

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICE DIVISION

CAUSE NO. FSD 0116 OF 2012

IN THE MATTER OF DRAGONITE INTERNATIONAL LIMITED (叁龍國際有限公司)

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 DRAGONITE INTERNATIONAL LIMITED (叁龍國際有限公司)
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 reduction of the share capital of your Petitioner DRAGONITE INTERNATIONAL LIMITED (叁龍國際有限公司) (the "Company").
2. The Company was incorporated under the Companies Law on 15 September, 2000 with the name "Golden Dragon Pharmaceutical Group (Holdings) Limited (金龍藥業集團(控股)有限公司)" and registered in the Cayman Islands as an exempted company with registration number CR-104181. On 4 April, 2001, the name of the Company was changed from "Golden Dragon Pharmaceutical Group (Holdings) Limited (金龍藥業集團(控股)有限公司)" to "Golden Dragon Group (Holdings) Limited (金龍集團(控股)有限公司)". On 22 November, 2007, the name of the Company was changed again from "Golden Dragon Group (Holdings) Limited (金龍集團(控股)有限公司)" to "Ruyan

Group (Holdings) Limited (如烟集團(控股)有限公司)”. On 6 July, 2010, the name of the Company was changed again from “Ruyan Group (Holdings) Limited (如烟集團(控股)有限公司)” to “Dragonite International Limited (叁龍國際有限公司)”.

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 15 September, 2000, its authorised share capital was HK\$100,000,000 divided into 1,000,000,000 ordinary shares of par value HK\$0.10 each.
5. On 12 June, 2007, an ordinary resolution was passed by the then shareholders of the Company to increase the authorised share capital of the Company from HK\$100,000,000 divided into 1,000,000,000 shares of par value of HK\$0.10 each to HK\$200,000,000 divided into 2,000,000,000 shares of par value HK\$0.10 each by the creation of 1,000,000,000 new shares of par value HK\$0.10 each and that all such new shares ranked, upon issue, *pari passu* in all respects with the then existing shares of the Company.
6. By an ordinary resolution of the shareholders of the Company passed on 5 May, 2010, the authorised share capital of the Company was increased from HK\$200,000,000 divided into 2,000,000,000 shares of par value of HK\$0.10 each to HK\$1,000,000,000 divided into 10,000,000,000 shares of par value HK\$0.10 each by the creation of 8,000,000,000 new shares of par value HK\$0.10 each and that all such new shares shall, upon issue, rank *pari passu* in all respects with the existing shares of the Company.
7. On 7 September, 2010, a special resolution was passed by the shareholders 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 13 August, 2010:

- (a) consolidate every 40 issued and unissued shares of par value of HK\$0.10 each in the capital of the Company into one consolidated share of par value of HK\$4.00 each;
- (b) reduce the issued and paid up share capital of the Company by canceling the paid-up capital to the extent of HK\$3.90 per consolidated share in issue such that the par value of each issued consolidated share was reduced from HK\$4.00 to HK\$0.10 and the entire amount of the authorised but unissued share capital of the Company was cancelled;
- (c) cancel the entire amount standing to the credit of the share premium account of the Company;
- (d) apply the credit arising from the capital reduction as mentioned in sub-paragraph (b) and share premium cancellation as mentioned in sub-paragraph (c) to cancel the accumulated deficit of the Company with the balance (if any) transferred to a distributable reserve account of the Company; and
- (e) increase the authorised share capital of the Company from such amount resulted from the capital reduction to HK\$1,000,000,000 divided into 10,000,000,000 adjusted shares of par value of HK\$0.10 each by the creation of such number of new adjusted shares of par value HK\$0.10 each as was necessary to restore the authorised share capital of the Company to HK\$1,000,000,000 divided into 10,000,000,000 adjusted shares.

(the above collectively referred to as the “2010 Capital Reorganisation”)

8. The 2010 Capital Reorganisation became effective on 14 December, 2010 after all of the conditions thereto, including confirmation of the 2010 Capital Reorganisation by this Honourable Court, were fulfilled.

9. On 23 December, 2011 a special resolution was passed by the shareholders 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 30 November, 2011:
 - (a) consolidate every 5 issued shares of par value of HK\$0.10 each in the capital of the Company into one consolidated share of par value of HK\$0.50 each;

 - (b) reduce the issued and paid up share capital of the Company by (i) rounding down the total number of consolidated shares in the issued share capital of the Company to the nearest whole number; and (ii) cancelling the paid up capital of the Company to the extent of HK\$0.49 on each consolidated share in issue so that each issued consolidated share of HK\$0.50 each of the Company be treated as one fully paid-up share of HK\$0.01 par value each in the share capital of the Company;

 - (c) cancel the entire amount standing to the credit of the share premium account of the Company;

 - (d) apply the credit arising from the capital reduction as mentioned in sub-paragraph (b) and share premium cancellation as mentioned in sub-paragraph (c) to cancel the accumulated deficit of the Company with the balance (if any) transferred to a distributable reserve account of the Company; and

- (e) immediately following the capital reduction, subdivide each authorised but unissued share of the Company of par value of HK\$0.10 each into ten adjusted shares of par value of HK\$0.01 each.

(the above collectively referred to as the “2011 Capital Reorganisation”).

- 10. The 2011 Capital Reorganisation became effective on 20 March, 2012 after all of the conditions thereto, including confirmation of the 2011 Capital Reorganisation by this Honourable Court, were fulfilled.
- 11. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 2001 and the stock code is 329. Over the years, the Company has allotted and issued various tranches of 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 100,000,000,000 shares of par value HK\$0.01 each (the “Shares”) and its issued share capital is HK\$21,194,998.50 divided into 2,119,499,850 Shares.
- 12. The objects for which the Company was established are unrestricted and shall include, but 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, 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.

