

IN THE GRAND COURT OF THE CAYMAN ISLANDS

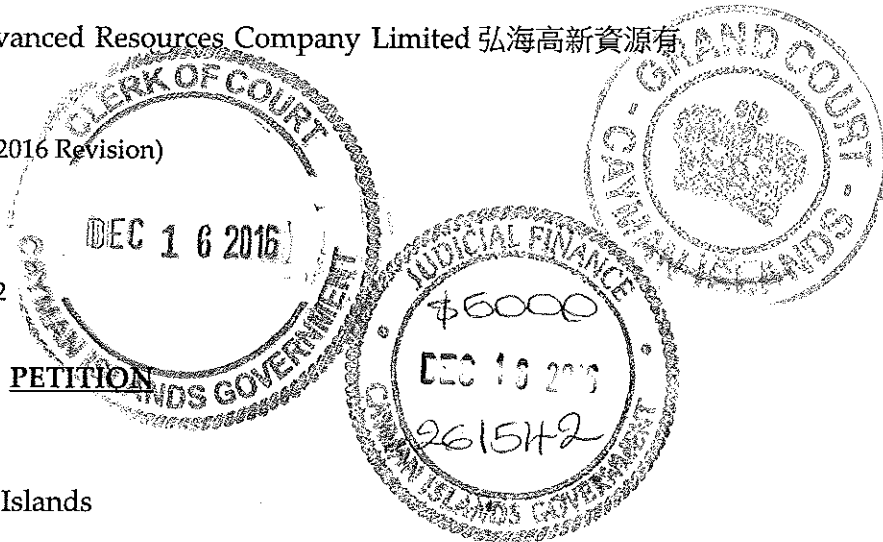
FINANCIAL SERVICES DIVISION

CAUSE NO. FSD216 OF 2016 ()

IN THE MATTER of Grand Ocean Advanced Resources Company Limited 弘海高新資源有限公司

AND in the matter of the Companies Law (2016 Revision)

AND the Grand Court Rules 1995 Order 102



TO: The Grand Court of the Cayman Islands

THE PETITION of Grand Ocean Advanced Resources Company 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 (2016 Revision) (the "Companies Law") confirming a reduction of the capital of your Petitioner, Grand Ocean Advanced Resources Company Limited 弘海高新資源有限公司 (the "Company").
2. The Company was incorporated under the Companies Law on 7 April, 2000 with the name "ANGELS TRANSPORT TECHNOLOGY COMPANY LIMITED 英君交通系統技術有限公司" and registered in the Cayman Islands as an exempted company with registration number CR-99110. On 10 May, 2002, the name of the Company was changed from "ANGELS TRANSPORT TECHNOLOGY COMPANY LIMITED 英君交通系統技術有限公司" to "ANGELS TECHNOLOGY COMPANY LIMITED 英君技

術有限公司”。 On 25 August, 2006, the name of the Company was changed from “ANGELS TECHNOLOGY COMPANY LIMITED 英君技術有限公司” to “DeTeam Company Limited”. On 16 June, 2015, the name of the Company was changed from “DeTeam Company Limited” to “Grand Ocean Advanced Resources Company Limited 弘海高新資源有限公司”.

3. The registered office of the Company is situated at the offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
4. As at the date of incorporation of the Company on 7 April, 2000, its authorised share capital was HK\$100,000 divided into 1,000,000 shares of HK\$0.10 each. Since the incorporation of the Company, the Company has undergone various reorganisation of its authorised and issued share capital through increase of authorised share capital and share consolidation. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 30 August, 2001. As at the date of this Petition, the authorised share capital of the Company is HK\$1,000,000,000 divided into 2,000,000,000 shares of HK\$0.50 each (the “Shares”) and its issued share capital is HK\$251,738,583 divided into 503,477,166 Shares.
5. The objects for which the Company is established are unrestricted and the Company has full power and authority to exercise all the functions of a natural person of full capacity in respect of any question of corporate benefit, as provided by section 27(2) of the Companies Law. The Company is an investment holding company of its subsidiaries that principally engage in the production and sale of coal, as well as the provision of low-rank coal upgrading services.

6. The articles of association of the Company provide, *inter alia*, as follows:

Article 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) 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 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;
- (e) 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.

Article 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."

7. By resolutions of the Company duly passed at an extraordinary general meeting held on 14 December, 2016 (the "Extraordinary General Meeting"), it was resolved in accordance with section 14(1) of the Companies Law, as a special resolution (the "Special Resolution"):

"THAT subject to and conditional upon (i) the approval of the Capital Reduction (as defined below) by the Grand Court of the Cayman Islands (the "Court"); (ii) the compliance with any conditions which the Court may impose in relation to the Capital Reduction (as defined below); (iii) the registration by the Registrar of Companies of the Cayman Islands of the order of the Court confirming the Capital Reduction (as defined below) and the minutes approved by the Court containing the particulars required under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with respect to the Capital Reduction (as defined below); and (iv) the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of, and permission to deal in, the New Shares (as defined below) arising from the Capital Reduction (as defined below) and the Subdivision (as defined below) having been fulfilled, with effect from the date on which these conditions are fulfilled:

- (a) the par value of each issued share of the Company be reduced from HK\$0.50 to HK\$0.01 each by cancelling the paid up share capital to the extent of HK\$0.49 on each issued share so that each issued share shall be treated as one fully paid up share of par value of HK\$0.01 each in the share capital of the Company (the "Capital Reduction");
- (b) immediately following the Capital Reduction becoming effective, each authorised but unissued share of the Company of par value of HK\$0.50 each be subdivided (the "Subdivision") into 50 shares of HK\$0.01 par value each (the "New Share(s)") so that immediately following the Capital Reduction and the Subdivision, the authorised share capital of the Company shall be HK\$1,000,000,000.00 divided into 100,000,000,000 New Shares of a par value of HK\$0.01 each;

- (c) the credit arising from the Capital Reduction be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company, and the balance (if any) be transferred to a distributable reserve account of the Company which may be applied for such purposes as permitted under the memorandum and articles of association of the Company (the "Memorandum and Articles of Association") and all applicable laws and rules including the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange;
- (d) all of the New Shares resulting from the Capital Reduction and the Subdivision shall rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions contained in the Memorandum and Articles of Association in effect from time to time;
- (e) upon the Capital Reduction and the Subdivision taking effect:
 - (i) paragraph 8 of the memorandum of association of the Company shall be replaced in its entirety and be substituted by the following new paragraph 8:

"The share capital of the Company is HK\$1,000,000,000 divided into 100,000,000,000 shares of a nominal or par value of HK\$0.01 each, with the power for the Company, insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said share capital subject to the provisions of the Companies Law (Revised) and the articles of association of the Company and to issue any part of its

capital, whether original, redeemed or increased, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions; and so that, unless the conditions of issue shall otherwise expressly declare, every issue of shares, whether declared to be preference or otherwise, shall be subject to the power hereinbefore contained.”; and

- (ii) any reference to the par value of shares of the Company in the articles of association of the Company in any amount other than the amount of “HK\$0.01” shall be deleted and replaced with the amount of “HK\$0.01”; and
- (f) 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 Subdivision.”

Each of the capitalised terms referred to in the Special Resolution above are defined in the information circular exhibited to the affirmation of Ng Ying Kit (“NYK-6”).

8. The number of votes casted by the members of the Company present and voting in person or by corporate representatives or by proxy at the Extraordinary General Meeting is as set out in the table below:

	Present & Voting	For	Against
How Present	Number of shares voted	Number of shares voted	Number of shares voted
In person/ by corporate representatives	8,186 shares	8,186 shares	0 share
By proxy	192,904,346 shares	192,904,346 shares	0 share
Total	192,912,532 shares	192,912,532 shares	0 share

The Special Resolution was voted on by way of a poll and the number of votes casted by the members present and voting in person or by corporate representatives or by proxy at the Extraordinary General Meeting in favour of the Special Resolution represents more than three-fourths of the votes casted in respect of the Special Resolution and therefore the chairman of the Extraordinary General Meeting declared the Special Resolution passed in accordance with the articles of association of the Company.

9. The proposed Capital Reduction and the Subdivision will enable the nominal value of the Shares to be reduced from HK\$0.50 each to HK\$0.01 each. 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, thereby eliminate the accumulated losses of the Company. The balance of credit (if any) arising from the

Capital Reduction will be transferred to the distributable reserve account of the Company which may be used for such purposes as permitted under the Memorandum and Articles of Association and all applicable laws and rules including the Listing Rules and as the Board considers appropriate. Also, the board of directors of the Company (the "Board") considers that the Capital Reduction and the Subdivision will give greater flexibility to the Company to raise funds through equity fundraising in the future given that the Company is not permitted pursuant to the Articles of Association and the Companies Law to issue new Shares (without order of the Court) below their nominal value. Proposals were therefore put forward:

- (i) to reduce the par value of each issued share of the Company from HK\$0.50 to HK\$0.01 each by cancelling the paid up share capital to the extent of HK\$0.49 on each issued share so that each issued share shall be treated as one fully paid up share of par value of HK\$0.01 each in the share capital of the Company;
- (ii) immediately following the Capital Reduction, to subdivide each authorised but unissued share of the Company of par value HK\$0.50 each into 50 shares of HK\$0.01 par value each;
- (iii) to apply the credit arising from the Capital Reduction towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company subject to such conditions as the Grand Court of the Cayman Islands may impose, and to transfer the balance (if any) to a distributable reserve account of the Company which may be applied for such purposes as permitted under the Memorandum and Articles of Association of the Company and all applicable

laws and rules including the Listing Rules and as the Board consider appropriate.

10. The proposed Capital Reduction does not involve either the diminution of any liability in respect of unpaid capital and the Company does not have any intention to make payment to any shareholder of any paid-up capital. Furthermore, the Capital Reduction will not alter the underlying assets, business operations, management or financial position of the Company and thus will have no direct impact on creditors nor will it affect the proportionate interests of the shareholders.
11. The form of Minutes proposed to be registered is as follows:

"The issued share capital of Grand Ocean Advanced Resources Company Limited (the "Company") was by virtue of a Special Resolution passed on 14 December 2016 and with the sanction of an Order of the Grand Court of the Cayman Islands dated [] 2017, reduced from par value of HK\$0.50 per each issued share to par value of HK\$0.01 per each issued share (the "Capital Reduction"). Upon the Capital Reduction becoming effective, each authorised but unissued share of par value of HK\$0.50 each shall be subdivided into fifty (50) unissued shares of HK\$0.01 each in the share capital of the Company. At the date of the registration of this Minutes, the authorised share capital of the Company is HK\$1,000,000,000 divided into 100,000,000,000 shares of par value of HK\$0.01 each."

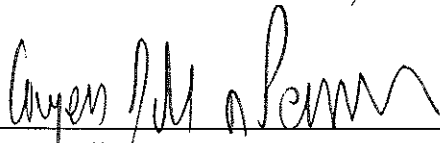
Your Petitioner, the Company, therefore prays as follows:

- (1) That the Capital Reduction of the Company proposed to be effected by the Special Resolution set forth in paragraph 7 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 inquiries and directions may be made and given.

(3) Such further and other order as this Honourable Court shall think fit.

Dated this 16th day of December 2016



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

NOTE: It is intended to serve this Petition on Grand Ocean Advanced Resources Company Limited 弘海高新資源有限公司, at its registered office located at the offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

This Petition having been presented to the Court on the 16th day of December 2016 will be heard at the Law Courts, George Town, Grand Cayman on the ____ day of _____ 2017 at _____ am/pm or as soon thereafter as the Petition can be heard.

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, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands