IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

CAUSE NO. FSD 0149 OF 2014

IN THE MATTER OF THE COMPANIES LAW (2013 REVISION)

AND IN THE MATTER OF CHARM COMMUNICATIONS INC.

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CLERK OF COURT
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CAYMAN ISLANDS GOVERNMENT

PETITION

TO THE GRAND COURT

THE HUMBLE PETITION of CHARM COMMUNICATIONS INC. whose registered office is c/o Maples Corporate Services Limited, PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands (the "**Petitioner**"), shows that:

Background

1. The Petitioner was incorporated on 25 January 2008 as an exempted limited company under the laws of the Cayman Islands. Until shortly before completion of the transaction to which this petition relates, the Petitioner had in issue an aggregate of 81,720,740 ordinary shares with a par value of $0.0001 per share issued and outstanding, comprising 19,220,740 Class A ordinary shares, and 62,500,000 Class B ordinary shares (the "**Shares**"). A number of the Class A ordinary shares are held as American depository shares ("**ADS's**") and were listed on NASDAQ.

2. The shares to which this petition relates are the 12,390,000 Class B ordinary shares held by Aegis Media Pacific Ltd of 10 Triton Street, Regents Place, London, NW1 3BF (the "**Dissenting Shareholder**").

3. On 30 September 2013 the Petitioner announced receipt of a preliminary non-binding proposal letter from Mr He Dang, the chairman of the board of directors of the Petitioner (the "**Founder**") and certain of his affiliates including Merry Circle Trading Limited ("**Merry Circle**") and Honour Idea Limited ("**Honour Idea**") both incorporated in the British Virgin Islands and owned by the Founder and, collectively with Merry Circle and the Founder, the "**Founder Shareholders**"), and CMC Capital Partners, L.P. (the "**Sponsor**" and, collectively with the Founder Shareholders, the "**Consortium**") to acquire all of the shares of the Petitioner not currently owned by the Founder Shareholders in a "going private" transaction pursuant to the merger and consolidation regime under Part XVI of the Cayman Islands Companies Law (2013 Revision) (the "**Companies Law**") (the "**Proposal**").

4. The Consortium, as a group, owns 2,150,000 Class A ordinary shares and 45,110,000 Class B ordinary shares, which represent approximately 68.6% of the votes attaching to the Shares. Accordingly, the Consortium, as a group, had sufficient votes to constitute a quorum for the extraordinary general meeting and to unilaterally approve the Proposal.

5. On 4 October 2013, a special committee of the board of directors of the Petitioner was established to consider the Proposal. This committee, which was composed solely of independent directors unrelated to the Consortium or management of the Petitioner (the "**Special Committee**"), reviewed and considered the terms and conditions of a draft merger agreement and the transactions contemplated therein. The Special Committee also engaged China Renaissance Securities (Hong Kong) Limited ("**China Renaissance**") as its financial advisor and Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP as its legal advisor.

6. Under the terms of the draft merger agreement and a plan of merger the Petitioner was to merge with Engadin Merger Limited ("Merger Sub") an exempted limited company incorporated in the Cayman Islands (the "Merger"). Following the Merger, the Petitioner was to be the surviving company and would be held as a wholly owned subsidiary of Engadin Parent Limited ("Parent"). The Company would continue to do business under the name of "Charm Communications Inc.". Merger Sub is a Cayman Islands company formed solely for purposes of the Merger. Parent is a Cayman

Islands company which is and, at the effective time of the merger (the "effective time"), will be beneficially owned by the Founder and certain of his affiliates and the Sponsor.

7. Under the terms of the draft merger agreement, each of the Petitioner's ordinary Shares issued and outstanding immediately prior to the effective time of the merger were to be cancelled in exchange for the right to receive US$2.35 in cash without interest, and each of the Petitioner's ADS's, each representing two Class A ordinary shares issued and outstanding immediately prior to the effective time of the merger, were to be cancelled in exchange for the right to receive US$4.70 (less applicable ADS cancellation fees) in cash without interest (the "Merger Consideration"), other than in respect of the Shares (including Shares represented by ADSs): (i) beneficially owned by Parent, Merger Sub and the Founder Shareholders (except with respect to 1,075,000 ADSs beneficially owned by the Founder), (ii) beneficially owned by the Petitioner or any direct or indirect wholly owned subsidiary of the Petitioner, and (iii) owned by holders of such Shares who have validly exercised and have not effectively withdrawn or lost their appraisal rights pursuant to Section 238 of the Cayman Islands Companies Law, as amended.

