



IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

126
CAUSE NO. FSD OF 2020 ()

IN THE MATTER OF THE COMPANIES LAW (2020 REVISION)
AND IN THE MATTER OF CHONG SING HOLDINGS FINTECH GROUP LIMITED



WINDING UP PETITION

The humble petition of **ETERNITY SKY INVESTMENTS LIMITED** of c-/ *Vistra* (BVI) Limited, *Vistra* Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG 1110, British Virgin Islands (the *Petitioner*) **SHOWS THAT:**

1 The Petitioner is a creditor of Chong Sing Holdings FinTech Group Limited (the *Company*) and seeks the winding up of the Company pursuant to section 92(d) Companies Law (2020 Revision) (the *Companies Law*) on the ground that the Company is unable to pay its debts.

BACKGROUND

2 The Company was incorporated on 4 January 2010 in the Cayman Islands as an exempted company limited by shares with registered number 235318. The Company's registered office is c-/ Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, George Town, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

3 Since its incorporation, the Company has changed its name from Credit China Holdings Limited to Credit China FinTech Holdings Limited, and subsequently to Chong Sing Holdings FinTech Group Limited on 15 September 2016 and 27 July 2017 respectively.

4 The Company has been listed on the Growth Enterprise Market (*GEM*) board of The Stock Exchange of Hong Kong Limited (the *SEHK*) (with stock code no. 8207) since 19 November 2010 and the trading of the Company's shares on the SEHK has been suspended since 8 July 2019 as a result of the investigations by the People's Republic of China (the *PRC*) regulatory authority to a material subsidiary of the Company (see paragraph 23 below).

- 5 According to the Company's memorandum and articles of association made available on the SEHK website (the *MOA*), the objects for which the Company was established are unrestricted and it is authorised to engage in any lawful activity in accordance with the Companies Law.
- 6 The Company is registered as a non-Hong Kong Company under Part XVI of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) with CR No. F0017505. Its principal place of business in Hong Kong is situated at 45th Floor, Office No. 45-120, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.
- 7 According to the Company's First Quarterly Report 2020 released on the SEHK website on 20 May 2020 (the *First Quarterly Report 2020*), the current directors of the Company are as follow:
- (a) Executive directors: Mr. Hu Xiuren and Mr. Wong Ka Bo, Jimmy;
- (b) Non-executive directors: Ms. Li Shuang and Mr. Sheng Jia;
- (c) Independent non-executive directors: Ms. Zhou Zhan, Mr. Wang Chengqing and Mr. Bu Fancheng.
- 8 According to the MOA, the authorised share capital of the Company is HKD2,000,000,000 divided into 20,000,000,000 shares with par value of HKD0.10. The Company has conducted shares division in 2016 and as a result, each issued and unissued ordinary share of HKD0.10 each in the share capital of the Company was subdivided into five ordinary shares of HKD0.02 each effective on 19 September 2016, as disclosed in the announcement and next day disclosure return of the Company dated 15 September 2016 and 19 September 2016.
- 9 According to the First Quarterly Report 2020, as at 31 March 2020, the substantial shareholders of the Company are summarised in the table below:

| Name of Shareholder | Number of shares held | Approximate shareholding (%) |
|------------------------------|-----------------------|------------------------------|
| Zhang Xiaomin | 3,933,308,000 | 16.99% |
| Asia Fintech Company Limited | 3,250,160,000 | 14.04% |
| Jiefang Media (UK) Co. | 1,905,037,247 | 8.23% |

| Name of Shareholder | Number of shares held | Approximate shareholding (%) |
|---------------------|-----------------------|------------------------------|
| Limited | | |

- 10 According to the SEHK website accessed on 15 May 2020, as at 5 July 2019, the Company's market capitalisation was HKD277,690,000.

BUSINESS AND FINANCIAL POSITION OF THE COMPANY

- 11 According to the First Quarterly Report 2020, the Company is an investment company with operating subsidiaries (the *Group*) in multiple jurisdictions, including the PRC, Hong Kong SAR, Singapore and the British Virgin Islands. The principal activities of the Group are:
- (a) the provision of traditional financing services and related financing consultancy services, including entrusted loan service, real estate-backed loan service, pawn loan service, other loan service and microfinance service;
 - (b) the provision of Internet financing services including third party payment service, online investment and technology-enabled lending service and related activities on loan portfolio management; and
 - (c) the provision of social gaming services, IT solution services and block-chain services.

SUBSCRIPTION AGREEMENT WITH THE PETITIONER

- 12 Pursuant to a subscription agreement dated 8 May 2016 (the *Subscription Agreement*) between the Company (as the issuer) and the Petitioner (as the subscriber), the Petitioner agreed to subscribe and the Company agreed to issue 7% convertible bonds due 2019 (the *Bonds*) in the aggregate principal amount of HKD500,000,000.
- 13 Pursuant to the terms of the Subscription Agreement:
- (a) On the Maturity Date, the Company would redeem the Bonds by paying the Petitioner all the Accreted Principal Amount and the Additional Amount (as defined in the Subscription Agreement): Condition 4.1 of Schedule 2 of the Subscription Agreement.

- (b) It is an Event of Default if the Company fails to make any payment of the Accreted Principal Amount or Interest or Additional Amount (as defined in the Subscription Agreement) in respect of the Bonds when due: Condition 8.2.4 of Schedule 2 of the Subscription Agreement.
 - (c) Upon an Event of Default, the Petitioner may, by notice to the Company, require the Company to redeem the Bonds in full (or any part thereof as the Petitioner may specify in such notice). On receipt of such notice, the Company shall immediately repay to the Petitioner the Accreted Principal Amount of the Bonds and any other amounts then payable under the Bonds in accordance with the Subscription Agreement: Condition 8.1 of Schedule 2 of the Subscription Agreement.
- 14 The obligations owing by the Company under the Subscription Agreement are guaranteed by:
- (a) Mr. Zhang Zhenxin (deceased) under a deed of guarantee in favour of the Petitioner in respect of all sums due and payable to the Petitioner under the Subscription Agreement.
 - (b) Ms. Zhang Xiaomin under a deed of guarantee in favour of the Petitioner in respect of all sums due and payable to the Petitioner under the Subscription Agreement.
- 15 On 20 May 2016, the Petitioner was issued with the Bonds in the aggregate principal amount of HKD500,000,000. The Maturity Date for the Bonds is 20 May 2019.

DEFAULT UNDER THE FACILITY AGREEMENT

Default arising from the failure to pay on Maturity Date

- 16 On 20 May 2019 (that is, the Maturity Date), the Company failed to repay the Accreted Principal Amount and the Additional Amount in breach of condition 4.1 of Schedule 2 of the Subscription Agreement.
- 17 On 20 December 2019, the Petitioner served a statutory demand under section 178(1)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) on the Company demanding payment of HKD543,972,602.74 (the **HK Statutory Demand**). The amount of HKD543,972,602.74 comprised of:

- (a) the Accreted Principal Amount on the Maturity Date: HKD500,000,000; and
 - (b) default interest at 15% on the Accreted Principal Amount accrued from 20 May 2019: HKD43,972,602.74.
- 18 On 17 January 2020, the Company repaid HKD3,365,617 of default interest and such amount is insufficient to fully satisfy the debt owing under the HK Statutory Demand.
- 19 As at 2 June 2020, the total amount outstanding owing to the Petitioner under the Subscription Agreement is HKD574,716,574.78 (the *Outstanding Debt*). The Outstanding Debt is comprised of:
- (a) the Accreted Principal Amount as of the Maturity Date: HKD500,000,000;
 - (b) default interest at 15% on the Accreted Principal Amount accrued from 20 May 2019 to 17 January 2020 (less HKD3,365,617 repaid on 17 January 2020): HKD46,565,889.85; and
 - (c) default interest at 15% on the Accreted Principal Amount accrued from 18 January 2020 to 2 June 2020: HKD28,150,684.93.

THE COMPANY IS INSOLVENT

- 20 In addition to the Outstanding Debt, the Petitioner notes from the Company's Annual Report 2019 that, for the year ended 31 December 2019:
- (a) loss was approximately RMB3,762,597,000;
 - (b) total current assets are RMB3,430,651,000, of which only RMB183,918,000 are bank balances and cash; and
 - (c) total current liabilities are RMB4,232,958,000, of which:
 - (i) approximately RMB1,110,430,000 are owing under convertible bonds, suggesting that these bonds are payable within the next 12 months from December 2019 and may already be in default as at the date of this Petition;

- (ii) approximately RMB390,835,000 are owing under corporate bonds, suggesting that these corporate bonds are payable within the next 12 months from December 2019 and may already be in default as at the date of this Petition; and
- (iii) approximately RMB1,133,237,000 are owing as borrowings, suggesting that these loans are payable within the next 12 months from December 2019 and may already be in default as at the date of this Petition.

- 21 The Petitioner also notes from the First Quarterly Report 2020 that, for the period ended 31 March 2020, loss was approximately RMB63,264,000.
- 22 In any event, as at 31 March 2020 the bank balances and cash are only RMB111,100,000, it appears that the Company does not have readily available funds to meet its current liabilities, including to repay the Outstanding Debt which is currently due and owing.
- 23 Further, according to the Company's Annual Report 2019, the operations of UCF Pay Limited (*UCF Pay*), a material PRC subsidiary of the Company generating approximately 15.85% of the Group's total revenue, have been suspended because it was requested by the PRC regulatory authority to take serious remedial actions for certain material non-compliance relating to its business operations. As a result, the trading of the Company's shares on the SEHK has been suspended since 8 July 2019.
- 24 The Company's First Quarterly Report 2020 states that UCF Pay reported revenue of RMB Nil for the period ended 31 March 2020.

