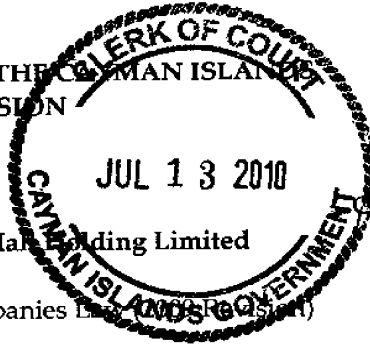


IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION



CAUSE NO. FSD 170 OF 2010

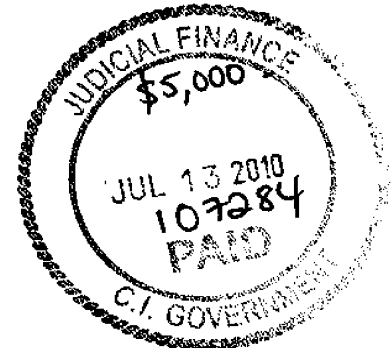
IN THE MATTER OF Grand Hall Holding Limited

AND in the matter of the Companies Law (2009 Revision)

AND the Grand Court Rules 1995 Order 102

PETITION

TO: The Grand Court of the Cayman Islands



THE PETITION of **Grand Hall Holding 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 (2009 Revision) (the "Companies Law") confirming a reduction of the share capital of the Petitioner, Grand Hall Holding Limited (the "Company").
2. The Company was incorporated on 17 June 2004 under the Companies Law as an exempted company with registration number CR-136973.
3. The registered office of the Company is at the offices of Corporate Filing Services Ltd., 4th Floor, Harbour Centre, P.O. Box 613, Grand Cayman KY1-1107, Cayman Islands.
4. At the date of incorporation of the Company, its authorised share capital was US\$50,000 divided into 50,000 ordinary shares with a nominal or par value of US\$1.00 each (the "Shares").
5. By way of resolutions of the sole shareholder of the Company passed on 13 October 2005, the authorised share capital of the Company was increased from US\$50,000 to

US\$850,000 divided into 850,000 Shares by the creation of an additional 800,000 new Shares with a nominal or par value of US\$1.00 each.

6. By way of resolutions of the sole shareholder of the Company passed on 19 January 2006, the authorised share capital of the Company was increased from US\$850,000 to US\$1,850,000 divided into 1,850,000 Shares by the creation of an additional 1,000,000 new Shares with a nominal or par value of US\$1.00 each.
7. By way of resolutions of the sole shareholder of the Company passed on 27 February 2007, the authorised share capital of the Company was increased from US\$1,850,000 to US\$4,000,000 divided into 4,000,000 Shares by the creation of an additional 2,150,000 new Shares with a nominal or par value of US\$1.00 each.
8. By way of resolutions of the sole shareholder of the Company passed on 23 July 2007, the authorised share capital of the Company was increased from US\$4,000,000 to US\$5,000,000 divided into 5,000,000 Shares by the creation of an additional 1,000,000 new Shares with a nominal or par value of US\$1.00 each.
9. As at the date of this petition, the authorised share capital of the Company is US\$5,000,000.00 divided into 5,000,000 Shares with a nominal or par value of US\$1.00 each and its issued share capital is US\$5,000,000 divided into 5,000,000 Shares with a nominal or par value of US\$1.00 each which have been fully paid-up or credited as fully paid-up.
10. The objects for which the Company was established are as follows:
 - (i) (a) To carry on the business of an investment company and to invest the available funds of the company or borrowed funds in things of whatsoever nature, whether income earning or otherwise, and whether within the Cayman Islands, or outside thereof, including but not limited to, the purchase, redemption, exchange or sale of certificates of deposit, savings accounts, precious stones and metals,

currencies, leasehold and freehold properties developed or otherwise, puts and calls, options, commodities, futures, receivables, contractual rights and such other things as the company may from time to time determine.

- (b) To act as promoters and entrepreneurs and to carry on business as financiers, capitalists, concessionaires, retailers, wholesalers, 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.
 - (c) 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.
 - (d) To do or carry on any other business which the company may from time to time determine.
- (ii) To exercise and enforce all rights and powers conferred by or incidental to the ownership of any shares, stock, obligations or other securities including without prejudice to the generality of the foregoing all such powers of veto or control as may be conferred by virtue of the holding by the Company of some special proportion of the issued or nominal amount thereof, to provide managerial and other executive, supervisory and consultant services for or in relation to any company in which the Company is interested upon such terms as may be thought fit.
 - (iii) To purchase or otherwise require, to sell, exchange, surrender, lease, mortgage, charge, convert, turn to account, dispose of and deal with real and personal property and rights of all kinds and, in particular, mortgages, debentures, produce, concessions, options, contracts, patents, annuities,

licenses, stocks, shares, bonds, policies, book debts, business concerns, undertakings, claims, privileges and choses in action of all kinds.

- (iv) To subscribe for, conditionally or unconditionally, to underwrite, issue on commission or otherwise, take, hold, deal in and convert stocks, shares and securities of all kinds and to enter into partnership or into any arrangement for sharing profits, reciprocal concessions or cooperation with any person or company and to promote and aid in promoting, to constitute, form or organize any company, syndicate or partnership of any kind, for the purpose of acquiring and undertaking any property and liabilities of the Company or of advancing, directly or indirectly, the objects of the Company or for any other purpose which the Company may think expedient.
- (v) To stand surety for or to guarantee, support or secure the performance of all or any of the obligations of any person, firm or company whether or not related or affiliated to the Company in any manner and whether by personal covenant or by mortgage, charge or lien upon the whole or any part of the undertaking, property and assets of the Company, both present and future, including its uncalled capital or by any such method and whether or not the Company will receive valuable consideration therefore.
- (vi) To engage in or carry on any other lawful trade, business, or enterprise which may at any time appear to the Directors of the Company capable of being conveniently carried on in conjunction with any of the aforementioned businesses or activities or which may appear to the Directors or the Company likely to be profitable to the Company. In the interpretation of this Memorandum of Association in general and of this Clause 3 in particular no object, business or power specified or mentioned shall be limited or restricted by reference to or inference from any other object, business or power, or the name of the Company, or by the juxtaposition of two or more objects, businesses or powers and that, in the event of any ambiguity in this clause or elsewhere in this Memorandum of Association, the same shall be resolved by

such interpretation and construction as will widen and enlarge and not restrict the objects, businesses and powers of and exercisable by the Company.

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

Article 33(c) *"Subject to the provisions of the Statute, the Company may by special resolution reduce its share capital, any capital redemption reserve or any share premium account."*

12. By a special resolution of the Company duly passed by way of written resolutions of the sole shareholder of the Company on 30 April 2010 in accordance with section 14(1) of the Companies Law (the "Sole Shareholder Resolutions"), it was resolved:

"THAT, conditional upon (i) an order being made by the Grand Court of Cayman Islands (the "Court") confirming the Capital Reduction (as defined below); (ii) registration by the Registrar of Companies of the Cayman Islands of the order of the Court confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Law of the Cayman Islands in respect of the Capital Reduction; and (iii) compliance with any conditions which the Court may impose in relation to the Capital Reduction:-

(i) the issued share capital of the Company be reduced by cancelling paid-up capital to the extent of US\$0.50 on each issued share on the date the capital reduction becomes effective ("Effective Date") so that the nominal value of each issued share be reduced from US\$1.00 to US\$0.50 (each a "New Share") and that the relevant amount of authorized capital be hereby cancelled so that on the effective date the authorised capital of the Company will become US\$2,500,000.00 divided into 5,000,000 New Shares of US\$0.50 each on the Effective Date (the "Capital Reduction");

(ii) subject to and forthwith upon the Capital Reduction becoming effective, the credit

amount arising from the Capital Reduction be applied to a distributable reserve of the Company where it may be utilised by the directors of the Company in accordance with the articles of association of the Company and all applicable laws, including to eliminate the accumulated losses of the Company as at the Effective Date (the "Application of Credit"); and

(iii) the directors of the Company be and are hereby authorized generally to do all such acts, deeds and things as they shall, in their absolute discretion deem appropriate to effect and implement the Capital Reduction and the Application of Credit."

13. The special resolution to approve and give effect to the Capital Reduction was duly passed by way of a written resolution of the sole shareholder of the Company, thus satisfying the requirements for passing a special resolution to approve the Capital Reduction under the Articles of Association of the Company.
14. The Company had audited accumulated losses of about US\$3,840,552 as at 31 December 2008. Based on the latest unaudited accounts of the Company for the period ended 30 April 2010 (the "Management Accounts"), there were unaudited accumulated losses of about US\$4,700,653.08 as at 30 April 2010.
15. The credit arising from the Capital Reduction will be used to cancel the accumulated losses of the Company with the balance (if any) to be transferred to the distributable reserve of the Company where it may be utilised by the directors of the Company in accordance with the articles of association of the Company and all applicable laws. It is expected that part of the accumulated losses of the Company will be eliminated after the Capital Reduction and Application of Credit (together, the "Capital Reorganisation"). The Board is of the opinion that the proposed Capital Reorganisation will ensure that the Company's share capital accurately reflects the Company's net asset position. Moreover, it will provide the Company with greater flexibility for the possible issue of New Shares in the future. Accordingly, the Board

is of the view that the Capital Reorganisation is beneficial to the Company and its sole shareholder as a whole.

16. The proposed 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 sole shareholder. Furthermore, the proposed Capital Reduction will not alter the underlying assets, business operations, management or financial position of the Company.
17. The form of Minute proposed to be registered is as follows:

"The issued ordinary share capital of Grand Hall Holding Limited was by virtue of a Special Resolution passed on 30 April 2010 and with the sanction of an Order of the Grand Court of the Cayman Islands dated [insert date], 2010, reduced from US\$1.00 per each issued share to US\$0.50 per each issued share (the "Capital Reduction"). At the date of the registration of this Minute, all such shares have been fully paid up or deemed to be fully paid up. The authorised share capital of the Company, on the registration of this Minute, is US\$2,500,000.00 divided into 5,000,000 shares of US\$0.50 each."

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 12 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 Grand Hall Holding Limited, at its registered office located at the offices of Corporate Filing Services Limited, 4th Floor, Harbour Centre, P.O. Box 613, Grand Cayman KY1-1107, Cayman Islands.

DATED THIS 13th DAY OF July 2010.

Conyers Dill & Pearman.
CONYERS DILL & PEARMAN
Attorneys-at-Law for the Petitioner herein

Notice of Hearing

This Petition having been presented to the Court on the 13 day of July 2010 will be heard at the Law Courts, George Town, Grand Cayman on the ___ day of _____ 2010 at _____ am/pm 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 Petitioner herein whose address for service is that of its Attorneys, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands
