

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

CAUSE NO: FSD OF 2021

IN THE MATTER OF THE COMPANIES ACT (2021 REVISION)

AND IN THE MATTER OF Q-TZG LEASING HOLDING LIMITED

WINDING UP PETITION



To the Grand Court of the Cayman Islands

The humble Petition of Lee Kwok Wah, c/o Harneys, 3rd Floor Harbour Place, 103 South Church Street, George Town, Grand Cayman KY1-1002, Cayman Islands (*Petitioner*), shows that:

A. **INTRODUCTION**

- 1 The Petitioner is a shareholder of Q-TZG Leasing Holding, Ltd (the *Company*) and a director of the Company since 19 December 2013. The Petitioner is a citizen and resident of the Hong Kong Special Administrative Region of the People's Republic of China (*PRC*).
- 2 The Company is a Cayman Islands exempted company incorporated on 24 April 2007 under the laws of the Cayman Islands with registration number 186245. The Company's registered office is situated at Intertrust Corporate Services (Cayman) Limited, One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands (*Intertrust*).
- 3 The Company is a holding company which invests in financial leasing companies which operate predominantly in PRC.

B. BACKGROUND**Grand Court Proceedings (the Proceedings)**

4 The Petitioner issued proceedings entitled FSD Cause No 192 of 2019 (CRJ) Lee Kwok Wah v Q-TZG Leasing Holding Limited in the Grand Court of the Cayman Islands against the Company by way of Writ on 30 September 2019.

5 The Petitioner's claim was for specific performance of the express terms of his compensation packages (the **Agreements**) in respect of his employment with the Company for the years of 2013, 2014 and 2015, alternatively damages for breach of contract. The Company failed to meet its obligations pursuant to the Agreements.

6 The Company did not defend the Proceedings and the Petitioner obtained judgment in default of defence (the **Default Judgment**) dated 8 October 2020. References below to the 'Plaintiff' and the 'Defendant' are references to the Petitioner and the Company respectively.

7 In the Default Judgment, the Court made the following orders:

- i. The Defendant shall within 60 days of this Default Judgment, issue 900,000 Class B shares to the Plaintiff;
- ii. The Defendant shall, within 60 days of this Default Judgment, make payment to the Plaintiff of the distribution owing to the Plaintiff in respect of his holding of 810,000 Class B shares in the Defendant company as a result of the sale of shares in Q-TZG Financial Leasing (China) Company Limited to Shanghai Yu'an Investment Group Company Limited (the **2016 Sale**);
- iii. The Defendant is liable for consequential losses sustained by the Plaintiff by reason of the Defendant's failure to issue 900,000 Class B shares in the Defendant to the Plaintiff, such loss being the distributions which would have been due to the Plaintiff as a result of the 2016 Sale, had the shares been issued;
- iv. In the event the Defendant fails to comply with paragraphs 1 and 2 above, and/or the parties are unable to agree the amount due to the Plaintiff in respect of paragraph 3 above, the Plaintiff may apply to this Court for an

assessment of damages in favour of the Plaintiff for breach of contract and consequential loss;

- v. The Defendant shall pay the Plaintiff's costs of the Proceedings, to be taxed on the standard basis if not agreed.

8 The Petitioner obtained a Default Costs Certificate (***Costs Certificate***) dated 11 January 2021 for his costs in the Proceedings in the amount of US\$47,246.26.

9 At the date of this petition, neither the Default Judgment nor the Costs Certificate has been discharged by the Company.

Demand for Payment

10 On 4 January 2021, the Petitioner's attorneys wrote to the Company, at its registered office, making demand for payment in respect of the Default Judgment and the Costs Certificate.

11 The letter of 4 January 2021 made the following demand on behalf of the Petitioner:

- i. Issue 900,000 Class B shares;
- ii. Make payment to the Petitioner of the distribution in respect of his holding of 810,000 Class B shares in the sum of US\$399,006. This figure was based on a per share distribution of US\$0.4926, which figure is taken from an email dated 7 September 2017 between Hsiang I Ben Tsen and Scott McCarty, both directors of the Company, setting out the value of the distributions owing to the Petitioner on foot of his shareholding as a result of the 2016 Sale;
- iii. Agree that the sum of US\$443,360 is due and payable under paragraph 3 of the Default Judgment and make payment thereof; and
- iv. Pay the quantum of interest due and payable in the sum of US\$100,305 and the costs of the Default Judgment in the sum of US\$47,246.

12 At the date of issue of this Petition, there has been no response to that letter.

Statutory Demand

- 13 On 3 February 2021 the Petitioner served a statutory demand on the Company at its registered office in respect of:
- (a) The sum of US\$399,023.80 in respect of the Petitioner's shareholding of 810,000 Class B shares;
 - (b) The sum of US\$443,359.78 in respect of the Petitioner's entitlement to the distribution in respect of 900,000 Class B shares;
 - (c) Pre and post-judgment interest at the rate of 2.375%, from the date of accrual of the various causes of action to the date of payment:
 - (i) Interest on US\$49,262.20 being the value of the 100,000 shares due for issuance by 1 January 2014 until the date of payment (US\$8,295.62 calculated up to 1 February 2021)
 - (ii) Interest on US\$98,524.39 being the value of 200,000 shares due for issuance by 1 January 2015 until the date of payment (US\$14,251.28 calculated up to 1 February 2021)
 - (iii) Interest on US\$295,573.18 being the value of the 600,000 shares due for issuance by 1 January 2016 until the date of payment (US\$35,733.99 calculated up to 1 February 2021)
 - (iv) Interest on US\$842,383.57 being the distributions owing in respect of the full entitlement of 1,710,000 Class B Shares which ought to have been paid to the Petitioner from the 2016 Sale on 7 March 2016 until the date of payment (US\$ 98,224.23 calculated up to 1 February 2021)
- 14 As at the date of this Petition, the Company has not responded the Statutory Demand and failed to pay any part of the sum of US\$1,046,134.96 demanded therein.

GROUNDS FOR WINDING UP

- 15 The Petitioner now requests that the Court appoint independent liquidators pursuant to section 92(d) Companies Law (2020 Revision) (*Companies Law*) on the following grounds.

- 16 The Company has failed to make payment of the sum immediately due and owing to the Petitioner within three weeks of receipt of the Statutory Demand, dated 3 February 2021.
- 17 The Company has failed to comply with the Default Judgment, dated 8 October 2020.

Section 93(a) of the Companies Law

- 18 Pursuant to section 93(a) of the Companies Law, the Company is deemed unable to pay its debts.
- 19 The Petitioner is entitled to a winding up order on the basis of section 92(d) of the Companies Law.

NOMINATION OF OFFICIAL LIQUIDATORS

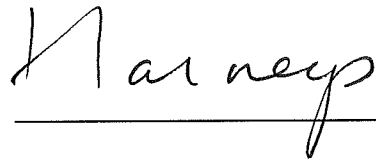
- 20 The Petitioner nominates Margot MacInnis of Grant Thornton Cayman, 2nd floor Century Yard, Cricket Square, PO Box 1044, Grand Cayman, KY1-1102, Cayman Islands and Georgia Chow of Grant Thornton Hong Kong, Level 12, 28 Hennessy Road, Wan Chai, Hong Kong Special Administrative Region of the People's Republic of China as official liquidators of the Company.

YOUR PETITIONER THEREFORE HUMBLY PRAYS THAT:

- (1) The Company be wound up in accordance with section 92(d) of the Companies Law.
- (2) Margot MacInnis of Grant Thornton Cayman, 2nd floor Century Yard, Cricket Square, PO Box 1044, Grand Cayman, KY1-1102, Cayman Islands and Georgia Chow of Grant Thornton Hong Kong, Level 12, 28 Hennessy Road, Wan Chai, Hong Kong Special Administrative Region of the People's Republic of China be appointed as official liquidators of the Company (the *Liquidators*).
- (3) The Liquidators shall not be required to give security for their appointment.
- (4) The Liquidators shall be authorised to exercise the following powers conferred on them by section 110(2) of Part I of Schedule 3 to the Companies Law without the further sanction or intervention of the Court:

- a. The Liquidators shall be at liberty to appoint counsel, attorneys and/or other professional advisors, whether in the Cayman Islands or elsewhere as she may consider necessary to advise and assist her in the performance of her duties and on such terms as she may think fit and to remunerate her out of the assets of the Company.
 - b. The Liquidators shall have the power to pursue applications and/or proceedings in any other jurisdiction for recognition of the liquidation and/or their appointment and/or to obtain information they require to perform their duties.
 - c. The Liquidators shall have the power to engage staff (whether or not as employees of the Company) to assist them in the performance of their functions.
- (5) No disposition of the Company's property by or with the authority of the Liquidators in carrying out their duties and functions and exercise of their powers shall be voided by virtue of section 99 of the Companies Law.
 - (6) The Liquidators shall have the authority and are directed to take possession of, collect and get in any property of the Company and for that purpose to take any proceedings in any jurisdiction that they consider necessary.
 - (7) The Liquidators have authority and are directed to take all necessary steps to take control of the Company's subsidiaries, if any, including by exercising voting or other rights attached to the shares in the Company's subsidiaries and/or by causing themselves to be registered as holders of the Company's shares in the subsidiaries in place of the Company.
 - (8) The Liquidators' remuneration and expenses be paid out of the assets of the Company in accordance with the Companies Winding Up Rules 2020 and Part III of the Insolvency Practitioners' Regulations 2018.
 - (9) The costs of the Petitioner shall be paid out of the assets of the Company as an expense of the liquidation, such costs to be taxed if not agreed with the Liquidators.
 - (10) The Liquidators shall be at liberty to apply generally.
 - (11) Such other relief shall be granted as the Court deems appropriate.

Dated 19 April 2021

A handwritten signature in cursive script, appearing to read "Harney", is written above a horizontal line.

Harney Westwood & Riegels

Attorneys for the Petitioner

NOTE: This Petition is intended to be served on the Company

This Petition was presented by Harney Westwood & Riegels, attorneys for the Petitioner, whose address for service is Harbour Place, 3rd Floor, 103 South Church Street, PO Box 10240, KY1-1002, Grand Cayman, Cayman Islands [ref: 052416.0002/KLP/NDD]

NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this petition will take place at the Law Courts, George Town, Grand Cayman, on day of 2021.

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.