

IN THE GRAND COURT OF THE CAYMAN ISLANDS

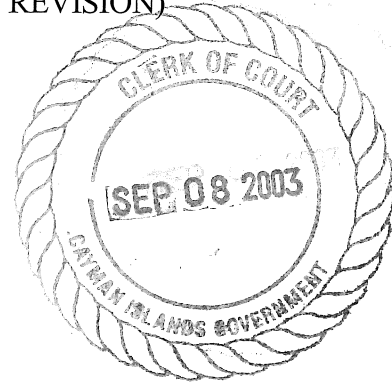
585  
Cause No: of 2003

IN THE MATTER OF I LINK HOLDINGS LIMITED

AND IN THE MATTER OF THE COMPANIES LAW (2003 REVISION)



PETITION



To: THE GRAND COURT OF THE CAYMAN ISLANDS

THE HUMBLE PETITION OF I LINK HOLDINGS LIMITED c/o Maples and Calder, P.O. Box 309 GT, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands (hereinafter called the "Company") SHEWETH as follows:

1. The objects of this Petition are to seek:
  - (1) the sanction of the Court pursuant to Section 86 of the Companies Law (2003 Revision) to a proposed Scheme of Arrangement (hereinafter called the "Scheme") between the Company and the holders of the Scheme Shares, as defined in the Scheme; and
  - (2) the confirmation of the Court pursuant to Section 16 of the Companies Law (2003 Revision) of the intended resolution of the Company's shareholders to reduce its share capital to give effect to the proposed Scheme and that is intended to be passed by them as a special resolution on or about 29<sup>th</sup> October, 2003 as further set out at paragraph 13 below.

A copy of the proposed Scheme is annexed to this Petition by way of Schedule.

2. On 10<sup>th</sup> August, 2000 the Company was incorporated with the name iLink.net Holdings Limited as an exempted company limited by shares pursuant to the Companies Law Cap. 22. On 13<sup>th</sup> February, 2001 the Company changed its name to its current name. The registered office of the Company is and always has been situate at P.O. Box 309 GT, Grand Cayman, Cayman Islands. The Company's principal place of business in Hong Kong is 56<sup>th</sup> Floor, The Centre, 99 Queen's Road Central, Hong Kong.
3. The objects for which the Company were established are unrestricted, and generally to carry out the objects more particularly described in its Memorandum of Association. The principal activity of the Company is to act as an investment holding company for a group of subsidiaries engaged in, inter alia, operating two data centres in Hong Kong providing Internet connectivity, dedicated server hosting and co-location services, and other value-added services.
4. At incorporation the authorised share capital of the Company was HK\$4,000,000 divided into 40,000,000 ordinary shares of HK\$0.10 each. On 15<sup>th</sup> August, 2000 the authorised share capital of the Company was increased to HK\$4,005,333 by the creation of 53,330 Series A preferred shares of HK\$0.10 each. On 22<sup>nd</sup> February, 2001 the authorised share capital of the Company was increased to HK\$400,000,000 by the cancellation of all the 53,330 Series A preferred shares of HK\$0.10 each and the creation of an additional 3,960,000,000 ordinary shares of HK\$0.10 each. With effect from 20<sup>th</sup> August, 2001 every ordinary share of HK\$0.10 each was subdivided into five shares of HK\$0.02 each. Accordingly the authorised share capital of the Company is presently HK\$400,000,000 divided into 20,000,000,000 ordinary shares of HK\$0.02 each (the "Shares") of which 5,267,374,610 have been issued and are fully paid or credited as fully paid. The issued Shares are listed and traded on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "HK Stock Exchange").
5. As at the date hereof, there are no outstanding any options or warrants to subscribe for Shares or any securities convertible into new shares or Shares to be issued by the Company.

6. Media Touch Group Limited (the "Controlling Shareholder"), a company incorporated in the British Virgin Islands with limited liability, is the registered holder of 2,523,150,000 Shares, representing approximately 47.90% of the issued share capital of the Company. The Controlling Shareholder is an indirect wholly-owned subsidiary of PCCW Limited ("PCCW"), a company incorporated in Hong Kong with limited liability. The issued shares of PCCW are listed and traded on the Main Board of the HK Stock Exchange.
7. The object of the proposed Scheme is for the Company to become wholly-owned by the Controlling Shareholder by:
  - (1) reducing the share capital of the Company by cancelling and extinguishing all of the shares held by those shareholders other than the Controlling Shareholder ("Scheme Shares"); and
  - (2) applying the amount of the credit arising in the Company's books of account as a result of the reduction of capital referred to above to a reserve account in the books of account of the Company.
8. In consideration for the cancellation and extinguishment of the Scheme Shares, the Controlling Shareholder will pay or cause to be paid by a company other than the Company to holders of Scheme Shares HK\$0.035 in cash for each Scheme Share. If the proposed Scheme becomes effective, the Company will apply to the HK Stock Exchange for the withdrawal of the listing of the Shares.
9. The Shares held by the Controlling Shareholder will not be cancelled under the Scheme and do not form part of the Scheme Shares. If the proposed Scheme becomes effective, the Company will become wholly-owned by the Controlling Shareholder.

