



IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

CAUSE NO: FSD OF 2022 ()

IN THE MATTER OF EVEREST INVESTMENT HOLDINGS LIMITED
AND IN THE MATTER OF SECTION 15 OF THE COMPANIES ACT (2022 REVISION)
AND IN THE MATTER OF ORDER 102 OF THE GRAND COURT RULES (AS AMENDED)

PETITION

TO: The Grand Court of the Cayman Islands

THE HUMBLE PETITION OF: Everest Investment Holdings Limited of Trident Trust Company (Cayman) Limited, Fourth Floor, One Capital Place, 136 Shedden Road, P.O. Box 847, George Town, Grand Cayman, Cayman Islands (the "**Company**") shows that:

1 The object of this Petition is to seek the confirmation of the Court of a reduction in the Company's issued share capital (the "**Capital Reduction**"), pursuant to section 15 of the Companies Act (2022 Revision) (the "**Act**").

The Company

2 The Company was incorporated on 25 July 1997 under the Companies Act as an exempted company with registration number 75282. The Company was originally named Abacus International Holdings Ltd., however its name was changed by special resolution of the members passed on 24 June 2015.

3 The registered office of the Company is Trident Trust Company (Cayman) Limited, Fourth Floor, One Capital Place, 136 Shedden Road, P.O. Box 847, George Town, Grand Cayman, Cayman Islands.

- 4 The objects for which the Company was established are unrestricted.
- 5 The Company adopted the Amended and Restated Articles of Association by a special resolution dated 24 June 2015, which came into effect from 1 July 2015 (the “Articles”).
- 6 The Company is an investment holding vehicle which operates as a joint venture among various airline companies. Until recently, the eleven airline companies were:
 - 6.1 ANA Holdings Inc. (NH);
 - 6.2 China Airlines Limited;
 - 6.3 Cathay Pacific Airways Limited;
 - 6.4 EVA Airways Corporation;
 - 6.5 Hong Kong Dragon Airlines Limited;
 - 6.6 Malaysia Airlines Berhad;
 - 6.7 Philippine Airlines, Inc.;
 - 6.8 P.T. Garuda Indonesia (Persero) Tbk;
 - 6.9 Royal Brunei Airlines Sdn. Bhd.;
 - 6.10 Singapore Airlines Limited; and
 - 6.11 SilkAir (Singapore) Private Limited (although, as explained below, this entity has since transferred its shareholding in the Company to Singapore Airlines Limited, leaving only ten shareholders).
- 7 The Company’s board of directors comprises seven directors who are each representatives of the shareholders holding at least 10% of the Company’s shares. The chairman of the board is Alvin Kendrich Limquenco, who is the representative of Philippine Airlines, Inc.
- 8 The Company’s sole asset is its shareholding in Infini Travel Information, Inc. (“Infini”), an entity incorporated in Japan and which operates an online travel reservation platform. The Company also has a bank balance of USD664,904 as at 31 October 2022.

The Company's Share Capital

- 9 The Articles provide that the authorised share capital of the Company is SGD 500,000,000.00 divided into 250,000,000.00 Ordinary Shares of a nominal or par value of SGD 1.00 each and 250,000,000.00 Redeemable shares of a nominal or par value of SGD 1.00 each.
- 10 As of the date of this Petition, a total of 10 million Ordinary Shares and 1 million Redeemable Shares have been issued, and are held as follows:

Shareholder	Ordinary Shares	Redeemable Shares	%
ANA Holdings Inc. (NH)	1,359,368	135,937	13.594
China Airlines Limited	1,359,368	135,937	13.594
Cathay Pacific Airways Limited	1,359,368	135,937	13.594
EVA Airways Corporation	210,527	21,053	2.105
Hong Kong Dragon Airlines Limited	212,211	21,221	2.122
Malaysia Airlines Berhad	1,359,368	135,937	13.594
Philippine Airlines, Inc.	1,008,632	100,863	10.086
P.T. Garuda Indonesia (Persero) Tbk	206,527	20,652	2.065
Royal Brunei Airlines Sdn. Bhd.	1,359,368	135,937	13.594
Singapore Airlines Limited	1,359,368	135,937	13.594
SilkAir (Singapore) Private Limited	205,895	20,589	2.059
TOTALS	10,000,000	1,000,000	100.00%

- 11 The holders of Ordinary Shares and Redeemable Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the right to receive a pro-rata share of the Company's surplus assets.
- 12 The redemption of the Redeemable Shares is at the option of the Company in such manner as the Company's directors shall from time to time determine. The Articles do not fetter the directors' discretion in the context of any such redemption and, in particular, does not specify a particular timeline for the redemption.

- 13 The Company's Audited Financial Statements for the year ended 31 December 2021 (the "2021 AFS") record that:
- 13.1 The Company's policy is to maintain an adequate capital base so as to maintain investor and creditor confidence and to sustain future development of the business as well as maintaining an appropriate dividend policy to reward the shareholders. The Statement of Financial Position as at 31 December 2021 records Total Equity of USD 1,822,617 comprised of line items titled Share Capital, Capital Redemption Reserve and Retained Earnings;
- 13.2 The Capital Redemption Reserve is a reserve created out of accumulated profits which cannot be distributed to shareholders by way of dividends (although may be used to issue bonus shares); and
- 13.3 As at 31 December 2021, the Share Capital account reported a credit balance of USD6,294,023 (unchanged from 2020) and the Capital Redemption Reserve reported a credit balance of USD5,149,655 (unchanged from 2020), reflecting Total Equity of USD11,443,678.

Reduction in Share Capital

- 14 The 2021 AFS further explains that as a result of the COVID-19 pandemic, Infini suffered significant operating losses (due to the impact of COVID-19 on travel-related booking volumes and revenues) which prompted management of the Company to perform an assessment to determine the recoverable value of the investment in Infini. Based on that assessment, the Company's investment in Infini was impaired to its fair value (less realisation costs) based on adjusted net asset value and an impairment loss of USD13,133,450 was recognised. On this basis, the 31 December 2020 valuation of Infini of USD14,204,732 was revised in the 2021 AFS such that as of 31 December 2021, Infini was assessed to be valued at USD1,071,282.
- 15 The statement of cash flows within the 2021 AFS consequently recorded a loss for the year ended 31 December 2021 of USD13,028,149 such that the retained earnings balance as at 31 December 2020 of USD3,407,088 was revised in the 2021 AFS to a negative balance of USD9,621,061.
- 16 Given the negative retained earnings balance, even if the Company were to start generating operating profits in the future, as per the AFS 2021, the Company would not be able to pay any

dividends to shareholders. To eliminate the negative retained earnings balance caused by the significant impairment in the value of Infini and to facilitate the potential payment of dividends to shareholders in the future in the event the Company starts generating operating profits in the future, the Board of the Company (which is comprised entirely of shareholder representatives) considered that it would be in the interests of the Company and Shareholders collectively to reduce the aggregate of the Company's Share Capital and Capital Redemption Reserve accounts from USD11,443,677 to USD100,000.

- 17 The proposed Capital Reduction (explained at paragraphs 266 to 355 (inclusive) below) is being done for a legitimate commercial purpose, and to facilitate the payment of dividends in the future and is considered by the Board and the Shareholders to be in the best interests of the Company and its shareholders collectively. The Capital Reduction was discussed by the directors at a board meeting on 15 June 2022 and by the shareholders at a shareholder meetings on 27 June 2022, and has unanimous support from all stakeholders.
- 18 The Capital Reduction will not have any cash flow impact or involve any return on investment to any one or more shareholders, nor will it involve a change in the Company's total equity or the rights of shareholders.
- 19 Following an initial re-classification of the components of the Company's total equity, the Capital Reduction will result in a reduction in the balance of the Share Capital line item in the Company's balance sheet and an increase in retained earnings to the benefit of the Company and its shareholders collectively.

AGM Resolution

- 20 By order of the Board of the Company, the Company's secretary issued a notice dated 17 June 2022 to all shareholders to confirm that the 24th Annual General Meeting ("AGM") of the Shareholders of the Company would be held on 27 June 2022 at 10am and that two special resolutions would be considered and voted upon by shareholders as follows:

20.1 *"A special resolution to reduce the Company's Share Capital and Capital Redemption Reserve from \$11,443,677 to \$100,000, in order to eliminate the negative retained earnings balance and facilitate payment of dividends in the future. There is no cash flow impact, nor*

change in total equity, as it is simply a re-classification between the components of shareholders equity.”

