

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

CAUSE NO: FSD 215 OF 2016 (RM)

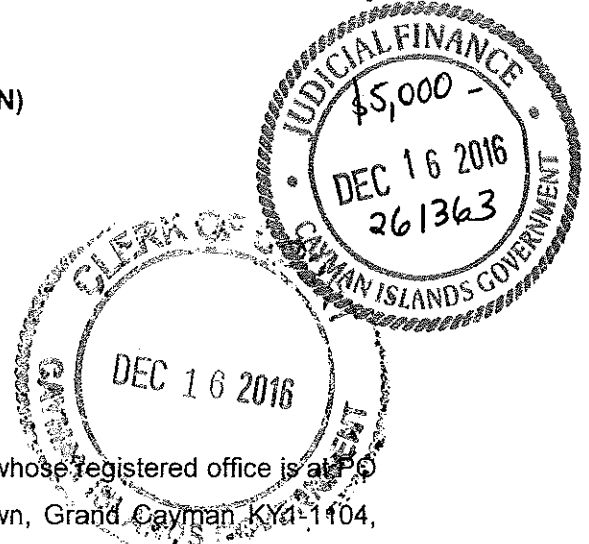
IN THE MATTER OF THE COMPANIES LAW (2016 REVISION)

AND IN THE MATTER OF BONA FILM GROUP LIMITED



WINDING UP PETITION

TO: THE GRAND COURT



The humble petition of (i) Maso Capital Investments Limited, whose registered office is at PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands ("**Maso**"); (ii) Crown Managed Accounts SPC acting for and on behalf of Crown/Maso Segregated Portfolio, whose registered office is at Grand Pavilion Commercial Centre, 1st Floor, 802 West Bay Road, PO Box 31855, Grand Cayman KY1-1207, Cayman Islands ("**Crown**"); and (iii) Blackwell Partners LLC – Series A, whose registered office is at 280 South Magnum St, Suite 210, Durham, North Carolina, 27701-3675, United States of America ("**Blackwell**", and together with Maso and Crown, the "**Petitioners**"), shows that:

Introduction

1. Bona Film Group Limited (the "**Company**") was incorporated in the Cayman Islands on 8 July 2010 as an exempted company with limited liability and with registration number 242909 pursuant to the Companies Law (as amended) (the "**Companies Law**"). The Company's registered office is c/o Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, George Town, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.
2. The Company was the ultimate holding company in a wider group structure (the "**Group**") which is described in the Annual Report filed by the Company with the Securities and Exchange Commission in Form 20-F on 30 April 2016 for the year ended 31 December 2015 (the "**2015 Annual Report**") as being one of the leading vertically integrated film companies in the People's Republic of China (the "**PRC**").

Prior to the Merger (as defined below), the Company's American Depositary Shares ("ADSs") were listed and traded on the NASDAQ Global Select Market under the symbol "BONA". In effect, two ADSs issued in respect of the Company were the same value as one ordinary share held in the Company.

Background

The Petitioners

3. The Petitioners were, prior to the Merger (as defined below), shareholders of the Company as follows:
 - (a) Maso was the registered owner of 143,484 ordinary shares;
 - (b) Crown was the registered owner of 68,137 ordinary shares; and
 - (c) Blackwell was the registered owner of 193,333 ordinary shares.

The Structure of the Group

4. The Petitioners understand from the 2015 Annual Report that:
 - (a) the key businesses of the Group were operated by:
 - (i) Bona Film Group Co., Ltd. (PRC) (previously named "Beijing Bona Film and Culture Communication Co., Ltd.") ("**Bona Film PRC**"), a company incorporated in the PRC;
 - (ii) Beijing Bona Advertising Co., Ltd., a company incorporated in the PRC ("**Beijing Bona Advertising**"); and
 - (iii) Beijing Baichuan Film Distribution Co., Ltd. (previously named "Beijing PolyBona Film Distribution Co., Ltd.") ("**Beijing Baichuan**"), a company incorporated in the PRC,(collectively the "**VIEs**");
 - (b) each of the VIEs were controlled by a series of contracts that management and the shareholders of each of the VIEs had entered into with Beijing Bona

New World Media Technology Co., Ltd ("**Bona New World**"), a company incorporated in the PRC as a wholly foreign owned entity. These series of contracts create what is known as a Variable Interest Entity ("**VIE**") structure with respect to each VIE. As such, whilst Bona New World did not have any direct equity ownership of the VIEs and the VIEs were not legally subsidiaries of Bona New World, because of the control which Bona New World exercised over the VIEs through the VIE structures, economically the VIEs were treated as subsidiaries and the Company reported its results to the market as if the VIEs were, in fact, subsidiaries of Bona New World;

(c) Bona New World was wholly owned by Bona International Film Group Limited ("**Bona International**"), a company incorporated in the British Virgin Islands; and

(d) Bona International was wholly owned by the Company.

5. The 2015 Annual Report indicates that Bona Film PRC is the most valuable of the VIEs within the Group as it controls the PRC operating companies within the Group that generated the bulk of the Group revenue between the years 2012 to 2014.
6. The Petitioners do not believe that the Company had or has any substantial or valuable assets outside of its interests in the VIEs.

The Merger

7. On 4 March 2016 (the "**Effective Date**"), a merger was effected pursuant to Part XVI of the Companies Law between the Company and Mountain Tiger Limited ("**Mountain Tiger**"), an exempted company incorporated with limited liability under the laws of the Cayman Islands (and wholly owned by Mountain Tiger International Limited (the "**Parent**")), pursuant to which:
 - (a) Mountain Tiger was merged with and into the Company, and ceased to exist, with the Company continuing as the surviving company (the "**Merger**");
 - (b) all issued shares in the Company were cancelled and ceased to exist in exchange for the right to receive US\$27.40 per ordinary share in cash

without interest and net of any applicable withholding taxes (or US\$13.70 per ADS) (the "**Merger Consideration**"); and

- (c) the Company became a wholly-owned subsidiary of the Parent.
8. On the Effective Date, the Parent was beneficially owned by a group of persons and companies (the "**Buyer Group**") which included Mr Dong Yu ("**Dong Yu**"), who is the founder, chairman of the board of directors and chief executive officer of the Company¹. At this time, the Buyer Group took control of the Company.

Steps Taken Pursuant to the Merger

9. The Merger was approved by way of special resolution of the shareholders of the Company at an extraordinary general meeting of the Company held on 4 March 2016 in Beijing, PRC (the "**EGM**").
10. On the Effective Date, each ordinary share of the Company issued and outstanding immediately prior to the Effective Date was cancelled in exchange for the right to receive the Merger Consideration, save for the shares held by the Petitioners (the "**Dissenting Shares**") as a result of the following sequence of events:
- (a) on 3 March 2016, the Petitioners each provided a written notice of objection to the Merger in accordance with sections 238(2) and 238(3) of the Companies Law;
 - (b) on 23 March 2016, the Company gave written notice of the authorisation of the Merger to each of the Petitioners in accordance with section 238(4) of the Companies Law;

¹ The members of the Buyer Group were Dong Yu, Skillgreat Limited, Vantage Global Holdings Ltd, Fosun International Limited, Orrick Investments Limited, Sequoia Capital China I, L.P., Sequoia Capital China Partners Fund I, L.P., Sequoia Capital China Principals Fund I, L.P., Sequoia Capital China Management I, L.P., SC China Holding Limited, SNP China Enterprises Nan Peng Shen, SAIF Partners IV L.P., Uranus Connection Limited Alibaba Pictures Group Limited, SAC Finance Company Limited Tencent Holdings Limited, Oriental Power Holdings Limited, Willow Investment Limited, Mr. Zhanshan Xie; and All Gain Ventures Limited

- (c) on 24 March 2016, the Petitioners each gave written notice to the Company of their decision to dissent from the Merger in accordance with sections 238(5) and 238(6) of the Companies Law;
- (d) on 19 April 2016, the Company made a written offer to each of the Petitioners to purchase their shares at a price of US\$27.40 per ordinary share pursuant to section 238(8) of the Companies Law. This was precisely the same offer as the Merger Consideration; and
- (e) as the Petitioners and the Company were unable to agree a price for the Dissenting Shares in the period mandated by section 238(8) of the Companies Law, the Company, by its then attorneys Ogier, presented a Petition to this Honourable Court on 8 June 2016 pursuant to section 238(9) of the Companies Law seeking this Honourable Court's determination of the fair value of the Dissenting Shares together with a fair rate of interest, if any, to be paid by the Company upon the amount determined to be the fair value (the "Fair Value Petition").

11. The Petitioners therefore have a right to receive the fair value of the Dissenting Shares together with a fair rate of interest.

Events leading up to the filing of the Petition

12. During the course of the Fair Value Petition, the Company has failed to properly respond to concerns raised by the Petitioners with respect to a suspected dissipation of assets which it has been or would be undertaking and has also failed to provide any further details about a certain "provision" the Company claims to have purportedly made to ensure that it will be able to meet any judgment the Petitioners obtain on the Fair Value Petition that exceeds the Merger Consideration. For the reasons set out below, the Petitioners believe that in the context of a proposal to re-list the assets of the Group in the PRC, the Company has made a conscious and deliberate decision to attempt to put assets out of the reach of the Company such that any judgment obtained by the Petitioners would be worthless. At the same time, the Company has been almost entirely disengaged from the Fair Value Petition proceedings.

13. The steps taken by, or the inaction of, the Company (and those that control and/or own the Company) since the closing of the Merger and the presentation of the Fair Value Petition have resulted in the following:
- (a) as shown by company searches undertaken by the Petitioners which have been undertaken regularly since 1 September 2016, there have been certain significant changes to the structure of the Group following the Merger, as follows (based on searches conducted on 16 September 2016):
 - (i) Bona Film Group PRC is no longer owned by Dong Yu and his brother Mr Hei Yu, but is now owned by Dong Yu and various entities which appear to be related to members of the Buyer Group;
 - (ii) Beijing Bona Advertising is no longer owned by Dong Yu and Zhang Chong, but is now owned by Bona Film PRC; and
 - (iii) critically, Bona New World is no longer owned by Bona International (which is wholly owned by the Company), but rather Tianjin Bona Business Management Consulting Co., Ltd ("**Tianjin Bona**") which is owned by Bona Film PRC which as described above appears to now be owned by entities related to members of the Buyer Group.
 - (b) during this period, the Company was demonstrably disengaged from the Fair Value Petition proceedings. This resulted in orders being made by this Honourable Court on 30 September 2016 that, unless certain pre-trial steps were completed, the Company's leave to adduce expert evidence at the trial of the Fair Value Petition would be revoked and that, in any event, the Company is only permitted to rely at the trial on those documents disclosed by the Company in an electronic data room by 14 October 2016. Specifically the Company has failed and refused in contumacious breach of orders of the Court to:
 - (i) open a data room by 25 July 2016 (a data room was opened on 19 August 2016 which was later inaccessible). A second data room was opened on 14 October 2016;

- (ii) make "rolling" updates to the data room by Wednesday and Friday of each week commencing 3 October 2016 and 10 October 2016;
- (iii) upload certain material to the data room by 12 August 2016 and 29 August 2016 (which was later extended to 14 October 2016). A total of 15 documents were uploaded on 14 October 2016;
- (iv) respond to a request for information made by the Petitioners' expert by 14 September 2016 (which was later extended to 14 October 2016). No response was ever received; and
- (v) convene a management meeting by 28 September 2016 (which was later extended to 28 October 2016). No meeting was ever convened.

14. The Petitioners sought explanations from the Company regarding the defaults and the apparent dissipation of assets in letters from the Petitioners' Cayman Islands legal counsel, Walkers, to the Company's previous Cayman Islands legal counsel, Ogier, and now Cayman Islands legal counsel, Harney Westwood & Riegels ("**Harneys**") dated (a) 6 May 2016; (b) 11 May 2016; (c) 20 May 2016; (d) 7 June 2016; (e) 26 September 2016; (f) 27 October 2016; (g) 21 November 2016; and (h) 14 December 2016. The responses received from the Company (from Harneys) dated 25 October and 25 November 2016 were entirely unsatisfactory and, in light of what has now occurred, appear to have been in part false.

15. As mentioned above, during the course of the Petitioners' company searches on 12 December 2016, the Petitioners discovered that the ownership of Bona New World has now changed; Bona International is no longer a shareholder (let alone the sole shareholder) of Bona New World. Instead, Tianjin Bona, which is wholly owned by Bona Film PRC (which as described above is now owned by entities which appear to be related to members of the Buyer Group) is now the sole shareholder of Bona New World. The effect of this share transfer is to remove Bona New World and the valuable PRC businesses operated through the VIEs from the Group entirely. The Petitioners sought details of this transaction from the Company on 14 December 2016, including the consideration paid or a "provision" made, but no response as to the questions asked was received.

16. Given that these valuable assets have been transferred out of the Group, and the Company has not responded satisfactorily to urgent requests for information, the Petitioners believe that the Company will not be able to satisfy the judgment which the Petitioners will inevitably obtain on the Fair Value Petition (it being the case, as explained below, that the Company is debarred from adducing expert evidence in the Fair Value Petition proceedings, and the Petitioners have adduced expert evidence demonstrating that the fair value of their shares is (substantially) in excess of the Merger Consideration).

Grounds for Winding Up

17. As a result of the existence of the Fair Value Petition, the Petitioners are presently contingent creditors of the Company and are entitled to present this petition pursuant to section 94(1)(b) of the Companies Law.
18. As described above, during the conduct of the Fair Value Petition, the Company has shown an almost complete disinterest in, and disregard for, participating in the process and has regularly and without any explanation breached orders made by this Honourable Court. As a result of the Company's conduct, it cannot, at the trial of the Fair Value Petition:
 - (a) rely upon any expert evidence; and
 - (b) rely upon any documents other than the very limited number which have been disclosed to the Petitioners and their expert.
19. As a result, the Company is unable to put forward a positive case at the trial of the Fair Value Petition as to the valuation of the Dissenting Shares.
20. The Petitioners have already served the expert evidence upon which they will be relying at the trial of the Fair Value Petition which values the Dissenting Shares at US\$49,987,521.76 (being US\$38,891,782.16 above US\$11,095,739.60 which is the value of the Dissenting Shareholders Shares at the Merger Consideration which has been paid to the Dissenting Shareholders as an interim payment). This demonstrates that the Merger was undertaken at an obvious and substantial undervalue and, owing to the restraints upon the Company at trial set out above, the

Petitioners anticipate receiving judgment based upon the value which the Petitioners' expert has ascribed to the Dissenting Shares plus interest plus the Petitioners' costs on the indemnity basis given the woeful conduct of the Company to date (less the Merger Consideration which was paid by the Company to the Petitioners).

21. As noted above, it appears that the Petitioners' fears, which have been expressed repeatedly in correspondence since September 2016, have been justified. The recent transactions described above make it clear that steps have been taken by the Company (and those that control and/or own the Company) on an ongoing basis to remove assets from the Group, including by changing the ownership of the VIEs and, finally, changing the ownership of Bona New World which has had the effect of stripping away the known assets of the Group from the Company's reach, leaving the Company as a potentially empty shell against which enforcement will be impossible. The Company's conduct in the Fair Value Petition proceedings is eloquent evidence that this has been its plan all along; its disregard for those proceedings is inexplicable on any other basis.
22. The actions of the Company would, if not now wound up under the supervision of independent official liquidators who can investigate and recover assets of the Company, effectively defeat the purpose of section 238 of the Companies Law as the Company would be left with no assets from which the Petitioners would be able to recover its inevitably substantial judgment sum once the fair value of the Dissenting Shares has been determined.
23. As matters currently stand, the actions and affairs of the Company clearly demonstrate that the Petitioners, as contingent creditors of the Company, are justified in their apprehension that when time for payment of the debt arrives following the determination of the Fair Value Petition, the Company will be unable to make payment of the fair value of the Dissenting Shares plus interest plus costs on the indemnity basis and in those circumstances it is just and equitable for the Company to be wound up.
24. In view of the above, the Petitioners are therefore entitled to a compulsory winding up by independent official liquidators acting as officers of this Honourable Court.

Nomination of Joint Official Liquidators

25. The Petitioners' nominate Michael Edward George Saville of Grant Thornton Specialist Services (Cayman) Limited, 48 Market Street, 2nd Floor, Suite 4290, Canella Court, Camana Bay, Grand Cayman, Cayman Islands and David Bennett of Grant Thornton, 12th Floor, 28 Hennessy Road, Wanchai, Hong Kong for appointment as joint official liquidators of the Company.

YOUR PETITIONERS THEREFORE HUMBL Y PRAY THAT:

1. The Company be wound up;
2. Michael Edward George Saville of Grant Thornton Specialist Services (Cayman) Limited, 48 Market Street, 2nd Floor, Suite 4290, Canella Court, Camana Bay, Grand Cayman, Cayman Islands and David Bennett of Grant Thornton, 12th Floor, 28 Hennessy Road, Wanchai, Hong Kong be appointed as the joint official liquidators of the Company (the "JOLs");
3. The JOLs shall not be required to give security for their appointment;
4. The JOLs shall have the power to act jointly and severally in their capacities as liquidators of the Company;
5. The JOLs 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;
6. The JOLs be authorised to exercise all of the powers set out in Parts I and II of the Third Schedule to the Companies Law without further sanction of this Honourable Court;
7. The JOLs be at liberty to appoint such attorneys, counsel and/or professional advisors, whether in the Cayman Islands or elsewhere, as they may consider necessary to advise and assist them in the performance of their duties in accordance with Order 25 of the Companies Winding Up Rules 2008 (as amended);
8. No disposition of the Company's property by or with the authority of the JOLs in carrying out their duties and functions and the exercise of their powers under any

order granted pursuant to this Petition shall be voided by virtue of Section 99 of the Companies Law;

9. Subject to section 109(2) of the Companies Law and the Insolvency Practitioner's Regulations 2008 (as amended), the JOLs be authorised to render and pay all invoices out of the assets of the Company for their own remuneration;
10. The JOLs be at liberty to meet all disbursements reasonably incurred in connection with the performance of their duties and, for the avoidance of doubt, all such payments shall be made as and when they fall due out of the assets of the Company as an expense of the liquidation;
11. The Petitioners' costs of and incidental to the Petition shall be paid out of the assets of the Company as an expense of the liquidation on an indemnity basis, such costs to be taxed if not agreed with the JOLs;
12. The JOLs be at liberty to apply generally; and
13. Such further and/or other relief as this Honourable Court deems appropriate.

AND your Petitioners will ever pray etc.

DATED this 15th day of December 2016

Walkers

WALKERS
Attorneys at Law for the Petitioners

NOTE: This petition is intended to be served on the Company by its attorneys and/or at its current registered office.

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

NOTICE OF HEARING

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

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.