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 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 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 share premium account or any capital redemption reserve or other undistributable reserve in any manner permitted by the Law.”

14. 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 6 August, 2012 (the "Extraordinary General Meeting"), it was resolved:

“THAT conditional upon (i) approval of the Capital Reduction (as defined below) by the Grand Court of the Cayman Islands (the "Court"); (ii) registration by the Registrar of Companies of the Cayman Islands of the order of the Court confirming the Capital Reduction (as defined below) 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 (as defined below) and compliance with any conditions as may be imposed by the Court in relation to the Capital Reduction (as defined below); and (iii) the Listing Committee of the Stock Exchange of Hong Kong Limited granting or agreeing to grant the listing of, and permission to deal in, the Adjusted Shares (as defined below) in issue, upon the date (the "Effective Date") on which the aforesaid conditions are fulfilled:

- (i) every twenty (20) issued shares of par value of HK\$0.01 each in the capital of the Company be consolidated into one consolidated share ("Consolidated Share") of par value of HK\$0.20 each ("Share Consolidation");
- (ii) immediately following the Share Consolidation, the issued and paid up share capital of the Company be reduced ("Capital Reduction") by (i) rounding down the total number of Consolidated Shares in the issued share capital of the Company to the nearest whole number; and (ii) cancelling the paid-up capital to the extent of HK\$0.19 on each Consolidated Share in issue so that each issued Consolidated Share of HK\$0.20 each of the Company be treated as one fully

paid-up share (“Adjusted Share(s)”) of HK\$0.01 par value each in the share capital of the Company, and that the amount of issued capital thereby cancelled be made available for issue of new shares of the Company;

- (iii) subject to the Capital Reduction taking effect, the credit arising from the Capital Reduction be applied to cancel the accumulated deficit of the Company with the balance (if any) to be transferred to a distributable reserve account of the Company to be applied in such manner as the Directors consider appropriate and in accordance with the articles of association of the Company and all applicable laws;
- (iv) all of the Adjusted Shares resulting from the Share Consolidation and the Capital Reduction shall rank *pari passu* in all respects and have the rights and privileges and be subject to the restrictions contained in the Company’s articles of association; and
- (v) the directors of the Company be and are hereby authorised generally to do all things they may consider appropriate and desirable to effect and implement the Share Consolidation, the Capital Reduction and the application of credit arising from the Capital Reduction.

For the purpose of this resolution, “Capital Reorganisation” shall mean the steps as set out in the above sub-paragraphs (i), (ii) and (iii) collectively.”

Each of the capitalised terms referred to in the Special Resolution above is defined in the information circular of the Company dated 13 July, 2012 exhibited to the affirmation of Chan Mee Sze (“CMS-5”).

15. The results of the vote by poll of the aforementioned Special Resolution by the members of the Company present and voting in person or by corporate representatives or by proxy at the Extraordinary General Meeting was as set out in the table below:

	Present & Voting	For	Against
How Present			
In person/by corporate representatives	5 members (representing 1,716,008,918 Shares)	4 members* (representing 1,709,406,898 Shares)	2 members* (representing 6,602,020 Shares)
By proxy	0 member (representing 0 Share)	0 member (representing 0 Share)	0 member (representing 0 Share)
Total / Percentage of total number of votes cast	5 members (representing 1,716,008,918 Shares) / 100%	4 members (representing 1,709,406,898 Shares) / 99.62%	2 members (representing 6,602,020 Shares) / 0.38%

* One of the members, HKSCC Nominees Ltd., is a clearing house and has voted both for and against the Special Resolution

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 Special Resolution was duly passed in accordance with the Articles of Association of the Company.

16. The proposed Capital Reduction (as defined in the Special Resolution) 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 (as defined in the Special Resolution) will not alter the underlying assets, business operations, management or financial position of the Company nor will it affect the proportionate interests of the shareholders of the Company except for the payment of related financial, legal and publication expenses.
17. The form of Minute proposed to be registered is as follows:

“Following a consolidation of every 20 issued shares of a par value of HK\$0.01 each of DRAGONITE INTERNATIONAL LIMITED (叁龍國際有限公司) (the “Company”) into a consolidated issued share of par value of HK\$0.20 each of the Company (the “Share Consolidation”), the issued share capital of the Company was by virtue of a Special Resolution passed on 6 August, 2012 and with the sanction of an Order of the Grand Court of the Cayman Islands dated [], 2012, reduced by (i) a round down of the total number consolidated shares to the nearest whole number; and (ii) a cancellation of the paid up capital to the extent of HK\$0.19 on each consolidated share in issue so that each issued consolidated share of HK\$0.20 each of the Company be treated as one fully paid up share of HK\$0.01 par value each in the share capital of the Company (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 a nominal or par value of HK\$0.01 each.”

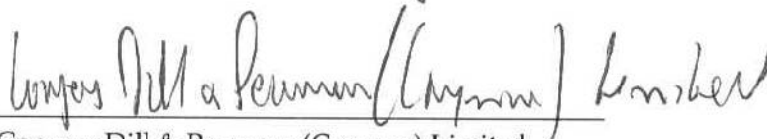
Your Petitioner, the Company, therefore prays as follows:

- (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 DRAGONITE INTERNATIONAL LIMITED, 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 21st day of August 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 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.