GROUNDS FOR APPLICATION

- 25 For the reasons set out above, the Company is unable to pay its debts and is therefore liable to be wound up by this Honourable Court pursuant to section 92(d) of the Companies Law.

YOUR PETITIONER THEREFORE HUMBL Y PRAYS THAT:

- 1 The Company be wound up in accordance with section 92(d) of the Companies Law.
- 2 Ms. So Kit Yee Anita and Mr. Yen Ching Wai David both of Ernst & Young Transactions Limited of 22nd Floor, CITIC Tower, 1 Tim Mel Avenue, Central, Hong Kong and Ms. Tammy Karina Fu of EY

Cayman 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 the Liquidators and/or their appointment in any other relevant jurisdiction and to make applications to the courts of such jurisdictions for that purpose.
- 6 Without prejudice to the generality of the foregoing, the Liquidators be authorised and be granted leave to take all such actions as may be necessary to:
 - (a) Take control of the director and/ or indirect subsidiaries (the *Subsidiaries*) of the Company, and/or joint venture, investment, associated companies, business or other entities (together, the *Associated Companies*) in which the Company holds an interest (or such shares of such subsidiaries and/or associated companies as are owed directly or indirectly by the Company), in each case wherever located, as the Liquidators shall think fit; and/or to call or cause to be called such meetings of such Subsidiaries and/or Associated Companies and/or to sign such resolutions (in accordance with the provisions of any relevant constitutional or related documentation of such companies) and take such other steps, including applications to appropriate courts and/or regulators, as the Liquidators shall consider necessary to appoint or remove directors, legal representatives, officers, and/or managers to or from such Subsidiaries and/or Associated Companies, and in each case take such steps as are necessary to cause the registered agents (or other equivalent corporate administrators) of such Subsidiaries or Associated Companies to give effect to the changes to the board of directors, legal representatives, officers, and/or managers of such companies or entities, including (without limitation) effecting changes to the company registers of such Subsidiaries or Associated Companies as may be deemed appropriate by the Liquidators; and/or to take such action in relation to all such Subsidiaries or Associated Companies as the Liquidators shall think fit for the purpose of protecting the assets of the Company and

managing the affairs of the Company (which, for the avoidance of doubt, shall include the assets and affairs of the Subsidiaries and Associated Companies);

(b) Liaise with management of the Group to stabilise and preserve value of the Company and the Group; and

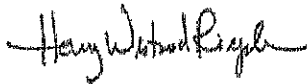
(c) Communicate on the Company's behalf with the relevant regulators, as appropriate.

- 7 That the Liquidators be authorised to exercise all of the powers set out in section 110(2) of the Companies Law and Part II of the Third Schedule thereof, without further sanction of this Honourable Court.
- 8 No suit, action or other proceeding shall be proceeded with or commenced against the Company except with the leave of this Honourable Court and subject to such terms as this Honourable Court may impose.
- 9 No disposition of the property of the Company by or with the authority of the Liquidators in carrying out their duties and functions and exercise of their powers under this Order shall be voided by virtue of Section 99 of the Companies Law.
- 10 That 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.
- 11 The remuneration and expenses of the Liquidators shall be paid out of the assets of the Company in accordance with Part III of the Insolvency Practitioners' Regulations 2018 (as amended) and Order 20 of the Companies Winding Up Rules 2018.
- 12 Subject to section 109(2) of the Companies Law and the Insolvency Practitioner Regulations 2008 (as amended), the Liquidators be authorised to render and pay invoices out of the costs of the Company for their own remuneration.
- 13 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.

- 14 The Liquidators be at liberty to apply generally to this Honourable Court to make such orders for regulating the future conduct of the affairs of the Company as this Honourable Court shall see fit.
- 15 The costs of and incidental to the Petition be paid forthwith out of the assets of the Company to be taxed if not agreed.
- 16 Such further or other relief be granted as this Honourable Court deems appropriate.

AND your Petitioner will ever pray etc.
Dated this 3rd day of June 2020



Harney Westwood & Riegels
Attorneys-at-Law for and on behalf of 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 Petitioner, whose address for service is 4th Floor, Harbour Place, 103 South Church Street, PO Box 10240, Grand Cayman KY1-1002, Cayman Islands (Ref: CAR/LZL/016830.0074)

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 *29 July 2020* at *9*~~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.