

IN THE GRAND COURT OF THE CAYMAN ISLANDS  
FINANCIAL SERVICES DIVISION



CAUSE NO. FSD 13 OF 2018 ( )

IN THE MATTER OF KANTONE HOLDINGS LIMITED

AND IN THE MATTER OF THE COMPANIES LAW (2016 REVISION) (AS AMENDED)

AND THE GRAND COURT RULES 1995 ORDER 102

PETITION

TO: the Grand Court of the Cayman Islands



THE PETITION of KANTONE 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 (Revised) (the "Companies Law") confirming a reduction of the share capital of the Petitioner, KANTONE HOLDINGS LIMITED (the "Company").
2. The Company was incorporated on 18 November 1996 under the Companies Law and registered in the Cayman Islands as an exempted company with registration number 69626.
3. The registered office of the Company is situated at the office Conyers 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 18 November 1996, its authorised share capital was HK\$1,000,000 divided into 10,000,000 shares with a nominal or par value of HK\$0.10 each.
5. By resolutions of the sole shareholder of the Company passed on 20 December 1996, the authorised share capital of the Company was increased from HK\$1,000,000 to HK\$80,000,000 divided into 800,000,000 shares of HK\$0.10 each.
6. On 27 April 2001, 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\$80,000,000 divided into 800,000,000 shares of HK\$0.10 each to HK\$300,000,000 divided into 3,000,000,000 shares of HK\$0.10 each.

7. On 25 November 2005, an ordinary resolutions was passed by the shareholders of the Company at an annual general meeting to increase the then authorised share capital of the Company from HK\$300,000,000 divided into 3,000,000,000 shares of HK\$0.10 each to HK\$1,200,000,000 divided into 12,000,000,000 shares of HK\$0.10 each.
8. On 15 December 2014, an ordinary resolution was passed by the shareholders of the Company at an extraordinary general meeting to consolidate every 10 issued and unissued shares of the Company of HK\$0.10 each into one share of the Company of HK\$1.00 each.
9. As at the date of this petition, the authorised share capital of the Company is HK\$1,200,000,000 divided into 1,200,000,000 shares with a nominal or par value of HK\$1.00 each and its issued share capital is HK\$986,537,533 divided into 986,537,533 shares with a nominal or par value of HK\$1.00 each which have been fully paid-up or credited as fully paid-up.
10. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 23 January 1997 under stock code number 1059. Over the years, the Company has allotted and issued various tranches of ordinary shares, being the only class of shares of the Company.
11. 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.

12. The Company is an investment holding company, and through its subsidiaries and associated companies, is principally engaged in the business of sales of cultural products, sales of systems and licensing (including sales of systems products, software licensing and customisation and provision of services) and leasing of systems products.

13. 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 share, 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;
- (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 of 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."

14. An annual general meeting of the Company was held on 28 December 2017 and had been adjourned to 29 January 2018 (the "Annual General Meeting"). By a special resolution of the Company (the "Special Resolution") in accordance with section

14(1) of the Companies Law at an adjourned annual general meeting held on 29 January 2018, it was resolved:

"THAT subject to and conditional upon (i) the approval of the Capital Reduction (as defined below) by the Grand Court of the Cayman Islands ("Court"); (ii) the compliance with any conditions which the Court may impose in relation to the Capital Reduction; (iii) the registration by the Registrar of Companies of the 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, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with respect to the Capital Reduction; and (iv) The Stock Exchange of Hong Kong Limited ("Stock Exchange") granting the listing of, and permission to deal in, the New Shares (as defined below) arising from the Capital Reorganisation (as defined below), with effect from the date on which the aforesaid conditions are fulfilled ("Effective Date"):

- (a) every five (5) issued and unissued ordinary share(s) with a par value of HK\$1.00 each in the existing share capital of the Company ("Existing Share(s)") be consolidated ("Share Consolidation") into one (1) ordinary share with a par value of HK\$5.00 each ("Consolidated Share(s)"), and where applicable, the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company which may arise from the Share Consolidation;
- (b) immediately following the Share Consolidation, (i) the issued and paid-up share capital of the Company be reduced by reducing the par value of each of the issued Consolidated Shares of HK\$5.00 each from HK\$5.00 to HK\$0.10 per issued Consolidated Share on the Effective Date by cancelling the paid-up capital of the Company to the extent of HK\$4.90 per issued Consolidated Share, with each such reduced share being treated as one fully paid new share with a par value of HK\$0.10 each ("New Shares"); and (ii) any fraction in the issued share capital of the Company arising from the Share

Consolidation shall be cancelled (collectively, the "Capital Reduction");

- (c) immediately following the Capital Reduction becoming effective, all the authorised but unissued share capital of the Company (which shall include the authorised but unissued share capital arising from the Capital Reduction) will be cancelled in its entirety and forthwith upon such cancellation, the authorised share capital of the Company will be increased to HK\$500,000,000 by the creation of such number of additional New Shares as shall be sufficient to increase the authorised share capital of the Company to HK\$500,000,000 divided into 5,000,000,000 New Shares ("Diminution and Increase");
- (d) the credits arising from the Capital Reduction shall be applied to set off the accumulated losses of the Company as at the Effective Date and the balance (if any) will be transferred to the account designated as the distributable reserve account of the Company ("Distributable Reserve Account"), and the directors of the Company (the "Director(s)") be and are hereby authorised to use the amount standing to the credit of the Distributable Reserve Account in any manner as may be permitted under the articles of association of the Company in effect from time to time and all applicable laws including, without limitation, eliminating or setting off the accumulated losses of the Company from time to time and/or paying dividend and/or making any other distribution out of the Distributable Reserve Account from time to time without further authorisation from the shareholders of the Company and all actions in relation thereto be approved, ratified and confirmed;
- (e) all of the New Shares resulting from the Capital Reorganisation (as defined below) 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 of the Company; 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 affixing of the common seal of the Company where applicable, as they may consider necessary or expedient to give effect to or in connection with the

implementation of the Share Consolidation, the Capital Reduction and the Diminution and Increase (the "Capital Reorganisation") and (where applicable) to aggregate all fractional New Shares and sell them for the benefits of the Company.

Each of the capitalised terms referred to in the Special Resolution above and not otherwise defined therein is defined in the notice of the Annual General Meeting exhibited to the affirmation of Liu Ka Lim ("LKL-4") and the notice of the adjourned Annual General Meeting exhibited to the affirmation of Liu Ka Lim ("LKL-6").

15. The number of members of the Company present and voting in person or by corporate representatives or by proxy at the Annual General Meeting 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	10 member(s) (Note)	642,614,864 share(s)	7,403,832 share(s)
By proxy	5 member(s)	1,675 share(s)	180,000 share(s)
Total	15 members	642,616,539 shares	7,583,832 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 Annual General Meeting. A total of 1 representative was presented and voted on behalf of HKSCC Nominees Limited at the Annual 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 Annual General Meeting declared the resolution passed in accordance with the Articles of Association of the Company.

16. The Special Resolution to approve and give effect to the Capital Reorganisation was duly passed at an annual general meeting, thus satisfying the requirements for passing a special resolution to approve the Capital Reorganisation under the Articles of Association of the Company and under the Companies Law.
17. The proposed Capital Reorganisation 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 Reorganisation 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.
18. The form of Minute proposed to be registered is as follows:

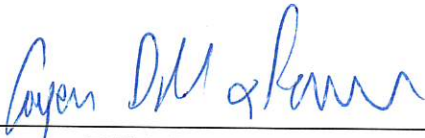
*"Five issued and unissued shares of Kantone Holdings Limited (the "Company") was by virtue of a Special Resolution passed on 29 January 2018 consolidated into one share of the Company of HK\$5.00 each ("Share Consolidation"), and immediately thereafter, the issued share capital of the Company was by virtue of a Special Resolution passed on 29 January 2018 and with the sanction of an Order of the Grand Court of the Cayman Islands dated [•] 2018, reduced from HK\$5.00 per each issued share to HK\$0.10 per each issued share, and any fraction in the issued share capital of the Company arising from the Share Consolidation be cancelled (the "Capital Reduction"). Immediately following the Capital Reduction becoming effective, all the authorised but unissued share capital of the Company (which shall include the authorised but unissued share capital arising from the Capital Reduction) be cancelled in its entirety and forthwith after such cancellation, the authorised share capital of the Company be increased to HK\$500,000,000 divided into 5,000,000,000 new shares of a par value of HK\$0.10 each, by the creation of such number of additional new shares of a par value of HK\$0.10 each as may be required. At the date of the registration of this Minute, the authorised share capital of the Company is HK\$500,000,000 divided into 5,000,000,000 shares of HK\$0.10 each."*

Your Petitioner, the Company, therefore prays as follows:

- (1) That the Capital Reorganisation of the Company proposed to be effected by the Special Resolution set forth in paragraph 14 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 KANTONE HOLDINGS LIMITED, at its registered office located at the office Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

Dated this 31<sup>st</sup> day of January 2018



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

#### Notice of Hearing

This Petition having been presented to the Court on the      day of      2018 will be heard  
at the Law Courts, George Town, Grand Cayman on the      day of      2018 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