IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

CAUSE NO. FSD 211. OF 2019 ( )

IN THE MATTER OF THE COMPANIES LAW (2018 REVISION)

AND IN THE MATTER OF CHINA OIL GANGRAN ENERGY GROUP HOLDINGS LIMITED

WINDING UP PETITION

TO: **The Grand Court of The Cayman Islands**

The humble Petition of China Oil Gangran Energy Group Holdings Limited (the ***Company***), an exempted company incorporated under the laws of the Cayman Islands and having its registered office located at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands shows **THAT**:

1 The Company seeks a winding up order pursuant to section 92(d) of the Companies Law (2018 Revision) (the ***Companies Law***) on the ground that the Company is unable to pay its debts.

2 By a written resolution of the Company's board of directors (the ***Board***) dated 22 October 2019, the is authorised to present this Petition on the Company's behalf pursuant to Article 162 of the Company's Amended and Restated Articles of Association dated 22 October 2015 (the ***MOA***) which provides as follows:

> *"The Board shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up."*

3 THE COMPANY

3.1 The Company was incorporated in the Cayman Islands on 25 June 2010 as an exempted company in accordance with the Companies Law with the company registration number 242413.

3.2 The registered office of the Company is located at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, Cayman Islands.

3.3 The Company was incorporated under the name Fairson Holdings Limited, but changed its name to China Oil Gangran Energy Group Holdings Limited on 24 March 2014.

3.4 The objects for which the Company was established are unrestricted and it is authorized to engage in any lawful activity in accordance with the Companies Law.

3.5 The Company has been listed on the Growth Enterprise Market of the Hong Kong Stock Exchange (the ***SEHK***) (Stock Code 8132) since 18 May 2011. The Company is registered as a non-Hong Kong company in the Hong Kong Companies Registry with CR No. F0018225. Its principal place of business in Hong Kong is situated at Room 2305, Wing On Centre, 111 Connaught Road Central, Hong Kong.

3.6 The authorized share capital of the Company is HK$8,000,000 divided into 2,000,000,000 shares at par value of HK$0.004 each. The issued share capital is 380,819,818 shares. The main shareholders of the Company are summarised in the table below:

Name of Shareholder	Number of Shares	Approximate shareholding (%)
Mr. Zou Donghai	35,000,000	9.80%
Mr. Rong Changjun	2,640,000	0.74%

Mr. Ho Chun Kit Gregory	4,206,850	1.18%
Mr. Zheng Jian Peng	2,640,000	0.74%

3.7 The Company's market capitalisation as at 28 June 2019 was HK$59.28 million as set out in the SEHK website.

4 THE BUSINESS OF THE COMPANY AND THE GROUP STRUCTURE

4.1 The Company is an investment holding company of the Group. The subsidiaries of the Company (the ***Subsidiaries***, together with the Company the ***Group***) are principally located in Hong Kong, but also in the People's Republic of China (the ***PRC***) and the British Virgin Islands (***BVI***).

4.2 The Group carries on business in the operation of a diverse business portfolio, including:

(a) the manufacture and sale of power cords and inlet sockets for household electric appliances as well as power and data cords for mobile phones and medical control devices;

(b) the trading of mobile smart phones;

(c) the development of digital applications, including handheld electronic game consoles, mobile game applications, digital marketing solutions;

(d) the liquefied natural gas (***LNG***), compressed natural gas and other related clean energy businesses;

(e) refined oil retail business; and

(f) trading of Methyl tert-butyl ether (***MTBE***), a gasoline additive and used almost exclusively as a component in fuel for gasoline engines.

5 THE COMPANY'S INDEBTEDNESS

5.1 The Company is unable to pay its debts and is insolvent on a cash flow basis. The Group is also in serious financial difficulties and is unable to meet its obligations to its own creditors let alone assist the Company to pay its creditors by injecting cash into the Company through dividends.

5.2 As per the Company's Management Accounts, the Company has net current liabilities of HK$14,882,000 (comprised of current assets of HK$53,735.000 with a cash balance of HK$112,000 and current liabilities of HK$68,617,000). The Company has a significant amount of monies (i.e. HK$137,009,000) due to it from some of the Subsidiaries which is non-interest bearing with no due date and the Company is unable to accelerate payment. Further the Company expects there to be limited recovery from the Subsidiaries. The profit and loss statement shows a net loss of HK$11,743,000. The Company therefore does not have sufficient cash to make the payments that are due and is cash-flow insolvent.