8. Accordingly, for the purposes of this Petition, the Dissenting Shareholder (as the holder of 12,390,000 Class B ordinary shares), was entitled to received cash consideration of US$2.35 per share on completion of the Merger and in accordance with the terms of the Merger Agreement.

9. The Fairness of the Merger Consideration offered by the Founder Shareholders was considered in detail by the Special Committee. In reaching their determination as to the fairness of the Merger Consideration, the Special Committee engaged China Renaissance to provide a written opinion regarding the fairness of the Merger Consideration (the "**China Renaissance Opinion**"). The China Renaissance Opinion was dated 16 May 2014 and stated that, subject to the various assumptions, qualifications and limitation set forth, the Merger Consideration to be received by the holders of the Shares was fair from a financial point of view to those shareholders.

10. The Special Committee unanimously recommended that the Petitioner's board of directors adopt resolutions that (a) determine that it is fair to and in the best interests of the Petitioner and its unaffiliated shareholders and ADS holders, and declare it

advisable, that the Petitioner should approve and, as the case may be, enter into the Merger Agreement, the Plan of Merger and the Merger, (b) approve the execution, delivery and performance by the Petitioner of the Merger Agreement and the Plan of Merger and the completion of the transactions contemplated thereby, including the Merger, and (c) direct that the authorization and approval of the Merger Agreement, the Plan of Merger and the transactions contemplated by the Merger Agreement, including the Merger, be submitted to a vote at an extraordinary general meeting of the shareholders of the Company and recommend that the shareholders of the Company authorize and approve by way of a special resolution the Merger Agreement, the Plan of Merger and the transactions contemplated under the Merger Agreement, including the Merger.

11. At a meeting of the Petitioner's board of directors on 16 May 2014, the majority of the board, acting upon the recommendations of the Special Committee, concluded that it would be beneficial for the Petitioner to under the Merger and become a private company as a result of the Merger, rather than to remain a public company. Accordingly, by a vote of three directors to one (with Messrs Zhan Wang, Gang Chen and the Founder voting for and Mr Nick Waters voting against) the board of the Petitioners approved the resolutions recommended by the Special Committee.

12. On 26 August 2014, a circular (the "**Circular**") was sent to all of the shareholders of the Petitioner. The Circular included, among other items, an explanatory memorandum regarding the Merger, a copy of the merger agreement entered into between the Petitioner, Merger Sub and Parent dated 19 May 2014 and amended on 23 May 2014 and 20 June 2014 (the "**Merger Agreement**") and an undated draft plan of merger (the "**Plan of Merger**") for consideration by the shareholders. The Merger was to be voted upon at an extraordinary general meeting of the Petitioner, to be convened for 22 September 2014 (the "**EGM**"). Notices and proxy forms for the EGM were included in the Circular.

13. At the EGM, shareholders were present in person or by proxy in respect of shares constituting 84% of the total number of shares in issue and entitled to vote (including ordinary shares represented by the ADSs). A quorum was therefore present in accordance with the articles of association of the Petitioner.

