

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO. A23 OF 2008

IN THE MATTER OF TRASY GOLD EX LIMITED (卓施金網有限公司)

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 TRASY GOLD EX LIMITED (卓施金網有限公司) 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 TRASY GOLD EX LIMITED (卓施金網有限公司) (the "Company").
2. The Company was incorporated under the Companies Law on 23 March, 2000 with the name "TRASY GOLD EX LIMITED" and registered in the Cayman Islands as an exempted company with registration number CR-98556. On 13 October, 2000, the name of the Company was changed from "TRASY GOLD EX LIMITED" to "Trasy Gold Ex Ltd." and immediately thereafter, the new name of the Company of "Trasy Gold Ex Ltd." was further changed to "TRASY GOLD EX LIMITED (卓施金網有限公司)".
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 United States dollars ("US\$") 50,000 divided into 50,000 shares of a nominal or par value of US\$1.00 each.

5. On 27 September, 2000, a written resolution of the sole shareholder of the Company was passed pursuant to which:
 - (i) the then existing authorised and issued share capital of the Company was re-denominated in Hong Kong dollars ("HK\$") at the exchange rate of US\$1.00 = HK\$7.80 such that the authorised share capital of the Company became HK\$390,000.00 divided into 50,000 shares of HK\$7.80 each and the issued share capital of the Company became HK\$7.80, being one share of HK\$7.80;
 - (ii) subsequent to the re-denomination referred to in (i) above, every issued and unissued share with par value of HK\$7.80 each in the capital of the Company was subdivided into 780 shares of HK\$0.01 each such that the Company had an authorised share capital of HK\$390,000.00 divided into 39,000,000 shares of HK\$0.01 each and the issued share capital was HK\$7.80 divided into 780 shares of HK\$0.01 each;
 - (iii) subsequent to (i) and (ii) above, the authorised share capital of the Company was increased from HK\$390,000.00 to HK\$1,800,000,000.00 divided into 180,000,000,000 shares of HK\$0.01 each; and
 - (iv) paragraph 8 of the Memorandum of Association of the Company was deleted and replaced with the following:

"the share capital of the Company is HK\$1,800,000,000.00 divided into 180,000,000,000 shares of a nominal or par value of HK\$0.01 each."
6. On 13 August, 2008, an ordinary resolution was passed by the shareholders of the Company at its extraordinary general meeting to consolidate every 50 shares of HK\$0.01 each in the issued and unissued share capital of the Company into one share of HK\$0.50 each (the "Consolidated Shares") that became effective on 14 August, 2008.
7. The shares of the Company were listed on The Stock Exchange of Hong Kong Limited since 7 December, 2000. Over the years, the Company has allotted and issued various

tranches of ordinary shares, being the only class of shares of the Company in issue. As at the date of this Petition, the authorised share capital of the Company is HK\$1,800,000,000 divided into 3,600,000,000 Consolidated Shares of a nominal or par value of HK\$0.50 each and its issued share capital is HK\$59,916,150 divided into 119,832,300 Consolidated Shares of HK\$0.50 each.

8. The objects for which the Company was established are unrestricted and the Company has and is capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefits, as provided by Section 27(2) of the Companies Law.

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 that 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 resolutions, 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 (the "Special Resolution") duly passed in accordance with section 14(1) of the Companies Law at an extraordinary general meeting held on 13 August, 2008 (the "Extraordinary General Meeting"), it was resolved:

"**THAT**, subject to and conditional upon (i) the passing of Ordinary Resolution no. 1 above and the share consolidation referred to therein becoming effective; (ii) the GEM Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the shares of the Company with a par value of HK\$0.01 issued or to be issued by the Company; (iii) approval by the Grand Court of the Cayman

Islands (the "Court") of the Capital Reduction (as defined below), registration by the Registrar of Companies of the Cayman Islands of the order of the Court confirming the Capital Reduction and the minutes approved by the Court containing the particulars required under the Companies Law 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, upon the date (the "Effective Date") on which the Capital Reduction becomes effective:

- "(a) the issued share capital of the Company be reduced by reducing the nominal value of each share of the Company in issue on the Effective Date from HK\$0.50 each to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.49 on each share in issue on the Effective Date (the "Capital Reduction"), so that following such reduction (i) each issued share with a par value of HK\$0.50 in the share capital of the Company shall be treated as one fully paid-up share with a par value of HK\$0.01 each in the share capital of the Company (the "New Share"); and (ii) that the amount of the issued share capital of the Company hereby cancelled be made available for issue of new shares with a par value of HK\$0.01 each in the share capital of the Company so that the authorised share capital of the Company of HK\$1,800,000,000 remain unchanged on the Effective Date;
- (b) the credit arising from the Capital Reduction be applied towards cancelling the accumulated loss of the Company with the balance to be transferred to the distributable reserve account of the Company;
- (c) each of the authorised but unissued shares with a par value of HK\$0.50 each in the share capital of the Company be and is sub-divided into 50 unissued new shares with a par value of HK\$0.01 each in the share capital of the Company (the "Sub-division");
- (d) all of the New 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 in respect of the ordinary shares contained in the memorandum and articles of association of the Company; and

- (e) 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 Capital Reduction, application of the credit arising from the Capital Reduction, and the Sub-division.”

Each of the capitalised terms referred to in the Special Resolution above is defined in the information circular exhibited to the affirmation of Tse Ke Li (“TKL-5”).

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:-

	Present & Voting	For	Against
How Present	No.	No.	No.
In person/by corporate representatives	7 members	7 members	0 member
By proxy	1 member	1 member	0 member
Total	8 members	8 members	0 member

As appeared from the table, the Extraordinary General Meeting was attended in person or by corporate representatives or by proxy by 8 members, all of whom voted in favour of the resolution. The resolution was voted on by way of show of hands and the members present and voting in person or by corporate representatives or by proxy at the Extraordinary General Meeting represents 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.

12. The Company had an audited accumulated loss of about HK\$25,611,760 as at 31 December, 2007. Based on the latest available unaudited management accounts of the Company for the six months ended 30 June, 2008, there were unaudited accumulated losses of about HK\$27,484,721. The credit arising from the Capital Reduction will be

used to cancel the accumulated losses of the Company with the balance to be transferred to the distributable reserve account of the Company. It is expected that the accumulated losses of the Company will be eliminated after the Capital Reduction. This will facilitate any dividend payment by the Company as and when appropriate in the future. The Sub-division is necessary to sub-divide the par value of each of the authorised but unissued shares of the Company from HK\$0.50 to HK\$0.01 so that the par value of all issued and unissued shares of the Company will be HK\$0.01 each.

13. 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 of the Company.

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

"The issued share capital of TRASY GOLD EX LIMITED (卓施金網有限公司) (the "Company") was by virtue of a Special Resolution passed on 13 August, 2008 and with the sanction of an Order of the Grand Court of the Cayman Islands dated 1 July, 2008, reduced from HK\$59,916,150 divided into 119,832,300 ordinary shares of HK\$0.50 each to HK\$1,198,323 divided into 119,832,300 ordinary shares of HK\$0.01 each (the "Capital Reduction"). Upon the Capital Reduction becoming effective, each of the authorised but unissued shares of the Company with a par value of HK\$0.50 each in the share capital of the Company shall be sub-divided into 50 unissued new shares with a par value of HK\$0.01 each in the share capital of the Company. At the date of the registration of this Minute, the authorised share capital of the Company is HK\$1,800,000,000 divided into 180,000,000 shares of HK\$0.01 each, of which 119,832,300 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 of the Company proposed to be effected by the Special Resolution set forth in paragraph 10 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 TRASY GOLD EX LIMITED (卓施金網有限公司), 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 12th DAY OF September 2008.


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

Notice of Hearing

This Petition having been presented to the Court on the 12th day of September 2008 will be heard at the Law Courts, George Town, Grand Cayman on the ___ day of _____ 2008 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 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.

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