



IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO. 579 OF 2005

In the matter of **Glory Future Group Limited (光彩未來集團有限公司)**

And in the matter of the Companies Law (2004 Revision)

And Grand Court Rules 1995 Order 102



PETITION

TO: The Grand Court of the Cayman Islands

**THE PETITION of Glory Future Group Limited (光彩未來集團有限公司) 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 (2004 Revision) (the "Companies Law") confirming a reduction of the capital of your Petitioner **Glory Future Group Limited (光彩未來集團有限公司)** (the "Company").
2. The Company was incorporated under the Companies Law on 11 November, 1999 with the name "**E-silkroad.net Holdings Limited**" and registered in the Cayman Islands as an exempted company with registration number CR-93993. On 1 November, 2000, the name of the Company was changed from "**E-silkroad.net Holdings Limited**" to "**E-silkroad Holdings Limited (絲網路數碼控股有限公司)**". On 30 December, 2002, the name of the Company was further changed to "**Glory Future Group Limited (光彩未來集團有限公司)**".
3. The registered office of the Company is situated at the offices of Codan Trust Company (Cayman) Limited, Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies.

4. As at the date of incorporation of the Company, its authorised share capital was US\$50,000 divided into 50,000 ordinary shares of a nominal or par value of US\$1.00 each.
5. By resolutions of the then shareholders of the Company passed on 19 February, 2001, (a) each of the shares of US\$1.00 in the capital of the Company was converted into one share of HK\$7.80, (b) each such share of HK\$7.80 was subdivided into 156 shares of HK\$0.05 each and (c) the authorised share capital of the Company was increased from HK\$390,000 to HK\$100,000,000 by the creation of an additional 1,992,200,000 ordinary shares of HK\$0.05 each.
6. By an ordinary resolution of the Company passed at the extraordinary general meeting of the Company (the "Extraordinary General Meeting") held on 16 November, 2005, every 10 issued and unissued shares of HK\$0.05 each in the capital of the Company were consolidated into one consolidated share of HK\$0.50 (the "Share").
7. Shares of the Company have been listed on The Stock Exchange of Hong Kong Limited since 2 March, 2001. 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\$100,000,000 divided into 200,000,000 Shares and its issued share capital is HK\$37,686,000 divided into 75,372,000 Shares.
8. The objects for which the Company was formed are unrestricted.
9. 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 law.”*

10. By a special resolution of the Company duly passed in accordance with section 14(1) of the Companies Law at the Extraordinary General Meeting, it was resolved:

*“THAT, conditional upon:*

- (a) the passing of Resolution No. 1 set out in the notice convening this meeting;*
- (b) the confirmation of the Par Value Reduction (as defined below) by the Grand Court of the Cayman Islands (“Court”), the filing with and registration by the Registrar of Companies in the Cayman Islands of a copy of the order of the Court confirming the Par Value Reduction and a copy of the minute approved by the Court and the compliance with any conditions as may be imposed by the Court in relation to the Par Value Reduction; and*
- (c) the Listing Committee of Stock Exchange granting approval of the listing of and permission to deal in the new shares of HK\$0.01 each in the share capital of the Company arising upon the Par Value Reduction becoming unconditional and effective:*
  - (i) on the date on which this resolution becomes unconditional (“Effective Date”), the issued share capital of the Company be reduced (“Par Value Reduction”) by cancelling the paid-up capital to the extent of HK\$0.49 on each Consolidated Share (as defined in Resolution No. 1 set out in the notice convening this meeting) in issue on the Effective Date;*
  - (ii) the directors of the Company (“Directors”) be and are hereby authorised to apply the credit arising from the Par Value Reduction in an amount of HK\$36,932,280 towards the elimination of part of the accumulated loss of the Company as at 30 June 2005;*

