

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO. 2009

OF 2002

In the matter of **Sing Pao Media Group Limited**

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

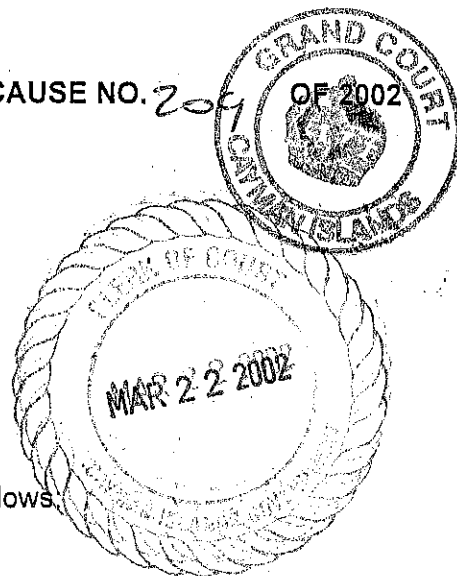
And Grand Court Rules 1995 Order 102

PETITION

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

THE PETITION of **Sing Pao Media Group Limited** shows as follows:

1. The object of this Petition is to seek an Order of the Court pursuant to section 15 of the Companies Law (2001 Second Revision) (the "Companies Law") confirming a reduction of the capital of your Petitioner **Sing Pao Media Group Limited** (the "Company").
2. The Company was incorporated under the Companies Law on 31 January, 2000 with the name STAR EAST INFORMATION TECHNOLOGY CORPORATION and registered in the Cayman Islands as an exempted company with registration number CR-96498.
3. By special resolution duly passed on 21 February, 2000, the Company changed its name from STAR EAST INFORMATION TECHNOLOGY CORPORATION to STAREASTNET.COM CORPORATION.
4. By special resolution duly passed on 15 January, 2002, the Company changed its name from STAREASTNET.COM CORPORATION to its present name.
5. The registered office of the Company at the date of incorporation was Uglan House P.O. Box 309, George Town, Grand Cayman, Cayman Islands British West Indies, On 2 January, 2002, it was changed to its present registered office situated at the Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, Cayman Islands, British West Indies.



6. As at the date of incorporation of the Company on 31 January 2000, its initial authorised share capital was US\$50,000 divided into 500,000 shares of US\$0.10 each. On 28 February 2000, two shares of US\$0.10 each were issued and allotted, credited as fully paid.
7. By a written resolution of the then sole shareholder of the Company passed on 2 May 2000, the authorised share capital of the Company was increased to the aggregate of US\$50,000 and HK\$1,000,000,000 by the creation of an additional 10,000,000,000 ordinary shares of HK\$0.10 each. Two shares of HK\$0.10 each were issued for cash at par and the two then issued existing shares of US\$0.10 par value were repurchased and cancelled. The authorized but unissued share capital was reduced by the cancellation of 499,998 shares of US\$0.10 par value each.
8. The Company became a public company upon its listing on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited on 1 June 2000. Over the years, the Company has issued and allotted various tranches of ordinary shares, being the only class of shares of the Company.
9. 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.
10. The Articles of Association of the Company provide, *inter alia*, as follows:

Article 7 *"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 62 “(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 and division into shares of large 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 subject to the provisions of the Law; and*
- (iii) *sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association of the Company, 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, any capital redemption reserve or any share premium account in any manner authorised and subject to any conditions prescribed by the Law."

11. By special resolutions of the Company duly passed in accordance with section 14(1) of the Companies Law at an extraordinary general meeting held on 7 March, 2002, (the "Extraordinary General Meeting"), it was resolved:

1. *"THAT the sum of HK\$110,000,000 standing to the credit of the share premium account of the Company as at the date hereof be cancelled and the directors of the Company ("Directors") be and are hereby authorised to apply such cancelled amount against the accumulated losses ("Accumulated Losses") of the Company as at the Effective Date (as defined in the circular of the Company ("Circular") dated 11 February, 2002 despatched to the shareholders of the Company, of which the notice convening this meeting forms part, a copy of which is produced to the meeting marked "A" and initialled by the Chairman of the meeting for the purpose of identification) ("Reduction of Share Premium Account") and the Directors be and are hereby authorised 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 Reduction of Share Premium Account."*
2. *"THAT, subject to and conditional upon (i) confirmation of the Capital Reduction (as defined in the Circular referred to in resolution numbered 1 set out in the notice convening this meeting of which this resolution forms part) by the Grand Court of the Cayman Islands ("Court"), the filing with and registration by 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 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 GEM Listing Committee (as defined in the Circular) of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of, and permission to deal in, the new ordinary shares of HK\$0.05 each ("New Shares") in the share capital of the Company arising upon the Capital Reduction and the Share Consolidation (as defined in resolution numbered 3 set out in the notice convening this meeting of which this resolution forms part) becoming unconditional and effective then in issue:

- (a) the share capital of the Company be reduced (the "Capital Reduction") by canceling issued and paid-up capital to the extent of HK\$0.0975 on each existing ordinary 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 issued and unissued Shares as at the Effective Date from HK\$0.10 each to HK\$0.0025 each and by reducing the authorised share capital of the Company from HK\$1,000,000,000 to HK\$25,000,000;*
- (b) the Directors be and are hereby authorised to apply the credit arising from the Capital Reduction towards the elimination of the balance of the Accumulated Losses (as defined in the resolution numbered 1 set out in the notice of this meeting of which this resolution forms part) remaining after the Reduction of Share Premium Account of the Company referred to in resolution numbered 1 above and the remainder to a distributable reserve account of the Company to be applied in such manner as the Directors consider appropriate; and*
- (c) the Directors be and are hereby authorised 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."*

12. By an ordinary resolution of the Company duly passed at the Extraordinary General Meeting, it was resolved, inter alia:

"THAT conditional upon the resolution numbered 2 set out in the notice of this meeting of which this resolution forms part becoming unconditional and effective:

- (a) *with effect from the Effective Date (as defined in the Circular referred to in the resolution numbered 2 set out in the notice of this meeting of which this resolution forms part), the Company's issued and unissued shares of HK\$0.0025 each resulting immediately upon the said resolution becoming unconditional and effective (the "Adjusted Shares") be consolidated on the basis of every twenty (20) issued Adjusted Shares being consolidated into one (1) New Share (as defined in the resolution numbered 2 set out in the notice of this meeting of which this resolution forms part) and every twenty (20) unissued Adjusted Shares being consolidated into one (1) New Share (the "Share Consolidation");*
- (c) *any fractional entitlements to issued New Shares shall be aggregated and sold for the benefit of the Company by an agent appointed by the Board of Directors for that purpose in accordance with the terms and conditions set out in the Circular; and*
- (d) *the Directors be and are hereby authorised generally to do all things appropriate to effect and implement any of the foregoing."*

13. Before the passing of the special resolution for the Capital Reduction and the cancellation of the amount standing to the credit of the Share Premium Account, there was an accumulated losses of approximately HK\$154.1 million in the profit and loss account of the Company as at 31 December, 2001. The credit arising from the reduction of the share premium account of the Company was not sufficient to eliminate all of the accumulated losses of the Company and the purpose of the proposed Capital Reduction is to enable the Company to reduce the remaining balance of such accumulated losses as at the effective date of the Capital Reduction. The Capital Reduction, together with the share consolidation above, will also provide greater flexibility in pricing any new issue of the shares of the Company.

14. 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.

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

"The issued capital of Sing Pao Media Group Limited was by virtue of a Special Resolution and with the sanction of an Order of the Grand Court of the Cayman Islands dated [□], 2002, reduced from HK\$[□] divided into [□] shares of HK\$0.10 each to HK\$[□] divided into [□] shares of HK\$0.0025 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 each authorised but unissued share of HK\$0.10 each to HK\$0.0025 each.


The authorised share capital of the Company is on the registration of this Minute HK\$25,000,000."

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 11 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 Sing Pao Media Group Limited, at its registered office of Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, Cayman Islands, British West Indies.

DATED THIS 23rd DAY OF March, 2002.


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 709GT, Zephyr House, Mary Street, George Town, Grand Cayman, Cayman Islands.

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