

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO: 904 OF 2000

IN THE MATTER OF GALLOWAY PROPERTIES LIMITED

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

PETITION

TO: The Grand Court of the Cayman Islands

THE PETITION of Galloway Properties Limited of, P.O. Box 887, Grand Cayman, Cayman Islands, British West Indies shows that:-

1. The object of this Petition is to seek an order of the Court pursuant to Section 14(1) of the Companies Law (2000 Revision) (the "Companies Law") confirming a reduction of the capital of Galloway Properties Limited (the "Company").
2. The Company was incorporated on the 23rd day of August, 1978 and registered on the 28th day of August, 1978 under the Companies Law, as a company limited by shares.
3. The registered office of the Company is and has at all times since 13th September 1978 been situate at the offices of Ansbacher (Cayman) Limited, P.O. Box 887, Grand Cayman, Cayman Islands.
4. The objects for which the Company was formed were:-
 - (a) To carry on in any part of the world whether as principals, agents or otherwise howsoever the business of realtors, developers, consultants estate agents or managers, builders, contractors, engineers, manufacturers, dealers in or vendors of all types of property including services, and to act as promoters and entrepreneurs.
 - (b) To carry on the business of an investment company and to carry on business as financiers, concessionaires and merchants and to undertake and carry on and execute all kinds of investment, financial, commercial, trading and other operations.

5. (a) The company was incorporated and registered with an authorised share capital of US\$900,000, comprising 900,000 ordinary shares of par value US\$1.00 each.
- (b) The capital of the Company was reduced from US\$900,000 to US\$800,000 divided into 900,000 shares of US\$0.889 each pursuant to a special resolution of the Company confirmed by an Order of the Grand Court of the Cayman Islands dated 5 June, 1985. Pursuant to a further special resolution of the Company, on the reduction of capital taking effect, the issued shares of the Company were consolidated into 800,000 shares of US\$1.00 each and the authorised share capital was increased to US\$900,000 by the creation of a further 100,000 shares of US\$1.00 each.
- (c) The capital of the Company was again reduced from US\$900,000 to US\$56,250 divided into 900,000 shares of US\$0.0625 each pursuant to a special resolution of the Company confirmed by an Order of the Grand Court of the Cayman Islands dated 27th July, 1997. Pursuant to a further special resolution of the Company, on the reduction of capital taking effect, the authorised share capital of the Company was consolidated into 56,250 shares of US\$1.00 each and then increased to US\$900,000 by the creation of a further 843,750 shares of US\$1.00 each.
- (d) The capital of the Company was increased to US\$4,831,531 by the creation of 3,931,531 ordinary shares of US\$1.00 par value each pursuant to a resolution of the Company's shareholders dated 7th July, 1998 and a further 4,775,281 shares were issued to the Company's shareholders credited as fully paid pursuant to resolutions of the directors of the Company dated 7th July, 1998.
- (e) The capital of the Company was reduced from US\$4,831,531 divided into 4,831,531 shares of US\$1.00 each to US\$1,827,645, divided into 4,831,531 shares of US\$0.3782746 each and the reduction of capital was effected by returning paid-up capital to the extent of US\$0.6217254 upon each of the 4,825,281 issued shares of US\$1.00 each and by reducing the nominal amount of the said 4,831,531 authorised shares from US\$1.00 to US\$0.3782746 each.
- (f) Forthwith upon that reduction of capital taking effect, the 4,831,531 authorised shares

of US\$0.3782746 each were consolidated so that every 2.6435825 of the said shares constituted 1 US\$1.00 share upon which, in the case of the issued share capital, the sum of US\$1.00 was credited as having been paid so that the authorised share capital of the Company consists of 1,827,645 shares of US\$1.00 each of which 1,825,281 are issued.

