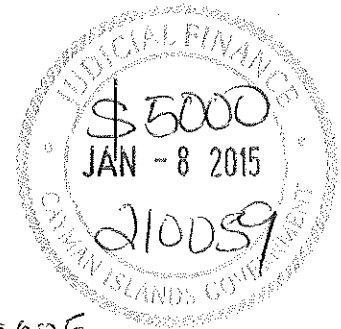
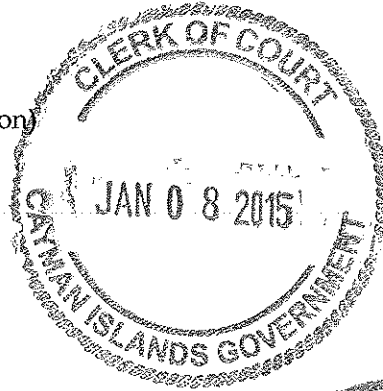


IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION



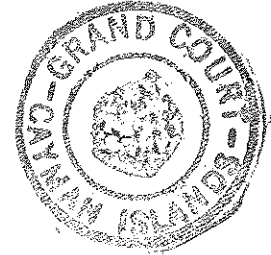
CAUSE NO. FSD 0005 OF 2015

IN THE MATTER OF XINHUA HOLDINGS LIMITED
AND in the matter of the Companies Law (2013 Revision)
AND the Grand Court Rules 1995 Order 102



PETITION

TO: The Grand Court of the Cayman Islands



THE PETITION of Xinhua Holdings 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 (2013 Revision) (the "Companies Law") confirming a reduction of the share capital of the Petitioner, Xinhua Holdings Limited (the "Company").
2. The Company was incorporated on 5 January 2004 under the Companies Law with the name of "Xinhua Finance Limited" and registered in the Cayman Islands as an exempted company with registration number 132240.
3. The Company changed its name to "Xinhua Holdings Limited" effective on 20 June 2011.
4. The registered office of the Company is situated at the office of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

5. As at the date of incorporation of the Company on 5 January 2004, its authorised share capital was HK\$10,000,000 divided into 550,000,000 ordinary shares of a nominal or par value of HK\$0.01 each and 450,000,000 preferred shares of a nominal or par value of HK\$0.01 each.
6. On 24 August 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\$10,000,000 to HK\$50,000,000 by the creation of an additional 4,000,000,000 shares of a nominal or par value of HK\$0.01 each in the capital of the Company and to consolidate every two thousand (2,000) shares of a nominal or par value of HK\$0.01 each in the capital of the Company into one share of a nominal or par value of HK\$20 each in the capital of the Company.
7. On 7 October 2014, a special resolution was passed by the shareholders of the Company at its annual general meeting (the "2014 AGM") to increase the authorised share capital of the Company from HK\$50,000,000 to HK\$200,000,000 by creation of an additional 6,825,000 ordinary shares with a nominal or par value of HK\$20 each (the "Ordinary Shares") and 675,000 preferred shares with a nominal or par value of HK\$20 each (the "Preferred Shares" and together with the Ordinary Shares, the "Shares").
8. As at the date of this Petition, the authorised share capital of the Company is HK\$200,000,000 divided into 9,100,000 Ordinary Shares and 900,000 Preferred Shares and its issued share capital is HK\$49,999,995.80 divided into 2,274,999.79 Ordinary Shares and 225,000 Preferred Shares which have been fully paid-up or credited as fully paid-up.
9. The Ordinary Shares have been listed on Mothers of Tokyo Stock Exchange, Inc. since 28 October, 2004 under stock code number 9399. Over the years, the Company has allotted and issued various tranches of Ordinary Shares.

10. The objects for which the Company was established are unrestricted and include, 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.

11. The Company acts an investment holding company. Its subsidiaries are principally engaged in integrated financial services to Chinese enterprises, especially small and medium-sized companies seeking global financing and IPO. The operations of the

Company's subsidiaries are principally located in Japan, People's Republic of China ("PRC") and the Hong Kong Special Administrative Region of PRC. Should the Court require further information in respect of the Company, its website is at www.xinhuaholdings.com.

12. The articles of association of the Company (the "Articles") 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 of Association to:

- (a) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (b) 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";
- (c) 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;

- (d) 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.”

“6. The Company may from time to time by special resolution, subject to any confirmation or consent required by the Law, increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe, reduce its share capital or any capital redemption reserve or other undistributable reserve or the share premium account in any manner permitted by law.”

- 13. By a special resolution of the Company (the “**Special Resolution**”) in accordance with section 14(1) of the Companies Law at the 2014 AGM, it was resolved that:

- (a) the issued share capital of the Company by cancelling paid-up capital to the extent of HK\$19.99 per Share so that the nominal or par value of each issued Share be reduced from HK\$20 to HK\$0.01 (the “**Capital Reduction**”) so that following the Capital Reduction, each issued and paid up Share be treated as one fully paid-up share of a nominal or par value of HK\$0.01 each in the issued share capital of the Company (the “**New Shares**”) and that the amount of the issued ordinary share capital be reduced from HK\$45,499,995.80 to HK\$22,750.00 and the amount of the issued preferred share capital of the Company be reduced from HK\$4,500,000.00 to HK\$2,250.00 and that the amount of the paid-up capital thereby cancelled be made available for issue of new shares, subject to (i) an order being made by the Grand Court of Cayman Islands (the “**Court**”) confirming the Capital Reduction; (ii) registration by the Registrar of Companies of the Cayman

Islands of the order of the Court confirming the Capital Reduction and the minutes of the 2014 AGM approved by the Court containing the particulars required under the Companies Law in respect of the Capital Reduction; and (iii) compliance with any conditions which the Court may impose in relation to the Capital Reduction, with effect from the date on which these conditions are fulfilled (the "Effective Date"):

- (b) subject to the approval of the Capital Reduction, each of the then authorised but unissued Shares of a nominal or par value of HK\$20 be sub-divided into two thousand (2,000) new unissued Shares with a nominal or par value of HK\$0.01 each as at the Effective Date (the "Sub-division of Shares");
 - (c) the credit arising from the Capital Reduction shall be credited to the share premium of the Company as at the Effective Date in accordance with the Articles and all applicable laws;
 - (d) rights of the New Shares resulting from the Capital Reduction and the Sub-Division of Shares shall not change and be subject to the restrictions in respect of the Ordinary Shares and/or Preferred Shares under the Memorandum and Articles; and
 - (e) the Directors be and are hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to the Capital Reduction and the Sub-division of Shares and to aggregate all fractional New Shares (if any) and sell them for the benefits of the Company.
14. The number of shareholders of the Company present and voting in person or by corporate representatives at the 2014 AGM is as set out in the table below:

	Present & Voting	For	Against
How Present	Number of shareholders present	Number of shares voted	Number of shares voted
In person/by corporate representatives	1 shareholder	225,000 shares	0 share
By proxy	1 shareholder (Note)	625,851 shares	292,493 shares
Total		850,851 shares	292,493 shares

Note: Horsford 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 2014 AGM. A proxy was present and voted on behalf of Horsford Nominees Limited at the 2014 AGM.

The Special Resolution was presented to the meeting and voted on by way of a poll. The shareholders present and voting in person or by corporate representative, representing not less than two-thirds of the votes cast, voted to approve the Special Resolution and the chairman of the 2014 AGM declared the Special Resolution passed in accordance with the Articles.

15. The Special Resolution to approve and give effect to among other things the Capital Reduction was duly passed at the 2014 AGM, thus satisfying the requirements for passing a special resolution to approve the Capital Reduction under the Articles and under the Companies Law.

16. 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 or the interests or rights of the shareholders of the Company.

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


“By virtue of a special resolution passed on 7 October, 2014 and with sanction of an Order of the Grand Court of the Cayman Islands dated [●]: the issued share capital of the Company be reduced from HK\$20 per each issued share to HK\$0.01 per each issued share (the “Capital Reduction”). Immediately following the Capital Reduction, each of the authorised but unissued shares of HK\$20 each in the share capital of the Company be and is subdivided into 2,000 new shares of HK\$0.01 each. At the date of the registration of this Minute, the authorised share capital of the Company is HK\$200,000,000 divided into 18,200,000,000 ordinary shares of a nominal or par value of HK\$0.01 each and 1,800,000,000 preferred shares of a nominal or par value 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 13 of this Petition may be confirmed and that the above-mentioned Minutes may be approved by the Court.
- (2) That to this end, all necessary enquiries 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 Xinhua Holdings 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 8th day of January 2015



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

Notice of Hearing

This Petition having been presented to the Court on the _____ day of _____ 2015 will be heard at the Law Courts, George Town, Grand Cayman on the _____ day of _____ 2015 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