

IN THE GRAND COURT OF THE CAYMAN ISLANDS



CAUSE NO 784 OF 2003

✓

IN THE MATTER OF SECTION 15 OF THE COMPANIES LAW (2003 REVISION) AND ORDER 102.r.4 OF THE GRAND COURT RULES

AND IN THE MATTER OF THE REDUCTION OF THE SHARE CAPITAL OF DYXNET HOLDINGS LIMITED

TO: The Grand Court

PETITION



THE HUMBLE PETITION of the above-named Dyxnet Holdings Limited, whose registered office is situated at Uglan House, South Church Street, P.O. Box 309, George Town, Grand Cayman, shows:-

1. Your Petitioner the above-named company (hereinafter called "the Company") was incorporated on 30th October 2000 under the then Companies Law as a company limited by shares.
2. The registered office of the Company is situate at Uglan House, South Church Street, P.O. Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies.
3. The objects for which the Company is established are unrestricted and include, but without limitation, the following:
  - (a) To carry on the business of an investment company and to act as promoters and entrepreneurs and to carry on business as financiers, capitalists, concessionaires, merchants, brokers, traders, dealers, agents, importers and exporters and to undertake and carry on and execute all kinds of investment, financial, commercial, mercantile, trading and other operations.

- (b) To carry on whether as principals, agents or otherwise howsoever the business of realtors, developers, consultants, estate agents or managers, builders, contractors, engineers, manufacturers, dealers in or vendors of all types of property including services.

The Company offers a range of Internet and web-based technologies providing high-speed commercial broadband and value-added managed Internet Protocol services to clients in the Greater China region.

4. The authorized share capital of the Company prior to the proposed reduction was US\$4,000,000 divided into (i) 3,843,000,000 ordinary shares of par value US\$0.001 each (the "Ordinary Shares") of which 139,040,000 have been issued; and (ii) 157,000,000 Series A Preference Shares of par value US\$0.001 each of which 145,476,757 have been issued. Pursuant to the resolutions of the Company passed at separate Extraordinary General Meetings of All Shareholders, Ordinary Shareholders, and Series A Preference Shareholders held on 10 October 2003 at 10:00am, 10:30am and 11:00am respectively (the "EGMs"), the following share capital restructuring was approved:-
- (a) the conversion of 145,476,757 Series A Preference Shares, being the aggregate issued Series A Preference Shares as of 25 September 2003, into 299,183,412 Ordinary Shares; and
- (b) the consolidation of every 2,845 Ordinary Shares (issued and unissued) into 1 consolidated share of par value US\$2.845 (the "Consolidated Shares").
5. Following the conversion of Series A Preference Shares and the consolidation of Ordinary Shares referred in paragraph 4, the authorised share capital of the Company shall be US\$4,000,000 divided into 1,350,791 Consolidated Shares of par value US\$2.845 each and 157,000,000 Series A Preference Shares of par value US\$0.001 each.
6. Article 36(c) of the Articles of Association of the Company provides as follows:  
"The Company may by special resolution reduce its share capital and any capital redemption reserve in any manner authorised by law."

7. It was further resolved by special resolutions passed at the EGMs in accordance with the provisions of the Companies Law (2003 Revision) that:-
- (a) the par value of the Consolidated Shares be hereby reduced from US\$2.845 to US\$0.001 (the "Capital Reduction");
  - (b) the Company and the Board be and are hereby authorized to instruct Cayman Islands counsel to apply by way of petition to the Grand Court seeking confirmation of this special resolution to reduce the share capital of the Company;
  - (c) the Company and the Board be and are hereby authorized to do, give, make, sign, execute, affix the Company's common seal to, and deliver all other agreements, letters, notices, certificates, acknowledgements, instructions and other documents (whether of a like nature or not) as may in the sole opinion and absolute discretion of any Director, be considered necessary or desirable for the purpose of compliance with any condition precedent or the coming into effect of or otherwise giving effect to, consummating or completing or procuring the performance and completion of all or any of the transactions contemplated by or referred to herein and generally to do all acts and things which they may consider appropriate, necessary or desirable to give effect to or implement the foregoing including the compliance with any conditions imposed by the Grand Court of the Cayman Islands in relation to the proposed reduction of the par value of the Consolidated Shares.
8. It was further resolved by special resolutions passed at the EGMs that following the reduction of capital that:- (a) the authorised share capital of the Company be increased by the creation of 3,841,649,209 new Ordinary Shares of par value US\$0.001; and (b) all unissued Series A Preference Shares be reclassified into new Ordinary Shares which is further reclassified into Series A-1 Preference Shares.
9. The resulting authorised share capital after the capital reduction and the further restructuring referred to in paragraph 8 is US\$400,000,000 divided into (a)

3,843,000,000 Ordinary Shares of par value US\$0.001 each of which 154,033 have been issued and are deemed to be fully paid up and the remainder are unissued and (b) 157,000,000 Series A-1 Preference Shares of par value US\$0.001 each of which 32,324,967 have been issued and are deemed to be fully paid up and the remainder are unissued.

10. The proposed reduction of capital does not involve an alteration or variation to the rights attached to any class of shares.
11. The proposed reduction of capital 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.
12. The form of minute proposed to be registered is as follows:

"Dyxnet Holdings Limited by virtue of a special resolutions of its Ordinary Shareholders passed at the Extraordinary General Meeting held on 10 October 2003 and with the sanction of an Order of the Grand Court dated the \_\_\_\_\_ day of \_\_\_\_\_ 2003 reduced the par value of its Ordinary Shares (both issued and unissued) from US\$2.845 each to US\$0.001 each.

The capital of the Company is accordingly on the registration of this Minute US\$400,000,000 divided into (a) 3,843,000,000 Ordinary Shares of par value US\$0.001 each of which 154,033 have been issued and are deemed to be fully paid up and the remainder are unissued and (b) 157,000,000 Series A-1 Preference Shares of par value US\$0.001 each of which 32,324,967 have been issued and are deemed to be fully paid up and the remainder are unissued".

13. Your Petitioner the Company therefore humbly prays as follows:

- (a) That the reduction of the capital of the Company proposed to be effected by the special resolution set forth in paragraph 7 of this Petition may be confirmed and that the above-mentioned Minute may be approved by the Court.

- (b) That to this end all necessary inquiries and directions may be made and given.
- (c) Or that such other Order may be made in the premises as to the Court shall seem meet.
- (d) And your Petitioner will ever pray, etc.

Dated this 4<sup>th</sup> day of December, 2003



**Nelson & Company**  
Attorneys for and on behalf of Your Petitioner

Take notice that his Petition will be heard by a Judge of the Grand Court sitting in the Court House, George Town, Grand Cayman, on the 30<sup>th</sup> day of January 2004 at 10:00 o'clock in the \_\_\_\_\_ noon.

THIS SUMMONS was issued by Nelson & Company, the attorneys-at-law for the Petitioner, whose address is P.O. Box 2075, West Wind Building, 4th Floor, 70 Harbour Drive, George Town, Grand Cayman, Cayman Islands, B.W.I.