- 20.2 *“A special resolution that the transfer of SilkAir (Singapore) Private Limited’s shareholding in the Company to Singapore Airlines Limited be confirmed and updated in the Company’s records, all the requisite waivers of all pre-emption rights and all shareholder approval and consent rights having been obtained.”*
- 21 The AGM was held on 27 June 2022 and was attended by the Company’s secretary, Mr Peter Gammon (who chaired the AGM), with all current shareholders of the Company providing executed proxy forms in favour of Mr Gammon in advance of the AGM which recorded their unanimous support for all proposed resolutions. The meeting was quorate, and all resolutions were approved with 100% of the vote.
- 22 SilkAir (Singapore) Private Limited did not attend the AGM or vote via proxy as it had already transferred its shareholding in the Company to Singapore Airlines and therefore had no continuing interest in the Company or the resolutions being voted upon (save for the special resolution approving the transfer of its shareholding). The AGM minute fails to record that EVA Airways Corporation was represented at the AGM, however it did submit a proxy form.
- 23 At the AGM the Company adopted the profit and loss account and balance sheet for the year ended 31 December 2021, as set out in the AFS 2021, and further resolved to pass each of the special resolutions as follows:
- 23.1 *“That the Company’s Share Capital and Capital Redemption Reserve be reduced from \$11,443,677 to \$100,000 be approved”*
- 23.2 *“That the transfer of SilkAir (Singapore) Private Limited’s shareholding in the Company to Singapore Airlines Limited be confirmed and updated in the Company’s records.”*
- 24 As a consequence of the authorisation conferred in the second of these special resolutions and the corresponding updates made by the Company’s registered office to the Company’s records, there are now only ten shareholders in the Company.
- 25 Article 46(d) of the Company’s Articles expressly permits the Company, by special resolution, to reduce its Share Capital and any Capital Redemption Reserve fund. The special resolution passed at

the AGM was accordingly done in accordance with the Company's Articles, and is consistent with section 14(1)(b) of the Act (i.e. the capital reduction involves the cancellation of paid-up share capital which is lost or unrepresented by available assets).

Process for Capital Reduction

- 26 The Company's aggregate paid-up share capital is SGD11,000,000, reflecting the issuance of 10,000,000 fully paid Ordinary Shares and 1,000,000 fully paid Redeemable Shares, each with a par value of SGD1.00.
- 27 SGD11,000,000 is equal to USD8,128,279.02 (calculated at the prevailing FX rate of 1.3533:1 being the spot rate of exchange (closing midpoint) for SGD to USD as quoted by the Federal Reserve first published on or after 31 December 2021).
- 28 As above, the 2021 AFS recorded the Share Capital balance as being USD6,294,023, rather than USD8,128,279.02. In order to correct the discrepancy, the Share Capital and the Capital Redemption Reserve line items in the 2021 AFS require the credit of an amount equal to USD1,834,256.02 as against the Share Capital balance and a corresponding debit to the Capital Redemption Reserve, such that:
- 28.1 The Share Capital is increased from USD6,294,023 to USD8,128,279.02; and
- 28.2 The Capital Redemption Reserve is decreased from USD5,149,655 to USD3,315,398.98.
- 29 Following the reclassification noted in paragraph 28 above, it is proposed that the Company's revised Share Capital balance of USD8,128,279.02 would be reduced by USD8,028,279.02 such that the total Share Capital balance after the reduction shall equal USD100,000 (the "**Capital Reduction**").
- 30 Immediately following the implementation of the Capital Reduction, the revised Capital Redemption Reserve balance of US3,315,399 will be credited to the Retained Earnings account in the Company's balance sheet.
- 31 The below table provides a summary of the accounting entries necessitated by the corporate actions described in paragraphs 28 to 30 (inclusive), and confirms that following the Capital Reduction, the Company's total equity will be unchanged:

	31 December 2021 Balances	Accounting Entries	Post Capital Reduction Balances
Share Capital	USD6,294,022	CR USD1,834,256 DR USD8,028,279	USD100,000
Capital Redemption Reserve	USD5,149,655	DR USD1,834,256 DR USD3,315,399	Nil
Retained earnings	(USD9,621,061)	CR USD8,028,279 CR USD3,315,399	USD1,722,617
Total Equity	USD1,822,617		USD1,822,617

32 The Capital Reduction is proposed to be achieved by reducing the aggregate amount of paid up capital on the Ordinary Shares and the Redeemable Shares then in issue, by 98.7697272727273% (and thereafter cancelling the corresponding numbers of Ordinary Shares and Redeemable Shares).

33 Following the Capital Reduction, there will be an aggregate number of 135,330 shares in issue comprised of 123,027.272727273 Ordinary Shares and 12,302.7272727273 Redeemable Shares, thus reflecting an aggregate paid-up share capital amount equal to the SGD equivalent of USD100,000 (translated using the prevailing FX rate noted in paragraph 27 above).

34 Section 33(2) of the Act and the Articles authorise the Company to have in issue fractional shares.

35 The reduction contemplated in paragraph 32 will result in all shareholders being treated equally and each shareholder will retain their pro-rata portion of the remaining 123,027.272727273 Ordinary Shares and 12,302.7272727273 Redeemable Shares in issue following the Capital Reduction as follows:

Shareholder	Ordinary Shares	Redeemable Shares	%
ANA Holdings Inc. (NH)	16,723.9337672728	1,672.39583727273	13.594
China Airlines Limited	16,723.9337672728	1,672.39583727273	13.594
Cathay Pacific Airways Limited	16,723.9337672728	1,672.39583727273	13.594
EVA Airways Corporation	2,590.05626454546	259.009317272728	2.105
Hong Kong Dragon Airlines Limited	2,610.77405727273	261.076175454546	2.122
Malaysia Airlines Berhad	16,723.9337672728	1,672.39583727273	13.594
Philippine Airlines, Inc.	12,408.9244145455	1,240.88998090909	10.086

P.T. Garunda Indonesia (Persero) Tbk	2,540.84535545455	254.075923636364	2.065
Royal Brunei Airlines Sdn. Bhd.	16,723.9337672728	1,672.39583727273	13.594
Singapore Airlines Limited	16,723.9337672728	1,672.39583727273	13.594
SilkAir (Singapore) Private Limited.	2,533.07003181819	253.300851818182	2.059
TOTALS	123,027.272727273	12,302.7272727273	100.00%

- 36 The form of Minute proposed to be registered with the Registrar of Companies in accordance with section 17 of the Act is as follows:

“The issued share capital of Everest International Holdings Limited was by virtue of a special resolution of the Company passed at an annual general meeting of the shareholders of the Company held on 27 June 2022 and with the confirmation of an order of the Grand Court of the Cayman Islands dated _____ reduced from USD11,443,677 across the Share Capital and Capital Redemption Reserve accounts in the Company’s financial statements for the year ended 31 December 2021 (with SGD10,000,000 referable to the share capital paid up on 10,000,000 fully paid Ordinary Shares and 1,000,000 fully paid Redeemable Shares each with a nominal or par value of SGD1.00 each) to USD100,000 divided into 135,330 shares, comprised of 123,027.272727273 Ordinary Shares and 12,302.7272727273 Redeemable Shares, each with a nominal or par value of SGD1.00 each.”

Impact of Capital Reduction

- 37 The Capital Reduction does not involve either the diminution of any liability in respect of unpaid capital and the Company has no intention to make any payment of paid up capital of the Company to its shareholders. Furthermore, the Capital Reduction will not alter the underlying assets, business operations, management or the financial position of the Company.
- 38 As at 31 December 2021, the total equity significantly outweighed the Company’s nominal liabilities, which were recorded in the 2021 AFS in the sum of USD11,070.

The Company has no creditors

39 As at the date of this Petition, the Company has no creditors as all liabilities that existed as at 31 December 2021 or which have arisen during 2022 have been paid. The Company also has a sizable cash balance to meet any liabilities arising (including in respect of professional fees associated with this Petition).

40 Consequently, the interests of any prospective or contingent creditors will be unaffected by the Capital Reduction and the Company's total equity will remain unchanged at USD1,822,617 following the Capital Reduction.

THE PETITIONER THEREFORE HUMBLY PRAYS THAT:

1 The Special Resolution authorising the capital reduction of the Petitioner by the annual general meeting dated 27 June 2022, by which the issued share capital of the Petitioner was reduced to USD100,000, is confirmed;

2 The Minute in paragraph 36 of this Petition is approved;

3 The Order entered on this Petition be produced to the Registrar of Companies and that an office copy thereof be delivered to him together with a copy of the Minute in respect of the capital reduction of the Petitioner.

4 Notice of the registration by the Registrar of Companies of this Order and the Minute be published once in the Cayman Islands within 21 days.

Dated the 6th day of December 2022



Campbells LLP

Attorneys for the Petitioner

TO: The Registrar of the Financial Services Division

TIME ESTIMATE: The estimate hearing time is 30 minutes