



IN THE GRAND COURT OF THE CAYMAN ISLANDS  
FINANCIAL SERVICES DIVISION

CAUSE NO. FSD      OF 2021 (    )

IN THE MATTER OF SECTION 86 OF THE COMPANIES ACT (2021 REVISION)

AND IN THE MATTER OF CHINA OIL GANGRAN ENERGY GROUP HOLDINGS LIMITED (IN  
PROVISIONAL LIQUIDATION)

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PETITION

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**TO:    THE GRAND COURT OF THE CAYMAN ISLANDS**

The humble petition of **CHINA OIL GANGRAN ENERGY GROUP HOLDINGS LIMITED (IN PROVISIONAL LIQUIDATION)** (the *Company*), acting by its joint provisional liquidators, Mr. Yen Ching Wai David and Ms. So Kit Yee Anita of Ernst & Young Transactions Limited, 22<sup>nd</sup> 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 (in their capacity as joint provisional liquidators of the Company) (the *Provisional Liquidators*), shows that:

**INTRODUCTION**

1. The object of this Petition is to seek the sanction of the Grand Court of the Cayman Islands (the **Cayman Court**) pursuant to section 86 of the Companies Act (2021 Revision) of a proposed Scheme of Arrangement (the **Cayman Scheme**) between the Company and the Scheme Creditors (as defined in the Cayman Scheme).
2. Save where otherwise defined, capitalised terms used in this Petition shall have the same meaning as given to them in the Cayman Scheme.
3. A copy of a composite document (the **Scheme Document**), containing *inter alia* the following documents will be exhibited to a supporting affidavit sworn by Ms. Anita So filed with this Petition:
  - (a) the Cayman Scheme;
  - (b) an explanatory statement prepared in respect of the Hong Kong Scheme (as defined below) and the Cayman Scheme pursuant to Order 102 Rule 20(4)(e) of the Grand Court Rules 1995 (the **Explanatory Statement**);
  - (c) a draft Notice of Meeting convening a single meeting of Scheme Creditors for the purposes of considering and, if thought fit, approving, with or without modification, the proposed Cayman Scheme and the proposed Hong Kong Scheme; and
  - (d) appendices including a notice of claim for voting purposes, a form of proxy, a notice of claim for dividend purposes, and a liquidation analysis.

**THE COMPANY**

4. The Company was incorporated in the Cayman Islands as an exempted limited company on 25 June 2010, with company registration number 242413, under the name “*Fairson Holdings Limited*”. The Company changed its name to “*China Oil Gangran Energy Group Holdings Limited*” on 28 March 2014.
5. The registered office of the Company is situated at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, Cayman Islands, and its current principal place of business is at Flat O, 10/F., Yue Cheung Centre, 1-3 Wong Chuk Yeung Street, Fo Tan, New Territories Hong Kong.
6. On 17 March 2011, the Company was registered as a non-Hong Kong company in Hong Kong under Part XI of the Companies Ordinance (Cap. 32) (now Part XI of the Companies Ordinance (Cap. 622) (the **Companies Ordinance**)) and has remained so registered to date.
7. The Company is an investment holding company of a group of subsidiaries which are principally located in Hong Kong, the People’s Republic of China, and the British Virgin Islands (the **Group**).
8. The Group’s principal operations are in Hong Kong and the PRC, and while the Company carries on a diverse portfolio of business, the main sectors of focus are the manufacture and sale of power and data cords and the trading of refined oils and chemicals.
9. The authorised share capital of Company is HK\$8,000,000 divided into 2,000,000,000 ordinary shares of par value HK\$0.004 each, of which 380,819,818 ordinary shares have been issued and are fully paid up.

10. The shares of the Company have been listed on the Growth Enterprise Market (**GEM**) of the Hong Kong Stock Exchange (the **SEHK**) (Stock Code 8132) since 18 May 2011. Trading in the shares of the Company on the SEHK was suspended on 28 June 2019 and remains suspended to date.
11. The objects for which the Company was established are unrestricted and the Company has full power and authority to carry out any object except as prohibited or limited by the laws of the Cayman Islands.

#### **THE PROVISIONAL LIQUIDATION OF THE COMPANY**

12. On 24 April 2019, a winding up petition (the **Hong Kong Petition**) was presented against the Company in the High Court of the Hong Kong Special Administrative Region (the **Hong Kong Court**) by Glory Sun Securities Limited on the grounds that the Company is unable to pay its debts. Subsequently, by an order of the Hong Kong Court dated 2 September 2019, A. Plus Financial Press Limited (**A. Plus**) was substituted as Petitioner in the Hong Kong Petition.
13. Following the presentation of the Hong Kong Petition, the Board of the Company investigated and considered the financial position of the Group and determined that a restructuring of the Group's debt would ensure the long term viability of the Company and the Group and would lead to the best return for both creditors and shareholders. The Company therefore presented its own Petition for the winding up of the Company in the Cayman Court on 25 October 2019, together with a Summons seeking an adjournment of the petition and the appointment of "light touch" provisional liquidators.

14. On 5 November 2019, So Kit Yee Anita and Yen Ching Wai David of Ernst & Young Transactions Limited of 22<sup>nd</sup> Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong, and Keiran William Hutchison of Ernst & Young Ltd, 62 Forum Lane, Camana Bay, P.O. Box 510, Grand Cayman KY11106, Cayman Islands, were appointed as joint provisional liquidators of the Company by Order of the Cayman Court (the **Appointment Order**).
15. The Appointment Order relevantly provides:

*“3. The JPLs are hereby authorised to develop and propose a restructuring of the Company’s indebtedness in a manner designed to allow the Company to continue as a going concern, with a view to making a compromise or arrangement with the Company’s creditors, including (without limitation) a compromise or arrangement by way of a scheme of arrangement pursuant to section 86 of the Companies Law.”*
16. The appointment of the Provisional Liquidators was recognised by the Hong Kong Court on 5 May 2020.

#### **THE COMPANY’S FINANCIAL POSITION**

17. Based on the Company’s most recent audited accounts for the year ended 31 March 2020 announced on the SEHK on 2 July 2020:
  - (a) the Group’s total current assets were approximately HK\$97,530,000 and total non-current assets were approximately HK\$22,311,000;
  - (b) the Group’s total current liabilities were approximately HK\$161,246,000 and total non-current liabilities are approximately HK\$52,686,000; and
  - (c) revenue losses for the preceding 12 months were approximately HK\$26,665,000.

18. Based on the Company's interim results for the 6 months ended 30 September 2020 announced on the SEHK on 13 November 2020:
- (a) the Group's total current assets were approximately HK\$99,987,000 and total non-current assets were approximately HK\$46,761,000;
  - (b) the Group's total current liabilities were approximately HK\$201,203,000 and total non-current liabilities are approximately HK\$44,936,000; and
  - (c) revenue losses for the preceding 6 months were approximately HK\$4,629,000.

#### **THE PROPOSED RESTRUCTURING**

19. Since their appointment, and pursuant to the authority granted to them in the Appointment Order, the Provisional Liquidators have worked closely with the Company in (i) liaising with the SEHK with a view to achieving a resumption of the trading of the Company's shares on the GEM, and (ii) undertaking numerous initiatives to raise funds for injection into the Company so as to enable a compromise to be offered to creditors and achieve a better return for creditors than would be likely from a winding up of the Company.

#### Resumption in Trading of Shares

20. Since the Provisional Liquidators were appointed, there has been ongoing dialogue between them and the SEHK.
21. On 30 June 2020, the Provisional Liquidators submitted the first proposal for a resumption in trading of the shares to the SEHK. Following that submission, there were discussions and correspondence exchanged with the SEHK which resulted in an amended proposal

being submitted to and accepted by the SEHK. The conditions which the Company needs to satisfy in order for there to be a resumption in trading of its shares on the SEHK include having the winding up petition presented against the Company withdrawn or dismissed and the Provisional Liquidators discharged from office. These conditions will be met only if the Schemes are sanctioned and become effective.

#### The Share and Convertible Bonds Subscriptions

22. Between 23 December 2020 and 15 March 2021, the Company entered into agreements with a group of investors (the *Investor Group*) pursuant to which the Investor Group agreed to inject funds into the Company by way of:
- (a) a subscription for shares in the Company, and
  - (b) a subscription for convertible bonds issued by the Company.
23. The monies raised by such subscriptions will be applied, in part, for the benefit of the Scheme Creditors (as defined below) under the Schemes.

#### **THE SCHEMES**

24. The Provisional Liquidators are promoting, on behalf of the Company, two inter-conditional and parallel schemes of arrangement as follows:
- (a) by this Petition, the proposed Cayman Scheme between the Company and the Scheme Creditors; and
  - (b) in the Hong Kong Court, a proposed scheme of arrangement pursuant to sections 673 and 674 of the Companies Ordinance between the Company and

the Scheme Creditors (the *Hong Kong Scheme*, and together with the Cayman Scheme, the *Schemes*).

25. The Hong Kong Scheme is necessary because the Company has liabilities which are governed by the laws of Hong Kong. The Cayman Scheme is necessary because the Cayman Islands is the jurisdiction in which the Company is incorporated.
26. The effectiveness of each of the Schemes is conditional upon:
  - (a) the Company obtaining the necessary orders from the Cayman Court and the Hong Kong Court granting permission to convene a meeting of the Scheme Creditors to consider and, if thought fit, approve the Cayman Scheme and the Hong Kong Scheme respectively (the *Scheme Meeting*);
  - (b) resolutions to approve the Cayman Scheme and the Hong Kong Scheme (with or without modifications) being passed by the Scheme Creditors at the Scheme Meeting by a majority in number, representing not less than 75% in value, of those present and voting either in person or by proxy;
  - (c) the Cayman Court sanctioning the Cayman Scheme and a sealed copy of the order of the Cayman Court sanctioning the Cayman Scheme being delivered to the Registrar of Companies in the Cayman Islands for registration;
  - (d) the Hong Kong Court sanctioning the Hong Kong Scheme and a sealed copy of the order of the Hong Kong Court sanctioning the Hong Kong Scheme being delivered to the Hong Kong Registrar of Companies for registration; and

- (e) the implementation of the Schemes is conditional upon satisfaction (or waiver by the Scheme Administrators under the Schemes) of a number of conditions precedent, details of which are contained in the Explanatory Statement and the Schemes.
27. The Schemes may lapse if the conditions precedent contained in the Explanatory Statement and the Schemes are not satisfied or waived by 31 May 2021.
28. The principal features of the Cayman Scheme are that on the Completion Date (as defined in the Cayman Scheme):
- (a) all Claims (as defined in the Cayman Scheme) of Scheme Creditors against the Company will be deemed to be fully and finally discharged and satisfied vis-a-vis the Company by virtue of the implementation of the Cayman Scheme;
  - (b) the Scheme Creditors with Admitted Creditors (as defined in the Cayman Scheme) will be entitled to receive the Scheme Consideration (as defined in the Cayman Scheme) in full and final settlement of the Claims of such Scheme Creditors against the Company; and
  - (c) save for their entitlement (if any) to receive distributions of the Scheme Consideration pursuant to the Schemes, the Scheme Creditors shall have no other rights of recourse against the Company in respect of their Claims.

#### THE SCHEME CREDITORS

29. The class of creditors proposed to be subject to the Schemes (the ***Scheme Creditors***) is any Person having a Claim against the Company:

- (a) which is not a Preferential Claim (and where the Claim is only in part a Preferential Claim, then the Person is a Scheme Creditor to the extent of the non-preferential portion of the Claim); and
  - (b) which is not a Secured Claim (and where the Claim is only in part a Secured Claim, then the Person is a Scheme Creditor to the extent of the unsecured part of the Claim (i.e. after deducting the value of the Security Interest).
- 30. The Company intends to make an application for orders and directions, including:
  - (a) that the Company be at liberty to convene a single meeting of the Scheme Creditors to be held in Hong Kong, with a teleconference facility in the Cayman Islands, for the purpose of considering and, if thought fit, approving (with or without modification) the Cayman Scheme; and
  - (b) directing the manner in which the Scheme Meeting is to be convened including the mode of delivery of the Scheme Document to the Scheme Creditors.
- 31. The resolution intended to be submitted at the scheme meeting is:

*“THAT the Scheme of Arrangement, a copy of which has been tabled at this Scheme Meeting, be approved subject to any modification, addition or condition which the Grand Court of the Cayman Islands may think fit to approve or impose which would not directly or indirectly have a material adverse effect on the rights of the Scheme Creditors.”*
- 33. If the Grand Court makes an order convening a meeting of the Scheme Creditors as a single class of creditors of the Company in respect of the Cayman Scheme, and if the

Cayman Scheme is then approved by the requisite majorities of Scheme Creditors, the Company will seek orders sanctioning the Cayman Scheme.

**YOUR PETITIONER THEREFORE HUMBLY PRAYS:**

1. THAT the Cayman Scheme be sanctioned by the Cayman Court pursuant to section 86(2) of the Companies Act (2021 Revision) so as to be binding on the Company and the Scheme Creditors subject to the satisfaction or waiver (if applicable) of any and all conditions set out in the Cayman Scheme.
2. THAT the costs of and incidental to this Petition be costs in the Cayman Scheme; and
3. SUCH further orders or other relief as this Honourable Court sees fit.

**AND** your Petitioner will ever pray etc.

**DATED** the 1<sup>st</sup> day of April 2021



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**Harney Westwood & Riegels**

**Attorneys-at-Law for the Petitioner**

**Note:** This Petition is intended to be served on the Company.

THIS PETITION was presented by Harney Westwood & Riegels, Attorneys-at-Law for the Joint Provisional Liquidators, whose address for service is 3<sup>rd</sup> Floor, Harbour Place, 103 South Church Street, PO Box 10240, Grand Cayman KY1-1002, Cayman Islands (Ref: 047173.0008/JNW/LGB).

