



**GRAND COURT OF THE CAYMAN ISLANDS  
FINANCIAL SERVICES DIVISION**

**CAUSE NO. FSD <sup>70</sup> OF 2023 ( IKJ )**

**IN THE MATTER OF THE COMPANIES ACT (2023 REVISION)**

**AND IN THE MATTER OF MBC INTERNATIONAL LTD**

**BETWEEN**

**MBC GROUP HOLDINGS LIMITED**

**Petitioner**

**AND**

**MAJESTIC MEDIA SPORTS LIMITED**

**Respondent**

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**WINDING UP PETITION**

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**THE HUMBLE PETITION** of MBC Group Holdings Limited of Craigmu Chambers, Road Town, Tortola VG1110, British Virgin Islands shows that:

**Introduction**

1. MBC Group Holdings Ltd (the "**Petitioner**") respectfully seeks an order pursuant to section 92(e) of the Companies Act (2023 Revision) (the "**Companies Act**") that

**THIS PETITION** was filed by Carey Olsen, attorneys-at-law for the Petitioner, whose address for service is Level 1, Willow House, Cricket Square, Grand Cayman, Cayman Islands KY1-1001 (ref: SD/TB/1064481).

MBC International Ltd (the "**Company**") be wound up on the basis that it is just and equitable to do so.

2. The grounds for this Petition can be summarised as follows:
  - (a) The Company has lost its substratum;
  - (b) There is deadlock in the management of the Company; and
  - (c) The Company is a quasi-partnership and there is an irretrievable breakdown in trust and confidence between the partners.

### **The Company**

3. The Company was registered in the Cayman Islands on 1 August 2014 as an exempted company with registered number 00290429. The Company's registered office is at Paget-Brown Trust Company Ltd., Boundary Hall, Cricket Square, PO Box 1111, Grand Caman KY1-1102, Cayman Islands.
4. The Company has an authorised share capital of USD 50,000.00 comprising 50,000 Ordinary Shares of par value USD 1.00 each. There are currently 100 issued Ordinary Shares:
  - (a) The Petitioner holds 45 Ordinary Shares (45% of the issued share capital);
  - (b) Majestic Media Sports Limited ("**Majestic**") holds 45 Ordinary Shares (45% of the issued share capital); and
  - (c) SELA Sport International Ltd ("**Sela**") holds 10 Ordinary Shares (10% of the issued share capital).
5. The Company was established as a quasi-partnership company pursuant to a Joint Venture Agreement (the "**JVA**") between MBC FZ LLC ("**MBC Dubai**", which is the operating company of the Petitioner), Majestic, and Sela.

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6. The title to the JVA – "*Partnership in Joint Venture Agreement for Purchasing Rights to Direct and Indirect Television and Digital Broadcast of Local Competition Games in the Kingdom of Saudi Arabia*" – demonstrates that the parties envisaged that the joint venture would operate as a quasi-partnership.
7. As stated in the Preamble to the JVA, the sole purpose of the Company was to purchase exclusive rights to direct and indirect television and digital broadcast of the Saudi Professional League, Crown Prince's Cup and other local competitions in the Kingdom of Saudi Arabia (the "**Rights**"), and for the Company to broadcast the relevant matches to paying customers.
8. Pursuant to the Amended and Restated Articles of Association of the Company dated 5 August 2014 (the "**Articles**"), the Petitioner and Majestic are the active joint venture partners. In particular:
  - (a) Article 70 provides that there shall be no more than four Directors of the Company, two of which are appointed by the Petitioner (the "**MBC-appointed Directors**"), and two of which are appointed by Majestic (the "**Majestic-appointed Directors**"). The JVA states "*this structure can only be changed pursuant to a shareholders resolution passed by 75% shareholders majority*".
  - (b) Article 71 states that a Director shall hold office until such time as they are disqualified or removed from office by a Special Resolution of the Company in general meeting. A Special Resolution is defined in Article 2 as a resolution passed by the Company shareholders present and voting at the relevant meeting holding at least 75% of the share capital of the Company, or in the case of written resolution, executed by shareholders holding at least 75% of the share capital of the Company.
  - (c) The quorum necessary for a board meeting of the Directors is three Directors, including at least one MBC-appointed Director and one Majestic-appointed Director (Article 87).

