

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

CAUSE NO. FSD 0042 OF 2012 ()

IN THE MATTER OF RADFORD CAPITAL INVESTMENT LIMITED (萊福資本投資有限公司)

AND in the matter of the Companies Law (2011 Revision)

AND the Grand Court Rules 1995 Order 102



PETITION



TO The Grand Court of the Cayman Islands

THE PETITION of RADFORD CAPITAL INVESTMENT LIMITED (萊福資本投資有限公司)
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 (2011 Revision) (the "Companies Law") confirming a share reduction of the capital of your Petitioner Radford Capital Investment Limited (萊福資本投資有限公司) (the "Company").
2. The Company was incorporated under the Companies Law on 14 August, 2001 with the name "Radford Capital Investment Limited" and registered in the Cayman Islands as an exempted company with registration number CR-112241. On 20 September, 2001, the name of the Company was first changed from "Radford Capital Investment Limited" to "Radford Capital Limited" and then to "Radford Capital Investment Limited (萊福資本投資有限公司)". The Company is an "investment company" listed under Chapter 21 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the business of the Company is restricted to that of making and holding of investments. The Company does not carry out any other business. The Company is

continually seeking (i) investment opportunities, as part of its ordinary and usual course of business, and (ii) fundraising exercises as and when opportunities arise.

3. The registered office of the Company is situated at the offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
4. As at the date of incorporation of the Company on 14 August, 2001, its authorised share capital was HK\$100,000,000 divided into 5,000,000,000 ordinary shares of HK\$0.02 each. On 14 August, 2001, one (1) ordinary share of HK\$0.02 was allotted and issued fully paid.
5. By resolutions of the then members of the Company passed on 7 February, 2005, the authorised share capital of the Company was increased from HK\$100,000,000 to HK\$200,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.02 each. On 16 February, 2005, the Company undertook a reorganisation whereby pursuant to a special resolution of the members passed on 18 May, 2005, every ten shares of HK\$0.02 each were consolidated into one share of HK\$0.20 and, pursuant to an order of the Grand Court dated 26 July, 2005 and filed with the Registrar of Companies of the Cayman Islands on 22 August, 2005, HK\$0.18 in every issued share was cancelled. Further, each unissued share was sub-divided into ten shares of HK\$0.02. Effective from 3 January, 2006, every two issued and unissued shares of HK\$0.02 in the capital of the Company were consolidated into one share of HK\$0.04 each.
6. On 30 March, 2007, a special resolution was passed by the members of the Company at its extraordinary general meeting to, conditional upon fulfillment of certain conditions set out in the notice of extraordinary general meeting of the Company dated 8 March, 2007:

- (a) consolidate every five shares of HK\$0.04 each in the issued and unissued share capital of the Company into one share of HK\$0.20 each in the share capital of the Company (the "2007 Consolidation");
- (b) reduce the issued share capital of the Company by cancelling the issued and paid up capital to the extent of HK\$0.18 on each issued consolidated share of the Company thereby reducing the nominal value of each issued consolidated share from HK\$0.20 to HK\$0.02 (the "2007 Capital Reduction"); and
- (c) subdivide every authorised but unissued consolidated share of HK\$0.20 each in the capital of the Company into 10 new shares of HK\$0.02 each in the capital of the Company (the "2007 Subdivision").

7. The order of the Grand Court dated 13 July, 2007 approving the 2007 Capital Reduction was filed with the Registrar of Companies of the Cayman Islands on 16 July, 2007. Upon fulfilment of all of the conditions, the capital reorganisation comprising 2007 Consolidation, 2007 Capital Reduction and 2007 Subdivision (collectively, the "2007 Capital Reorganisation") became effective on 27 July, 2007.
8. By an ordinary resolution passed by members of the Company at an extraordinary general meeting of the Company held on 25 February, 2008, every five issued and unissued ordinary shares of nominal value of HK\$0.02 each of the Company was consolidated into one ordinary share of nominal value of HK\$0.10 each.
9. By an ordinary resolution passed by members of the Company at an extraordinary general meeting of the Company held on 12 August, 2009, the authorised share capital of the Company was increased from HK\$200,000,000 divided into 2,000,000,000 shares of HK\$0.10 each to HK\$1,000,000,000 divided into 10,000,000,000 shares of HK\$0.10 each.