5.3 The Company's indebtedness falls into the following principal categories:

	Debt	Principal (HK$)	Interest Due (HK$)
PART A: PROMISSORY NOTES			
1.	Subscription memos for promissory notes between the Company and Xu ZaoZhun, Zheng WenFang, Lo ZiGang, Wang Yi, Bi Liang, Chen ChunLin, Zhou GianChao, Lan Chiang, Lo ZhunLiang and Zheng WeiChi, which are governed by Hong Kong law.	$80,920,000 *(Note)*	$3,288,800
PART B: CONVERTIBLE BONDS			
2.	Subscription agreements for convertible bonds convertible into ordinary shares of the Company dated between the Company and Glory Sun, Li Chaozhi, Li SuiWen, and Asia Pacific Strategic Investments, which are governed by Hong Kong law.	$34,401,045	$20,726

	Debt	Principal (HK$)	Interest Due (HK$)
PART C: LOAN AGREEMENTS			
3.	Loan agreement dated 24 July 2019 between the Company and Mr. Yip Chi Keung (***Mr. Yip***) which is governed by Hong Kong law.	$5,000,000	$64,110
PART D: OTHER DEBTS			
4.	Advance from director, Ms. Hui Sai Ha	$1,457,157	$0
5.	Advance from director, Mr. Zhang Jian Peng	$1,230,000	$0
6.	Director fees and staff salaries	$12,066,624	$0
7.	MPF due to staff of the Company	$158,438	$0
8.	Rental fees owed to Wing On Property Limited	$721,112	$0
9.	Legal fees owed to Michael Li & Co	$1,300,000	$0
10.	Accounting fees due to HLM CPA Limited	$790,000	$0
11.	Auditing fees owed to Crowe HK CPA Limited (***Crowe HK***)	$1,000,000	$0
12.	Internal auditing fees owed to HK KCBC CPA Limited (***HK KCBC***)	$130,000	$0
13.	Fees owed to printer A. Plus	$591,851	$0
14.	Other accrual and payables	$4,961,109	$0
	Total (HK$):	**144,727,336**	**3,373,636**

Note: Principal amount of the promissory notes in the sum of HK$13,736,806 has not yet been recorded in the Company's Management Accounts (and is this not part of the total *indebtedness of the Company) due to application of relevant accounting standards (i.e. net present value). In the Company Management Account as at 31 August 2019, the principal amount of the promissory notes in sum of HK$67,183,194 is recorded.*

5.4 The Company currently has total indebtedness in the sum of HK$134,364,000, out of which HK$68,617,000 is now due and owing. There are further liabilities in the sum of HK$10,000,000 that will be due and payable in October 2020.

5.5 The Company has also provided a share pledge over its 51% shareholding in its BVI subsidiary Able One Investments Limited (***Able One***) in favour of Mr. Yip as security for the loan of HK$5,000,000. Able One in turn holds Sun Fair Electric Wire & Cable (HK) Company Limited, which is principally engaged in the manufacture and trading of power and data cords.

5.6 According to the Company's management accounts as at 31 August 2019 (the ***Company Management Accounts***), the cash balance of the whole of the Group is only HK$6,566,000, which is not sufficient to meet the sums due to creditors, even assuming the Subsidiaries could remit any cash balances.

5.7 As set out in the Company Management Accounts, as at 31 August 2019 the Company has total current assets of HK$53,735,000 of which HK$159,000 are owed by a related party who is the joint venture shareholder of the subsidiary. However, some subsidiaries, such as the Able One and Sunfair Group, are indebted to the Company (the ***Intercompany Debts***) in the sum of HK$26,325,000. The Able One and Sunfair Group only have a combined cash balance of HK$5,080,000 and trade and other receivables of HK$39,303,000. However, the Able One and Sunfair Group recorded net liabilities of HK$7,135,000 and net current liabilities of HK$2,961,000. The Able One and Sunfair Group are experiencing liquidity problems and those companies are mainly operating in the PRC and are also subject to the regulation of the State Administration of Foreign Exchange. In addition, as the Able One and Sunfair Group recorded a net liability, it should treat all its creditors fairly and cannot make preferential payment to the Company.

6 PETITION AGAINST THE COMPANY IN HONG KONG

6.1 On 5 February 2019, So, Lung and Associates, Hong Kong solicitors on behalf of Glory Sun Securities Limited, formerly known as China Goldjoy Securities Limited (***Glory Sun***) served a demand letter on the Company for the payment of the sum of HK$25,864,735.92 on or before 15 February 2019, which the Company failed to make. On 25 February 2019, Glory Sun served a second demand letter on the Company requesting for the payment of the sum of HK$26,154,900.30 on or before 1 March 2019. Again, the Company failed to make payment.

6.2 On 24 April 2019, a winding up petition (the ***Hong Kong Petition***) was presented by Glory Sun in respect of the Company in the High Court of Hong Kong Special Administrative Region (the ***High Court***) on the grounds of insolvency and that the Company is unable to pay its debts.

6.3 The Company subsequently entered into a deed of settlement with Glory Sun dated 17 July 2019 to repay the outstanding sums in four tranches of HK$5 million on 17 July 2019 (which has been paid) and HK$7 million on each of 31 October 2019, 31 December 2019 and 31 March 2020 and for the Hong Kong Petition to be adjourned (the ***Settlement Deed***). The Company is unable to repay the sum of HK$7,000,000 due under the Settlement Deed on 31 October 2019 to Glory Sun.

6.4 The Company is indebted to A. Plus Financial Press Limited (***A. Plus***) in the sum of HK$591,851.45. The debt is in respect of outstanding invoices owed by the Company in respect of printing and translation work. Howse Williams Bowers, the Hong Kong solicitors acting on behalf of A. Plus served a demand letter dated 10 January 2019 on the Company for payment of the sum of HK$1,173,733.53 due under the invoices.

6.5 Subsequently by an order of the Hong Kong Court dated 2 September 2019, a creditor by the name of A. Plus was substituted to the Hong Kong Petition. The Hong Kong Petition has been adjourned to be heard on 11 November 2019.

7 GROUNDS FOR THE APPLICATION

7.1 The Company is unable to pay its debts and is therefore liable to be wound up. It is insolvent on a cash flow basis.

7.2 Pursuant to Article 162 of the MOA, the Board has the power to present the Petition on behalf of the Company, and in the circumstances, it is appropriate for the Company to be wound up.

YOUR PETITIONER THEREFORE HUMBLY PRAYS THAT:

1 The Company be wound up in accordance with section 92(d) of the Companies Law.

2 Mr. Yen Ching Wai David and Ms. So Kit Yee Anita both of Ernst & Young Transactions Limited of 22nd Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong, and Mr. Keiran William Hutchison of Ernst & Young Ltd, 62 Forum Lane, Camana Bay, P.O. Box 510, Grand Cayman KY11106, Cayman Islands be appointed as official liquidators of the Company (the ***Liquidators***).

3 That the Liquidators shall not be required to give security for their appointment.

4 That the Liquidators shall have the power to act jointly and severally in their capacity as liquidators of the Company.

5 That the Liquidators be authorised to take any such action as may be necessary or desirable to obtain recognition of their appointment in any other relevant jurisdiction and to make applications to the courts of such jurisdictions for that purpose.

6 That the Liquidators be authorised to exercise all of the powers set out in paragraphs 2, 8, 10 and 11 of Part 1 of the Third Schedule to the Companies Law and section 110(2) thereof, without further sanction of this Honourable Court.

7 That the Liquidators be authorised to do any acts or things considered by them to be necessary or desirable in connection with the liquidation of the Company and the winding up of its affairs in the Cayman Islands and/or elsewhere.

8 Without prejudice to the generality to the foregoing, the Liquidators be authorised and be granted leave to take all such actions as may be necessary to take control of such of the direct and/or indirect subsidiaries of the Company wherever located as the Liquidators shall think fit; to liaise with management of the said subsidiaries to stabilise and preserve value; and communicate on the Company's behalf with the relevant regulators, as appropriate.

9 No suit, action or other proceeding shall be proceeded with or commenced against the Company except with the leave of the Court and subject to such terms as the Court may impose.

10 The Liquidators be at liberty to appoint such counsel, attorneys, 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 and on such terms as they may think fit and to remunerate them.

11 The remuneration and expenses of the Liquidators shall be paid out of the assets of the Company.

12 The Liquidators 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.

13 The Liquidators be at liberty to apply generally to the Court to make such orders for regulating the future conduct of the affairs of the Company as the Court shall see fit.

14 The costs of and incidental to the Petition be paid forthwith out of the assets of the Company as an expense of the liquidation.

15 Such further or other relief be granted as the Court deems appropriate.

AND your Petitioner will ever pray etc.

Dated the 22nd day of October 2019

Harney Westwood & Riegels

Harney Westwood & Riegels

Attorneys-at-Law for the Petitioner

NOTE: This Petition is intended to be served on all known creditors of the Company.

This Petition was presented by Harney Westwood & Riegels, Attorneys-at-Law for the Petitioner, whose address for service is 4th Floor, Harbour Place, 103 South Church Street, PO Box 10240, Grand Cayman KY1-1002, Cayman Islands (Ref: 053017.0001.CAR)

NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this Petition will take place at the Law Courts, George Town, Grand Cayman, Cayman Islands on 23 January 2020 at 10:00am.

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, George Town, Grand Cayman KY1-1106, Cayman Islands; Tel: 3459494296.