

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION



CAUSE NO: FSD 0096 OF 2012

IN THE MATTER OF THE COMPANIES LAW (2011 REVISION)

AND IN THE MATTER OF MG CAPITAL, LTD. (FORMERLY T&C CAPITAL LTD.)

WINDING UP PETITION



To the Grand Court

The humble petition of Stella Blu Capital (HK) Ltd. ("**SBC HK**") and Stella Blu Capital (Cayman) Ltd. ("**SBC Cayman**") (together the "**Petitioners**") of PO Box 309, Uglan House, South Church Street, Grand Cayman, Cayman Islands, KY1-1104 shows that:

- 1 MG Capital, Ltd. (formerly T&C Capital Ltd.) (the "**Company**") was incorporated in the Cayman Islands on 3 September 2001 as an exempted company, registration no. 112636. The Company changed its name to MG Capital, Ltd. on 21 August 2008.
- 2 The registered office of the Company is situate at Citco Trustees (Cayman) Limited, PO Box 31106, 89 Nexus Way, Camana Bay, Grand Cayman KY1-1205, Cayman Islands
- 3 The Company's principal business appears to be issuing loan notes to generate capital for investments in various companies, including its two direct subsidiaries, both of which carry on business in the motion picture industry. In particular, the Company is the majority shareholder in T&C Ventures Ltd. ("**Ventures**") and Media Content II, Ltd. ("**Media**"), both Cayman Islands companies. Ventures was incorporated on 19 January 2006, and is described in the 2010 audited financial statements of the Company as producing "*films for public distribution*". Media was incorporated on 20 March 2007, and is described in the

same document as developing "*media projects*". Media is also described as exercising effective control over an entity by the name of Animals, LLC, a special purpose limited liability company incorporated in California, United States on 13 February 2007 as a "*movie production company*".

- 4 The Company is indebted to SBC Cayman in the sum of JPY 60 million (US\$743,224) plus interest. The Company's debt arises in respect of interest payable annually pursuant to the terms of a loan note purchased by SBC HK and transferred to SBC Cayman in 2008. The Petitioners rely on a Statutory Demand served on the Company at its registered office on 15 March 2012, the terms of which are not contested by the Company.
- 5 On 22 February 2008 SBC HK entered into a Subscription Agreement with the Company for the purchase of a Japanese Yen-denominated note with a nominal value of JPY 1 billion (the "**Note**"). The Note has a fixed duration of 5 years, and is due to mature on 21 February 2013 (the Maturity Date). The terms of the Note include the following:

"on each anniversary of the Issuance Date up until up to and including the Maturity Date (each an "Anniversary Date") the Company promises to pay the registered holder of this Note, or its permitted transfers or assigns, fixed interest at the annual simple rate of two percent (2%) per annum on the unpaid balance of the Principal Amount as hereinafter provided...The amount so payable, and punctually paid or duly provided for, on each Anniversary Date and on the Maturity Date will be paid to registered holder of this Note or its permitted transferee or assignee in whose name this note is registered in book entry at the close of business on such Anniversary Date or Maturity Date, as applicable."

- 6 On or around 3 December 2008, SBC HK transferred the Note to SBC Cayman pursuant to a purchase agreement containing the following term:

"The Seller has the obligation to arrange for the transfer of ownership of the Stella Blu Note in the Register of T&C."

- 7 On 14 November 2008 the directors of SBC HK sought to have SBC Cayman registered by the Company as the new registered owner of the Note. The transfer was acknowledged by the Company on 14 November 2008 in the following terms:

"We have acknowledged the transfer from HK to Cayman...please give us a copy of the transfer agreement because we need it for our record, and we think there will be no particular action that we need to ask you to take."

- 8 SBC Cayman provided a copy of the relevant agreement to the Company on 17 December 2008. In February 2009 the Company accordingly paid interest of JPY20 million to the account of SBC Cayman at Bank Tokyo-Mitsubishi in Japan. Since February 2009, the Company has failed to make any of the three further interest payments required by the terms of the Note.
- 9 Out of an abundance of caution, the Petitioners have elected to bring this Petition jointly in order to avoid any attempt by the Company to cast doubt over the validity of the transfer and therefore the identity of the creditor.
- 10 The Company does not dispute that one or other of the Petitioners is the owner of the Note, nor does it contest the fact that the Company has an obligation to pay the interest on the Note in accordance with its terms.
- 11 The Petitioners served a Statutory Demand for payment on the Company on 15 March 2012 in the amount of JPY60 million (US\$743,224) plus interest of JPY1,456,232.88 (US\$18,011.28) (the "**Petition Debt**"). The Statutory Demand allows for payment by the Company to one or other of the Petitioners in return for a promise of good discharge of the debt. Since then the Petitioners have met with the Company several times on a without prejudice basis in an attempt to agree terms. Those meetings have proved unsuccessful.
- 12 Pursuant to section 93(a) of the Companies law (2011 Revision), the Company is deemed unable to pay its debts. In the circumstances it is also just and equitable that the Company be wound up.

Your Petitioners therefore humbly pray that:

- (1) The Company be wound up in accordance with the Companies Law (2011 Revision) on the ground that it is unable to pay its debts and/or because it is just and equitable that the Company should be wound up.
- (2) Russell Smith and Niall Goodsir-Cullen of BDO CRI (Cayman) Ltd. be appointed as joint official liquidators of the Company.
- (3) The JOLs shall not be required to give security for their appointment.
- (4) The JOLs remuneration and expenses be paid out of the assets of the Company in accordance with Part III of the Insolvency Practitioner's Regulations 2008 (as amended) and CWR O.20.
- (5) The Joint Official Liquidators be authorised to take such steps as may be necessary or expedient for the protection of the Company's assets, and for that purpose may exercise any of the powers specified in Part I and II of the Third Schedule to the Law without further sanction of the Court or otherwise as the Court may direct.
- (6) The costs of this Petition shall be paid out of the assets of the Company, as an expense of the liquidation, to be taxed if not agreed.
- (7) Such further or other relief be granted as the Court deems appropriate.

AND your Petitioners will ever pray etc.

Dated the *22nd* day of June 2012.

Maples and Calder

Maples and Calder
Attorneys for the Petitioners

NOTE: This petition is intended to be served on the Company.

This Petition was presented by Maples and Calder whose address for service is PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands (Ref.646286.03/23561909)

NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this Petition will take place at the Law Courts, George Town, Grand Cayman, on _____ at _____.

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.