



IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

CAUSE NO. FSD OF 2024 (JAJ)

IN THE MATTER OF SECTION 15 OF THE COMPANIES ACT (2023 REVISION)

AND IN THE MATTER OF CHINA NATIONAL CULTURE GROUP LIMITED

PETITION

To the Grand Court

The humble petition of China National Culture Group Limited c/o Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands, Cayman Islands, shows that:-

- 1 The object of this Petition is to seek an order pursuant to section 15 of the Companies Act (2023 Revision) (the "**Companies Act**") confirming a reduction of the share capital of the Petitioner, China National Culture Group Limited (the "**Company**").
- 2 The Company was incorporated as an exempted company on 27 August 2002 (registration 119556).

This Petition is filed by Ogier (Cayman) LLP, Attorneys for China National Culture Group Limited whose address for service is:
89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands (GEL/DZD/511026.00003)

- 3 The Company's registered office is at Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- 4 The Company's principal place of business is Unit A, 29th Floor, United Centre, 95 Queensway Admiralty, Hong Kong.
- 5 The authorised share capital of the Company is HK\$1,490,000,000.00 consisting of 2,500,000,000 ordinary shares of a par value of HK\$0.40 each and 350,000,000 non-voting convertible preference shares of a par value of HK\$1.40 each.
- 6 The shares of the Company are listed on the Main Board of the Stock Exchange of Hong Kong Limited since 13 October 2004 under stock code number 745.
- 7 The objects for which the Company was established are unrestricted by its memorandum of association and at all material times the Company has had full powers to carry out any object in accordance with section 7(4) of the Companies Act.
- 8 Article 6 of the Company's amended and restated articles of association (adopted by a special resolution on 27 September 2023) (the "**Articles of Association**") provides that the Company "*may from time to time by special resolution, subject to any confirmation or consent required by the Companies Act, reduce its share capital or any capital redemption reserve or other undistributable reserve in any manner permitted by law*".
- 9 By a circular to the shareholders of the Company dated 31 October 2024 the board of directors of the Company (the "**Board**") explained that it proposed to implement a proposed capital reorganisation of the Company which would consist of the following:
- (a) a capital reduction whereby the par value of each issued ordinary share with a par value of HK\$0.40 each (the "**Existing Shares**") will be reduced from US\$0.40 to US\$0.01 by cancelling the paid-up capital to the extent of US\$0.39 on each issued ordinary share (the "**Capital Reduction**");
 - (b) a share subdivision whereby immediately following the Capital Reduction, each of the authorised but unissued ordinary shares with a par value of US\$0.40 each

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in the authorised share capital of the Company be sub-divided into 40 authorised but unissued adjusted ordinary shares with a par value of US\$0.01 each (the "**Adjusted Shares**") and the authorised but unissued preference shares of par value of HK\$1.40 each in the authorised share capital of the Company will be subdivided into 40 authorised but unissued adjusted preference shares with a par value of US\$0.035 each (the "**Adjusted Preference Shares**"), (together the "**Share Subdivision**"); and

- (c) the credit arising from the Capital Reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction in a manner as permitted by all applicable laws and the articles of association of the Company and as the Board considers appropriate. The balance of the credit (if any) of the share premium account after offsetting the accumulated losses will be applied by the Company in any manner as permitted by all applicable laws and the articles of association.

(together these steps are the "**Capital Reorganisation**").

10 In addition to the above, the Board further explained that it proposed to implement the following changes:

- (a) the board lot size from 10,000 Existing Shares that are traded on the Hong Kong Stock Exchange to 20,000 Adjusted Ordinary Shares. The market value of each existing board lot of 10,000 Ordinary Shares is HK\$1,470, the market value of each existing board lot of 10,000 Adjusted Shares would be HK\$1,470 assuming the Capital Reorganisation becoming effective; and the estimated market value of each proposed new board lot of 20,000 Adjusted Shares would be HK\$2,940; and
- (b) raise gross proceeds of approximately HK\$15.6 million, before expenses by way of the rights issue ("**Rights Issue**") of up to 156,244,304 rights shares ("**Rights Shares**") at the Subscription Price of HK\$0.10 per Rights Share on the basis of

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two Rights Shares for every one Existing Share held by the Qualifying Shareholders on the Record Date and payable in full on acceptance.

- 11 In accordance with section 14(1) of the Companies Act and by way of special resolution of the shareholders of the Company at an extraordinary general meeting ("**EGM**") of the Company held on 18 November 2024 (the "**Special Resolution**"), it was resolved by a majority:

*"THAT subject to and conditional upon (i) an order being made by the Grand Court of the Cayman Islands confirming the Capital Reduction; (ii) compliance with any condition which the Grand Court may impose in relation to the Capital Reduction; (iii) registration by the Registrar of Companies of the Cayman Islands of a copy of the order of the Grand Court confirming the Capital Reduction and the minute approved by the Grand Court containing the particulars required under the Companies Act in respect of the Capital Reduction; and (iv) the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval for the listing of, and the permission to deal in, the Adjusted Shares and the Adjusted Preference Shares, with effect from the date on which these conditions are fulfilled (the "**Effective Date**"):*

(a) the issued share capital of the Company be reduced by cancelling the paid-up share capital of the Company to the extent of HK\$0.39 on each of the issued Existing Shares such that the par value of each issued Existing Share will be reduced from HK\$0.40 to HK\$0.01;

(b) the credit arising from the Capital Reduction will be applied towards offsetting against the accumulated loss of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated loss of the Company;

(c) immediately following the Capital Reduction becoming effective, each of the authorised but unissued Existing Shares of par value of HK\$0.40 each and the

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authorised but unissued Preference Shares of par value of HK\$1.40 each in the authorised share capital of the Company will be subdivided into forty (40) authorised but unissued Adjusted Shares of par value of HK\$0.01 each and forty (40) authorised but unissued Adjusted Preference Shares of par value of HK\$0.035 each, respectively.

- 12 The Special Resolution was duly passed by the shareholders of the Company at the EGM held on 18 November 2024, 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 Act.
- 13 The Capital Reduction does not involve any diminution of liability in respect of any unpaid capital of the Company or the repayment to the shareholders of any paid-up capital of the Company nor will it result in any change in the relative rights of its shareholders.
- 14 The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Company and no effect on the underlying asset, business operations, management or financial position of the Company or the proportional interest of the shareholders in the Company and that on the date the Capital Reorganisation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due.
- 15 The form of minute proposed to be registered by the Company to the Registrar of Companies and for which approval for the Court is sought is as follows:

"By virtue of a Special Resolution passed on 18 November 2024 and with the sanction of an Order of the Grand Court of the Cayman Islands dated [.....]:

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(a) the issued share capital of China National Culture Group Limited (the "**Company**") be reduced by cancelling the paid-up share capital of the Company to the extent of HK\$0.39 on each of the issued Existing Shares such that the par value of each issued Existing Share will be reduced from HK\$0.40 to HK\$0.01; (the "**Capital Reduction**");

(b) the credit arising from the Capital Reduction will be applied towards offsetting against the accumulated loss of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated loss of the Company; and

(c) immediately following the Capital Reduction becoming effective, each of the authorised but unissued Existing Shares of par value of HK\$0.40 each and the authorised but unissued Preference Shares of par value of HK\$1.40 each in the authorised share capital of the Company will be subdivided into forty (40) authorised but unissued Adjusted Shares of par value of HK\$0.01 each and forty (40) authorised but unissued Adjusted Preference Shares of par value of HK\$0.035 each, respectively."

YOUR PETITIONER THEREFORE humbly prays that:

- (1) The reduction of the share capital of the Company proposed to be effected by the Special Resolution set out at paragraph 11 above be confirmed and that the form of minute set out at paragraph 15 above be approved by the Court.
- (2) To this end, all necessary inquiries and directions may be made and given.
- (3) Such further or other relief be granted as the Court shall see fit.

AND your Petitioner will ever pray etc.

Dated the 3 day of December 2024



Ogier (Cayman) LLP
Attorneys for the Petitioner

NOTE: This Petition is not intended to be served.

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NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this petition will take place at the Law Courts, George Town, Grand Cayman, on 9th January 2025 at 2:00 P.M. at ~~10:00am~~.

Any correspondence or communication with the Court relating to the hearing of his petition should be addressed to the Registrar of the Financial Services Division of the Grand Court at PO Box 495, Grand Cayman, KY1-1106, telephone 345 959 4296.

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