14. The following resolutions were set out in the notice convening the EGM, the first of which was voted upon by the shareholders:

(a) *"THAT the agreement and plan of merger initially dated May 19, 2014 and amended on May 23, 2014 and June 20, 2014 (the "merger agreement"), among Engadin Parent Limited ("Parent"), Engadin Merger Limited ("Merger Sub") and the Company (a copy of which is attached as Annex A to the proxy statement accompanying this notice of extraordinary general meeting and will be produced and made available for inspection at the extraordinary general meeting), the plan of merger (the "plan of merger") between Merger Sub and the Company required to be registered with the Registrar of Companies of the Cayman Islands for the purposes of the merger (such plan of merger being substantially in the form attached to the merger agreement and which will be produced and made available for inspection at the extraordinary general meeting) and the transactions contemplated by the merger agreement, including the merger, be and are hereby authorized and approved ("**Resolution 1**");*

(b) *THAT the directors be and are hereby authorized to do all things necessary to give effect to the merger agreement; ("**Resolution 2**"); and if necessary-*

(c) *"THAT the chairman of the extraordinary general meeting be instructed to adjourn the extraordinary general meeting in order to allow the Company to solicit additional proxies in the event that there are insufficient proxies received at the time of the extraordinary general meeting to pass the special resolutions to be proposed at the extraordinary general meeting." ("**Resolution 3**").*

15. Resolution 1 and Resolution 2 were carried by a majority of approximately 72% rendering Resolution 3 unnecessary. Resolution 3 was therefore withdrawn and it was noted that the terms of the Merger had been approved by a majority of the shareholders of the Petitioner. Shareholder approval having been obtained, the remaining conditions to the Merger Agreement were satisfied, and the Merger was able to proceed.

16. Following the completion of:

(a) the Merger Agreement by (1) Merger Sub, (2) Parent; and (3) the Petitioner; and

(b) the Plan of Merger by (1) Merger Sub; (2) the Petitioner and (3) Parent,

the Merger completed on 24 September 2014, and the Plan of Merger was filed with the Registrar of Companies on 24 September 2014. The Certificate of Merger issued by the Registrar of Companies was received by the Petitioner on the same date.

The Dissenting Shareholder

17. The Dissenting Shareholder's shareholdings in the Petitioner were 12,390,000 Class B ordinary shares, representing 15.2% of the issued share capital in the Petitioner.

Notices of Dissent

18. On 8 September 2014, the Petitioner received written objections to the Merger from the Dissenting Shareholder, pursuant to section 238(2) of the Companies Law (the "**Law**").

19. On 9 October 2014, the Petitioner sent written notice to the Dissenting Shareholder of the authorisation of the Merger by shareholders at the EGM, pursuant to section 238(4) of the Law.

20. On 23 October 2014, the Dissenting Shareholder sent a notice of dissent to the Merger, to the Petitioner, pursuant to section 238(5) of the Law.

21. On 3 November 2014, the Petitioner sent written offers to the Dissenting Shareholder offering to purchase its Shares pursuant to section 238(8) of the Law. The written offer was for US$2.35 per Share and was accompanied by correspondence setting out the reasons for the Petitioner's determination that such price remained fair.

22. Since then, the Petitioner and the Dissenting Shareholder have been unable to agree on a price for the Shares. Accordingly, and pursuant to section 238(9) of the Law, the Petitioner humbly seeks the Court's determination of the fair value of the Shares.

YOUR PETITIONER THEREFORE HUMBLY PRAYS THAT:

(1) The Court determines the fair value of the Shares, together with a fair rate of interest, if any, to be paid by the Petitioner upon the amount determined to be the fair value in accordance with the Law.

(2) The costs of and occasioned by the Petitioner in these proceedings be paid by the Dissenting Shareholder.

(3) The Court make such further order or grant such further relief as it deems appropriate.

AND your Petitioner will ever pray etc.

DATED this 23rd day of December 2014

FILED this 23rd day of December 2014

Walkers

WALKERS
Attorneys-at-Law for the Petitioner

NOTE: This Petition is intended to be served on the Dissenting Shareholders at the address stated in the Register of Members and by serving on their attorneys.

ENDORSEMENT

Notice of Hearing

This Petition having been presented to the Grand Court of the Cayman Islands on 23 December 2014 will be heard at the Grand Court of the Cayman Islands on 2014 at am/pm or as soon thereafter as the Petition can be heard.

This Petition was presented by Walkers, Attorneys-at-Law for the Petitioner, whose address for service is care of their said Attorneys at Walker House, 190 Elgin Avenue, George Town, Grand Cayman, Cayman Islands, KY1-9001.