6. Shortly after its incorporation, the Company commenced and has since continued to carry on the business of an investment company. It is not carrying on and has never carried on any trading activities. The beneficial owner of the Company is an individual resident in the Netherlands Antilles. He requires the sum of US\$1,827,644 to be withdrawn from the Company. In order to minimise the adverse tax consequences which would result if a dividend was paid to the beneficial owner, it is proposed that the sum of US\$1,827,644 be withdrawn by means of a reduction of capital. This is permitted by the articles of association of the Company.

7. The articles of association of the Company provide, (inter alia), as follows:-

"Article 35. (a) Subject to and in so far as permitted by the provisions of the Statute [the Companies Law, Cap.22], the Company may from time to time by ordinary resolution alter or amend its Memorandum of Association otherwise than with respect to its name and objects and may, without restricting the generality of the foregoing:

- (i) increase the share capital by such sum to be divided into shares of such amount or without nominal or par value as the resolutions shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;

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

- (iii) by subdivision of its existing shares or any of them divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum of Association or into shares without nominal or par value;

(iv) 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."

"Article 35 (d) Subject to the provisions of the statute the Company may by Special Resolution redeem any of its shares or reduce its share capital, any capital Redemption Reserve Fund, or any share Premium Account."

8. The reduction of capital was effected by a special resolution of the Company passed at an extraordinary general meeting held on 30th November, 2000 at which it was resolved as follows:

- "1. That, subject to the confirmation of the Cayman Islands Grand Court, the capital of the Company be reduced from US\$1,827,645 divided into 1,827,645 shares of US\$1.00 each to US\$1.001295 divided into 1,827,645 shares of US\$0.0000005478608 each, and that such reduction of capital be effected by returning paid up capital to the extent of US\$0.9999994 upon each of the 1,825,281 issued shares of US\$1.00 each and by reducing the nominal amount of the said 1,827,645 shares from US\$1.00 to US\$0.0000005478608 each.
2. That forthwith upon such reduction of capital taking effect the 1,827,645 authorised shares of US\$0.0000005478608 each be consolidated into 1,001,295 shares of US\$1.00 par value each upon which, in the case of the Company's issued share capital, the sum of US\$1.00 shall be credited as having been paid so that the authorised share capital of the Company consists of 1,001,295 shares of US\$1.00 each of which 1 share is issued.

It was further resolved that any one director of the Company be and hereby is authorised and directed to make such arrangements on behalf of the Company in seeking the confirmation of the Grand Court as he may think fit."

9. The sum of US\$1,827,644 proposed to be repaid to the shareholders is in excess of the needs of the Company and cannot in the opinion of the directors any longer be usefully employed in its business. The reason for the proposed reduction is to return funds to the beneficial owner of the Company in a way that is fiscally effective for the purposes of the laws of his

jurisdiction of residence.

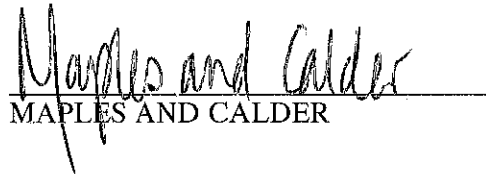
10. The form of Minute proposed to be registered is as follows:

"The capital of **GALLOWAY PROPERTIES LIMITED** was by virtue of special resolution and with sanction of an Order of the Grand Court dated ____ December, 2000 reduced from US\$1,827,645 divided into 1,827,645 shares of US\$1.00 each to US\$1.001295 divided into 1,827,645 shares of US\$0.0000005478608 each. At the date of the registration of this Minute, 1,827,645 of the said 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 consolidated into 1.001295 shares of US\$1.00 each of which 1 share is issued."

YOUR PETITIONER THEREFORE HUMBLY 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 8(1) of this Petition may be confirmed by the Court.
3. That such other order may be made as the Court thinks fit.

DATED this 11th day of December, 2000.


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 11th day of December, 2000 will be heard at the Grand Court of the Cayman Islands on _____ December 2000 at _____ (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.