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9. Article 85 of the Articles provides that the unanimous approval of all four Directors is required, inter alia, for (a) the amendment or alteration of the percentages of shares held by the members and (b) addressing any matter involving a conflict of interest between the activity of the Company and the media channels owned by the Petitioner or its affiliates.
10. The current directors of the Company are:
  - (a) The MBC-appointed Directors, who were appointed by the Petitioner: Waleed Ibrahim A. Albrahim (who is also the Chairman, pursuant to Article 2 of the Articles), and Ali Ibrahim Al Hedeithy; and
  - (b) The Majestic-appointed Directors, who were appointed by Majestic: HRH Mansour bin Abdullah Bin Abdulaziz Al-Saud and Frass Fawaz Hadhrawi.
11. The intention was that the Company would operate as a quasi-partnership with each of the active partners contributing to the endeavour. Majestic's contribution to the business was mainly financial, because the Petitioner was to leverage its experience of the broadcast industry and run the technical side of the business on behalf of the partners. The Petitioner's contribution involved:
  - (a) At board and management level, the strategic expertise of the chairman, directors and senior management as the leading free-to-air pan-Arab and Saudi broadcaster both in terms of production of shows, marketing and reach, and the monetization of rights through advertising and distribution deals. The Petitioner would also make available to the Company the MBC Group's network of talents, partners and clients; and
  - (b) As a service provider, the Petitioner would provide the Company with a full range of specialized industry services including editorial, creative and promotion, content production and acquisition brand management, marketing, broadcasting, IT, digital marketing, human resources, commercial, studios, finance and legal. These services are not historically

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provided to any third party and only dedicated to the MBC Group. However, by virtue of the partnership the Petitioner agreed to offer such services to the Company.

### **The Royal Decree rendering the Company loss-making**

12. The Rights were subsequently acquired pursuant to an agreement between the Company, MBC Dubai, and the Saudi Arabian Football Federation ("**SAFF**") dated 7 August 2014 (the "**SAFF Agreement**").
13. In accordance with the terms of the SAFF Agreement, the Rights were sub-licensed to the Company's subsidiary, which is the operating joint venture company, MBC International FZ LLC, pursuant to a sub-licence agreement dated 23 November 2014.
14. The SAFF Agreement provided that the Rights included "encrypted television": i.e. the right to broadcast the relevant football matches behind a paywall, such that customers who wished to watch the matches would need to pay the Company to do so.
15. On 19 January 2017, the Kingdom of Saudi Arabia issued a Royal Decree ordering the Company and its licensees not to encrypt the relevant football matches and to transmit them free of charge (the "**2017 Decree**").
16. The 2017 Decree instantly rendered the Company loss-making, as it removed the Company's ability to charge customers to watch the matches.
17. On or about 5 February 2018, the SAFF served notice on the Company and MBC Dubai terminating the SAFF Agreement due to the Company's default of the second payment due for the 2017/2018 football season (the "**Termination Notice**").

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18. At around the same time, the SAFF signed a new broadcast licence agreement with Saudi Telecom Company ("**STC**") which granted to STC the same broadcast rights as had previously been granted to the Company.
19. As a result:
  - (a) The Company was not able to fulfil its sole purpose of broadcasting the Rights following the issue of the 2017 Decree, which instantly rendered the Company loss-making, commercially unviable, and redundant; and
  - (b) The Company no longer has the Rights following the issue of the Termination Notice and the re-granting of the Rights to STC.

#### **Settlement Discussions**

20. Since the 2017 Decree, representatives of the group of companies under the "MBC" brand name (the "**MBC Group**"), including the Petitioner, have been in negotiations with the government of the Kingdom of Saudi Arabia (the "**Saudi Government**") with the intention of reaching a settlement agreement, thereby mitigating the effects of the 2017 Decree.
21. In those negotiations, representatives of the MBC Group presented to the Saudi Government various claims that the MBC Group claimed to have suffered. Included in this submission were the actual losses suffered by the Company as a result of the 2017 Decree, together with an estimation of future losses.
22. The Saudi Government convened a Financial Committee (mandated by Royal Decree No. 11237, dated 28/02/1440 H) which, with the engagement and assistance of external experts, carefully scrutinised the submissions of the MBC Group.

