

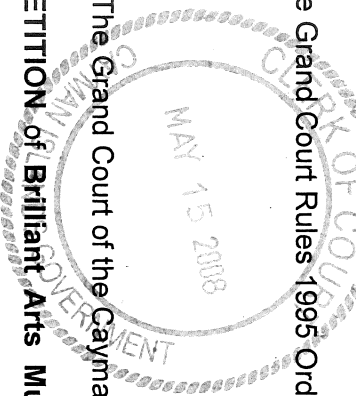
IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO. *2023* OF 2008

IN THE MATTER OF Brilliant Arts Multi-Media Holding Limited (采藝多媒體控股有限公司)

AND in the matter of the Companies Law (2007 Revision)

AND the Grand Court Rules 1995 Order 102



PETITION

TO: The Grand Court of the Cayman Islands

THE PETITION of Brilliant Arts Multi-Media Holding Limited (采藝多媒體控股有限公司)

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 (2007 Revision) (the "Companies Law") confirming a reduction of the capital of your Petitioner **Brilliant Arts Multi-Media Holding Limited** (采藝多媒體控股有限公司) (the "Company").
2. The Company was incorporated under the Companies Law on 9 November 2001 with the name "Milkyway Image Holdings Limited" and registered in the Cayman Islands as an exempted company with registration number CR-113974. On 3 July 2007, the name of the Company was changed from "Milkyway Image Holdings Limited" to "Brilliant Arts Multi-Media Holding Limited (采藝多媒體控股有限公司)".
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. Upon the date of incorporation of the Company, its authorised share capital was HK\$390,000 divided into 3,900,000 shares of a nominal or par value of HK\$0.10 each.

5. On 22 April 2002, an ordinary resolution was passed by the sole shareholder of the Company in writing to subdivide every issued and unissued share of HK\$0.10 each of the Company into 10 shares of HK\$0.01 each.
6. On 2 August 2002, an ordinary resolution was passed by the shareholders of the Company to increase the authorised share capital of the Company to HK\$100,000,000 by the creation of 9,961,000 new shares of HK\$0.01 of the Company.
7. On 10 January 2007, an ordinary resolution was passed by the shareholders of the Company at its extraordinary general meeting to consolidate every 10 shares of HK\$0.01 each in the issued and unissued share capital of the Company into one share of HK\$0.10 each.
8. On 23 November 2007, an ordinary resolution was also passed by the shareholders of the Company at its extraordinary general meeting to increase the authorised share capital of the Company to HK\$300,000,000 by the creation of 2,000,000 new shares of HK\$0.10 each.
9. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 26 August 2002. 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\$300,000,000 divided into 3,000,000,000 ordinary shares of HK\$0.10 each and its issued share capital is HK\$125,689,709.60 divided into 1,256,897,096 shares of HK\$0.10 each.
10. The objects for which the Company was established are unrestricted and the Company has full power and authority to exercise all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided by section 27(2) of the Companies Law.
11. 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 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 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 capital redemption reserve or other undistributable reserve in any manner permitted by law."

12. 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 19 March 2008 (the "Extraordinary General Meeting"), it was resolved:

"THAT, conditional upon (i) the GEM Listing Committee of the Stock Exchange granting approval of the listing of and permission to deal in the Consolidated Shares (as defined below); (ii) approval by the Grand Court of Cayman Islands (the "Court") and (iii) compliance with any conditions imposed by the Court and with effect from the date on which those conditions are fulfilled:-

- (A) the share capital of the Company as at the date of filing of the order of the Court relating to the Capital Reduction (as defined below) at the Registrar of Companies in the Cayman Islands ("Order Date") reducing the nominal value of each issued and unissued share from a par value of HK\$0.10 each to a par value of HK\$0.001, such reduction, in case of the issued shares, to be effected by canceling paid up capital to the extent of HK\$0.099 on each of the Shares in issue as of the date of this resolution (the "Capital Reduction") so that following such reduction (i) the authorised capital of the Company shall be an amount of HK\$3,000,000 divided into 3,000,000,000 shares of par value HK\$0.001 each; (ii) each issued and unissued share of HK\$0.10 in the capital of the Company shall be treated as one share of HK\$0.001 in the capital of the Company ("Reduced Share") and (iii) any liability of the holders of issued shares in the capital of the Company to make any further contribution to the capital of the Company on each such share shall be treated as satisfied;

