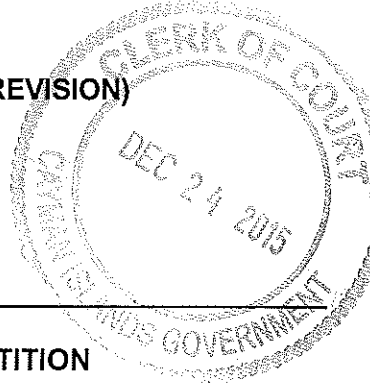
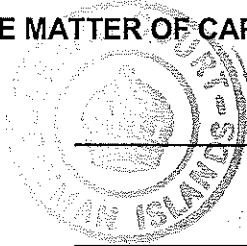


IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

CAUSE NO: FSD ²¹⁸ OF 2015 (SM)

IN THE MATTER OF THE COMPANIES LAW (2013 REVISION)

AND IN THE MATTER OF CAPITALHOLD LIMITED



WINDING UP PETITION

To the Grand Court

The humble petition of Orient Hongtai (Hong Kong) Limited of 28-29F, 100 Queen's Road Central, Hong Kong, Orient Hongzhi (Hong Kong) Limited of 28-29F, 100 Queen's Road Central, Hong Kong and Hao Ding International Limited of PO Box 957, Incorporations Centre, Road Town, Tortola, British Virgin Islands (the **Petitioners**) shows that:

Background

1. Capitalhold Limited (the **Company**) was registered in the Cayman Islands on 16 September 2014 as an exempted company with registration number 291793.
2. The registered office of the Company is Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
3. The Petitioners are the registered holders of 230,990,798 fully paid Ordinary A Shares in the Company. The Petitioners accordingly hold approximately 43% of the issued shares in the Company but since the Ordinary B Shares carry with them 10 votes for every Ordinary A share the Petitioners have approximately 16% of the votes of the Company in general meeting. Otherwise Ordinary A and B shares enjoy equal interests in the Company.

4. The remaining shares are held by Zhengjun Investment Holdings (Hong Kong) Co Limited, Zhongrong Legend Investment Holdings (Hong Kong) Company Limited, Silkroad Investment Holdings (Hong Kong) Co Limited, Yili Shengda Investment Holdings (Hong Kong) Company Limited and Zhongrong Shengda Investment Holding (Hong Kong) Company Limited (the **Majority**).
5. The Company carries on its business in the People's Republic of China. Its principal asset is a 100% shareholding in Shanda Games Limited (**Shanda**), a company which offers online gaming services to customers in the PRC. The Company acquired Shanda on or around 16 March 2015 as part of a transaction in which the Petitioners and the Majority acted together as a consortium in order to take control of Shanda.
6. Prior to the acquisition of Shanda by the Company, the Petitioners entered into an agreement by side letter (the **Agreement**) with Ningxia Yilida Capital Investment Limited Partnership and Ningxia Zhongyincashmere International Group Co Ltd, both of the PRC (together **Zhongyincashmere**). Zhongyincashmere procure, control and/or act in concert with the Majority.
7. Amongst other things, paragraph 1(iv) of the Agreement provided that Zhongyincashmere

"shall not and shall cause its respective affiliates, designees and transferees not to permit or cause [the Company] ... to enter in to an agreement with respect to or otherwise consummate any merger..."
8. Paragraph 2 of the Agreement provided that the Petitioners shall have the right to designate one or two directors to the board (of the Company) and that such directors may only be removed or replaced by the Petitioners.
9. The Agreement is governed by the laws of the State of New York and requires disputes to be submitted to arbitration in Hong Kong.
10. The Majority and the board of directors of the Company are aware of the Agreement and its terms.

The Proposed Merger

11. In breach of paragraph 2 of the Agreement, Zhongyincashmere have failed to permit the Petitioners to appoint any directors to the board of directors of the Company. The Petitioners believe that Zhongyincashmere causing or procuring the Majority, or acting in concert with the Majority, have appointed all of their own nominees and accordingly exercise control over the board of directors of the Company to the exclusion of the Petitioners and their interests. This averment applies likewise to the Majority which is aware of all relevant facts.
12. On or around 20 December 2015 the Company entered into an "Agreement and Plan of Merger" with Ningxia Parent Limited and Ningxia Merger Sub Limited (the **Merger Agreement**). As their names suggest, these companies are connected with Zhongyincashmere. The following day, the Company's shareholders were sent a Circular and Notice of Extraordinary General Meeting which is due to take place on 29 December 2015 (the **EGM**). The purpose of the EGM is to obtain the consent of two thirds of the votes cast by the Company's shareholders to the terms of the Merger Agreement as required by the Merger Agreement.
13. Under Article II of the Merger Agreement, if implemented, the Majority (described in the Merger Agreement as the owners of the Consortium Shares) would have their shares in the Company cancelled and (it is inferred) replaced with a controlling interest in the newly merged entity. By contrast, the Petitioners' shares would be cancelled and replaced with a right to receive payment of US\$3.55 per share, which is less than the Petitioners paid for their shares. The effect and (it is to be inferred) primary purpose of the Merger Agreement is to unlawfully squeeze out and expropriate for less than their fair value the Petitioners' shares in the Company to the Majority or those acting in concert with them. The Petitioners rely in particular on paragraph 10 of the letter from the Company dated 21 December 2015 which makes it clear that the Majority has already "irrevocably undertaken to vote in favour of the Merger Agreement".
14. In any event, it appears that the purpose and effect of these arrangements is to ensure that the Majority and those acting in concert with them have an interest in the underlying

business going forward to the exclusion of the Petitioners, whose shares they seek to acquire against the Petitioners' will and for less than their fair value.

