

**IN THE GRAND COURT OF THE CAYMAN ISLANDS**

✓ CAUSE NO. <sup>644</sup> OF 2001

In the matter of **China Sci-Tech Holdings Limited**

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

And Grand Court Rules 1995 Order 102

**PETITION**

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

**THE PETITION of China Sci-Tech Holdings Limited shows as follows:**

1. Your Petitioner **China Sci-Tech Holdings Limited** ("the Company") was incorporated under the Companies Law on the 11th day of November, 1993 with the name Contrad International Holdings Limited and registered in the Cayman Islands as an exempted company with registration number CR-51326.
2. By special resolution duly passed on 22nd November, 1997, the Company changed its name from Contrad International Holdings Limited to its present name.
3. The registered office of the Company is situated at the Ground Floor, Caledonian House, Mary Street, P.O. Box 1043, George Town, Grand Cayman, Cayman Islands, British West Indies.
4. The objects for which the Company was formed are unrestricted and the Company has full power and authority to carry out any object not prohibited by any law as provided in section 7(4) of the Companies Law.
5. The original authorised share capital of the Company was HK\$60,000,000.00 divided into 600,000,000 shares of HK\$0.10 each.

6. By an ordinary resolution passed on 28 September 1998, the authorised share capital of the Company was increased from HK\$60,000,000.00 to HK\$100,000,000.00 by the creation of an additional 400,000,000 shares of HK\$0.10 each.
7. By an ordinary resolution passed on 30th July 1999, the authorised share capital of the Company was increased from HK\$100,000,000.00 to HK\$500,000,000.00 by the creation of additional 4,000,000,000 shares of HK\$0.10 each.
8. By an ordinary resolution passed on 11th November, 1999, the authorised share capital of the Company was increased from HK\$500,000,000.00 to HK\$1,000,000,000.00 by the creation of an additional 5,000,000,000 shares of HK\$0.10 each.
9. The Articles of Association of the Company provide, *inter alia*, as follows:

Article 52      *“The Company in general meeting may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.”*

Article 54      *“The Company may from time to time by ordinary resolution:*

*(ii) 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 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; and*

*(iii) 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 capital by the amount of the shares so cancelled.”*

Article 55 *“The Company may by special resolution reduce its capital, any capital redemption reserve or any share premium account in any manner prescribed by the Law.”*

10. By a special resolution of the Company duly passed in accordance with section 14(1) of the Companies Law at an extraordinary general meeting held on 11th July, 2001, (the “Extraordinary General Meeting”), it was resolved, inter alia:

“THAT, subject to and conditional upon:

- (i) confirmation of the Capital Reduction (as defined in a circular dated 18th June, 2001 (“**Circular**”) despatched to the shareholders of the Company, the filing with the Registrar of Companies in the Cayman Islands of a copy of the order of the Court and a copy of the minutes approved by the Grand Court of Cayman Islands (the “**Court**”), both confirming the Capital Reduction and the compliance with any conditions as may be imposed by the Court in relation to the Capital Reduction; and
- (ii) the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of, and permission to deal in, the new

ordinary shares of HK\$0.01 each (“New Shares”) in the share capital of the Company arising upon the Capital Reduction becoming unconditional and effective, then in issue:

- (a) the share capital of the Company be reduced by canceling issued and paid-up capital to the extent of HK\$0.09 on each existing share of HK\$0.10 each of the Company (“Shares”) in issue as at the Effective Date (as defined in the Circular) and by reducing the nominal value of all the unissued Shares as at the Effective Date from HK\$0.10 each to HK\$0.01 each, and by reducing the authorized share Capital of the Company from HK\$1,000,000,000.00 to HK\$100,000,000.00;
- (b) that the Directors be and are hereby authorized to apply such amount from the credit arising from the Capital Reduction towards the elimination of the balance of the Accumulated Losses (as defined in the Circular) remaining after the Reduction of Share Premium Account (as defined in the Circular) and the remainder to a distributable reserve of the Company to be applied in such manner as the Directors consider appropriate;
- (c) the Directors be and are hereby authorized generally to do all acts and things and to approve, sign and execute any other documents which in their opinion may be necessary, desirable or expedient to carry into effect or to give effect to the Capital Reduction.”

11. By the Ordinary Resolutions of the Company duly passed on the 11th July 2001, it was resolved:

“THAT conditional upon the Capital Reduction becoming unconditional and effective, the authorized share capital of the Company be increased from HK\$100,000,000.00 to HK\$200,000,000.00 by the creation of additional 10,000,000,000 New Shares ranking pari passu in all respects with all the New Shares in issue and the New Shares which remain unissued as at the Effective Date.”

12. The proposed Capital Reduction 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 Reduction will not alter the underlying assets, business operations, management or financial position of the Company nor will it affect the proportionate interests of the shareholders.
13. The form of Minute proposed to be registered is as follows:

*“The issued capital of China Sci-Tech 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\$580,677,000.40 divided into 5,806,770,004 shares of HK\$0.10 each to HK\$58,067,700.04 divided into 5,806,770,004 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 taking effect on each issued share reducing the nominal value of all the authorised but unissued shares of HK\$0.10 to HK\$0.01 each and increasing the authorised share capital of the Company from HK\$100,000,000.00 to HK\$200,000,000.00.*

*The authorised share capital of the Company is accordingly, on the registration of this Minute HK\$200,000,000.00.”*

Your Petitioner, the Company, therefore prays as follows:

- (1) That the Capital Reduction of the Company proposed to be effected by the special resolution set forth in paragraph 10 of this Petition may be confirmed and that the above-mentioned Minutes 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 China Sci-Tech Holdings Limited, at its registered office of Ground Floor, Caledonian House, Mary Street, P.O. Box 1043, George Town, Grand Cayman, Cayman Islands, British West Indies.

DATED THIS 16<sup>th</sup> DAY OF OCTOBER, 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 Applicant herein whose address for service is that of its Attorneys, P.O. Box 709G, Zephyr House, Mary Street, George Town, Grand Cayman, Cayman Islands.