- (iii) *subject to and forthwith upon the Par Value Reduction becoming effective, the entire authorised but unissued share capital of the Company as at the Effective Date (including that arising from the Par Value Reduction) be cancelled (“Authorised Capital Cancellation”);*
- (iv) *subject to and forthwith upon the Authorised Capital Cancellation becoming effective, the authorised share capital of the Company be increased from such amount as shall have resulted from the Authorised Capital Cancellation to HK\$100,000,000 by the creation of such number of new shares of HK\$0.01 each as shall be necessary to restore the authorised share capital of the Company to HK\$100,000,000 (“Capital Restoration”); and*
- (v) *the Directors be and are hereby authorised generally to do all acts and things, and to approve, sign and execute any other documents which in their opinion may be necessary, desirable or expedient to carry into effect or to give effect to the Par Value Reduction and/or the Authorised Capital Cancellation and/or the Capital Restoration.”*

Each of the capitalised terms referred to in the special resolution above are defined in the circular exhibited to the affidavit of Mr. Chow Yeung Tuen, Richard (“CYTR-6”).

11. 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:-

	<b>Present &amp; Voting</b>	<b>For</b>	<b>Against</b>
<b>How Present</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
In person/by corporate representatives	4 members	2 members	2 members
By proxy	4 members	4 members	nil
<b>Total</b>	<b>8 members</b>	<b>6 members</b>	<b>2 members</b>

As appeared from the table, the Extraordinary General Meeting was attended in person or by corporate representatives or by proxy by eight members, six of whom voted in favour of the resolution and two voted against the resolution. No poll was demanded or taken at the Extraordinary General Meeting. The resolution was voted on by way of a show of hands and the members present and voting in person or by corporate representatives or by proxy at the Extraordinary General Meeting represent three-fourths of the votes cast for the resolution approved the Capital Reduction and therefore the chairman of the Extraordinary General Meeting declared the resolution passed in accordance with the Articles of Association of the Company.

12. The accumulated loss of the Company as at 30 June, 2005 as shown in the unaudited financial statement of the Company for the six months ended 30 June, 2005 amounted to approximately HK\$71,645,000. The purpose of the proposed Capital Reduction is to enable the Company to apply the credit arising from the Capital Reduction to eliminate part of the accumulated loss of the Company. The Capital Reduction will also provide greater flexibility to the Company in pricing future capital raising exercises when circumstances arise.
13. 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 (save for reduction as a result of the incurring of the related expenses), business operations, management or financial position of the Company nor will it affect the proportionate interests of the shareholders.
14. The form of Minute proposed to be registered is as follows:

*"The issued share capital of Glory Future Group Limited (光彩未來集團有限公司) (the "Company") was by virtue of a Special Resolution passed on 16 November, 2005 and with the sanction of an Order of the Grand Court of the Cayman Islands dated [•], 2006, reduced from HK\$[37,686,000] divided into 75,372,000 ordinary shares of HK\$0.50 each to HK\$[753,720] divided into 75,372,000 ordinary shares of HK\$0.01 each (the "Capital Reduction"). Upon the Capital Reduction becoming effective, all the authorised but unissued share capital of the Company (including the authorised but unissued share*

*capital arising from the Capital Reduction) was cancelled and forthwith upon such cancellation, the authorised share capital of the Company was immediately restored to the original amount of HK\$100,000,000 by the creation of the requisite number of new shares of HK\$0.01 each. At the date of the registration of this Minute, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each, of which 75,372,000 ordinary shares of HK\$0.01 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 proposed to be effected by the special resolution set forth in paragraph 10 of this Petition be confirmed and that the above-mentioned Minute be approved by the Court.
- (2) That to this end, all necessary inquiries and directions be made and given.
- (3) Such further and other order as this Honourable Court shall think fit.

NOTE: It is intended that this Petition be served on Glory Future Group Limited (光彩未來集團有限公司), at its registered office located at the offices of Codan Trust Company (Cayman) Limited, Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies.

DATED THIS 19 DAY OF December, 2005.



**CHARLES ADAMS, RITCHIE & DUCKWORTH**  
**Attorneys-at-Law for the Petitioner herein**

This Petition was filed by Charles Adams, Ritchie & Duckworth, Attorneys-at-Law for and on behalf of the Petitioner herein whose address for service is that of its Attorneys, P.O. Box 709GT, Zephyr House, Mary Street, George Town, Grand Cayman, Cayman Islands.

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