

IN THE GRAND COURT OF THE CAYMAN ISLANDS



CAUSE NO: 894 OF 2002

IN THE MATTER OF: THE COMPANIES LAW (2002 REVISION)

AND IN THE MATTER OF: THE REDUCTION OF THE SHARE CAPITAL OF SEAPOWER RESOURCES INTERNATIONAL LIMITED (IN PROVISIONAL LIQUIDATION) (FORMERLY KNOWN AS THL INTERNATIONAL LIMITED)



PETITION

TO THE GRAND COURT

THE HUMBLE PETITION OF Seapower Resources International Limited (In Provisional Liquidation) (formerly known as THL International Limited) whose registered office is at the offices of Caledonian Bank & Trust Limited, PO Box 1043, George Town, Grand Cayman, Cayman Islands SHOWS THAT:-

1. Your Petitioner, the above-named company (hereinafter called "the Company"), was incorporated on 4th April 1989 under the Companies Law as an exempted company limited by shares and is registered in Hong Kong under Part XI of the Companies Ordinance (Cap.32) as an overseas company. The Company is a public company listed on the Hong Kong Stock Exchange with stock number 0269. Trading in the shares in the Company was suspended on 28 December 2001.
2. By a special resolution dated 28th March 1990 the Company resolved to change its name from THL International Limited to Seapower Resources International Limited. The change of name was registered on 5th April 1990.
3. The registered office of the Company is situate at Caledonian Bank & Trust Limited, PO Box 1043GT, Caledonian House, Mary Street, George Town, Grand Cayman, Cayman Islands, British West Indies.
4. The objects for which the Company was formed were unrestricted and the Company has full power and authority to carry out any object not prohibited by section 7(4) of the Companies Law (2002 Revision). The principal business of the Company comprises cold storage operations and supply chain management and logistics services.

5. The authorised share capital of the Company at the date of its incorporation was HK\$500,000,000 divided into 1,000,000,000 shares of a par value of HK\$0.50 each. During the first year of its incorporation, the authorised share capital was increased to HK\$650,000,000 divided into 1,300,000,000 shares of a par value of HK\$0.50 each. According to the annual report of the Company for the year ended 1990, the authorised share capital was increased from HK\$650,000,000 divided into 1,300,000,000 shares of a par value of HK\$0.50 each to HK\$850,000,000 divided into 1,700,000,000 shares of a par value of HK\$0.5 each. According to the annual report of the Company for the year ended 1996, the authorised share capital was increased from HK\$850,000,000 divided into 1,700,000,000 shares of a par value of HK\$0.50 each to HK\$1,000,000,000 divided into 2,000,000,000 shares of a par value of HK\$0.5 each. By an order of this Honourable Court of 19 November, 1999 and special resolution of the Company passed on 30 September, 1999, the authorised share capital was reduced from HK\$1,000,000,000 divided into 2,000,000,000 shares of HK\$0.50 each to HK\$1,000,000,000 divided into 20,000,000,000 of HK\$0.05 each and subsequently increased to HK\$1,000,000,000 by the creation of additional shares of HK\$0.05 each. The authorised share capital of the Company at the date hereof is HK\$1,000,000,000 divided into 20,000,000,000 shares with a par value of HK\$0.05 each. Of these, 1,547,042,892 shares with a par value of HK\$0.05 (the "Shares") each are issued and credited as fully paid up.

