

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO. 437 OF 2004

In the matter of **Computech Holdings Limited**

And in the matter of the Companies Law (2004 Revision)

And Grand Court Rules 1995 Order 102

PETITION

TO: The Grand Court of the Cayman Islands

THE PETITION of **Computech 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 (2004 Revision) (the "Companies Law") confirming a reduction of the capital of your Petitioner **Computech Holdings Limited** (the "Company").
2. The Company was incorporated under the Companies Law on 29 March, 2000 with the name "Computech Holdings Limited" and registered in the Cayman Islands as an exempted company with registration number CR-98757.
3. The registered office of the Company is situated at the offices of Codan Trust Company (Cayman) Limited, P.O. Box 2681, Century Yard, Cricket Square, Hutchins Drive, George Town, Grand Cayman, British West Indies.
4. As at the date of incorporation of the Company, its authorised share capital was HK\$400,000 divided into 4,000,000 ordinary shares of a nominal or par value of HK\$0.10 each. On 29 March, 2000, one ordinary share of HK\$0.10 was allotted and issued fully paid.
5. By resolutions of the then shareholders of the Company passed on 2 June, 2000, the authorised share capital of the Company was increased from HK\$400,000 to HK\$100,000,000 divided into 1,000,000,000 ordinary shares of HK\$0.10 each.

6. The Shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited since 19 June, 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 authorised share capital of the Company is HK\$100,000,000 divided into 1,000,000,000 ordinary shares and its issued share capital is HK\$24,000,000 divided into 240,000,000 ordinary 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 12 October, 2004, (the "Extraordinary General Meeting"), it was resolved:

"THAT subject to and conditional upon (i) the GEM Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the new ordinary shares of HK\$0.01 each in the issued share capital of the Company upon the Capital Reorganisation (as defined below) becoming effective; (ii) the confirmation of the Capital Reduction (as defined below) by the Grand Court of the Cayman Islands (the

“Court”); and (iii) the filing with and registration by the Registrar of Companies in the Cayman Islands of a copy of the Court order and a copy of the minute containing the particulars required under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “Companies Law”):

- (i) the authorised and issued share capital of the Company be reduced and diminished by cancelling issued and paid up capital to the extent of HK\$0.09 on each existing ordinary share of HK\$0.10 of the Company (“Share(s)”) in issue as at the date upon which the Capital Reorganisation becomes unconditional and effective (the “Effective Date”) and by reducing the nominal value of all issued Shares from HK\$0.10 each to HK\$0.01 each (“New Share(s)”) (the “Capital Reduction”);*
- (ii) 684,000,000 unissued Shares of HK\$0.10 each in the share capital of the Company be cancelled and each remaining unissued Share of HK\$0.10 each in the share capital of the Company be subdivided into 10 unissued New Shares of HK\$0.01 each (the “Share Cancellation and Subdivision”);*
- (iii) the entire amount standing to the credit of the share premium account of the Company (the “Share Premium Account”) as at 31 December, 2003 be cancelled (together with the Capital Reduction, the Share Cancellation and Subdivision, the “Capital Reorganisation”);*
- (iv) the directors of the Company be and are hereby authorised to apply the credit arising from the Capital Reduction and the cancellation of the Share Premium Account to set off in full the accumulated losses of the Company in accordance with the articles of association of the Company and all applicable laws (“Application of Credit”) and transfer the balance of such credit to a distributable reserve account of the Company to be applied in such manner as the directors of the Company consider appropriate; and*

- (v) *the directors of the Company be and are hereby authorised generally to do all such acts and things and to approve, sign and execute any other documents which in their opinion may be necessary, desirable or expedient to effect and implement the Capital Reorganisation and the Application of Credit.”*

Each of the capitalised terms referred to in the special resolution above are defined in the information circular exhibited to the affirmation of Mr. Fung Pak Chuen, Alphonso.

10. The number of members of the Company present and voting in person or by proxy at the Extraordinary General Meeting was as set out in the table below:-

How Present	Present & Voting		For		Against	
	No.	Shares Represented	No.	Shares Represented	No.	Shares Represented
In person or by proxy	3	192,688,000	3	192,688,000	0	0
Total	3	192,688,000	3	192,688,000	0	0

As appears from the table, the Extraordinary General Meeting was attended either personally or by proxy by 3 members, representing 192,688,000 ordinary shares in the Company all of whom voted in favour of the resolution and no members voted against the resolution. Therefore the members present and voting in person or by proxy at the Extraordinary General Meeting represent in excess of three-fourths of the total shares in issue and of those, the vote for the resolution to approve the Capital Reduction was unanimous.

11. There was an accumulated loss of HK\$33,521,000 (rounded to the nearest thousand Hong Kong dollars) as shown in the audited accounts of the Company for the year ended 30 December, 2003. The purpose of the proposed Capital Reduction is to enable the Company to apply the credit arising from the Capital Reduction towards the reduction of the balance of the accumulated losses of the Company as at the effective

date of the Capital Reduction remaining after the cancellation of the share premium account and the remainder (if any) to a distributable reserve of the Company. The Capital Reduction will also provide greater flexibility in pricing future capital raising exercises when circumstances arise.

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

"The issued ordinary share capital of Computech Holdings Limited was by virtue of a Special Resolution passed on 12 October, 2004 and with the sanction of an Order of the Grand Court of the Cayman Islands dated [•], 2004, reduced from HK\$24,000,000 divided into 240,000,000 ordinary shares of HK\$0.10 each to HK\$2,400,000 divided into 240,000,000 ordinary shares of HK\$0.01 each. At the date of the registration of this Minute all such ordinary shares of HK\$0.01 each have been issued and are fully paid up or deemed to be fully paid up.

The authorised share capital of the Company, on the registration of this Minute, is HK\$10,000,000."

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

DATED THIS 4th DAY OF November, 2004.

Charles Adams, Ritchie & Duckworth
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.

Notice of Hearing

This Petition having been presented to the Court on the _____ day of _____ 2004 will be heard at the Law Courts, George Town, Grand Cayman on the 14th day of January 2004 2005 at 10:00 a.m./p.m. or as soon thereafter as the Petition can be heard.

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