

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO. 399 OF 2003

In the matter of ePro Limited

And in the matter of the Companies Law (2003 Revision)

And Grand Court Rules 1995 Order 102

PETITION



TO: The Grand Court of the Cayman Islands

THE PETITION of ePro 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 (2003 Revision) (the "Companies Law") confirming a reduction of the capital of your Petitioner ePro Limited (the "Company").
2. The Company was incorporated under the Companies Law on 15 March, 2000 with the name ePro Limited and registered in the Cayman Islands as an exempted company with registration number CR-98127.
3. The registered office of the Company is situated at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, Cayman Islands, British West Indies.
4. As at the date of incorporation of the Company, its authorised share capital was HK\$100,000 divided into 1,000,000 ordinary shares of a nominal or par value of HK\$0.10 each. On 15 March, 2000, one share of HK\$0.10 par value was allotted and issued fully paid.
5. By a written special resolution of the then sole shareholder of the Company passed on 15 March 2000, the Memorandum and Articles of the Company were approved and adopted as the Amended and Restated Memorandum and Articles of Association.
6. By a written resolution of the then sole shareholder of the Company passed on 8 July, 2000, the authorized share capital of the Company was increased from HK\$100,000 to HK\$1,000,000,000 by the creation of an additional 9,999,000,000 shares of HK\$0.10

each. On 8 July 2000, 413,879,999 shares of HK\$0.10 each were issued and allotted, credited as fully paid.

7. By a further special written resolution of the then shareholders of the Company passed on 10 July 2000, the new Articles of Association of the Company were approved and adopted.
8. The shares of the Company were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited on 2 August, 2000. Over the years, the Company has allotted and issued various tranches of ordinary shares, being the only class of shares of the Company. As at the date of this petition, the issued share capital of the Company is HK\$110,400,000 comprising 1,104,000,000 shares of HK\$0.10 each.
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 4        *"The Company may from time to time by ordinary resolution in accordance with the Law alter the conditions of its Memorandum of Association to:*

- (a) increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;*
- (b) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;*
- (c) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Directors may determine provided always that*

*where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting";*

(d) *sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association (subject, nevertheless, to the Law), and may by such resolution 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, deferred or other rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares;*

(e) *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 or, in the case of shares, without par value, diminish the number of shares into which its capital is divided."*

Article 6 *"The Company may from time to time by special resolution, subject to any confirmation or consent required by the Law, reduce its share capital or any share premium account or any capital redemption reserve or other undistributable reserve in any manner permitted by law."*

11. 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 30 May, 2003, (the "Extraordinary General Meeting"), it was resolved:

*"THAT, subject to and conditional upon:*

(i) *confirmation of the Capital Reduction (as defined below) by the Grand*

*Court of the Cayman Islands ("Court"), 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 minute 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 listing sub-committee of the board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with responsibility for the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Committee") 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 :*

(a) *the share capital of the Company be reduced (the "Capital Reduction") by canceling issued and paid-up capital to the extent of HK\$0.09 on each existing share of HK\$0.10 each of the Company ("Existing Shares") in issue as at the Effective Date (as defined in a circular ("Circular") dated 6 May, 2003 despatched to the shareholders of the Company (the "Shareholders") of which the notice convening this Meeting forms part, a copy of which is produced to the Meeting marked "A" and initialed by the Chairman of the Meeting for the purpose of identification) 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 from HK\$1,000,000,000 to HK\$100,000,000;*

(b) *the directors of the Company (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 of up to HK\$107,087,000 (being the accumulated loss of the Company as at 30 June, 2002 as shown in the audited accounts of the Company for the year ended 30 June, 2002) and the remainder (if any) to a distributable reserve of the Company to be applied in such manner as the Directors consider*

*appropriate; and*

- (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.”*

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

*“THAT conditional upon the Capital Reduction (as defined in special resolution No. 1(ii) under the notice convening this meeting) becoming unconditional and effective, the authorized share capital of the Company be increased from HK\$100,000,000 to HK\$1,000,000,000 by the creation of additional 90,000,000,000 New Shares (as defined in special resolution No. 1(ii) under the notice convening this meeting) 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 (as defined in a circular dated 6 May, 2003 despatched to the shareholders of the Company).”*

13. There was an accumulated loss of approximately HK\$107,087,000 as shown in the audited accounts of the Company for the year ended 30 June, 2002. The purpose of the proposed Capital Reduction is to enable the Company to eliminate the aforesaid accumulated loss and the remainder of the credit arising from the Capital Reduction (if any) would be credited to a distributable reserve of the Company. The Capital Reduction will also provide greater flexibility in pricing any new issue of 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 its shareholders.
15. The form of Minute proposed to be registered is as follows:

*"The issued capital of ePro Limited was by virtue of a Special Resolution passed on 30 May, 2003 and with the sanction of an Order of the Grand Court of the Cayman Islands dated [•], 2003, reduced from HK\$110,400,000 divided into 1,104,000,000 shares of HK\$0.10 each to HK\$11,040,000 divided into 1,104,000,000 shares of HK\$0.01 each ("Capital Reduction"). At the date of the registration of this Minute all such shares have been issued and are fully paid up or deemed to be fully paid up. Ordinary Resolutions of the Company have been passed to take effect that upon the Capital Reduction becoming effective, the authorized share capital of the Company be increased by the creation of additional 90,000,000,000 new shares of HK\$0.01 each.*

*The authorised share capital of the Company is on the registration of this Minute HK\$1,000,000,000."*

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 ePro 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 13<sup>th</sup> DAY OF JUNE, 2003.

  
**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.