6. Pursuant to a restructuring agreement dated 22nd June 2002 between, inter alia, the Company and Leader Glory Holdings Ltd. as amended by a supplemental agreement dated 3rd October, 2002 and by a letter dated 28th November, 2002 (the "Restructuring Agreement") the Company's shares capital is proposed to be reorganised in the following manner:
 - (a) every 10 issued Shares of HK\$0.05 each will be consolidated into one Share of HK\$0.5 (the "Share Consolidation");
 - (b) the nominal value of each consolidated issued share will be reduced (the "Capital Reduction") from HK\$0.5 to HK\$0.01 (the "New Shares"). Accordingly, the Company's issued share capital of HK\$77,352,141.45 will be reduced by HK\$75,805,098.63 to HK\$1,547,042.82. A credit of HK\$75,805,098.63 arising from such capital reduction will be applied to eliminate HK\$75,805,098.63 of the Company's accumulated losses which was approximately HK\$347,815,139 as at 30th September 2002; and
 - (c) each of the 18,452,957,171 unissued Shares will be subdivided into five New Shares such that the authorised unissued share capital of the Company will comprise 92,264,785,855 New Shares of HK\$0.01 each (the "Share Subdivision").

7. After the completion of the above reorganisation, the authorised share capital of the Company will be HK\$924,194,901.37 divided into 92,419,490,137 New Shares comprising 92,264,785,855 unissued New Shares and 154,704,282 issued New Shares. The above reorganisation will reduce part of the Company's accumulated loss of approximately HK\$347,815,139 as at 30th September, 2001 to HK\$272,010,040.37 and therefore enable the Company to declare dividends to the Shareholders once all the accumulated losses have been eliminated.

8. Article 63(a) of the New Memorandum and New Articles of Association of the Company provides, inter alia, as follows:

"The Company may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.....;
 - (b) 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; and
 - (c) sub-divide its shares or any of them into shares of a smaller amount than is fixed by the Memorandum of Association"
9. Article 63(b) of the New Memorandum and New Articles of Association of the Company provides as follows:

"The Company may by special resolution reduce its share capital or any share capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Law."

SHARE CONSOLIDATION

10. By an Ordinary Resolution duly passed at the Meeting it was resolved that immediately prior to the Special Resolution set out in paragraph 11 below taking effect:
- (a) every 10 issued shares of HK\$0.05 each will be consolidated into one share of HK\$0.5; and
 - (b) the provisional liquidators of the Company (the "Provisional Liquidators") and future directors of the Company be and are hereby authorised generally to do all things appropriate to effect and implement any of the foregoing."

CAPITAL REDUCTION

11. By a Special Resolution passed by the Company at the Extraordinary General Meeting of the Company on 9th December, 2002 (the "Meeting") in accordance with s.60 of the Companies Law (2002 Revision), it was resolved:

"THAT, conditional upon approval of resolutions No. 1 and 5 set out in the Notice and conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares and in compliance with the Cayman Law,

- (a) the nominal value of each Consolidated Issued Share will be reduced from HK\$0.5 to HK\$0.01 so that the Company's issued share capital of HK\$77,352,141.45 will be reduced by HK\$75,805,098.63 to HK\$1,547,042.82;
- (b) conditional upon completion of the Capital Reorganisation, clause 8 of the Company's existing New Memorandum of Association be amended by the deletion of its entirety and by its replacement with the following provision:

"8. The authorised capital of the Company is HK\$924,194,901.37 divided into 92,419,490,137 shares of a nominal or par value of HK\$0.01 each provided always that subject to the provisions of The Companies Law Cap. 22 as amended and the Articles of Association of the Company shall have power to redeem or purchase any or all of such shares and to sub-divide or consolidate the said shares or any of them and to issue all or any part of its capital whether original, 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 whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be Ordinary, Preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.";

- (c) conditional upon completion of the Capital Reorganisation, article 3 of the existing New Articles of Association of the Company be amended by the deletion of its entirety and by its replacement with the following provision:

"3. The authorised share capital of the Company shall be HK\$924,194,901.37 divided into 92,419,490,137 shares of a par value of HK\$0.01 each";

- (d) the Provisional Liquidators and future directors be and are hereby authorised generally to do all things appropriate to effect and implement any of the foregoing."

