

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION



107
CAUSE NO. FSD OF 2020

IN THE MATTER OF CHINA NATIONAL CULTURE GROUP LIMITED
AND IN THE MATTER OF THE COMPANIES LAW (2020 REVISION)
AND THE GRAND COURT RULES 1995 ORDER 102



PETITION



TO: The Grand Court of the Cayman Islands

THE PETITION of CHINA NATIONAL CULTURE GROUP 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 (2020 Revision) (the "**Companies Law**") confirming a reduction of the share capital of the Petitioner, CHINA NATIONAL CULTURE GROUP LIMITED (the "**Company**").
2. The Company was incorporated on 17 August 2002 under the Companies Law as an exempted company with registration number 119556.
3. The registered office of the Company is Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
4. At the date of incorporation of the Company, its authorised share capital was HK\$100,000 divided into 10,000,000 shares of a nominal or par value of HK\$0.01 each.
5. By way of resolutions of the then shareholders of the Company passed on 6 September 2004, the authorised share capital of the Company was increased from HK\$100,000 to

nominal or par value of HK\$0.02 each.

12. By way of resolutions of the then shareholders of the Company passed on 19 May 2020, the authorised share capital of the Company was consolidated from 50,000,000,000 ordinary shares of a nominal or par value of HK\$0.02 each to 2,500,000,000 ordinary shares of a nominal or par value of HK\$0.40 each and 7,000,000,000 non-voting convertible preference shares of a nominal or par value of HK\$0.07 each to 350,000,000 non-voting convertible preference shares of a nominal or par value of HK\$1.40 each.
13. As at the date of this Petition, the authorised share capital of the Company is HK\$1,490,000,000 divided into 2,500,000,000 ordinary shares of a nominal or par value of HK\$0.40 each and 350,000,000 non-voting convertible preference shares of a nominal or par value of HK\$1.40 each and its issued share capital is HK\$196,288,200 divided into 490,720,500 ordinary shares of a nominal or par value of HK\$0.40 each which have been fully paid-up or credited as fully paid-up.
14. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 13 October 2004 under stock code number 0745.
15. The objects for which the Company was established are unrestricted.
16. The Articles of Association of the Company provide, *inter alia*, as follows:
 - “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.”
17. In accordance with section 14(1) of the Companies Law and by way of special resolution of the shareholders of the Company at an extraordinary general meeting held of the Company held on 19 May 2020 (the "**Special Resolution**"), it was resolved:

“THAT, subject to and conditional upon (i) the Share Consolidation becoming effective; (ii)

approval from the Grand Court of the Cayman Islands ("**Court**") of the Capital Reduction (as defined below); (iii) registration by the Registrar of Companies of Cayman Islands of the order of the Court confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Law of the Cayman Islands in respect of the Capital Reduction (as defined below) and compliance with any conditions the Court may impose; and (iv) the Listing Committee of The Hong Kong Stock Exchange Limited granting approval for the listing of, and permission to deal in, the New Shares (as defined below), with effect from the date on which these conditions are fulfilled (the "**Effective Date**");

- (a) the par value of each issued Consolidated Share of par value HK\$0.4 each in the share capital of the Company be reduced to HK\$0.04 each (each a "**New Share**") (the "**Capital Reduction**") by cancelling the paid up capital to the extent of HK\$0.36 on each of the then issued Consolidated Shares;
- (b) the credit arising from the Capital Reduction be transferred to a distributable reserve account of the Company which may be utilized by the Directors in accordance with the memorandum and articles of association of the Company and all applicable laws, including, without limitation, eliminating or setting off any accumulated losses of the Company from time to time;
- (c) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value HK\$0.4 each and the authorised but unissued Consolidated Preference Shares of par value HK\$1.40 each be subdivided into ten (10) New Shares with par value HK\$0.04 each and ten (10) nonvoting convertible preference shares of par value HK\$0.14 each (each a "**New Preference Share**") respectively (the "**Share Sub-division**");
- (d) each of the New Shares arising from the Capital Reduction and the Share Subdivision shall rank pari passu in all respects with each other and each of the New Preference Shares arising from the Share Sub-division shall rank pari passu in all respects with each other and each shall have rights and privileges and be subject to the restrictions as contained in the memorandum and the articles of association of the Company; and

(e) the Directors be and are hereby authorised to do all such acts and things and execute all such documents, which are ancillary to the Capital Reduction and the Share Sub-division, on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to, implement and complete the Capital Reduction and the Share Sub-division."

18. The special resolution to approve and give effect to the Capital Reduction was duly passed by the shareholders of the Company at an extraordinary general meeting held on 19 May 2020, thus satisfying the requirements for passing a special resolution to approve the Capital Reduction under the Articles of Association of the Company and under the Companies Law.

19. 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 of the Company to its shareholders. Furthermore, the proposed Capital Reduction will not alter the underlying assets, business operations, management or financial position of the Company.

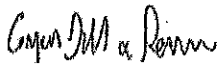
20. The form of Minute proposed to be registered is as follows:

"The issued share capital of China National Culture Group Limited (the "Company") was by virtue of a Special Resolution passed on 19 May 2020 and with the sanction of an Order of the Grand Court of the Cayman Islands dated [] 2020, reduced from HK\$0.40 per each issued ordinary share to HK\$0.04 per each issued share (the "Capital Reduction"). Upon the Capital Reduction becoming effective, each authorised but unissued ordinary share of HK\$0.40 each shall be subdivided into ten unissued ordinary shares of HK\$0.04 each in the share capital of the Company and each authorised but unissued non-voting convertible preference share of HK\$1.40 each shall be subdivided into ten unissued non-voting convertible preference shares of HK\$0.14 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\$1,490,000,000 divided into 25,000,000,000 ordinary shares of HK\$0.04 each and 3,500,000,000 non-voting convertible preference shares of HK\$0.14 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 17 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.

Dated 26 May 2020



Conyers Dill & Pearman
Attorneys-at-Law for the Petitioner herein

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, SIX, 2nd Floor, Cricket Square, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands

