

IN THE GRAND COURT OF THE CAYMAN ISLANDS

756  
CAUSE NO. OF 2003

In the matter of **System Information Technology (Holdings) 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 **System Information Technology (Holdings) 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 **System Information Technology (Holdings) Limited** (the "Company").
2. The Company was incorporated under the Companies Law on 16 March, 2000 with the name System Information Technology (Holdings) Limited and registered in the Cayman Islands as an exempted company with registration number CR-99047.
3. The registered office of the Company at the date of incorporation was at the offices of Codan Trust Company (Cayman) Limited, Zephr House, George Town, Grand Cayman, Cayman Islands. On 19 October, 2001, it was changed to its present registered office situated at the offices of Codan Trust Company (Cayman) Limited, 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\$350,000 divided into shares of a nominal or par value of HK\$0.10 each. On 16 March, 2000, one share of HK\$0.10 was allotted and issued fully paid.

5. By written resolutions of the then sole shareholder of the Company passed on 26 August, 2000, the authorized share capital of the Company was increased from HK\$350,000 to HK\$200,000,000 comprising of 2,000,000,000 shares of HK\$0.10 each.
6. The shares of the Company were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited on 8 September, 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\$103,637,500 comprising 1,036,375,000 shares of HK\$0.10 each.
7. 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.
8. 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."*

9. 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 22 October, 2003, (the "Extraordinary General Meeting"), it was resolved:

*"THAT, subject to and conditional upon:*

- (i) *the confirmation by the Grand Court of the Cayman Islands (the "Court"), in respect of the Share Capital Reduction and Share Premium Reduction (both terms as hereinafter defined, and together the "Capital Reduction");*
- (ii) *the filing with the Registrar of Companies in the Cayman Islands of copy of the order of and copy of the minute approved by the Court confirming the Capital Reduction;*
- (iii) *the compliance with any condition as may be imposed by the Court in relation to the Capital Reduction; and*
- (iv) *the listing sub-committee 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 the approval for the listing of, and permission to deal in, the Reorganized Shares (as defined in ordinary resolution no. 1 set out in the Notice of which this resolution forms part) upon the Capital Reduction becoming unconditional and effective,*

*with effect from the next business day (being a day on which banks in Hong Kong are generally open for business) after the date on which this resolution is passed:-*

- (a) *(i) the issued share capital of the Company be reduced by cancelling paid-up capital of HK\$0.098 on each share of nominal value of HK\$0.10 in issue as at the date of passing of this resolution so that each such share shall be treated as one fully paid-up share of nominal value HK\$0.002 in the issued share capital of the Company and that the amount of issued capital of the Company hereby cancelled be made available for issue of shares of nominal value of HK\$0.002 each; (ii) the value of each of the authorized but unissued shares in the capital of the Company be reduced from nominal value of HK\$0.10 (whether issued or unissued, the "Existing Share(s)") to nominal value of HK\$0.002 (whether*

*issued or unissued, the "Intermediate Share(s)" by way of subdivision, so that the authorized share capital of the Company shall remain unchanged; and (iii) any liability of the holders of the issued Intermediate Share(s) to make further contribution to the capital of the Company with respect thereon shall be treated as duly satisfied (altogether, the "Share Capital Reduction");*

- (b) the amount standing to the credit of the share premium account of the Company as at the date of passing of this resolution be reduced (the "Share Premium Reduction") and together with the credit arising from the Share Capital Reduction be applied to eliminate or reduce the accumulated losses of the Company as at the date of petition to the Court for an order confirming the Capital Reduction, and any surplus amount resulting therefrom be credited towards a special distributable reserves account of the Company to be applied in such manner subject to any undertaking imposed by the Court, all of which as permitted under the articles of association of the Company (the "Articles") and the applicable laws of the Cayman Islands; and*
- (c) one or more of the directors of the Company (the "Directors"), as permissible under the Articles, be and are hereby authorised generally to do or execute for and on behalf of the Company all such acts, deeds and things as they deem in their absolute discretion, necessary, desirable or appropriate to effect and implement any of the foregoing, including the Capital Reduction."*

10. There was an accumulated loss of HK\$131,976,000 as shown in the audited accounts of the Company for the year ended 31 March, 2003. The purpose of the proposed Capital Reduction is to enable the Company to eliminate the accumulated loss of the Company as at the date of petition to the Court and the balance 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 as well as to enable the Company to declare dividend to its

shareholders at an earlier possible opportunity than by generating profits to offset such losses.

11. 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.
12. The form of Minute proposed to be registered is as follows:

*"The issued capital of Systek Information Technology (Holdings) Limited was by virtue of a Special Resolution passed on 22 October, 2003 and with the sanction of an Order of the Grand Court of the Cayman Islands dated [•], 2003, reduced from HK\$103,637,500 divided into 1,036,375,000 shares of HK\$0.10 each to HK\$2,072,750 divided into 1,036,375,000 shares of HK\$0.002 each and that the amount of issued capital of the Company hereby cancelled be made available for issue of shares of nominal value of HK\$0.002 each. 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.*

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

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 9 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 Systek Information Technology (Holdings) Limited, at its registered office located at the offices of Codan Trust Company (Cayman) Limited, Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, Cayman Islands, British West Indies.

DATED THIS 21<sup>st</sup> DAY OF November, 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, Cayman Islands.

THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO. OF 2003

In the matter of **Systek Information Technology  
(Holdings) Limited**

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

And Grand Court Rules 1995 Order 102.

---

PETITION

---