10. The Company intends to make an application for directions herein for an order that, inter alia,
- (1) the Company be at liberty to convene a meeting of the holders of the Scheme Shares (the "Court Meeting") for the purpose of considering and, if thought fit, approving (with or without modification) the proposed Scheme
  - (2) directions as to the mode of delivery of an explanatory statement and proxy form to the holders of the Scheme Shares; and
  - (3) the appointment of a Chairman of the Court Meeting and for directions that the Chairman should report the result of such Court Meeting to the Court.

11. The resolution intended to be submitted at the Court Meeting is:

*"THAT this Court Meeting approves without modification the Scheme of Arrangement, a print of which has been submitted to this Court Meeting and for the purpose of identification signed by the Chairman of this Court Meeting."*

12. Article 63(b) of the Company's Articles of Association provides that the Company may, by special resolution, reduce (inter alia) its share capital in any manner authorised and subject to any conditions prescribed by the Companies Law.

13. The Company intends to convene an Extraordinary General Meeting to take place immediately after the Court Meeting. The special resolution intended to be submitted to the Extraordinary General Meeting is as follows:

*"THAT:*

- (A) *the proposed scheme of arrangement (the "Scheme") between the Company and the holders of the Scheme Shares (as defined in the Scheme) in the form of the print thereof which has been produced to this Meeting and for the purpose of identification signed by the Chairman of this meeting, subject to any modification(s)*

*addition(s) or condition(s) as may be approved or imposed by the Grand Court of the Cayman Islands, be and is hereby approved;*

- (B) *for the purposes of giving effect to the Scheme, on the Effective Date (as defined in the Scheme):*
- (i) *the authorised and issued share capital of the Company shall be reduced by cancelling and extinguishing the Scheme Shares;*
  - (ii) *the Company shall apply the credit arising in its books of account as a result of the reduction of capital referred to in sub-paragraph (i) to a reserve account in the books of account of the Company; and*
  - (iii) *the directors of the Company be and are hereby authorized to do all other acts and things considered by them to be necessary or desirable in connection with the implementation of the Scheme, including (without limitation) the giving of consent to any modification of, or additions to, the Scheme, which the Grand Court of the Cayman Islands may see fit to impose."*
14. The reduction of the Company's share capital intended to be effected by the said special resolution would neither involve the diminution of any liability in respect of any unpaid share capital nor the payment to any shareholder of any paid up capital.
15. The form of minute proposed to be registered is as follows:

*"The share capital of iLink Holdings Limited was by virtue of a special resolution of the Company dated [ ], 2003 (the "Special Resolution") and with the confirmation of an order of the Grand Court of the Cayman Islands dated [ ], 2003 (the "Order") reduced from HK\$400,000,000 divided into 20,000,000,000 ordinary shares of HK\$0.02 each (of which 5,267,374,610 shares had been issued and were fully paid) to HK\$345,115,507.80 divided into 17,255,775,390 shares of HK\$0.02 each (of which 2,523,150,000 have been issued and are fully paid).*

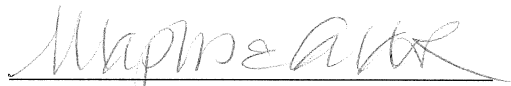
*By virtue of a Scheme of Arrangement sanctioned by an order of the Grand Court of the Cayman Islands dated [ ], 2003, the Order and the Special Resolution, the capital of the Company and the registration of this minute is accordingly HK\$345,115,507.80 divided into 17,255,775,390 shares of HK\$0.02 each."*

YOUR PETITIONER THE COMPANY THEREFORE HUMBLY PRAYS:

1. That the Scheme may be sanctioned by the Court so as to be binding on the Company and the holders of the Scheme Shares.
2. That the reduction of share capital of the Company proposed to be affected by special resolution set forth in paragraph 13 above may be confirmed and that the abovementioned minute may be approved by the Court.
3. That to this end all necessary inquiries be made and directions may be made and given.
4. Such other or further relief as the Court shall deem meet.

AND YOUR PETITIONER WILL EVER PRAY, ETC.

Dated this 8<sup>th</sup> day of September, 2003.



