

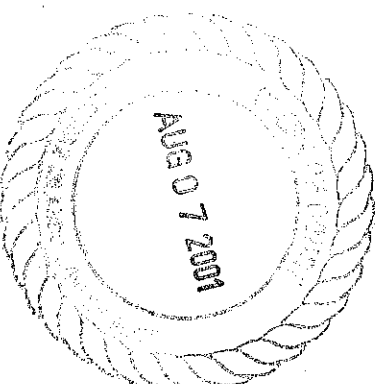
IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO. 473 OF 2001

In the matter of **Kin Don Holdings Limited**

And in the matter of the Companies Law (2001 Second Revision)

And Grand Court Rules 1995 Order 102



TO: The Grand Court of the Cayman Islands
THE PETITION of Kin Don Holdings Limited shows as follows:

1. Your Petitioner Kin Don Holdings Limited, ("the Company") was incorporated and registered in the Cayman Islands with registration number CR-81079 on 17th April, 1998 under the Companies Law as an exempted company.
2. The registered office of the Company is situate at P. O. Box 2681G, Zephyr House, Grand Cayman, Cayman Islands, B.W.I.
3. The objects for which the Company was formed are to carry out the business of, *inter alia*, acting and performing all the functions of a holding company in all its branches; to coordinate the policy and administration of any subsidiary company or companies; to act as an investment company 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 HK\$1,000,000 divided into 10,000,000 shares of HK\$0.10 each. By an ordinary resolution of the Company passed on 15th August, 1998 the authorized share capital of Company was increased to its present amount of HK\$1,000,000,000 by the creation of an additional 9,990,000,000 shares of HK\$0.10 each.
5. The authorized share capital of the Company is HK\$1,000,000,000.00 divided into 10,000,000,000 shares of HK\$0.10 each of which 940,661,976 shares have been issued and are fully paid up or credited as fully paid.
6. The Articles of Association of the Company provide, *inter alia*, as follows:
Article 13 "The Company may from time to time by Ordinary Resolution:
 - (iv) subdivide 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 Companies 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;"

Article 14 "The Company may by Special Resolution reduce its share capital or undistributable reserve in any manner authorized, and subject to any conditions prescribed, by law."

7. By a Special Resolution of the Company duly passed in accordance with section 14(1) of the Companies Law at an Extraordinary General Meeting thereof held on 22nd January, 2001, it was resolved:

"1. **THAT**, conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of, and permission to deal in, the shares of HK\$0.01 each in the capital of the Company arising from the Capital Reduction (as defined below) and confirmation by the Grand Court of the Cayman Islands:

(a) in accordance with section 14(1) of the Companies Law of the Cayman Islands and clause 14 of the Company's articles of association, the issued share capital of the Company be reduced ("the Capital Reduction") by cancelling paid up capital to the extent of HK\$0.09 on each share of HK\$0.10 in issue such that the nominal value of all shares of HK\$0.10 each of the Company in issue on the date of this resolution be and they are hereby reduced by HK\$0.09 to HK\$0.01 per share upon this resolution taking effect;

(b) the Board be and it is hereby authorised to transfer the entire amount of the credit resulting from the Capital Reduction in an amount of not less than HK\$84,659,577 to the profit and loss account of the Company to eliminate the accumulated losses of the Company to the same extent; and

(c) in accordance with section 13(1) of the Companies Law of the Cayman Islands and clause 13(iv) of the Company's articles of association each of the shares of nominal value of HK\$0.10 each in the authorised but unissued share capital of the Company be and is hereby subdivided (the "Share Subdivision") into ten shares of HK\$0.01 each with effect from and immediately after the Capital Reduction as a result of which the share capital of the Company will be divided into 100,000,000,000 Shares of a par value of HK\$0.01 each of which 940,661,976 Shares of par value of HK\$0.01 each will be in issue and fully paid and 99,059,338,024 Shares of par value of HK\$0.01 each will be unissued."

8. Previously to the passing of the Special Resolution for the reduction of capital, share sub-division and accumulated losses cancellation, ("the Capital Reorganization"), set out in paragraph 7 hereof, there was a deficit in the profit and loss account of the Company which on 30th November, 1999 stood at approximately HK\$227,000,000 and the purpose of the proposed reduction of capital is to enable the Company to reduce such deficit.

9. The proposed reduction of capital does not involve either the diminution of any liability in respect of unpaid capital or the payment to any shareholder of any paid-up capital. Furthermore, the Capital Reorganization will not alter the underlying assets, business operations or financial position of the Company nor will it affect the proportionate interests of the Shareholders.

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

"The issued capital of Kin Don Holdings Limited was by virtue of a Special Resolution and with the sanction of an Order of the Grand Court of the Cayman Islands dated [], reduced from HK\$94,066,197.60 divided into 940,661,976 Shares of HK\$0.10 each to HK\$9,406,619.76 divided into 940,661,976 Shares of HK\$0.01 each. At the date of the registration of this Minute all such shares have been issued and are deemed to be fully paid up. A Special Resolution of the Company has been passed to take effect upon the reduction of capital on each issued share and subdividing the authorized but unissued Shares of HK\$0.10 each into 10 Shares of HK\$0.01 each.

The authorized share capital of the Company is accordingly, on the registration of this Minute HK\$1,000,000,000 divided into 100,000,000,000 Shares of HK\$0.01 each of which 940,661,976 Shares will be in issue fully paid or credited as fully paid and 99,059,338,024 Shares are unissued."


11. Your Petitioner, the Company, therefore 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 7 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) Such further and other order as this Honourable Court shall think fit.

NOTE:

It is intended to serve this Petition on Kin Don Holdings Limited at its registered address P.O. Box 2681G, Zephyr House, Grand Cayman, Cayman Islands, B.W.I.

DATED THIS 7th DAY OF AUGUST, 2001.


CHARLES ADAMS, RITCHIE & DUCKWORTH
Attorneys-at-Law for the Petitioner herein

This Petition was filed by Charles Adams, Ritchie & Duckworth, Attorneys-at-Law for and on behalf of the Petitioner herein whose address for service is that of its Attorneys, P.O. Box 709G, Zephyr House, Mary Street, George Town, Grand Cayman, Cayman Islands.