

IN THE GRAND COURT OF THE CAYMAN ISLANDS  
FINANCIAL SERVICES DIVISION

CAUSE NO. FSD 0144, OF 2011

IN THE MATTER of Sections 15 and 86 of the Companies Law (2010 Revision) (as amended)

AND IN THE MATTER of the Grand Court Rules 1995 Order 102

AND IN THE MATTER of **HannStar Board International Holdings Limited**



PETITION



TO: The Grand Court of the Cayman Islands

THE PETITION of **HannStar Board International Holdings Limited** shows as follows:

1. The object of this Petition is to seek:
  - (i) the sanction of the Court, pursuant to section 86 of the Companies Law (2010 Revision) (as amended) (the "Companies Law"), to a proposed scheme of arrangement (the "Scheme of Arrangement") between the petitioner, **HannStar Board International Holdings Limited** (the "Company") and the Scheme Shareholders as defined in the Scheme of Arrangement attached as Exhibit "[ ]-1" to the affirmation of [ ]; and
  - (ii) the confirmation of the Court, pursuant to section 15 of the Companies Law, of the intended reduction of the issued share capital ("Reduction of Capital") of the Company consequent upon the cancellation of the Scheme Shares (as defined in the Scheme of Arrangement) pursuant to the Scheme of Arrangement which is expected to be approved by a special resolution of the shareholders passed at an extraordinary general meeting of the Company immediately after the Court Meeting referred to herein.

2. The Company was incorporated under the Companies Law on 17 May 2006 and registered in the Cayman Islands as an exempted company with registration number CT-167694.

The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is at Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong.

3. As at the date of this Petition, the Company has an authorised and issued share capital of HK\$500,000,000 divided into 5,000,000,000 ordinary shares of par value HK\$0.10 each (the "Shares"), 1,316,250,000 of which have been issued fully paid-up or credited as fully paid-up and the remainder are unissued.
4. The Shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").
5. The purpose of the Scheme of Arrangement is to privatise the Company by canceling and extinguishing all of the Scheme Shares in consideration and exchange for the Cancellation Consideration (as defined in the Composite Scheme Document) so that the Company shall, thereafter become a direct wholly-owned subsidiary of HannStar Board (BVI) Holdings Corp. (the "Offeror"). Once privatised, this will facilitate business integration between the Offeror and the Company and will provide the Offeror with greater flexibility to support the future business development of the Company. The Offeror currently holds 74.99% of the total issued shares of the Company and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require a minimum public float of 25%. The privatisation of the Company will simplify the shareholding structure of the Company. The Scheme of Arrangement also provides an opportunity for Scheme Shareholders to dispose of their Scheme Shares and receive cash at a price above the prevailing market price of the Scheme Shares. This will be achieved by the steps summarised in paragraph 6 below.
6. The principal features of the Scheme of Arrangement are:

- (i) the Reduction of Capital (by the cancellation and extinguishment of the Scheme Shares), in consideration of which the Scheme Shareholders will receive HK\$1.25 in cash for each Scheme Share (the "Cancellation Consideration");
  - (ii) subject to and forthwith upon the Reduction of Capital taking effect, the share capital of the Company being restored to its former amount by the issue to the Offeror, credited as fully paid at par, the same number of shares as the number of Scheme Shares cancelled and extinguished at the Record Time (as defined in the Scheme of Arrangement) (the "Restoration of Capital"); and
  - (iii) the credit arising in the books of account of the Company as a result of the Reduction of Capital resulting from the cancellation and extinguishment of the Scheme Shares being applied in paying up in full at par such number of Shares as is equal to the number of Scheme Shares cancelled at the Record Time.
7. The Scheme of Arrangement is conditional upon the Reduction of Capital becoming effective.
8. Since its adoption on 21 September 2006, no options have been granted under the share option scheme of the Company and the Offeror will not be making any offer with respect to the share option scheme. On the Latest Practicable Date (as defined in the Scheme of Arrangement), the profile of the shareholders of the Company (the "Shareholders") is as follows:

Name of Shareholders		Number of Shares	%
Offeror, the Parent and parties acting in concert with any of them		[987,288,000]	[75.01]
Independent Shareholders (as defined in the Scheme of Arrangement)		[328,962,000]	[24.99]

	Total:	[1,316,250,000]	100
Scheme Shareholders:			
Parties acting in concert with Offeror		[238,000]	[0.02]
Independent Shareholders		[328,962,000]	[24.99]
	Total:	[329,200,000]	[25.01]

9. The Company proposes to convene a court meeting in accordance with section 86 of the Companies Law (the "Court Meeting") at which the following resolution (with such amendments as may be approved at the Court Meeting) will be considered:

- (i) *"THAT a scheme of arrangement (the "Scheme of Arrangement") dated [●] 2011 between the Company and the holders of the Scheme Shares (as defined in Scheme of Arrangement) in the form of the print thereof which has been produced to the meeting and, for the purpose of identification signed by the chairman of the meeting, or in such other form and on such terms and conditions or may be approved or imposed by the Grand Court of the Cayman Islands, be and is hereby approved."*
- (ii) *Each of the capitalised terms referred to in the resolution above are defined in the composite scheme document (the "Composite Scheme Document") exhibited as exhibit "[ ]-1" to the first affirmation of [ ] which will be sent to all Scheme Shareholders.*

10. Article 6 of the Articles of Association of the Company provides as follows:

*"The Company may from time to time by special resolution, subject to any confirmation or consent required by Law, reduce its share capital or any capital redemption reserve or other undistributable reserve in any manner permitted by law."*

11. The Company intends to convene an extraordinary general meeting to take place immediately after the Court Meeting at which it is intended to submit a special resolution to approve the Reduction of Capital consequent upon the Scheme of Arrangement being approved and an ordinary resolution to approve the Restoration of Capital as follows:

“SPECIAL RESOLUTION

THAT (i) for the purposes of giving effect to the scheme of arrangement dated [●] (the “Scheme of Arrangement”) between the Company and the holders of the Scheme Shares (as defined in the Scheme of Arrangement) in the form of the print thereof, which has been produced to this meeting and for the purposes of identification signed by the chairman of this meeting, or in such other form and on such terms and conditions as may be approved or imposed by the Grand Court of the Cayman Islands, on the Effective Date (as defined in the Scheme of Arrangement) the issued share capital of the Company shall be reduced by the cancellation and extinguishment of the Scheme Shares (as defined in the Scheme of Arrangement); and

(ii) the directors of the Company be and are hereby authorised to do all acts and things considered by them to be necessary or desirable in connection with the implementation of the Scheme of Arrangement and the consequent reduction of capital, including (without limitation) giving consent to any modification of, or addition to, the Scheme of Arrangement or the reduction of capital which the Grand Court of the Cayman Islands may see fit to impose.”

“ORDINARY RESOLUTION

THAT (i) subject to and forthwith upon the cancellation and extinguishment of the Scheme Shares taking effect, the share capital of the Company shall be restored to its former amount by allotting and issuing to HannStar Board (BVI) Holdings Corp., credited as fully paid at par, the same number of shares as the number of Scheme Shares cancelled and extinguished; and

(ii) the credit arising in the books of account of the Company consequent upon the reduction of its issued share capital resulting from the cancellation and extinguishment of the Scheme Shares shall be applied in paying up in full at par the shares allotted and issued to HannStar Board (BVI) Holdings Corp., pursuant to paragraph (i) above.”

12. The Scheme of Arrangement and the Reduction of Capital will not involve any diminution of liability in respect of any unpaid share capital or the payment to any member of the Company of any paid up capital or alteration of the underlying assets, business operations, management or financial position of the Company and will have no effect on the creditors of the Company. The Company will continue to be able to pay its debts as they fall due in the ordinary course of business.
13. The form of Minute proposed to be registered is as follows:

*“The issued share capital of **HannStar Board International Holdings Limited** was by virtue of a Special Resolution passed on [\* 2011] and with the confirmation of an order of the Grand Court of the Cayman Islands dated [ ] 2011, reduced from HK\$[131,625,000] divided into [1,316,250,000] shares of par value HK\$0.10 each to HK\$[98,705,000] divided into [987,050,000] shares of par value HK\$0.10. (the “Reduction of Capital”). Immediately following the Reduction of Capital, the issued share capital of the Company was restored to HK\$[131,625,000] by allotting and issuing to HannStar Board (BVI) Holdings Corp., credited as fully paid at par, [329,200,000] shares of par value HK\$0.10 each.*

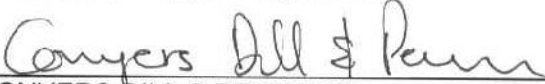
*The authorised share capital of the Company, on the registration of this Minute, is HK\$500,000,000 divided into 5,000,000,000 ordinary shares of par value HK\$0.10 each.”*

14. Your petitioner, the Company therefore prays as follows:

- (i) That the Scheme of Arrangement of the Company to be approved at the Court Meeting to be convened at the direction of this Honourable Court may be sanctioned by this Honourable Court.
- (ii) That the Reduction of Capital may be confirmed and that the above mentioned minute may be approved by the Court.
- (iii) That the preparation of a list of creditors be dispensed with.
- (iv) That to this end, all necessary inquiries and directions may be made and given.
- (v) That such further or other order be made as this Honourable Court thinks fit.

NOTE: It is intended to serve this Petition on HannStar Board International Holdings Limited at its registered office located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

Dated this 7<sup>th</sup> day of August 2011

  
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 August 2011, will be heard at the Law Courts, George Town, Grand Cayman on the      day of      2011      at a.m./p.m. 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 said Attorneys-at-Law, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.