IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

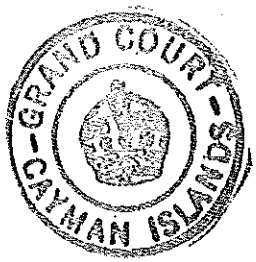
CAUSE NO. FSD 105 OF 2013 (AJJ)

In Open Court
Before The Hon Mr. Justice Andrew J. Jones, QC
Friday, 20th September 2013

IN THE MATTER OF THE COMPANIES LAW (2012 REVISION)

AND

IN THE MATTER OF BLUE RIDGE CHINA DFSS HOLDINGS



REASONS

1. This is a creditor's winding up petition presented by Blue Ridge China Partners II L.P ("the Petitioner") against Blue Ridge China DFSS Holdings ("the Company") on grounds of insolvency. I am satisfied that the Petitioner is entitled to a winding up order but a question arises in connection with the appointment of official liquidators.

2. I am satisfied that Messrs Matthew Wright and Christopher Kennedy of RHSW (Cayman) Ltd meet the requirements of the Insolvency Practitioners Regulations, but I also need to be satisfied that they do in fact possess the expertise, experience and resources which are necessary to enable them to perform their duties in an effective and efficient manner in the particular circumstances of this case. The Company's only asset is its investment in a wholly owned subsidiary called Color Zone Limited ("the Subsidiary"), a company incorporated in Hong Kong. The petition states that the Subsidiary is "the parent company of Haojing Education, Ltd and Hoijing-Shanfu which are companies domiciled in the Peoples' Republic of China ("PRC") engaged in the provision of education services in the PRC." This statement calls for an explanation because the regulations applicable to the provision of education services in the PRC prevent foreign ownership. For this reason I would expect the Subsidiary's investment to be structured through a contractual and/or entrustment arrangement designed to confer upon the Subsidiary the economic equivalent of an ownership interest in the PRC trading companies. The affidavit evidence before the Court is silent about the way in which the Company's investment is in fact structured.

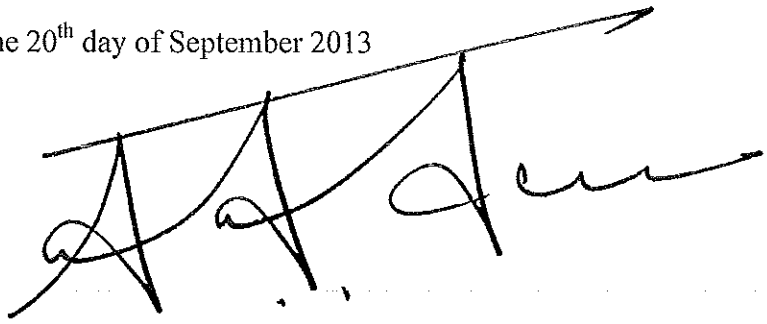
3. It is the practice of this Court when making winding up orders in respect of holding companies whose assets comprise investments located in the PRC to insist upon making a joint appointment. The Court will normally appoint a local insolvency practitioner (who

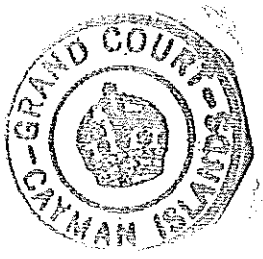
meets the residency qualification of CWR Order 5) jointly with a foreign practitioner based in Hong Kong who does have the expertise, experience and resources (including language skills) necessary to deal with assets located in the PRC. In this case I am satisfied that it is appropriate to depart from the normal practice because it is not intended that these liquidators will need to concern themselves with the underlying assets. I am told by counsel that the Company is a special purpose vehicle and that its only liability (other than professional fees) is the debt owing to the Petitioner and that its only asset is its investment in the Subsidiary. The present intention is that the official liquidators will be asked to sell the Subsidiary to the Petitioners in consideration for the release of the debt, whereupon the Company can be dissolved. Responsibility for dealing with the assets located in the PRC will then rest with the Petitioner in its capacity as owner of the Subsidiary. Clearly, Messrs Wright and Kennedy do have the expertise and experience necessary to perform this very limited task and for this reason I am satisfied that they can properly be appointed as official liquidators of the Company without the need to involve any foreign practitioner based in Hong Kong. I will make a direction authorising them to sell the Company's shares in the Subsidiary in consideration for the release of the debt.

4. Finally, I wish to make the point that the evidence filed on behalf of the Petitioner is unsatisfactory because it did not adequately explain the Company's business and the commercial reasons for putting it into compulsory liquidation. The verifying affidavit is superficial. It does not contain the evidence necessary to enable the Court to determine whether it can properly appoint the Petitioner's nominees as official liquidators and what, if any, specific directions ought to be given to them at this stage. However, I have no reason to doubt the statements made by counsel and I will make the orders sought on counsel's undertaking that the Petitioner's chief financial officer will file a further affidavit confirming the assertions of fact upon which I have relied.

Order accordingly.

Dated the 20th day of September 2013





THE HONOURABLE MR. JUSTICE ANDREW JONES, Q.C.
JUDGE OF THE GRAND COURT