SHARE SUBDIVISION AND APPLICATION OF CREDIT ARISING FROM THE CAPITAL REDUCTION TO THE COMPANY'S ACCUMULATED LOSS

12. By an Ordinary Resolution duly passed at the Meeting it was resolved that immediately after the Ordinary Resolution set out in paragraph 10 and the Special Resolution set out in paragraph 11 above taking effect:

- (a) each of the 18,452,957,171 unissued shares will be subdivided into five New Shares of HK\$0.01 each such that the authorised unissued share capital of the Company will comprise 92,264,785,855 New Shares of HK\$0.01 each;
- (b) all of the New Shares of \$0.01 each in the capital of the Company after completion of the Capital Reorganisation shall rank pari passu in all respects with each other and have the same rights and privileges and be subject to the

restrictions contained in the existing New Memorandum and New Articles of Association of the Company as amended pursuant to resolution numbered 2 below (the "Amended Memorandum and Articles");

- (c) the credit which shall arise as a result of the capital reduction of the Company to be effected pursuant to the resolution set out in paragraph 11 above shall be applied to eliminate the same amount of the Company's accumulated loss on a dollar for dollar basis and the future directors of the Company be and are hereby authorised to apply such credit in such manner as may be permitted by the Amended Memorandum and Articles; and
 - (d) the provisional liquidators of the Company (the "Provisional Liquidators") and future directors of the Company be and are hereby authorised generally to do all things appropriate to effect and implement any of the foregoing."
13. The proposed Capital Reduction does not involve an alteration or variation to the rights attached to any shares.
14. The proposed Capital Reduction does not involve either the diminution of any liability in respect of issued but unpaid share capital or the payment to any shareholder of any paid-up share capital.
15. The form of minute proposed to be registered is as follows:

"The capital of Seapower International Resources Limited was by virtue of Ordinary and Special Resolutions of the Company and with the sanction of an Order of the Grand Court dated the day of 2002 reorganised in the following manner:

- (a) every 10 issued Shares of HK\$0.05 each will be consolidated into one Share of HK\$0.5;
- (b) the nominal value of each consolidated issued share will be reduced from HK\$0.5 to HK\$0.01. Accordingly, the Company's issued share capital of HK\$77,352,141.45 will be reduced by HK\$75,805,098.63 to HK\$1,547,042.82. A credit of HK\$75,805,098.63 arising from such capital reduction will be applied to eliminate HK\$75,805,098.63 of the Company's accumulated losses which was approximately HK\$347,815,139 as at 30th September 2002; and
- (c) each of the 18,452,957,171 unissued Shares will be subdivided into five New Shares such that the authorised unissued share capital of the Company will comprise 92,264,785,855 New Shares of HK\$0.01 each.

After the completion of the Capital Reorganisation, the authorised share capital of the Company will be HK\$924,194,901.37 divided into 92,419,490,137 New Shares comprising 92,264,785,855 unissued New Shares and 154,704,282 issued New Shares.

The capital of the Company is accordingly on the registration of this Minute HK\$924,194,901.37 divided into 92,419,490,137 shares of HK\$0.01 each of which 154,704,282 have been issued and are deemed to be fully paid up and the remainder are unissued."

Your Petitioner therefore humbly prays that:-

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. Or that such other Order may be made in the premise as the Court shall deem fit.

AND your Petitioner will ever pray etc.

DATED the 9th day of December, 2002.

Walkers

WALKERS
Attorneys-at-Law for the Petitioner

NOTE: This petition is not intended to be served.

ENDORSEMENT

This petition, having been presented to the Grand Court of the Cayman Islands on the 9th day of December, 2002 will be heard at the Grand Court of the Cayman Islands on:

DATE: 10 December, 2002

TIME: 10.00 a.m.

(or as soon thereafter as the petition can be heard).

This Petition is presented by Walkers, Attorneys-at-Law, Walker House, Mary Street, PO Box 265 GT, George Town, Grand Cayman, for the Petitioner whose address for service is care of its said Attorneys-at-Law.