articles of Association 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 declared to be preference or otherwise shall be subject to the powers hereinbefore contained.”*
- e. *“The directors of the Company be and they are hereby authorized 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 Plenty Type Limited was by virtue of a Written Resolution of the sole shareholders of the Company and with the sanction of an Order of the Grand Court dated _____ 2000 reduced from US\$19,613,502 divided into 19,613,502 shares of US\$1.00 each to US\$ 11,983,850 divided into 19,613,502 shares of US\$0.611 each. At the date of the registration of this Minute (_____ 2000) 19,613,502 of the shares have been issued and are deemed to be fully paid up. A written resolution of the sole shareholder 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 19,613,502 shares of US\$ 0.611 each of which 19,613,502 are issued”.

15. The interests of the Company’s creditors are not adversely effected by the proposed reduction of a 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 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 maybe made as the Court thinks fit.

Dated this 19th ^{October} day of 2000
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Maples and Calder

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 _____ day of _____ 2000 will be heard at the Grand Court of the Cayman Islands on the _____ day of _____ 2000 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 309, George Town, Grand Cayman, Cayman Islands, attorneys for the Petitioner