- (B) every ten unissued and issued Reduced Shares of HK\$0.001 each be consolidated into one Consolidated Share of HK\$0.01 and any fraction of Consolidated Shares arising from the share consolidation shall not be allocated to the holders of the Reduced Shares otherwise entitled thereto but such fractions shall be aggregated and be sold for the benefit of the Company ("Share Consolidation");
- (C) the credit arising from the Capital Reduction be applied towards canceling the accumulated deficit of the Company with the balance to be transferred to the distributable capital reduction reserve account of the Company;
- (D) all of the Consolidated Shares resulting from 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;
- (E) the authorised share capital of the Company be increased by the creation of 2,700,000,000 new ordinary shares of HK\$0.01 each such as to increase the authorised share capital to HK\$30,000,000 divided into 3,000,000,000 Shares of HK\$0.01 each ("Increase in Authorised Share Capital"); and
- (F) the directors of the Company be and are hereby authorized generally to do all things they may consider appropriate and desirable to effect and implement the Capital Reduction, Share Consolidation, application of credit arising from the Capital Reduction, and Increase in Authorised Share Capital (together the "Capital Reorganisation")."

Each of the capitalised terms referred to in the Special Resolution above is defined in the information circular exhibited to the affirmation of Mr. Lei Hong Wai ("LHW-6").

13. 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	No.	No.	No.
In person/by corporate representatives	5 members	5 members	0 member
By proxy	1 member	1 member	0 member
Total	6 members	6 members	0 member

As appeared from the table, the Extraordinary General Meeting was attended in person or by corporate representatives or by proxy by 6 members, all of whom voted in favour of the resolution and none voted against the resolution. The resolution was voted on by way of show of hands. The members present and voting in person or by corporate representatives or by proxy at the Extraordinary General Meeting, which represent more than 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.

14. Based on the latest available unaudited management accounts of the Company for the twelve months ended 31 March 2008, the Company had unaudited accumulated losses of HK\$26,864,706.62. If the Company continues to have accumulated losses upon the time of approval of the Capital Reduction by the Court, the credit arising from the reduction will be used to cancel the accumulated losses of the Company, and the proposal to be put forward to the shareholders of the Company for the Capital Reduction and the application of the credit arising from the reduction to cancel the accumulated losses of the Company (if any) and to transfer the entire amount or the balance (as the case may be) to the distributable capital reduction reserve account of the Company (the "Adjustment Proposal") will bring forward the time the Company is in a position to declare and pay dividends. Since 22 January 2008, the shares of the Company have been generally trading at prices below their nominal value of HK\$0.10 each. The Adjustment Proposal and share consolidation will reduce the total number of shares currently in issue and is also required for the compliance with Rule 13.64 of the Rules Governing the Listing of Securities on the Stock Exchange. As such, it is expected to bring about a corresponding upward adjustment in the trading price of the adjusted

shares of HK\$0.10 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 shares to facilitate fund raising exercises in future.

15. 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 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 shareholders.

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

"The share capital of Brilliant Arts Multi-Media Holding Limited (采藝多媒體控股有限公司) (the "Company") was by virtue of a Special Resolution passed on 19 March 2008 and with the sanction of an Order of the Grand Court of the Cayman Islands dated [●], 2008, reduced from HK\$300,000,000 divided into 3,000,000,000 ordinary shares of HK\$0.10 each to HK\$3,000,000 divided into 3,000,000,000 ordinary shares of HK\$0.001 each (the "Capital Reduction"). Upon the Capital Reduction becoming effective, each ten issued and unissued shares of HK\$0.001 each, shall be consolidated into 1 share of HK\$0.01 each in the capital of the Company. At the date of the registration of this Minute, the authorised share capital of the Company is HK\$30,000,000 divided into 3,000,000,000 shares of HK\$0.01 each, of which 1,256,897,096 ordinary shares of HK\$0.10 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 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 Brilliant Arts Multi-Media Holding Limited (宋藝多媒體控股有限公司), 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 15th DAY OF MAY 2008.



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

Notice of Hearing

This Amended Petition having been presented to the Court on the 15th day of May 2008 will be heard at the Law Courts, George Town, Grand Cayman on the 20th day of June 2008 at 10:00 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.

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