

IN THE GRAND COURT OF THE CAYMAN ISLANDS  
FINANCIAL SERVICES DIVISION

CAUSE NO. FSD <sup>90</sup> OF 2012 ( )

IN THE MATTER OF TACK FIORI INTERNATIONAL GROUP LIMITED

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 TACK FIORI INTERNATIONAL GROUP 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 (2011 Revision) (the "Companies Law") confirming a reduction of the share capital of the Petitioner, TACK FIORI INTERNATIONAL GROUP LIMITED (the "Company").
2. The Company was incorporated on 12 March 2001 under the Companies Law with the name of "Tack Fat Group International Limited" and registered in the Cayman Islands as an exempted company with registration number 108722. On 4 May 2001, the name of the Company was changed from "Tack Fat Group International Limited" to "Tack Fat Group (Holdings) Limited". On the same day, the name of the Company was further changed from "Tack Fat Group (Holdings) Limited" to "Tack Fat Group International Limited. On 14 October 2011, the Company further changed its name from "Tack Fat Group International Limited to "Tack Fiori International Group Limited.

3. The registered office of the Company is situated at the office Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
4. At the date of incorporation of the Company on 12 March 2001, its authorised share capital was HK\$380,000 divided into 3,800,000 ordinary shares with a nominal or par value of HK\$0.10 each (the "Shares").
5. By way of an ordinary resolution of the shareholders of the Company passed on 11 April 2002, the authorised share capital of the Company was increased from HK\$380,000 to HK\$200,000,000 divided into 2,000,000,000 Shares of HK\$0.10 each.
6. On 12 April 2007, an ordinary resolution was passed by the shareholders of the Company at an extraordinary general meeting to increase the then authorised share capital of the Company from HK\$200,000,000 divided into 2,000,000,000 Shares of HK\$0.10 each to HK\$400,000,000 divided into 4,000,000,000 Shares of HK\$0.10 each.
7. On 30 August 2010, a special resolution was passed by the shareholders of the Company at an extraordinary general meeting (i) to reduce the par value of each issued Share from HK\$0.10 to HK\$0.001 and the authorised share capital of the Company be reduced from HK\$400,000,000 to HK\$4,000,000 by cancelling the then paid up share capital to the extent of HK\$0.099 per Share in issue by way of a reduction of capital and the capital cancellation whereby all unissued Shares be cancelled, (ii) immediately thereafter to consolidate and exchange every 10 issued Shares of HK\$0.001 each into one Share of HK\$0.01 each, and (iii) immediately thereafter to increase the then authorised share capital of the Company to HK\$500,000,000 divided into 50,000,000,000 Shares of HK\$0.01 each. On 7 September 2010, the capital reduction was sanctioned by the Grand Court of the Cayman Islands.

8. On 13 July 2011, an ordinary resolution was passed by the shareholders of the Company at an extraordinary general meeting to consolidate and exchange every 10 issued and unissued Shares of HK\$0.01 each into one Share of HK\$0.10 each.
  9. As at the date of this petition, the authorised share capital of the Company is HK\$500,000,000 divided into 5,000,000,000 Shares with a nominal or par value of HK\$0.10 each and its issued share capital is HK\$318,201,240.50 divided into 3,182,012,405 Shares with a nominal or par value of HK\$0.10 each which have been fully paid-up or credited as fully paid-up.
  10. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 29 April 2002 under stock code number 928. Over the years, the Company has allotted and issued various tranches of ordinary shares, being the only class of shares of the Company.
  11. The objects for which the Company was established are unrestricted and include, without limitation:
    - (a) to act and to perform all the functions of a holding company in all its branches and to co-ordinate the policy and administration of any subsidiary company or companies wherever incorporated or carrying on business or of any group of companies of which the Company or any subsidiary company is a member or which are in any manner controlled directly or indirectly by the Company;
    - (b) to act as an investment company and for that purpose to acquire and hold upon any terms and, either in the name of the Company or that of any nominee, shares, stock, debentures, debenture stock, annuities, notes, mortgages, bonds, obligations and securities, foreign exchange, foreign currency deposits and commodities, issued or guaranteed by any company wherever incorporated or carrying on business, or by any government, sovereign, ruler, commissioners, public body or authority, supreme,
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municipal, local or otherwise, by original subscription, tender, purchase, exchange, underwriting, participation in syndicates or in any other manner and whether or not fully paid up, and to make payments thereon as called up or in advance of calls or otherwise and to subscribe for the same, whether conditionally or absolutely, and to hold the same with a view to investment, but with the power to vary any investments, and to exercise and enforce all rights and powers conferred by or incident to the ownership thereof, and to invest and deal with the moneys of the Company not immediately required upon such securities and in such manner as may be from time to time determined.

