



IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

Neutral Citation Number: [2025] CIGC (FSD) 40

CAUSE NO: FSD 98 OF 2025 (DDJ)

IN THE MATTER OF THE COMPANIES ACT (2025 REVISION)

AND IN THE MATTER OF XINMING CHINA HOLDINGS LIMITED

Before: The Hon. Justice David Doyle

Appearances: Will Porter of Appleby (Cayman) Limited for Xinming China Holdings Limited

Heard: 15 May 2025

***Ex tempore* Judgment delivered:** 15 May 2025

Draft transcript of *ex tempore* Judgment circulated: 15 May 2025

Transcript of *ex tempore* Judgment delivered: 20 May 2025

Confirmation of capital reduction and approval of Minute

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JUDGMENT

Introduction

1. In this case Xinming China Holdings Limited (the “Company”) applies by way of petition dated 16 April 2025 for an order confirming a capital reduction pursuant to sections 14-16 of the Companies Act (2025 Revision).
2. I have considered the hearing bundle and the very helpful skeleton argument dated 9 May 2025 of Will Porter of Appleby (Cayman) Ltd attorneys for the Company. I also benefit from Mr Porter’s oral submissions presented to the court this morning. Mr Porter’s well drafted skeleton argument covers all the important points with useful cross-references to the evidence and law in support. It is a very helpful framework for a judgment.
3. The Company is involved in real estate in the People’s Republic of China and as has been well publicised internationally there have been prolonged challenging market conditions. It is plain that the Company is currently in a difficult financial position. The Company is progressing a capital reorganisation and anticipates raising equity thereafter which will place the Company on a steadier financial footing.

Determination

4. I am satisfied that the Directions Order made on 17 April 2025 has been duly complied with.
5. I am also satisfied as to the following:
 - (1) the Company has the power to reduce its share capital (Article 14 of the Company’s Amended and Restated Memorandum and Articles of Association adopted by a Special Resolution passed on 8 June 2015 and effective on 6 July 2015);
 - (2) a valid special resolution was unanimously passed at an EGM held on 13 March 2025 approving the capital reduction;

- (3) the capital reduction has been adequately explained to shareholders. I note the contents of the Circular despatched to shareholders on 25 February 2025;
- (4) the shareholders have been treated equitably. There has been no discrimination or any other inequitable treatment;
- (5) the capital reduction is for a discernible purpose (namely to satisfy the requirements of the HKSE Listing Rules and to create pricing flexibility for future equity raises);
- (6) the interests of the creditors are unaffected by the Capital Reduction. I note all that Mr Porter has had to write and say in respect of the position of creditors in this case. In short summary there will be no distributions to shareholders as a result of the capital reduction. Shareholders' liability will not be reduced. There will be no change to the Company's business, assets or operations. The capital reduction does not in any way impair existing creditor rights or affect creditor recoveries in the event that the Company's turnaround plan fails. Indeed, the capital reduction is designed to place the Company on a steadier financial footing for the benefit of all stakeholders including creditors. The hope is to raise funds to meet outstanding creditor commitments.

I cannot resist the comment that Mr Porter has a history of experienced knowledge of the position of creditors. I note that his article "You've Got to Be in it to win it: Direct Recovery by Creditors under section 301 of the Companies Act 1993" (2022) 26 NZBLQ 163 was, albeit in a different context, cited in support at [164] of the judgment of the Supreme Court of New Zealand in *Yan v Mainzeal Property and Construction Limited (in liquidation)* [2023] NZSC 113 – a leading case on insolvent trading. Mr Porter is well experienced in considering the position of creditors and I am grateful to him for the way in which the creditor protection points in this case have been so well set out in his skeleton argument.

Order

6. I make an order in terms of the draft order helpfully provided in advance of today's hearing. The capital reduction is confirmed and the Minute is approved.

7. The following order was made:
 - “1. The capital reduction of the Company authorised by the special resolution of the Company at the extraordinary general meeting held on 13 March 2025 is confirmed.

 2. This Order be delivered to the Registrar of Companies (“**Registrar**”) together with a copy of the Minute attached as Appendix 1, which is hereby approved by the Court.

 3. Notice of the registration by the Registrar of this Order and of the said Minute be published once in the *Cayman Compass* and once in the *Hong Kong Commercial Daily* within 21 days of registration.

 4. There is no order as to costs.

 5. Liberty to apply.”

8. The following Minute was approved:

“The issued share capital of Xinming China Holdings Limited (“**Company**”) was by virtue of a special resolution of the Company (“**Special Resolution**”) passed at an extraordinary general meeting of members of the Company held on 13 March 2025 (“**EGM**”), and with the confirmation of an order of the Grand Court of the Cayman Islands dated 15 May 2025 (“the **Order**”), reduced by cancelling the paid up capital to the extent of HK\$0.99 on each of the issued shares such that the par value of each issued share will be reduced from HK\$1 to HK\$0.01 (“**Adjusted Shares**”) (“**Capital Reduction**”). A resolution was also passed at the same EGM which provides that subject to and forthwith upon the Capital Reduction taking effect, each of the authorised but unissued shares of the Company of par value of HK\$1 each be sub-divided (the “**Share Subdivision**”) into 100 unissued shares of par value HK\$0.01 each. Each of the Adjusted Shares shall rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions as contained in the memorandum and articles of association of the Company.

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By virtue of the Order and the Special Resolution and Share Subdivision, as at the time 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 par value of HK\$0.01 each, of which 18,786,220 shares have been allotted and issued or credited as fully paid.”

David Doyle

The Hon. Justice David Doyle
Judge of the Grand Court