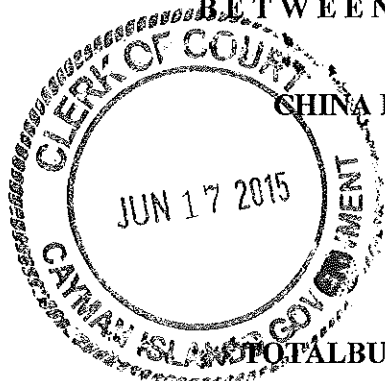


IN THE GRAND COURT OF THE CAYMAN ISLANDS
CIVIL DIVISION

CAUSE NO. *60094* OF 2015

BETWEEN:



CHINA ENERGY DEVELOPMENT HOLDINGS LIMITED

Plaintiff

-and-



TOTALBUILD INVESTMENTS HOLDINGS GROUP LIMITED

(formerly known as TOTALBUILD LIMITED)

1st Defendant

WANG GUOJU

2nd Defendant

CHINA ERA ENERGY POWER INVESTMENT (HONG KONG)
LIMITED

3rd Defendant

TOTALBUILD INVESTMENTS GROUP (HONG KONG) LIMITED

(formerly known as ZHONG GUO NIAN DAI ENERGY
INVESTMENT (HONG KONG) LIMITED)

4th Defendant

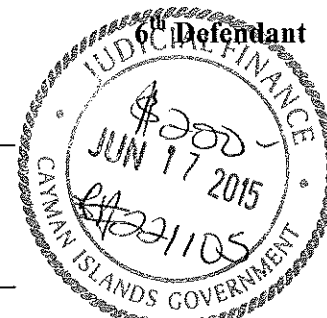
U.K. PROLIFIC PETROLEUM GROUP COMPANY LIMITED

5th Defendant

WANG HANNING

6th Defendant

WRIT OF SUMMONS



TO: **Totalbuild Investment Holdings Group Limited**

- (1) PO Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands;
- (2) Unit 301-2, 3/f., New East Ocean Centre, No. 9 Science Museum Road, Tsimshatsui, Kowloon, Hong Kong

Wang Guoju

- (1) Room 301, 3/f, 6-15, Jinan Road, Dinging Region, Dongying City, Shandong Province, PRC;
- (2) 605 Jiahaiyuan, Huaao Centre, No. 31 Zizhuyuan, Haidian District, Beijing, PRC

China Era Energy Power Investment (Hong Kong) Limited

(1) Rooms 1505-6, 15/F, The Center, 99 Queen's Road Central, Hong Kong;
(2) Unit Nos. 301-02, 3/F., New East Ocean Centre, No 9 Science Museum Road,
Tsimshatsui, Kowloon, Hong Kong

Totalbuild Investments Group (Hong Kong) Limited

Sea Meadow House, Blackburn Highway, P.O Box 116, Road Town, Tortola, British
Virgin Islands

U.K. Prolific Petroleum Group Company Limited

P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin
Islands

Wang Hanning

Room 301, 3/f, 6-15 Jinan Road, Dinging Region, Dinging City Shandong Province,
PRC

THIS WRIT OF SUMMONS has been issued against you by the above-named Plaintiff in
respect of the claim set out in the following pages.

Within 28 days after service of this Writ on you, counting the day of service, you must either
satisfy the claim or return to the Court Office, P.O. Box 495, George Town, Grand Cayman,
KY1 – 1106, the accompanying Acknowledgement of Service stating therein whether you
intend to contest these proceedings.

If you fail to satisfy the claim or to return the Acknowledgement within the time stated, or if
you return the Acknowledgement without stating therein an intention to contest the
proceedings, the Plaintiff may proceed with the action and judgment may be entered against
you forthwith without further notice.

ISSUED this 17th day of June 2015.

NOTE – This writ may not be served later than 4 calendar months beginning with the
date of issue unless renewed by order of the court.

IMPORTANT

Directions for Acknowledgement of Service are given with the accompanying form.

CONCISE STATEMENT OF CLAIM

Statement of claim in full to follow

1. The Plaintiff is, and was at all material times, incorporated in the Cayman Islands and listed on the Hong Kong Stock Exchange. The Plaintiff's registered office is the Codan Trust Company (Cayman) Limited, Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, KY1 -1111, Cayman Islands. The Plaintiff's main areas of business include the sale of food and beverages and the exploration and production of petroleum.
2. The 1st Defendant ("Totalbuild") is and was at all material time a Company incorporated in the British Virgin Islands ("BVI") and principally engaged in the investment in oil and natural gas projects in the PRC. The Registered Office is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola BVI.
3. The 2nd Defendant is, and was at all material times, Mr Wang Guoju ("Wang Sr."), a citizen of the People's Republic of China ("PRC") and is the father of Wang Hanning ("Wang Jr.") and the sole owner of Totalbuild.
4. The 3rd Defendant ("China Era HK") is, and was at all material times, a company incorporated in Hong Kong on 20 March 2008 and wholly owned by the 4th Defendant.
5. The 4th Defendant, Totalbuild Investments Group (Hong Kong) Limited (formerly known as Zhong Guo Nian Dia Energy Investment (Hong Kong) Limited) ("ZGN") is and was at all material times a holding company incorporated in the BVI and was wholly owned by Totalbuild and Wang Sr.
6. The 5th Defendant ("UK Prolific") is a company incorporated in the British Virgin Islands on 23 February 2007. UK Prolific is and was at all material times wholly owned and controlled by Wang Jr, a PRC national.
7. China National Petroleum Corporation ("CNPC") is a PRC state-owned oil and gas corporation.

8. Xindu Group Co Ltd (“**Xindu**”) is and was at all material times a company incorporated in the PRC on the 7 March 2006. Xindu’s main areas of business include the provision of technical services in respect of oil and natural gas.
9. On 22 December 2008, CNPC and China Era HK entered into a contract which set out the terms of their cooperation for the drilling, exploration, exploitation and production of oil and/or natural gas at a site located at North Kashi Block, Tarim Basin, PRC (the “**Petroleum Agreement**”).

The Acquisition Agreement

10. On 22 January 2009 the Plaintiff executed an agreement and further supplemental agreements on various dates (known collectively as the “**Acquisition Agreement**”) with Totalbuild, Wang Sr. and China Era HK (the “**Vendors**”). Under the terms of the Acquisition Agreement, the Plaintiff agreed to purchase and Totalbuild agreed to sell the entire issued share capital of ZGN at a consideration of not less than HK\$ 2 billion and not more than HK\$10 billion. The Plaintiff would thereby also acquire beneficially China Era HK and all its rights and obligations under the Petroleum Agreement
11. The Plaintiff entered into the Acquisition Agreement in reliance of certain express representations, warranties and undertakings given by the Vendors jointly and severally. These included but were not limited to:
 - (1) That they had complied, at all material times, with the terms and conditions of all licenses and approvals under the Petroleum Agreement and that all business carried out by group companies was in compliance with all applicable legislation, rules and regulations in Hong Kong and the PRC; and
 - (2) That China Era HK is wholly owned by ZGN and that there was no option, right to acquire, mortgage, charge, pledge, lien or other form or security or encumbrance on, over, or affecting any part of the share capital of the Group Companies.

(collectively the “**Representations**”)

12. By Supplementary Agreement dated 13 July 2010 (“**Supplemental Agreement IV**”) the Acquisition Agreement was amended to allow the consideration payable by the Plaintiff to be paid in two tranches. Tranche 1 fell due upon completion of the transfer of the “First Designated Area” which occurred on the 3 January 2011. Pursuant to the amended Acquisition Agreement the Plaintiff issued convertible bonds totalling HK\$2,558million to UK Prolific (at a conversion price of HK\$0.168/share representing 15,226,190,476 convertible shares) who had been nominated by Totalbuild to take up the convertible bonds, in full and final settlement of the Tranche 1 consideration (the “**Convertible Bonds**”). On or about the 5 January 2011 UK Prolific converted bonds aggregating HK\$312,480,000 in face value into shares and were accordingly issued 1.86 billion shares (the “**Converted Shares**”).
13. It is averred that Representations were false and misleading, in that the 1st to 4th Defendants knew that the same were false and/or misleading, or they were reckless, not caring whether the same were true or false and/or misleading and knowing that the Plaintiff entered into the Acquisition Agreement in reliance thereon.
14. By a Statement of Charge in the PRC [Ref: E Yi Shi Ba Qu Jian Xing Su (2015) No. 5] dated 15 May 2015 (the “**Charge Sheet**”), both Wang Sr. and Wang Jr. have been arrested and face criminal prosecution and imminent trial relating to, *inter alia*, the illegal operation of the North Kashi Block, Tarim Basin (“**The Illegal Operation**”). The Illegal Operation:
- i. relates to the Petroleum Agreement;
 - ii. alleges that Wang Sr., in the name of China Era HK, breached state regulations by falsely procuring CNPC to enter into the Petroleum Agreement with China Era by representing that China Era HK and another company had the necessary capacity and qualifications to enter into the Petroleum Agreement including via the forgery of supporting documentation;
 - iii. will, if proven (which is likely given that the investigation is complete and the matter is proceeding to trial), lead to the voiding of the Petroleum Agreement and the imprisonment of Wang Sr.
15. By reason of the aforementioned matters it is averred that the Petroleum Agreement was unlawful, illegal and of no legal effect. The Plaintiff reserves the right to plead further on

the matters stated above at paragraph 13 in respect of any other claims arising from the verdict on the Charge Sheet.

16. Further and in the alternative by reason of the above pleaded matters, the Vendors together with the other Defendants, wrongfully conspired and combined together to defraud the Plaintiff to issue the Convertible Bonds on an inflated valuation and on the basis of false and/or misleading information and/or by unlawfully procuring the transfer of the Converted Shares and Convertible Bonds from the Plaintiff to the 5th defendant in January 2011.

17. Further and in the alternative, shortly after the Petroleum Agreement was executed, in late 2008 or early 2009, Wang Sr. on behalf of himself and/or Totalbuild reached an oral agreement with Xindu:

- i. to contribute HK\$200 million to the discharge of China Era HK's obligations under the Petroleum Agreement; and
- ii. in consideration of the foregoing, Wang Sr. on behalf of himself and/or Totalbuild or alternatively on behalf of all persons beneficially interested in the shares of China Era HK agreed, among other things, (a) to give Xindu 10% interest in China Era HK, or (b) in the event that the beneficial interest in China Era HK were to be sold to a listed company in consideration for shares in the listed company, to hold 10% of such shares, or direct that 10% of such shares be held on trust for an on behalf of Xindu.

18. On the 29 May 2014, Xindu obtained default judgment in the Eastern Caribbean Supreme Court in the Virgin Islands against UK Prolific, including *inter alia*, a declaration that UK Prolific holds on trust for Xindu 10% of the Convertible Bonds issued by the Plaintiff to Totalbuild in January 2011 or alternatively 1,522,619,047 of the Converted Shares (being the proceeds of the conversion effected on 5 January 2011).

19. Further or alternatively, in the premises by reason of the Oral Agreement made with Xindu the 1st to 4th defendants had, prior to the completion of the Acquisition Agreement caused the shares of China Era HK to be encumbered and are therefore in further breach of the Representations.

20. In the premises, the Plaintiff has served Notice of Rescission on the 1st to 3rd Defendants in accordance with the provisions of the Acquisition Agreement on the basis that the Plaintiff has become aware that on or prior to completion: a) the Warranties given were untrue, incorrect and/or unfulfilled and/or (b) a materially adverse change (or Effect) had occurred, the consequence of which was to materially and adversely affect the financial position, business or property, results or operations, business prospects or assets of ZGN and its subsidiaries.
21. In the premises, UK Prolific has been holding the Convertible Bonds and the Converted Shares on resulting trust and/or constructive trust for the Plaintiff since they were wrongfully transferred and/or issued to UK Prolific on 3 January 2011 and 5 January 2011 respectively and therefore claims rectification of the Register of Members of the Plaintiff pursuant to section 46 of the Companies Law (2013 Revision).
22. By reason of the matters aforesaid, the Plaintiff is entitled to rescind the Acquisition Agreement and has suffered loss and damage including damages for conspiracy to defraud and/ or misrepresentation; breach of contract and is entitled to equitable relief along with interest pursuant to section 34(1) of the Judicature Law at such rate and from such date and on such amount as this Honourable Court thinks fit, costs and such further and/or other relief as this Honourable Court deems appropriate.

AND THE PLAINTIFF CLAIMS:-

- (1) A declaration that the Acquisition Agreement (inclusive of all corresponding supplemental agreements) amongst the parties in this Action have been validly rescinded;
- (2) A declaration that the purported issuance of the Convertible Bonds by the Plaintiff to the 5th Defendant is and was at all material times irregular, invalid, null void and/or otherwise of no legal effect;
- (3) A declaration that the 5th Defendant held and continues to hold the Converted Shares on trust for the Plaintiff since the 5th Defendant was registered as the holder of the same;

- (4) An Order that the 5th Defendant do transfer the Converted Shares to the Plaintiff and in default of the 5th Defendant so doing, the Registrar of the High Court be authorized to approve, sign and execute all the necessary documents and do and perform all the necessary acts and things to give full effect to this Order;
- (5) Rectification of the Register of Members of the Plaintiff;
- (6) An injunction against all the Defendants that they, each of them and together be restrained whether by themselves or their respective directors, officers, employees, servants, agents or any of them howsoever, from disposing of, encumbering or otherwise dealing with or diminishing the value of and/or procuring the disposal, transfer, dealing with, or diminution of the value of and/or exercising any rights or powers (including but not limited to voting rights in general and/or extraordinary meeting(s) in respect of and/or entering into any agreement to effect any transaction in relation to the Converted Shares;
- (7) An injunction against all the Defendants from completing and/or procuring the conversion of the Convertible Bonds or any part thereof;
- (8) Damages for fraud and/or misrepresentation;
- (9) An Order that the Defendants do compensate the Plaintiff in equity;
- (10) Interest;
- (11) Costs; and
- (12) Further or other relief.

DATED THIS 17th day of June 2015



PRIESTLEYS

TO: The Clerk of the Court
AND TO: The Defendants

**DIRECTIONS FOR ACKNOWLEDGEMENT OF SERVICE
OF WRIT OF SUMMONS**

1. The accompanying form of *Acknowledgement of Service* should be completed by an Attorney acting on behalf of the Defendant or by the Defendant if acting in person.

After completion it must be delivered or sent by post to the Law Courts, PO Box 495, George Town, Grand Cayman.

2. A Defendant who states in his Acknowledgement of Service that he intends to contest the proceedings *must also serve a defence* on the Attorney for the Plaintiff (or on the Plaintiff if acting in person).

If a Statement of Claim is endorsed on the Writ (i.e. the words "Statement of Claim" appear on the top of page 2). The defence must be served within fourteen (14) days after the time for acknowledging service of the Writ, unless in the meantime a summons for judgment is served on the Defendant.

If the Statement of Claim is not endorsed on the Writ, the defence need not be served until fourteen (14) days after a Statement of Claim has been served on the Defendant.

If the Defendant fails to serve his defence within the appropriate time, the Plaintiff may enter judgment against him without further notice.

3. A *Stay of Execution* against the Defendant's goods may be applied for where the Defendant is unable to pay the money for which any judgment is entered. If a Defendant to an action for a debt or liquidated demand (i.e. a fixed sum) who does not intend to contest the proceedings states, in answer to question 3 in the Acknowledgment of Service, that he intends to apply for a stay, execution will be stayed for fourteen (14) days after his Acknowledgement, but he must, within that time, *issue a Summons* for a stay of execution, supported by an affidavit of his means. The affidavit should state any offer which the Defendant desires to make for payment of the money by installments or otherwise.