12. The Company is an investment holding company, and through its subsidiaries and associated companies, is principally engaged in the business of apparel retailing business in the People's Republic of China (the "PRC") and luxury goods and accessories retailing business (watches, and in equipments and products and other accessories and sale of crystal gemming services and products in Hong Kong and the PRC).
13. 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
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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 share, or any of them, into shares of smaller amount than is fixed by the Company's 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 of 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 capital redemption reserve or other undistributable reserve in any manner permitted by law."

14. By a special resolution of the Company (the "Special Resolution") in accordance with section 14(1) of the Companies Law at an extraordinary general meeting held on 23 May 2012 (the "Extraordinary General Meeting"), it was resolved:

"THAT, subject to and conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares (as

defined below) to be in issue upon the Capital Reorganisation (as defined below); (ii) sanctioning of the Capital Reduction (as defined below) by the Grand Court of the Cayman Islands ("Court"); (iii) compliance with any conditions imposed by the Court in relation to the Capital Reduction; and (iv) the registration of the Court's order confirming the Capital Reduction and minute approved by the Court containing the particulars required under the Companies Law Cap. 22 (Law 3 of 1961, as amended and revised) of the Cayman Islands (the "Cayman Companies Law") with respect to the Capital Reduction with the Registrar of Companies of the Cayman Islands; and to effect the Capital Reorganisation (as defined below), with effect from the business day (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) immediately after the passing of this resolution by the shareholders of the Company ("Shareholders"):

- (a) every five (5) issued and unissued shares of HK\$0.10 each in the share capital of the Company ("Share(s)") to be consolidated ("Share Consolidation") into one (1) share of HK\$0.50 each ("Consolidated Share(s)");
- (b) any fractions of Consolidated Shares arising on the Share Consolidation pursuant to paragraph (a) of this resolution shall not be allocated to the holders of the existing shares of the Company otherwise entitled thereto but such fractions shall be aggregated and if possible sold for the benefit of the Company or be dealt with in such other manner as the Company may agree from time to time;
- (c) immediately upon (and subject to) the Share Consolidation becoming effective, the issued and paid up capital of the Consolidated Shares be reduced from HK\$0.50 to HK\$0.01 by the reduction of HK\$0.49 on each issued Consolidated Share (the "Capital Reduction"), with each such reduced share being treated as one fully paid up new share of par value HK\$0.01 each (the "New Shares"). Any liability of the holders of such New Shares to make any further contribution to the capital of the Company in respect of each such New Share shall be treated as satisfied, and the amount of issued capital thereby cancelled shall be made available for issue of New Shares of the

Company so that the authorised share capital of the Company of HK\$500,000,000 remain unchanged;

- (d) the credit balance arising from the Capital Reduction of approximately HK\$311.8 million be applied in any manner as permitted by the Cayman Companies Law and other applicable laws to, including but not limited to, the setting off the accumulated losses of the Company as at the effective date of the Capital Reduction, with the balance be transferred to a distributable reserve account of the Company which may be utilised by the directors of the Company ("Directors") in accordance with the articles of association of the Company or any applicable laws;
- (e) the authorised but unissued Consolidated Shares of HK\$0.50 each will be subdivided into fifty (50) New Shares of HK\$0.01 each ("Share Subdivision", together with the Share Consolidation and the Capital Reduction, the "Capital Reorganisation");
- (f) immediately upon (and subject to) the Share Consolidation, the Capital Reduction and the Sub-Division becoming effective:
  - (i) clause 8 of the memorandum of association of the Company be deleted in its entirety and replaced with the following new clause 8:

"8. The share capital of the Company is HK\$500,000,000 divided into 50,000,000,000 shares of a nominal or par value of HK\$0.01 each, with power for the Company insofar as is permitted by law to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Cayman Companies Law and the articles of association of the Company and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of Shares whether stated to be

preference or otherwise shall be subject to the powers hereinbefore contained.”; and

(ii) article 3(1) of the articles of association of the Company be amended by the deletion of its entirety and by its replacement with the following provision:

“3(1). The authorised share capital of the Company shall be HK\$500,000,000 divided into 50,000,000,000 shares of a nominal or par value of HK\$0.01 each”;

- (g) all the New Shares in the capital of the Company after completion of the Capital Reorganisation pursuant to paragraphs (a) to (e) inclusive of this resolution shall be identical in all respects and rank *pari passu* in all respects with each other and have the same rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company as amended pursuant to paragraph (f) of this resolution; and
- (h) the Directors be and are hereby authorised to take all necessary steps and do all such acts and things and execute all such documents on behalf of the Company, including the affixation of the common seal of the Company where applicable, as they may consider necessary, desirable or expedient to give effect to the Capital Reorganisation and to aggregate all fractional Consolidated Shares and/or New Shares and sell them for the benefits of the Company.”

Each of the capitalised terms referred to in the Special Resolution above and not otherwise defined therein is defined in the notice of the Extraordinary General Meeting exhibited to the affirmation of LIU On Bong, Peter (“LOB-4”).

15. 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 members present | Number of shares voted | Number of shares voted |
| In person/by corporate representatives | 3 member(s)<br>(Note)     | 2,486,117,077 share(s) | 1,805,504 share(s)     |
| By proxy                               | 0 member(s)               | 0 share(s)             | 0 share(s)             |
| Total                                  | 3 members                 | 2,486,117,077 shares   | 1,805,504 shares       |

*Note: HKSCC Nominees Limited, being the nominee for and on behalf of different ultimate beneficial shareholders of the Company, has voted both in favour of and against the Special Resolution at the Extraordinary General Meeting. A total of 10 representations were presented and voted on behalf of HKSCC Nominees Limited at the Extraordinary General Meeting.*

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 of Association of the Company.

16. The Special Resolution to approve and give effect to the Capital Reduction was duly passed at an extraordinary general meeting, thus satisfying the requirements for passing a special resolution to approve the Capital Reduction under the Articles of Association of the Company and under the Companies Law.
17. 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 shareholders. Furthermore, the proposed Capital Reduction will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the shareholders of the Company.

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

*"Five issued and unissued shares of the Company was by virtue of a special resolution passed on 23 May 2012 be consolidated into one share of the Company of HK\$0.50 each, and immediately thereafter, the issued share capital of the Company was by virtue of a special resolution passed on 23 May 2012 and with sanction of an Order of the Grand Court of the Cayman Islands dated [●] 2012 be reduced from HK\$0.50 per each issued share to HK\$0.01 per each issued share (the "Capital Reduction"). Immediately following from the Capital Reduction, each of the authorised but unissued shares of HK\$0.50 each in the share capital of the Company be and is sub-divided into 50 unissued shares of HK\$0.01. At the date of the registration of this Minute, the authorised share capital of the Company is HK\$500,000,000 divided into 50,000,000,000 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 14 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 Tack Fiori International Group Limited, at its registered office located at the office Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

Dated this 14<sup>th</sup> day of June 2012



Conyers Dill & Pearman (Cayman) Limited  
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 \_\_\_ day of \_\_\_\_\_ 2012 at \_\_\_\_\_ am/pm or as soon thereafter as the Petition can be heard.

This Petition was filed by Conyers Dill & Pearman (Cayman) Limited, 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