MAPLES and CALDER

**Note: It is not intended that this Petition be served on anyone.**

**ENDORSEMENT**

This Petition has been presented to the Grand Court of the Cayman Islands on the \_\_\_\_\_ day of September, 2003 and will be heard by the Grand Court of the Cayman Islands on the \_\_\_\_\_ day of -----ember, 2003 at \_\_\_\_\_ o'clock in the [fore/after]noon (or as soon thereafter as the Petition can be heard).

This Petition was presented by Maples and Calder, Ugland House, P.O. Box 309GT, George Town, Grand Cayman, attorneys-at-law for the Petitioner.

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**SCHEME OF ARRANGEMENT**

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**IN THE GRAND COURT OF THE CAYMAN ISLANDS  
CAUSE NO. [\*\*\*] OF 2003**

**IN THE MATTER OF iLINK HOLDINGS LIMITED**

**AND**

**IN THE MATTER OF  
THE COMPANIES LAW (2003 REVISION) OF THE CAYMAN ISLANDS**

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**SCHEME OF ARRANGEMENT  
BETWEEN  
iLINK HOLDINGS LIMITED  
AND  
THE HOLDERS OF THE SCHEME SHARES**

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**PRELIMINARY**

(A) In this Scheme of Arrangement, unless inconsistent with the subject or context, the following expressions shall have the following meanings:-

"Companies Law" the Companies Law (2003 Revision) of the Cayman Islands;

"Court" the Grand Court of the Cayman Islands;

"Effective Date" the date (Hong Kong time) on which this Scheme becomes effective as contemplated by clause 6 of this Scheme;

"Excluded Parties" Mr. Tam Wai Keung, Billy and HSBC International Trustee Limited, holders of an aggregate of 1,481,850,000 Shares (representing approximately 28.13% of the issued share capital of iLink) as at the date of this Scheme who are deemed to be parties acting in concert with Media Touch under the Takeovers Code;

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## SCHEME OF ARRANGEMENT

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- "HK\$" Hong Kong dollars, the lawful currency of Hong Kong;
- "holder(s)" registered holder(s) of Shares including a person entitled by transmission to be registered as such and subject to the provisions of this Scheme, joint holders of Shares;
- "Hong Kong" the Hong Kong Special Administrative Region of the People's Republic of China;
- "iLink" iLink Holdings Limited, a company incorporated in the Cayman Islands with limited liability;
- "Media Touch" Media Touch Group Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of PCCW;
- "PCCW" PCCW Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited and with securities in the form of American Depositary Receipts listed on the New York Stock Exchange, Inc.;
- "Record Date" the business day (being any day on which banks are open for business in Hong Kong, other than Saturday) in Hong Kong immediately preceding the Effective Date;
- "Scheme" this Scheme of Arrangement in its present form or with or subject to any modification thereof or addition thereto or condition approved or imposed by the Court;
- "Scheme Shares" the 2,744,224,610 Shares in issue on the Record Date, together with any further Shares which may be issued on or prior to the Record Date which are not held by Media Touch;
- "Shares" the ordinary shares of HK\$0.02 each in the issued share capital of iLink and which are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited; and
- "Takeovers Code" The Hong Kong Code on Takeovers and Mergers.

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## SCHEME OF ARRANGEMENT

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- (B) As at the date of this Scheme, the authorised share capital of iLink is HK\$400,000,000 divided into 20,000,000,000 Shares of HK\$0.02 each, of which 5,267,374,610 Shares have been issued and are fully paid.
- (C) The purpose of this Scheme is that all the Scheme Shares shall be cancelled and extinguished and that iLink shall become a wholly-owned subsidiary of Media Touch on the Effective Date.
- (D) As at the date of this Scheme, Media Touch is the registered and beneficial owner of 2,523,150,000 Shares, representing approximately 47.90% of the issued share capital of iLink.
- (E) As at the date of this Scheme, an aggregate of 1,481,850,000 Shares, representing approximately 28.13% of the issued share capital of iLink, are owned by the Excluded Parties and are registered as follows:

Name of Excluded Party	Name of Registered Holder	Number of Shares held
Mr. Tam Wai Keung, Billy	Mr. Tam Wai Keung, Billy	1,081,350,000
HSBC International Trustee Limited	HSBC International Trustee Limited	400,500,000

- (F) Each of Media Touch and Mr. Tam Wai Keung, Billy has agreed to appear by Counsel on the hearing of the petition to sanction this Scheme and to undertake to the Court to be bound thereby and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by each of them respectively for the purpose of giving effect to this Scheme.

### THE SCHEME

#### PART I

##### Cancellation of the Scheme Shares

1. On the Effective Date:
  - (a) the issued share capital of iLink shall be reduced by cancelling and extinguishing the Scheme Shares; and

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## SCHEME OF ARRANGEMENT

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- (b) iLink shall apply the amount of the credit arising in its books of account as a result of the reduction of its issued share capital referred to in paragraph (a) above to a reserve account in the books of account of iLink.

### PART II

#### Consideration for cancellation of the Scheme Shares

2. In consideration of the cancellation and extinguishment of the Scheme Shares, Media Touch shall pay or cause to be paid to the holders of the Scheme Shares (as appearing in the register of members of iLink at 4:00 p.m. on the Record Date) the sum of HK\$0.035 in cash for each Scheme Share held.

### PART III

#### General

3. (a) Not later than ten days after the Effective Date, Media Touch shall send or procure to be sent to the holders of the Scheme Shares (as appearing in the register of members of iLink at 4:00 p.m. on the Record Date) cheques in respect of the sums payable to such holders pursuant to clause 2 of this Scheme.

(b) Unless indicated otherwise in writing to Computershare Hong Kong Investor Services Limited, the branch share registrar of iLink in Hong Kong, at Rooms 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Hong Kong, all such cheques shall be sent through the post in pre-paid envelopes addressed to the persons entitled thereto:-

- (i) in the case of sole holders, to the respective registered addresses of such holders as appearing in the register of members of iLink at 4:00 p.m. on the Record Date; and
  - (ii) in the case of joint holders, to the registered address of the joint holder whose name then stands first in such register of members of iLink in respect of the joint holding.
- (c) Cheques shall be posted at the risk of the addressees. iLink, Media Touch and PCCW or any of them shall not be responsible for any loss or delay in the transmission of such cheques.

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- (d) Each such cheque shall be payable to the order of the person to whom, in accordance with the provisions of paragraph (b) of this clause 3, the envelope containing the same is addressed and the encashment of any such cheque shall be a good discharge to Media Touch for the monies represented thereby.
- (e) On the day being six calendar months after the posting of the said cheques pursuant to paragraph (b) of this clause 3 or on any day thereafter, Media Touch shall have the right to cancel or cause the cancellation of any such cheque which has not then been encashed or has been returned uncashed and shall place all monies represented thereby in a deposit account in iLink's name with a licensed bank in Hong Kong selected by iLink. iLink shall hold such monies until the expiration of six years from the Effective Date and shall prior to such date make payments thereout of the sums payable pursuant to clause 2 of this Scheme to persons who satisfy iLink that they are respectively entitled thereto and provided that the cheques referred to in paragraph 3(b) of this Scheme of which they are payees have not been cashed. Any payments made by iLink hereunder shall include any interest accrued on the sums to which the respective persons are entitled pursuant to clause 2 of this Scheme, calculated at the annual rate prevailing from time to time at the licensed bank with which the monies are deposited, from the date which falls six months after the posting of the said cheques pursuant to paragraph (b) of this clause 3 down to the date of payment of such sum, subject, if applicable, to deduction of interest, tax or any other deduction or withholding tax required by law. iLink shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled and a certificate of iLink to the effect that any particular person is so entitled or is not so entitled shall be conclusive and binding upon all persons claiming an interest in the relevant monies. Upon the expiry of six years from the Effective Date, Media Touch shall be released from any further obligation to make any payment under this Scheme and iLink shall thereafter transfer to Media Touch the balance (if any) of the sums standing to the credit of the deposit account referred to in this paragraph (e) of this clause 3 including accrued interest subject, if applicable, to the deduction of interest, tax or any withholding or any other tax or any other deduction required by law and subject to the deduction of any expenses.
4. As from and including the Effective Date, all certificates representing the Scheme Shares shall cease to have effect as documents or evidence of title to the Shares comprised therein and every holder thereof shall be bound, on the request of iLink, to deliver to iLink or to any person appointed by it to receive the same such certificate(s) for cancellation.
5. All mandates or relevant instructions to iLink in force at 4:00 p.m. on the Record Date relating to any of the Scheme Shares shall cease to be valid and effective mandates or instructions.
6. This Scheme shall become effective upon (a) an office copy of the Order of the Court sanctioning this Scheme

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## SCHEME OF ARRANGEMENT

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under section 86 of the Companies Law and confirming under section 16 of the Companies Law the reduction of share capital provided for by this Scheme having been delivered to the Registrar of Companies in the Cayman Islands for registration and (b) such Order confirming such reduction of share capital, together with a minute relating to the share capital of iLink and containing the particulars required by section 16 of the Companies Law, being duly registered by the Registrar of Companies in the Cayman Islands.

7. Unless this Scheme shall have become effective on or before February 29, 2004 or such later date, if any, as the Court on the application of iLink may allow, this Scheme shall lapse.
8. iLink and Media Touch may jointly consent for and on behalf of all parties concerned to any modification of or addition to this Scheme or to any condition which the Court may see fit to approve or impose.

Dated the [\*\*\*] day of [\*\*\*], 2003.