10. On 18 September, 2009, a special resolution was passed by the members of the Company at its extraordinary general meeting to, conditional upon fulfillment of certain conditions set out in the notice of extraordinary general meeting of the Company dated 26 August, 2009:
 - (a) reduce the issued share capital of the Company by cancelling the issued and paid up capital to the extent of HK\$0.08 on each issued share of HK\$0.10 each of the Company to HK\$0.02 each (the "2010 Capital Reduction"); and
 - (b) consolidate every five reduced issued shares of HK\$0.02 each of the Company into one issued share of HK\$0.10 each in the share capital of the Company (the "2010 Consolidation").
11. The order of the Grand Court dated 19 February, 2010 approving the 2010 Capital Reduction was filed with the Registrar of Companies of the Cayman Islands on 23 February, 2010. Upon fulfillment of all of the conditions, the capital reorganisation comprising the 2010 Capital Reduction and 2010 Consolidation (collectively, the "2010 Capital Reorganisation") became effective on 23 February, 2010.
12. On 20 October, 2010, a special resolution was passed by the members of the Company at its extraordinary general meeting to, conditional upon fulfillment of certain conditions set out in the notice of extraordinary general meeting of the Company dated 24 September, 2010 to:
 - (a) consolidate every ten issued shares of HK\$0.10 each of the Company into one issued share of HK\$1.00 each in the share capital of the Company (the "2011 Consolidation"); and

- (b) reduce the issued share capital of the Company by cancelling the issued and paid up capital to the extent of HK\$0.90 on each issued consolidated share of HK\$1.00 each of the Company to HK\$0.10 each (the “2011 Capital Reduction”).
13. The order of the Grand Court dated 14 January, 2011 approving the 2011 Capital Reduction was filed with the Registrar of Companies of the Cayman Islands on 21 January, 2011. Upon fulfillment of all of the conditions, the capital reorganisation comprising the 2011 Capital Reduction and 2011 Consolidation (collectively, the “2011 Capital Reorganisation”) became effective on 21 January, 2011.
14. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 28 February, 2002 under stock code number 901. 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\$1,000,000,000 divided into 10,000,000,000 shares of HK\$0.10 each and its issued share capital is HK\$21,466,407.60 divided into 214,664,076 ordinary shares of HK\$0.10 each. The Company is carrying out a rights issue on the basis of four rights shares (the “Rights Shares”) for every share held on the record date with bonus warrants (the “Bonus Warrants”) on the basis of one bonus warrant for every four rights shares taken up. It is expected that the Rights Shares will be issued prior to completion of the Capital Reduction (as defined in paragraph 17) and the Bonus Warrants will be issued after completion of the Capital Reduction. Therefore, the issued share capital of the Company is expected to increase before completion of the Capital Reduction as a result of the issuance of the Rights Shares.
15. 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.

16. The Articles of Association of the Company (the "Articles") 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 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 subject to the provisions of the Law."

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 the Law."

17. By a special resolution of the Company (the "Special Resolution") duly passed in accordance with section 14(1) of the Companies Law at an extraordinary general meeting held on 13 February, 2012 (the "Extraordinary General Meeting"), it was resolved:

"THAT conditional upon (a) the approval of the Capital Reduction (as defined below) by the Grand Court of the Cayman Islands (the "Court"); (b) 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, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands in respect of the Capital Reduction and compliance with any conditions as may be imposed by the Court in relation to the Capital Reduction; and (c) the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing

of, and permission to deal in, the Adjusted Shares in issue, upon the date on which the Capital Reduction becomes effective (the "Effective Date"):

- (a) the nominal value of each issued share of the Company (the "Shares") be reduced from HK\$0.10 each to HK\$0.01 each (the "Adjusted Share(s)") by cancelling HK\$0.09 paid up capital on each issued Share by way of a reduction of capital (the "Capital Reduction") and any liability of the holders of such Shares to make any further contribution to the capital of the Company on each such share shall be treated as satisfied and that the amount of the issued capital hereby cancelled be made available for the issue of new shares of the Company so that the authorised capital of the Company of HK\$1,000,000,000 shall remain unchanged on the Effective Date;
- (b) the credit arising from the Capital Reduction be applied to set off the accumulated losses of the Company and the balance (if any) will be transferred to a distributable reserve account of the Company where it may be utilised by the directors of the Company (the "Directors") as distributable reserve in accordance with the articles of association of the Company and all applicable laws (the "Adjustment Proposal");
- (c) immediately following the Capital Reduction above, every Share of HK\$0.10 each in the authorised but unissued share capital of the Company be subdivided into ten Adjusted Shares of HK\$0.01 each (the "Share Subdivision");
- (d) all of the Adjusted Shares resulting from the Capital Reduction and the Share Subdivision shall rank pari passu in all respects and have the rights and privileges and be subject to the restrictions contained in the articles of association of the Company; and

- (e) the Directors be and are hereby authorised generally to do all such acts, deeds and things as they shall, in their absolute discretion, deem appropriate to effect and implement the Capital Reorganisation.

For the purpose of this resolution, "Capital Reorganisation" shall mean the steps as set out in the above paragraphs (a), (b) and (c) collectively."

18. The number of members of the Company present and voting in person or by corporate representatives or by proxy at the Extraordinary General Meeting is as set out in the table below:

	Present & Voting	For	Against
How Present	Number of shares voted	Number of shares voted	Number of shares voted
In person/by corporate representatives	14 members	149,881,200 shares	23,250 shares
By proxy	1 member	0 share	500 share
Total	15 members	149,881,200 shares	23,750 shares

The Special Resolution was presented to the meeting and voted on by way of a poll. The members present and voting in person or by corporate representative or by proxy, representing not less than three-fourths of the votes cast, voted to approve the Special Resolution and the chairman of the Extraordinary General Meeting declared the resolution passed in accordance with the Articles.

19. The proposed Capital Reduction is expected to bring about a corresponding upward adjustment in the trading price of the adjusted shares of HK\$0.01 each of the Company (the "Adjusted Shares") on the Stock Exchange, which will reduce the overall

transaction costs for dealings in the Adjusted Shares and allow flexibility for the issue of new Adjusted Shares to facilitate fund raising exercises in future and also the credit arising from the Capital Reduction will be used to offset the accumulated losses at the relevant time (if any) of the Company. As the Company is an "investment company", it is continually seeking (i) investment opportunities, as part of its ordinary and usual course of business, and (ii) fund raising exercises as and when opportunities arise. Hence, it is crucial for the Company to be able to raise new funds whenever the conditions in the capital market are favourable so that it has readily available funds to make investments as and when the opportunity arises.

20. 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 to any shareholder. Furthermore, the proposed 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 members of the Company.
21. The form of Minute proposed to be registered is as follows:

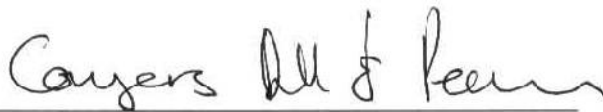
"The issued share capital of Radford Capital Investment Limited (萊福資本投資有限公司) (the "Company") was by virtue of a Special Resolution passed on 13 February, 2012 and with the sanction of an Order of the Grand Court of the Cayman Islands dated [●], 2012, reduced from HK\$0.10 per each issued share to HK\$0.01 per each issued share (the "Capital Reduction"). At the date of the registration of this Minute, the authorised share capital of the Company is HK\$1,000,000,000 divided into 100,000,000,000 shares of HK\$0.01 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 17 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 Radford Capital Investment Limited (萊福資本投資有限公司), at its registered office located at the offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

Dated this 9th day of March 2012



CONYERS DILL & PEARMAN
Attorneys-at-Law for the Petitioner herein

Notice of Hearing

This Petition having been presented to the Court on the _____ day of _____, 2012 will be heard at the Law Courts, George Town, Grand Cayman on the ___th day of _____, 2012 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 Applicant herein whose address for service is that of its Attorneys, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands