

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO. 397 OF 2009

In the matter of **Delta Networks, Inc.**

And in the matter of the Companies Law (2007 Revision)

And Grand Court Rules 1995 Order 102

PETITION

TO: The Grand Court of the Cayman Islands



**THE PETITION** of **Delta Networks, Inc.** 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 (2007 Revision) (the "Companies Law") confirming a reduction of the capital of, Delta Networks, Inc. (the "Petitioner" or the "Company"),
2. The Company was incorporated on 25 November 2002 and registered in the Cayman Islands as an exempted company with registration number CR-121284.
3. The registered office of the Company is situated at the offices of Offshore Incorporations (Cayman) Limited, P.O. Box 2804, Scotia Centre 4<sup>th</sup> Floor, George Town, George Town, Grand Cayman KY1-1112, Cayman Islands.
4. As at the date of this petition, the authorised share capital of the Company is US\$80,000,000 divided into 1,600,000,000 shares of US\$0.05 each and its issued share capital is US\$59,844,300 divided into 1,196,886,000 shares of US\$0.05 each which have been fully paid-up or credited as fully paid-up.
5. The shares of the Company (the "Shares") are listed on the Main Board ("Main Board") of The Stock Exchange of Hong Kong Limited.

6. The objects for which the Company was established are unrestricted and include to carrying on business as an investment company and as an investment holding company and to acquire and hold shares, stocks, debenture stock, bonds, mortgages, obligations and securities of any kind issued or guaranteed by any company, corporation or undertaking of whatever nature and wherever constituted or carrying on business, and shares, stock, debenture stock, bonds, obligations and other securities issued or guaranteed by any government, sovereign ruler, commissioner, trust, local authority or other public body, and to vary, transpose, dispose of or otherwise deal with from time to time as may be considered expedient any of the Company's investments for the time being.

7. The Articles of Association of the Company provide, *inter alia*, as follows:

Article 69        *"The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Law."*

8. 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 20 August 2009 (the "Extraordinary General Meeting"), it was resolved:

*"THAT,*

(A) the Revised Scheme of Arrangement dated 23 July 2009 (the "Revised Scheme") between the Company and the Scheme Shareholders (as defined in the Revised Scheme) in the form of the print which has been produced to this Reconvened EGM and for the purposes of identification signed by the chairman of this Reconvened EGM (subject to such modifications, additions or conditions as may be approved or imposed by the Grand Court of the Cayman Islands) be approved;

(B) for the purposes of giving effect to the Revised Scheme, on the Effective Date (as defined in the Revised Scheme):

- (i) the cancellation and extinguishment of the Scheme Shares (as defined in the Revised Scheme) in consideration of which Scheme Shareholders will receive HK\$2.20 in cash for each Scheme Share;
  - (ii) subject to and forthwith upon such reduction of capital by the cancellation and extinguishment of the Scheme Shares taking effect, the share capital of the Company be increased to its former amount by allotting and issuing to the Offeror (as defined in the Revised Scheme), credited as fully paid, the same number of shares as the number of Scheme Shares cancelled and extinguished; and
  - (iii) the credit arising in the books of account of the Company, as a result of the reduction of its issued share capital resulting from the cancellation and extinguishment of the Scheme Shares referred to in paragraph B(i) above, being applied in paying up in full at par the new shares issued to the Offeror (credited as fully paid) pursuant to paragraph B(ii) above,
- (collectively, the "Capital Reduction"); and
- (C) the directors of the Company be authorised to do all such acts and things as may be considered by them to be necessary or desirable in connection with the implementation of the Revised Scheme and the Capital Reduction (including, without limitation, giving consent to any modification of or addition to the Revised Scheme and the Capital Reduction, which the Grand Court of the Cayman Islands may see fit to impose)."

Each of the capitalised terms referred to in the special resolution above are defined in the composite supplemental scheme document dated 23 July 2009 (the "Supplemental Scheme Document") containing the proposed Revised Scheme between the Company and the holders of the Scheme Shares, exhibited as exhibit "SKUL-5" to the first affirmation of Sam Ker-Uon Liang dated 20 August 2009, which amended and supplemented the original printed composite document dated 15 May 2009 (the "Scheme Document"), exhibited as exhibit "SKUL-6" to such affirmation.