Notes for Guidance

1. Each Defendant (if there are more than one) is required to complete an Acknowledgement of Service and return it to the Courts Office.
2. For the purpose of calculating the period of twenty-eight (28) days for acknowledging service, a Writ served on the Defendant personally is treated as having been served on the day it was delivered to him.
3. Where the Defendant is sued in a name different from his own, the form must be completed by him with the addition in paragraph 1 of the words "sued as (*the name stated on the Writ of Summons*)".
4. Where the Defendant is a FIRM and an Attorney is not instructed, the form must be completed by a PARTNER by name, with the addition in paragraph 1 of the description "Partner in the firm of (.....)" after his name.
5. Where the Defendant is sued as an individual TRADING IN A NAME OTHER THAN HIS OWN, the form must be completed by him with the addition in paragraph 1 of the description "trading as (.....)" after his name.
6. Where the Defendant is a LIMITED COMPANY the form must be completed by an Attorney or by someone authorized to act on behalf of the Company, but the Company can take no further steps in the proceedings without an Attorney acting on its behalf.
7. Where the Defendant is a MINOR or a MENTAL HEALTH PATIENT, the form must be completed by an Attorney acting for a guardian *ad litem*.
8. A Defendant acting in person may obtain help in completing the form at the Courts Office.

IN THE GRAND COURT OF THE CAYMAN ISLANDS
CIVIL DIVISION

CAUSE NO. 60094 OF 2015

BETWEEN:

CHINA ENERGY DEVELOPMENT HOLDINGS LIMITED

Plaintiff

-and-

TOTALBUILD INVESTMENTS HOLDINGS GROUP LIMITED
(formerly known as TOTALBUILD LIMITED)

1st Defendant

WANG GUOJU

2nd Defendant

CHINA ERA ENERGY POWER INVESTMENT (HONG KONG)
LIMITED

3rd Defendant

TOTALBUILD INVESTMENTS GROUP (HONG KONG) LIMITED
(formerly known as ZHONG GUO NIAN DAI ENERGY
INVESTMENT (HONG KONG) LIMITED)

4th Defendant

U.K. PROLIFIC PETROLEUM GROUP COMPANY LIMITED
WANG HANNING

5th Defendant

6th Defendant

ACKNOWLEDGMENT OF SERVICE
OF WRIT OF SUMMONS

If you intend to instruct an Attorney to act for you, give him this form IMMEDIATELY.

Important

Read the accompanying directions and notes for guidance carefully before completing this form. If any information required is omitted or given wrongly, THIS FORM MAY HAVE TO BE RETURNED.

Delay may result in judgment being entered against a Defendant whereby he may have to pay the costs of applying to set it aside.

-
1. State the full name of the Defendant by whom or on whose behalf the service of the Writ is being acknowledged.

 2. State whether the Defendant intends to contest the proceedings (*tick appropriate box*)
Yes [] No []

 3. If the claim against the Defendant is for a debt or liquidated demand, AND he does not intend to contest the proceedings, state if the Defendant intends to apply for a stay of execution against any judgment entered by the Plaintiff (*tick box*)
Yes [] No []

Service of the Writ is acknowledged accordingly

(Signed) _____

Address for service:

Please see overleaf....

Notes on address for service

Attorney: where the Defendant is represented by an Attorney, state the Attorney's place of business in the Cayman Islands. A Defendant may not act by a foreign Attorney.

Defendant in person: where the Defendant is acting in person, he must give his post office box number and physical address of his residence or, if he does not reside in the Cayman Islands, he must give an address in Grand Cayman where communications for him should be sent. In the case of a limited company, "residence" means its registered or principal office.

Endorsement by Plaintiff's Attorney (or by Plaintiff if suing in person) of his name, address and reference, if any, in the box below.

PRIESTLEYS
ATTORNEYS-AT-LAW
Second Floor, Caribbean Plaza
878 West Bay Road
PO Box 30310
Grand Cayman, KY1-1202
Cayman Islands.

Endorsement by Defendant's Attorney (or by Defendant if suing in person) of his name, address and reference, if any, in the box below.

[Empty box for Defendant's Attorney endorsement]