

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION



CAUSE NO. 185 OF 2009

IN THE MATTER OF **Zhongtian International Limited**
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 **Zhongtian International 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 (2007 Revision) (the "Companies Law") confirming a reduction of the capital of your Petitioner **Zhongtian International Limited** (the "Company").
2. The Company was incorporated under the Companies Law on 23 December 2003 with the name "Zhongtian International Limited (中天國際有限公司)" and registered in the Cayman Islands as an exempted company with registration number 130970. On 5 February 2004, the name of the Company was changed from "Zhongtian International Limited (中天國際有限公司)" to "Zhongtian Holdings Limited" and on the same date, from "Zhongtian Holdings Limited" to "Zhongtian International Limited".
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 ordinary shares of a nominal or par value of HK\$0.10 each (the "Shares").

5. On 27 July 2004, an ordinary resolution was passed by the shareholders of the Company at its extraordinary general meeting to increase the authorised share capital of the Company from HK\$390,000 to HK\$100,000,000 divided into 1,000,000,000 Shares.
6. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited since 22 September 2004. 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\$100,000,000 divided into 1,000,000,000 Shares of a nominal or par value of HK\$0.10 each and its issued share capital is HK\$40,000,000 divided into 400,000,000 Shares of HK\$0.10 each.
7. 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.

8. 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 5 The Board may settle as it considers expedient any difficulty which arises in relation to any consolidation and division under the last preceding Article and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise some person to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company's benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

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."

9. 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 February 2009 (the "Extraordinary General Meeting"), it was resolved:

"THAT, conditional upon (i) approval by the Grand Court of Cayman Islands (the "Court") of the Capital Reorganisation (as defined below), registration by the Registrar of Companies of the Cayman Islands of the order of the Court confirming the Capital Reorganisation (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 Reorganisation (as defined below) and compliance with any conditions as may be imposed by the Court in relation to the Capital Reorganisation (as defined below); and (ii) the Listing Committee of The Stock Exchange of Hong Kong Limited approving the listing of, and granting the permission to deal in, shares of HK\$0.01 each in the issued share capital of the Company, upon the date (the "Effective Date") on which the Capital Reorganisation (as defined below) becomes effective:

- (a) the issued share capital of the Company be reduced (the "Capital Reorganisation") by cancelling the paid-up capital of the Company to the extent of HK\$0.0975 per ordinary share in issue on the Effective Date so that the nominal value of each issued ordinary share of HK\$0.10 in the capital of the Company shall be treated as one (1) fully paid-up ordinary share of HK\$0.0025 in the capital of the Company and the credit amount arising from the Capital Reorganisation shall be applied to set off the accumulated losses of the Company as of the Effective Date and the balance (if any) shall be transferred to the distributable capital reduction reserve account of the Company;
- (b) immediately thereafter each of the authorised but unissued shares in the capital of the Company of nominal value HK\$0.10 each be sub-divided into 40 shares of HK\$0.0025 each; and
- (c) subject to and forthwith upon the Capital Reorganisation becoming effective, immediately thereafter, every four (4) shares of HK\$0.0025 each in both the issued and unissued share capital of the Company be consolidated into one (1) consolidated share of HK\$0.01 each (the "Adjusted Share(s)") and fractional consolidated shares shall be disregarded and not issued to the shareholders of the Company and that all such fractional entitlements to consolidated shares will be aggregated and, if possible, sold and the net proceeds shall be retained for

the benefit of the Company; and

- (d) all of the Adjusted Shares resulting from the Capital Reorganisation and subsequent consolidation 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
- (e) the directors of the Company be and are hereby authorised generally to do all acts, deeds and things as they may in their absolute discretion deem appropriate or desirable to effect and implement the Capital Reorganisation and application of credit arising from the Capital Reorganisation and subsequent consolidation, as set forth in the foregoing resolutions.”

Each of the capitalised terms referred to in the Special Resolution above is defined in the information circular exhibited to the affirmation of Mr. Zhao Yun.

10. 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. of shares voted	No. of shares voted
In person/by corporate representatives	0 members	0 shares	0 shares
By proxy	4 member	250,620,133 shares	0 shares
Total	4 members	250,620,133 shares	0 shares

The special resolution was voted on by way of poll and the members present and voting in person or by corporate representatives or by proxy at the Extraordinary General Meeting represented more than three-fourths of the votes cast for the special resolution

approved the Capital Reduction and therefore the chairman of the Extraordinary General Meeting declared the special resolution passed in accordance with the Articles of Association of the Company.

11. The Company had an audited accumulated loss of about RMB80,104,000 as at 31 December 2008. The credit arising from the Capital Reduction will be used to set-off the accumulated losses of the Company with the balance to be transferred to the distributable capital reduction reserve account of the Company, if any. Furthermore, the Shares of the Company have been trading at a price below their nominal value of HK\$0.10. Given the current trading prices, the Company is unable to conduct any fund raising activity. The proposed Capital Reduction will allow flexibility for the issuance of new shares in the future if the Directors consider appropriate.
12. 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.
13. The form of Minute proposed to be registered is as follows:-

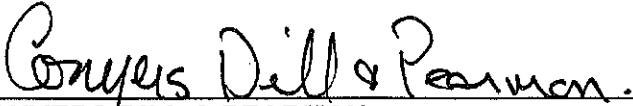
"The issued share capital of Zhongtian International Limited (the "Company") was by virtue of a Special Resolution passed on 13 February 2009 and with the sanction of an Order of the Grand Court of the Cayman Islands dated [] 2009, reduced from HK\$0.10 per issued share to HK\$0.0025 per issued share, each deemed to be fully paid up. Each of the authorised but unissued shares of the Company with a par value of HK\$0.10 each was subdivided into 40 shares of HK\$0.0025 each. Upon the Capital Reduction becoming effective, every 4 issued and unissued shares of HK\$0.0025 each were 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\$100,000,000 divided into 10,000,000,000 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 9 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 Zhongtian 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 16th DAY OF APRIL 2009.


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

Notice of Hearing

This Petition having been presented to the Court on the 16th day of April 2009 will be heard at the Law Courts, George Town, Grand Cayman on the ___ day of _____ 2009 at 10:00 am 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.