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

	<b>Present &amp; Voting</b>	<b>For</b>	<b>Against</b>
<b>How Present</b>	<b>No.</b>	<b>No. of Shares voted</b>	<b>No. of Shares voted</b>
In person/by corporate representatives	10 members	140,118,273 Shares	19,482,000 Shares
By proxy	28 members	712,214,000 Shares	29,000 Shares
<b>Total</b>	<b>38 members</b>	<b>852,332,273 Shares</b>	<b>19,511,000 Shares</b>

A total of 871,843,273 Shares were voted either in person or by proxy at the Extraordinary General Meeting, of which 852,332,273 Shares (amounting to approximately 97.76% of the Shares voted at the Extraordinary General Meeting) were voted in favour of the special resolution and 19,511,000 Shares (amounting to approximately 2.24% of the Shares voted at the Extraordinary General Meeting) were voted against the special resolution. The special resolution to approve and give effect to the reduction of the issued share capital of the Company as a result of the Revised Scheme was duly passed by a majority of at least three-fourths of votes cast by the shareholders present and voting, in person or by proxy at the Extraordinary General Meeting, satisfying the majority for a special resolution required to approve the Capital Reduction under the Articles of Association of the Company.

- 10 The proposed Capital Reduction arises as a result of the cancellation and extinguishment (the "Cancellation and Extinguishment") on the effective date of the Revised Scheme, of all of the Scheme Shares (as defined in the Revised Scheme) i.e. all the issued shares in the capital of the Company (other than the 712,160,000 Shares issued to Delta Networks Holding Limited prior to such capital reduction taking effect), in consideration of which the holders of such cancelled and extinguished Scheme Shares will receive HK\$2.20 for each Scheme Share in cash. Upon the implementation of the Revised Scheme, the Company shall, thereafter, be wholly owned by Delta Networks Holding Limited. The Cancellation and Extinguishment will result in the issued share capital of the Company being reduced from US\$59,844,300 divided into 1,196,886,000

Shares to US\$35,608,000 divided into 712,160,000 Shares. Immediately following the Cancellation and Extinguishment, the share capital of the Company will be increased to its former amount of US\$59,844,300 by allotting and issuing to Delta Networks Holding Limited, credited as fully paid, the same number of shares as the number of Scheme Shares cancelled and extinguished.

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 and as all of the Shares which are cancelled, resulting in the Capital Reduction, will be immediately reissued, the reduction will have no effect on any creditors of the Company.
12. The form of Minute proposed to be registered is as follows:

*"The issued ordinary share capital of Delta Networks, Inc. was by virtue of a Special Resolution passed on 20 August 2009 and with the sanction of an Order of the Grand Court of the Cayman Islands dated 18 September 2009, reduced from US\$59,844,300 divided into 1,196,886,000 shares of US\$0.05 each to US\$35,608,000 divided into 712,160,000 shares of US\$0.05 (the "Capital Reduction"). Immediately following such Capital Reduction, the issued share capital of the Company was increased to US\$59,844,300 by allotting and issuing to Delta Networks Holding Limited, credited as fully paid, 484,726,000 shares of US\$0.05 each. As at the date of the registration of this Minute, the authorised share capital of the Company is US\$80,000,000 divided into 1,600,000,000 shares of US\$0.05 each of which 1,196,886,000 shares of US\$0.05 each have been issued and are fully paid or credited as fully paid."*

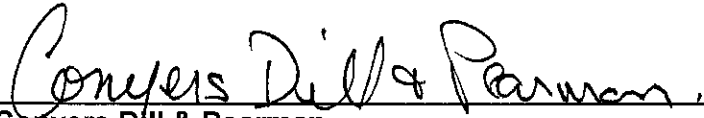
Your Petitioner, the Company, therefore prays as follows:

- (1) That the Capital Reduction of the Company proposed to be effected by the special resolution set forth in paragraph 8 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 Delta Networks, Inc., at its registered office located at Scotia Centre 4<sup>th</sup> Floor, P.O. Box 2804, George Town, George Town, Grand Cayman KY1-1112, Cayman Islands.

DATED THIS 20<sup>TH</sup> DAY OF AUGUST 2009.

  
Conyers Dill & Pearman  
Attorneys-at-Law for the Petitioner herein

Notice of Hearing

This Petition, having been presented to the Court on the 20<sup>th</sup> day of August 2009, will be heard at the Law Courts, George Town, Grand Cayman on the 18<sup>th</sup> day of September 2009 at 10:00am or as soon thereafter as the Petition can be heard.

This Petition was filed by Conyers Dill & Pearman, Attorneys-at-Law for and on behalf of the Applicant herein whose address for service is that of its said Attorneys-at-Law, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.