

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION



CAUSE NO. FSD 159 OF 2020

IN THE MATTER OF CORNERSTONE FINANCIAL HOLDINGS LIMITED
AND IN THE MATTER OF THE COMPANIES LAW (2020 REVISION)
AND THE GRAND COURT RULES 1995 ORDER 102



PETITION



TO: The Grand Court of the Cayman Islands

THE PETITION of CORNERSTONE FINANCIAL 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, CORNERSTONE FINANCIAL HOLDINGS LIMITED (the “**Company**”).
2. The Company was incorporated on 28 January 2011 under the Companies Law as an exempted company with registration number 251442.
3. The registered office of the Company is Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
4. As at the date of incorporation of the Company on 28 January 2011, its authorised share capital was US\$50,000 divided into 50,000 shares of a nominal or par value of US\$1.00 each.
5. By way of resolutions of the then shareholders of the Company passed on 24 March 2011,

the authorised share capital of the Company was increased by HK\$100,000,000 by the creation of 10,000,000,000 ordinary shares of a nominal or par value of HK\$0.01 each and following the increase the authorised but unissued share capital of the Company was diminished by US\$50,000 by the cancellation of all the 50,000 unissued shares of a nominal or par value of US\$1.00 each.

6. By way of resolutions of the then shareholders of the Company passed on 1 November 2016, the authorised share capital of the Company was consolidated from 10,000,000,000 ordinary shares of a nominal or par value of HK\$0.01 each to 1,000,000,000 shares of a nominal or par value of HK\$0.10 each.
7. By way of resolutions of the then shareholders of the Company passed on 22 August 2017, the authorised share capital of the Company was increased from HK\$100,000,000 to HK\$500,000,000 divided into 5,000,000,000 shares of a nominal or par value of HK\$0.10 each.
8. By way of resolutions of the then shareholders of the Company passed on 3 June 2020, the authorised share capital of the Company was consolidated from 5,000,000,000 ordinary shares of a nominal or par value of HK\$0.10 each to 250,000,000 ordinary shares of a nominal or par value of HK\$2.00 each.
9. As at the date of this Affirmation, the authorised share capital of the Company is HK\$500,000,000 divided into 250,000,000 ordinary shares of a nominal or par value of HK\$2.00 each and its issued share capital is HK\$114,709,224 divided into 57,354,612 ordinary shares of a nominal or par value of HK\$2.00 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 28 July 2011 under stock code number 8112.
11. The objects for which the Company was established are unrestricted.
12. The Articles of Association of the Company provide, *inter alia*, as follows:

“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.”

13. In accordance with section 14(1) of the Companies Law and by way of special resolution of the shareholders of the Company at an extraordinary general meeting held of the Company held on 3 June 2020 (the “**Special Resolution**”), it was resolved:

“THAT subject to and conditional upon (i) the Share Consolidation becoming effective; (ii) the Grand Court of the Cayman Islands (the “**Court**”) granting an order confirming the Capital Reduction (as defined below); (iii) compliance with any conditions which the Court may impose in relation to the Capital Reduction (as defined below); (iv) registration by the Registrar of Companies in the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction (as defined below) and the minute approved by the Court containing the particulars required under the Companies Law, Cap. 22 (Law 3 of 1961), of the Cayman Islands (as consolidated and revised) with respect to the Capital Reduction (as defined below); and (v) the Listing Committee of 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 Share Sub-division (as defined below):

- (A) the issued share capital of the Company be reduced by cancelling the paid up capital to the extent of HK\$1.99 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$2.00 to HK\$0.01 (the “**Capital Reduction**”);
- (B) the credit arising from the Capital Reduction be transferred to a distributable reserve account of the Company which may be utilized by the Directors in accordance with the memorandum and articles of association of the Company and all applicable laws, including, without limitation, eliminating or setting off any accumulated losses of the Company from time to time;
- (C) immediately following the Capital Reduction, each of the authorised but unissued

Consolidated Shares with par value of HK\$2.00 each be sub-divided into two hundred (200) new ordinary shares of par value HK\$0.01 each (the “**New Share(s)**”) in the issued and unissued share capital of the Company (the “**Share Sub-division**”);

- (D) each of the New Shares arising from the Capital Reduction and the Share Subdivision shall rank *pari passu* in all respects with each other each in accordance with the memorandum of association of the Company (as amended from time to time) (the “**Memorandum**”) and the articles of association of the Company (as amended from time to time) (the “**Articles**”) and have rights and privileges and be subject to the restrictions as contained in the Memorandum and the Articles; and
- (E) the Directors be and are hereby authorised to do all such acts and things and execute all such documents, which are ancillary to the Capital Reduction and the Sub-division and of administrative nature, 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.”

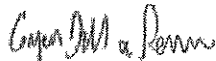
- 14. The special resolution to approve and give effect to the Capital Reduction was duly passed by the shareholders of the Company at an extraordinary general meeting held on 3 June 2020, thus satisfying the requirements for passing a special resolution to approve the Capital Reduction under the Articles of Association of the Company and under the Companies Law.
- 15. 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.
- 16. The form of Minute proposed to be registered is as follows:

"The issued share capital of Cornerstone Financial Holdings Limited (the "Company") was by virtue of a Special Resolution passed on 3 June 2020 and with the sanction of an Order of the Grand Court of the Cayman Islands dated [] 2020, reduced from HK\$2.00 per each issued ordinary share to HK\$0.01 per each issued share (the "Capital Reduction"). Upon the Capital Reduction becoming effective, each authorised but unissued ordinary share of HK\$2.00 each shall be subdivided into two hundred unissued ordinary shares of HK\$0.01 each in the share capital of the Company. At the date of the registration of this Minute, the authorised share capital of the Company is HK\$500,000,000 divided into 50,000,000,000 ordinary shares 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 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.

Dated this 15 day of July 2020



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

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, SIX, 2nd Floor, Cricket Square, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands