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23. The Saudi Government initially made an offer to the MBC Group to settle all of the claims of the MBC Group, including both the MBC Group's losses and the losses sustained by the Company (the "**Global Settlement**").
24. Representatives of the MBC Group requested that the Saudi Government apportion the Global Settlement so as to arrive at a figure to be paid to the Company alone.
25. The Saudi Government subsequently made a settlement offer solely to the Company (the "**Settlement Offer**"), which was designed to compensate the Company for its losses arising out of the 2017 Decree.
26. There is currently a deadlocked disagreement between the Petitioner and Majestic, as the two voting joint venture partners of the Company and the partners with the ability to appoint Directors to the Company, as to whether the Company should accept the Settlement Offer. This is manifested in deadlock between the MBC-appointed Directors and the Majestic-appointed Directors about how to address the Settlement Offer.
27. The Company is in the process of winding down its remaining contracts that had been entered into to further the Company's sole purpose of acquiring and broadcasting the Rights, which contracts are no longer viable as a result of the 2017 Decree and a failure of the sole purpose of the Company.
28. In the absence of any agreement between the Petitioner (and the MBC-appointed Directors) and Majestic (and the Majestic-appointed Directors) in relation to the Settlement Offer, the Petitioner seeks the appointment of joint official liquidators (the "**Liquidators**") over the Company, so that the Liquidators can take control of the Company and elect whether the Company should accept the Settlement Offer and thereafter proceed to dissolution of the Company.

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**Attempts to hold a Board Meeting to agree the Settlement Offer**

29. It has not even been possible for the MBC-appointed Directors and the Majestic-appointed Directors to hold the necessary board meeting to resolve whether the Company should accept the Settlement Offer.
30. On 10 June 2022, Omar El Barrage, on behalf of the MBC-appointed Directors, wrote via email to Omar Al-Muhaideb, representative of the Majestic-appointed Directors, requesting the attendance of the Majestic-appointed Directors at a meeting of the Directors of the Company to consider the Settlement Offer.
31. The Majestic-appointed Directors refused to attend the proposed board meeting, requesting further information as to the background of the settlement discussions between representatives of the MBC Group and the Saudi Government, in addition to any relevant documentation relating to the Settlement Offer.
32. There followed protracted communications between Mr El Barrage and Mr Al-Muhaideb, during which the MBC-appointed Directors sought to address questions posed by the Majestic-appointed Directors and provide them with all relevant documentation.
33. However, communications soon broke down: the Majestic-appointed Directors have stated that they were, and continue to be, of the view that they were not being provided with sufficient information to consider the Settlement Offer. The MBC-appointed Directors (and the Petitioner) were, and continue to be, clear that all relevant material has been shared with the Majestic-appointed Directors, and that valuable time was being wasted.
34. On 1 September 2022, the MBC-appointed Directors again requested the attendance of the Majestic-appointed Directors at a board meeting. However, the Majestic-appointed Directors again refused to attend until they were provided with further information about the Settlement Offer and asserted that any decision about

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- the Settlement Offer was a matter requiring the unanimous approval of all the directors of the Company.
35. Following further correspondence, on 7 October 2022, the MBC-appointed Directors requested a board meeting for a third time, to be held on 18 October 2022. Once again, the Majestic-appointed Directors refused to discuss arrangements for a board meeting until further information was provided to them.
  36. Ultimately, the MBC-appointed Directors summoned a board meeting to be held on 23 November 2022, pursuant to Article 86 of the Articles which provides that *"A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Directors."*
  37. The MBC-appointed Directors attended the board meeting at the appointed time. However, the Majestic-appointed Directors did not attend, meaning that the proposed board meeting was not quorate, pursuant to Article 87 of the Articles which requires three attendees including at least one Majestic-appointed Director and at least one MBC-appointed Director.
  38. Accordingly, the Company remains in a state of deadlock, with a breakdown of relations between the Petitioner and the MBC-appointed Directors on the one hand, and Majestic and the Majestic-appointed Directors on the other. As a result of this deterioration of relations, the Directors cannot resolve the issue as to whether the Company should accept the Settlement Offer.

#### **Summary of Grounds for Petition**

39. The Petitioner seeks the winding up of the Company on just and equitable grounds pursuant to section 92(e) of the Companies Act for the reasons above and as follows:

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(a) **Loss of Substratum**

- (i) The Preamble to the JVA explicitly states that the Company was established in order to purchase the Rights.
- (ii) Article 2(1) of the JVA states that "*if the Rights are not repurchased, the Company shall be liquidated, unless the Parties decide that the Company will endure without liquidation*".
- (iii) The implication is clear: the Company's sole purpose was to acquire and broadcast the Rights.
- (iv) Following the 2017 Decree, the SAFF Agreement transferring the Rights was terminated, and the SAFF signed a new broadcast licence agreement with STC.
- (v) Therefore, the Company does not own the Rights; it has no purpose and has lost its substratum.

(b) **Deadlock**

- (i) The Directors cannot reach agreement on even holding a board meeting to discuss the Settlement Offer, let alone agree on the substance of the Settlement Offer and whether it should be accepted by the Company.
- (ii) There is no obvious reason to suspect that the above situation will change, because there are fundamental and seemingly insoluble differences in opinion between the MBC-appointed Directors and the Majestic-appointed Directors. The Directors have already been in correspondence about the Settlement Offer for a period of over eight months without reaching a consensus on whether the Settlement Offer should be accepted.

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- (iii) The MBC-appointed Directors have made clear their position that all relevant documents in relation to the Settlement Offer and discussions with the Saudi Government have been shared with the Majestic-appointed Directors. Accusations that they are withholding crucial information are misguided and incorrect.
- (iv) What is now required is that the Company makes a decision on the Settlement Offer.
- (v) The Directors of the Company have reached an intractable impasse, and relations between them have irrevocably broken down. Correspondence from the Majestic-appointed Directors has become increasingly acrimonious and antagonistic, and the Majestic-appointed Directors have steadfastly refused to attend a board meeting to discuss the Company's response to the Settlement Offer.
- (vi) The Company is therefore in a position wherein vital decisions about its operation simply cannot be made by its Directors. It is a paradigmatic example of deadlock, and the Company must be placed into liquidation under the control of independent Court-appointed Liquidators in order to resolve this deadlock.

(c) **Breakdown of Trust and Confidence**

- (i) The Company was established as a quasi-partnership between the Petitioner and Majestic (and Sela as the 'silent' partner), pursuant to the terms of the JVA and the Articles:
  - (A) The parties agreed that both the Petitioner and Majestic would be involved and participate in the conduct of the Company's business;

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- (B) The agreed constitutional framework of the Company requires mutual confidence to be maintained so that the Company can remain operational; otherwise, functional deadlock between the Petitioner and Majestic can arise, as has transpired (as described above);
  - (C) The parties had mutual confidence in each other in relation to the conduct of the Company's business; and
  - (D) Article 85 of the Articles restricts the transfer of the members' shares and requires the unanimous approval of both the MBC-appointed Directors and the Majestic-appointed Directors.
- (ii) The mutual trust and confidence between the parties has now broken down irretrievably, such that it is not possible for the Company to be effectively managed or for decisions to be made. The MBC-appointed Directors and the Majestic-appointed Directors cannot agree upon, or even discuss at a quorate board meeting, whether the Company should accept the Settlement Offer.
- (iii) As stated above, there is no obvious reason to suspect that there will be any reconciliation between the MBC-appointed Directors and the Majestic-appointed Directors, considering the length of time that the parties have been engaged in the correspondence about the Settlement Offer without moving any closer to a resolution, and the seemingly intractable disagreement as to how the Company should address the Settlement Offer.

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**Nomination of Joint Official Liquidators**

40. The Petitioner nominates John Royle and Sandipan Bhowmik of Grant Thornton Specialist Services (Cayman) Limited, 2nd Floor, Century Yard, Cricket Square, PO Box 1044, Grand Cayman KY1-1102, Cayman Islands, for appointment as joint official liquidators of the Company. John Royle and Sandipan Bhowmik have confirmed that after making due enquiries they are not aware of any conflicts of interest that would prevent them from accepting the appointment as joint official liquidators.

**THE PETITIONER THEREFORE HUMBLY PRAYS THAT:**

1. The Company be wound up in accordance with section 92(e) of the Companies Act.
2. John Royle and Sandipan Bhowmik of Grant Thornton Specialist Services (Cayman) Limited, 2nd Floor, Century Yard, Cricket Square, PO Box 1044, Grand Cayman KY1-1102, Cayman Islands be appointed as Joint Official Liquidators of the Company (the "**Liquidators**").
3. The Liquidators shall not be required to give security for their appointment.
4. The Liquidators shall have the power to act jointly and severally in their capacity as liquidators of the Company.
5. The Liquidators be authorised to exercise any of the powers conferred on them by the Court pursuant to section 110(2) and Part II of the Third Schedule to the Companies Act, and the following powers from Part I of the Third Schedule, without further sanction or intervention of the Court:
  - (a) The power to deal with all questions in any way relating to or affecting the assets or the winding up of the Company;

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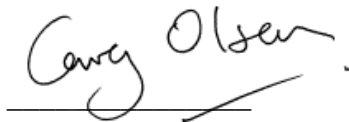
- (b) The power to engage staff (whether or not as employees of the Company) to assist that person in the performance of that person's functions; and
  - (c) The power to engage attorneys and other professionally qualified persons to assist that person in the performance of that person's functions.
- 6. The Liquidators shall be authorised to do any acts or things considered by them to be necessary or desirable in connection with the dissolution of the Company and the winding up of its affairs and to prevent the dissipation of the Company's assets.
- 7. The Liquidators are hereby authorised to take any such action as may be necessary or desirable to obtain recognition of their appointment and their powers in any other relevant jurisdiction and to make applications to the courts of such jurisdictions for that purpose.
- 8. The Liquidators' remuneration and expenses be paid out of the assets of the Company in accordance with Part III of the Insolvency Practitioners' Regulations, 2018 and Order 20 of the Companies Winding Up Rules (2023 Consolidation).
- 9. No suit, action or other proceeding shall be proceeded with or commenced against the Company except with the leave of the Court and subject to such terms as the Court may impose.
- 10. No disposition of the Company's property by or with the authority of the Liquidators in carrying out their duties and functions and exercise of their powers under this Order shall be voided by virtue of section 99 of the Companies Act.
- 11. The Liquidators be at liberty to appoint counsel, attorneys, professional advisers whether in the Cayman Islands or elsewhere as they may consider necessary to advise and assist them in the performance of their duties and on such terms as they may think fit to remunerate them out of the assets of the Company.

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12. The Liquidators and their staff be remunerated out of the assets of the Company at their usual customary rates.
13. The Liquidators be at liberty to apply generally.
14. The costs of this Petition and the Petitioner shall be paid by Majestic forthwith on the standard basis, such costs to be taxed forthwith if not agreed.
15. Alternatively, such directions as to the conduct of the Company as the Court shall in all the circumstances deemed necessary to ensure the proper conduct of the Company's management and affairs.
16. Such further and/or other relief be granted as the Court deems appropriate.

AND your Petitioner will ever pray etc.

Dated the 17th day of March 2023



**Carey Olsen**

Attorneys for the Petitioner

**NOTE:** This Petition is intended to be served on the Company and Majestic Media Sport Limited.

This Petition was presented by MBC Group Holdings Limited whose address for service is Carey Olsen, Level 1, Willow House, Cricket Square, Grand Cayman, Cayman Islands KY1-1001 (ref: SD/TB/1064481).

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**NOTICE OF HEARING**

TAKE NOTICE THAT the hearing of this petition will take place at the Law Courts, George Town, Grand Cayman, on 1st August 2023 2023 at 10.00am.

Any correspondence or communication with the Court relating to the hearing of this petition should be addressed to the Registrar of the Financial Services Division of the Grand Court at PO Box 495, Grand Cayman, KY1-1106, telephone 345 949 4296.

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