

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

0037
CAUSE NO. FSD OF 2013

IN THE MATTER OF Capital VC Limited

AND in the matter of the Companies Law (2012 Revision)

AND the Grand Court Rules 1995 Order 102

PETITION

TO: The Grand Court of the Cayman Islands

THE PETITION of Capital VC 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 (2012 Revision) (the "Companies Law") confirming a reduction of the share capital of the Petitioner, Capital VC Limited (the "Company").
2. The Company was incorporated on 13 November 2002 under the Companies Law with the name of "China Northern Enterprises Investment Fund Limited 中國北方企業投資基金有限公司" and registered in the Cayman Islands as an exempted company with registration number 121045. On 17 November 2005, the name of the Company was changed from "China Northern Enterprises Investment Fund Limited 中國北方企業投資基金有限公司" to "Sino Katalytics Investment Corporation 德泰中華投資有限公司". On 1 April, 2010, the Company further changed its name from "Sino Katalytics Investment Corporation 德泰中華投資有限公司" to "Capital VC Limited 首都創投有限公司".
3. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.



4. At the date of incorporation of the Company, its authorised share capital was HK\$380,000 divided into 38,000,000 ordinary shares with a nominal or par value of HK\$0.01 each (the "Shares").
5. By way of resolutions of the sole shareholder of the Company passed on 30 September 2003, the authorised share capital of the Company was increased from HK\$380,000 to HK\$2,000,000 by the creation of a further 162,000,000 Shares.
6. On 21 July 2006, an ordinary resolution was passed by the shareholders of the Company at an extraordinary general meeting to increase the authorised share capital of the Company from HK\$2,000,000 divided into 200,000,000 Shares to HK\$5,000,000 divided into 500,000,000 Shares by the creation of an additional 300,000,000 Shares.
7. On 31 May 2007, an ordinary resolution was passed by the shareholders of the Company at an extraordinary general meeting to increase the authorised share capital of the Company from HK\$5,000,000 divided into 500,000,000 Shares to HK\$15,000,000 divided into 1,500,000,000 Shares by the creation of an additional 1,000,000,000 Shares.
8. On 19 December 2007, an ordinary resolution was passed by the shareholders of the Company at an annual general meeting to increase the authorised share capital of the Company from HK\$15,000,000 divided into 1,500,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by the creation of additional 8,500,000,000 Shares.
9. On 17 July 2008, an ordinary resolution was passed by the shareholders of the Company at an extraordinary general meeting to consolidate every two (2) issued and unissued Shares into one share of HK\$0.02 each.
10. On 13 February 2009, an ordinary resolution was passed by the shareholders of the Company at an extraordinary general meeting to consolidate every five (5) issued and unissued shares of HK\$0.02 each into one share of HK\$0.10 each.

11. On 2 October 2009, an ordinary resolution was passed by the shareholders of the Company at an extraordinary general meeting to increase the authorised share capital of the Company from HK\$100,000,000 divided into 1,000,000,000 shares of HK\$0.10 each to HK\$200,000,000 divided into 2,000,000,000 shares of HK\$0.10 each by the creation of an additional 1,000,000,000 unissued shares of HK\$0.10 each.
12. As at the date of this petition, the authorised share capital of the Company is HK\$200,000,000 divided into 2,000,000,000 shares with a nominal or par value of HK\$0.10 each and its issued share capital is HK\$100,928,683.10 divided into 1,009,286,831 shares with a nominal or par value of HK\$0.10 each which have been fully paid-up or credited as fully paid-up.
13. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 27 October 2003 under stock code number 2324. Over the years, the Company has allotted and issued various tranches of ordinary shares, being the only class of shares of the Company. As at the date of this Petition, the authorised share capital of the Company is HK\$200,000,000 divided into 2,000,000,000 shares of HK\$0.10 each and its issued share capital is HK\$100,928,683.10 divided into 1,009,286,831 ordinary shares of HK\$0.10 each.
14. The objects for which the Company was established are unrestricted and include, but without limitation, the following:
 - (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.

15. The Company is an investment holding company, and through its subsidiaries, is principally engaged in investing in listed and unlisted companies mainly in Hong Kong and the People's Republic of China.

16. The Articles of Association of the Company provide, *inter alia*, as follows:

"4. The Company may from time to time by ordinary resolution in accordance with the Law alter the conditions of its Memorandum 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 Company's 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; and
- (e) cancel any shares which, at the date of 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 subject to the provisions of the Law."

"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 the Law."

17. By a special resolution (the "Special Resolution") of the Company in accordance with section 14(1) of the Companies Law at an extraordinary general meeting held on 8 February 2013 (the "Extraordinary General Meeting"), it was resolved:

"THAT subject to and conditional upon (i) the Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant the listing of, and permission to deal in, the Adjusted Shares (as defined below); (ii) approval by the Grand Court of the Cayman Islands (the "Court") of the Capital Reduction (as defined below); (iii) compliance with any conditions imposed by the Court; and (iv) registration 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 with the Register of Companies of the Cayman Islands, with effect from the date on which those conditions are fulfilled the ("Effective Date"):

- (a) every ten (10) issued ordinary shares with par value of HK\$0.10 each in the issued share capital of the Company be consolidated (the "Share Consolidation") into one consolidated share with par value of HK\$1.00 each ("Consolidated Share(s)");
- (b) immediately following the Share Consolidation, the issued and paid-up capital of each Consolidated Share be reduced (the "Capital Reduction") from HK\$1.00 to HK\$0.001 by cancelling paid-up capital to the extent of HK\$0.999 on each Consolidated Share by way of a reduction of capital so as to form an ordinary share with par value of HK\$0.001 each ("Adjusted Share(s)"); and the credit arising from the Capital Reduction be applied towards cancelling the accumulated deficit of the Company as at the Effective Date (if any) with the balance (if any) to be transferred to the capital reduction reserve account of the Company or other reserve account of the Company which may be utilised by the directors of the Company as a distributable reserve in accordance with the articles of association of the Company and all applicable

laws;

- (c) all fractional Consolidated Shares and/or Adjusted Shares will be disregarded and not be issued to the holders of the existing ordinary shares with par value of HK\$0.10 each of the Company but all fractional Consolidated Shares and/or Adjusted Shares will be aggregated and, if possible, sold for the benefit of the Company;
- (d) immediately following the Capital Reduction, each of the authorised but unissued ordinary shares with par value of HK\$0.10 each be subdivided into one hundred (100) unissued Adjusted Shares, and the Adjusted Shares shall rank pari passu in all respects with each other and have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company; and
- (e) the directors of the Company be and are hereby authorised to take any and all steps, and to do and/or procure to be done any and all acts and things, and to approve, sign and execute any documents which in their absolute discretion consider to be necessary, desirable or expedient to implement and give effect to the Capital Reorganisation.

For the purpose of this resolution, "Capital Reorganisation" shall mean the steps as set out in the above sub-paragraphs (a) to (d) collectively."

18. The number of members of the Company present and voting in person or by corporate representatives or by proxy at the Special Resolution is as set out in the table below:

	Present & Voting	For	Against
How Present	Number of members present	Number of shares voted	Number of shares voted
In person/by corporate representatives	6 members (Note)	326,250,023 shares	5,599,996 shares
By proxy	0 members	0 shares	0 shares
Total	6 members	326,250,023 shares	5,599,996 shares

Note: HKSCC Nominees Limited, being the nominee for and on behalf of different ultimate beneficial shareholders of the Company, has voted both in favour of and against the Special Resolution at the Extraordinary General Meeting. A total of one (1) representative was present and voted on behalf of HKSCC Nominees Limited at the Extraordinary General Meeting.

The Special Resolution was presented to the meeting and voted on by way of a poll. The members present and voting in person or by corporate representative or by proxy, representing not less than three-fourths of the votes cast, voted to approve the Special Resolution and the chairman of the Extraordinary General Meeting declared the resolution passed in accordance with the Articles of Association of the Company.

19. The Special Resolution to approve and give effect to the Capital Reduction was duly passed at an extraordinary general meeting, 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.
20. 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.

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

“Ten issued ordinary shares of HK\$0.10 each was by virtue of a special resolution passed on 8 February 2013 be consolidated into one share of the Company of HK\$1.00 each and immediately thereafter, the issued share capital of the Company was by virtue of a special resolution passed on 8 February 2013 and with sanction of an Order of the Grand Court of the Cayman Islands dated [●] 2013 be reduced from HK\$1.00 per each issued share to HK\$0.001 per each issued share (the “Capital Reduction”). Immediately following from the Capital Reduction, each of the authorised but unissued shares of HK\$0.10 each in the share capital of the Company be and is sub-divided into 100 unissued shares of HK\$0.001 each. At the date of the registration of this Minute, the authorised share capital of the Company is HK\$200,000,000 divided into 200,000,000,000 shares of HK\$0.001 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 16 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 Capital VC Limited, at its registered office located at the office of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

Dated this 15 day of March 2013

Conyers Dill & Pearman (Cayman) Ltd.

Conyers Dill & Pearman (Cayman) Ltd
Attorneys-at-Law for the Petitioner herein

TIME ESTIMATE: One hour

Notice of Hearing

This Petition having been presented to the Court on the _____ day of _____ 2013 will be heard at the Law Courts, George Town, Grand Cayman on the ___ day of _____ 2013 at _____ am/pm or as soon thereafter as the Petition can be heard.

This Petition was filed by Conyers Dill & Pearman (Cayman) Limited, 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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