Duties and the Petitioner's Legitimate Expectations

15. The Petitioners acquired their shares in the Company as part of a consortium including the Majority. They acquired their shares on the basis of and in the legitimate expectation that their rights under the Agreement would be respected. In particular, they were entitled to and did expect to have the ability to appoint up to two directors of the Company and to be consulted in respect of and to have the right to object to any proposed merger.

16. The board of directors and the Majority are obliged to act at all material times in good faith, and for the benefit of the Company as a whole and for a proper purpose. The Petitioners have a legitimate expectation that they will do so.

Breach of Duty and of the Petitioners' Legitimate Expectations

17. In breach of duty and of the Petitioners' legitimate expectations :
 - a. They have been deprived of their right pursuant to the Agreement to appoint up to two directors.

 - b. They have been deprived of their right to be consulted in respect of and to object to the proposed merger. It is to be inferred that by giving minimal notice of the proposed merger and doing so over the Christmas holidays the intention is to make it as difficult as possible for the Petitioners to object and take action to protect their rights.

 - c. The proposed merger is not proposed in good faith or for the benefit of the Company as a whole. The explanation proffered for the merger in the circular that the merger is required to "provide for enhanced management and operational efficiency" is bogus. The sole purpose of the proposed merger is to unlawfully squeeze out and expropriate the Petitioners' shares for less than their fair value.

- d. The Company's directors have breached their fiduciary duties in proposing the merger for an improper purpose, acting on the instructions of and solely with reference to the interests of the Majority. In doing so they are participating in a breach of the Agreement.
- e. The Majority are likewise proposing the merger for an improper purpose and proposing to force it through by use of the weighted voting rights at the forthcoming EGM. In doing so they are participating in a breach of the Agreement.

Grounds for Petitioning

- 18. In the circumstances set out above the Petitioners are entitled to an order that the Company be wound up under S. 92 (e) of the Companies Law 2013 (the **Companies' Law**).

Relief Sought

- 19. The Petitioners will in the first instance seek an order pursuant to S.95(3)(b) of the Companies Law requiring the Company to refrain from proceeding with the Merger Agreement or proposing any merger or consolidation without the consent of the Petitioners.
- 20. The Petitioners will also seek an order pursuant to S. 95(3) (a) and/or (b) permitting them to appoint up to two directors of the Company in accordance with the Agreement, and such further directions regulating the conduct of the affairs of the Company as may be appropriate in the circumstances.
- 21. In the alternative, the Petitioners will seek the appointment of liquidators to wind up the Company.

Nomination of Joint Official Liquidators

22. The Petitioners nominate Stuart Sybersma and Tim Derksen of Deloitte & Touche (Cayman) Limited, PO Box 1787, 2nd Floor, One Capital Place, George Town, Grand Cayman KY1 1109, Cayman Islands as joint official liquidators of the Company (the **Liquidators**).

YOUR PETITIONERS THEREFORE HUMBLY PRAY THAT:

- (1) Capitalhold Limited be ordered to refrain from taking any steps to implement the terms of the Merger Agreement or propose any merger or consolidation without the consent of the Petitioners.
- (2) Capitalhold be ordered to permit the Petitioners to appoint up to two directors of the Company in accordance with the Agreement
- (3) Alternatively Capitalhold Limited be wound up in accordance with the Companies Law 2013.
- (4) Stuart Sybersma and Tim Derksen of Deloitte & Touche (Cayman) Limited, PO Box 1787, 2nd Floor, One Capital Place, George Town, Grand Cayman KY1 1109, Cayman Islands be appointed as Joint Official Liquidators of the Company.
- (5) The Liquidators shall not be required to give security for their appointment.
- (6) The Liquidators shall have the power to act jointly and severally in their capacity as joint liquidators of the partnership.
- (7) No disposition of the partnership's property by or with the authority of the liquidators shall be voided by virtue of S.99 Companies Law (2013 Revision).
- (8) The Liquidators shall have the power to engage staff (whether or not as employees of the partnership) to assist them in the performance of their functions.

- (9) The Liquidators shall have the power to engage attorneys and other professionally qualified persons to assist them in the performance of their functions.
- (10) The Liquidators be at liberty to apply generally.
- (11) The costs of the Petitioners be paid out of the assets of the partnership as an expense of the liquidation such costs to be taxed if not agreed with the liquidators.
- (12) Such other relief be granted as the Court deems appropriate.

DATED: 24 December 2015

Travers Thorp Alberga
TRAVERS THORP ALBERGA
Attorneys for the Petitioners

NOTE: It is intended that this Petition be served on the Company at its registered office in the Cayman Islands.

