

IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

CAUSE NO. FSD OF 2024 ()

IN THE MATTER OF SECTION 92 OF THE COMPANIES ACT (2023 REVISION)

AND IN THE MATTER OF PRIMELINE ENERGY HOLDINGS INC.

WINDING UP PETITION

TO THE GRAND COURT

The humble petition of Shanghai Pudong Development Bank Co., Ltd., in its capacity as the Agent Bank and the Security Agent (each as defined below), of No. 12 Zhongshandongyi Road, Shanghai, PRC (the "**Petitioner**"), shows that:-

A. INTRODUCTION

1. The Petitioner presents this petition for:
 - (a) the winding up of Primeline Energy Holdings Inc. (the "**Company**") pursuant to section 92(d) of the Companies Act (2023 Revision) (the "**Companies Act**") on the grounds that the Company is insolvent and unable to pay its debts as they fall due; and
 - (b) the appointment of Mr Man Chun So of PricewaterhouseCoopers Limited and Mr Simon Richard Conway of PwC Corporate Finance & Recovery (Cayman) Limited as joint official liquidators ("**JOLs**") of the Company.

B. THE PETITIONER

2. The Petitioner was incorporated in the People's Republic of China ("**PRC**") on 19 October 1992 as a company with registration number 9131000013221158XC. The Petitioner is engaged in the business of commercial banking in the PRC.
3. Under the Loan Agreement (as defined below), the Petitioner acts as the agent bank for all the Lenders (as defined below) (including itself) (the "**Agent Bank**"). Pursuant to clause 23.11 of the Loan Agreement, when the Syndicate Meeting (as defined in the Loan Agreement) votes and decides to take legal action for breach of the Loan Agreement against the Borrowers (as defined below), the Agent Bank shall be fully responsible for representing all Lenders in the litigation. Other than the Agent Bank, any Lender shall not prosecute or make claims against the Borrowers on its own, but shall according to the Agent Bank's requirement be involved in the handling of the dispute and bear the relevant expenses.
4. Under the Guarantee (as defined below), the Petitioner acts as the security agent for all the Lenders (including itself) (the "**Security Agent**"). Pursuant to clause 7(1)(vii) of the Guarantee, the Security Agent may require the Guarantor (as defined in the Guarantee) to perform its obligations when the Agent Bank is authorised by the Syndicate (as defined in the Guarantee) to accelerate the Loan.
5. It is in its capacity as the Agent Bank and the Security Agent that the Petitioner presents the Petition.

C. THE COMPANY

6. The Company was incorporated in the Cayman Islands as an exempted limited company on 31 March 1995 with Registration Number 59165.
7. The Company's registered office is c/o Maples Corporate Services Limited, PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands.
8. The Company (together with its subsidiaries) was, until around 2021, in the business of exploring oil and gas properties located in the PRC.
9. The Petitioner does not have access to the Company's current memorandum. Accordingly the Company's present authorised share capital under the terms of its memorandum is unknown to the Petitioner.

D. THE AGREEMENTS

10. On 17 November 2014 the Petitioner together with Export-Import Bank of China and China Development Bank (formerly known as "China Development Bank Corporation") (together the "**Lenders**") entered into a syndicated loan agreement (the "**Loan Agreement**") with Primeline Energy China Limited and Primeline Petroleum Corporation as borrowers (each a "**Borrower**" and together the "**Borrowers**"), pursuant to which the Lenders provided a loan to the Borrowers in the aggregate principal amount of US\$274 million (the "**Loan**"), of which US\$74 million was provided by the Petitioner to the Borrowers.
11. Insofar as they are material, the key provisions of the Loan Agreement are as follows:
 - (a) The term of the Loan is 9 years, commencing from the Initial Drawdown Date (as defined in the Loan Agreement) and ending on 20 November 2023;
 - (b) The initial interest accrued on the Loan at a floating rate of 6-month US LIBOR Rate plus 4.7%. The interest rate of the Loan was subsequently varied as detailed in paragraph 14 and 26 to 28 below; and
 - (c) Pursuant to Clause 28.3 of the Loan Agreement, upon the occurrence of an Event of Default (as defined in the Loan Agreement), the Lenders may authorise the Petitioner (in its capacity as the Agent Bank) to serve a notice of event of default and acceleration ("**Notice of Event of Default and Acceleration**") on the Borrowers demanding the full repayment of all sums due under the Loan Agreement.
12. Furthermore on 17 November 2014, the Lenders entered into a syndicated loan deed of guarantee with the Company as a guarantor (the "**Guarantee**"), pursuant to which the Company provided a joint and several guarantee to each of the Lenders (including the Petitioner) in respect of the Borrowers' obligations under the Loan Agreement.
13. Insofar as they are material, the key provisions of the Guarantee are as follows:
 - (a) Pursuant to Clause 3 of the Guarantee, the Petitioner (in its capacity as the Security Agent) has the power to directly request the Company to fulfil its obligations under the Guarantee in the event that any Borrower fails to discharge any Secured Obligations (as defined in the Guarantee) in accordance with the Loan Agreement, or if any Event of Default (as defined in the Loan Agreement) occurs. The Company is required to discharge such

Secured Obligations within 3 days following the receipt of such written notice, and the Company's payment obligations under the Guarantee shall become due immediately on demand.

(b) Pursuant to Clause 7.1(vii) of the Guarantee, the Petitioner (in its capacity as the Security Agent) may require the Company as the Guarantor (as defined in the Guarantee) to perform its obligations under the Guarantee when the Lenders authorise the Petitioner (in its capacity as the Agent Bank) to accelerate the Loan, which would result in the acceleration of all the undue payment under the Loan Agreement.

14. On 17 November 2016, the Borrowers, the Lenders and the Company entered into a written agreement (the "**First Variation Agreement**") varying the interest rate and repayment schedule under the Loan Agreement. In particular, the interest rate of the Loan was revised to a floating rate of 6-month US LIBOR Rate plus 3.35% from 17 November 2016. It was specifically agreed under Article 3 of the First Variation Agreement that the Company would continue to provide joint and several guarantee to the Borrowers' obligations under the Loan Agreement as varied.
15. On 19 November 2018, the Borrowers, the Lenders and the Company entered into another written agreement (the "**Second Variation Agreement**"), which provides for further amendments to the repayment schedule under the Loan Agreement (as varied by the First Variation Agreement). It was specifically agreed under Article 3 of the Second Variation Agreement that the Company would continue to provide a joint and several guarantee to the Borrowers' obligations under the Loan Agreement (as varied by the First Variation Agreement and the Second Variation Agreement).

E. THE DEBT

16. Prior to 20 May 2019, the Borrowers repaid the principal of US\$107.5 million of the Loan and the accrued interest to the Lenders in the amount of US\$49,628,050.17, in accordance with the repayment schedule under the Loan Agreement (as varied).
17. Since 20 May 2019, the Borrowers have failed to repay the Loan and interest in accordance with the repayment schedule under the Loan Agreement (as varied).
18. On 9 August 2021, on the basis that the Borrowers' failure to repay the Loan in full in accordance with the repayment schedule under the Loan Agreement (as varied) since 20 May 2019 constituted an Event of Default (as defined in the Loan Agreement), the Lenders authorised the Petitioner to serve the Notice of Event of Default and

Acceleration on the Borrowers pursuant to Clause 28.3 of the Loan Agreement demanding the full repayment of all sums due under the Loan Agreement.

19. Notwithstanding the service of the Notice of Event of Default and Acceleration, the Borrowers remained in default and did not make any further repayment.
20. On 22 December 2021, the Lenders commenced proceedings in the Maritime Court of Ningbo, the People's Republic of China (the "**PRC Court**") against the Borrowers for defaults under the Loan Agreement (the "**PRC Proceedings**").
21. In or around June 2022, upon mediation of the PRC Court, the Borrowers and the Lenders entered into a settlement agreement (the "**Settlement Agreement**"). The Borrowers' liability under the Settlement Agreement is consistent with, and calculated on the same basis as, that under the Loan Agreement (as varied). More particularly, under the Settlement Agreement:
 - (a) the Borrowers acknowledged (at Clause 1 of the Settlement Agreement) that:
 - (i) a sum of US\$44,091,853.97 (comprising principal sum of US\$41,266,600.75 and interest (including overdue interest) in the sum of US\$2,825,253.22) was due and payable to the Petitioner under the Loan Agreement (as varied) as of 20 July 2021 (inclusive);
 - (ii) interest continued to accrue under the Loan Agreement (as varied) until actual repayment; and
 - (iii) liquidated damages of US\$872,400 and attorneys' fees of RMB 310,500 were due and payable to the Petitioner; and
 - (b) the aforementioned sums should be paid by the Borrowers to the Petitioner within 10 days upon receipt of written notice by the Lenders pursuant to Clause 2 of the Settlement Agreement.
22. The Settlement Agreement was subsequently confirmed by a conciliation statement dated 18 September 2022 handed down by the PRC Court (the "**Conciliation Statement**").
23. Notwithstanding the Settlement Agreement and the Conciliation Statement, the Borrowers continued to be in default and did not make any further repayment.

24. By a written notice dated 22 November 2022 (the "**Demand Letter**"), TianTong (Shanghai) Law Firm (on behalf of the Lenders including the Petitioner) demanded that the Borrowers pay the Petitioner on or before 2 December 2022 the following sums which were due and payable under the Loan Agreement (as varied), the Settlement Agreement and the Conciliation Agreement as of 10 October 2022 (non-inclusive):
- (a) principal sum of the Loan in amount of US\$41,266,600.75;
 - (b) interest in the amount of US\$6,289,748.41;
 - (c) liquidated damages in the amount of US\$872,400; and
 - (d) attorneys' fees in the amount of RMB 310,500.
25. The Borrowers failed to make any repayment in accordance with the Demand Letter. As such, the Lenders (including the Petitioner) began taking enforcement steps against the Borrowers in the PRC from March 2023. In its ruling dated 18 September 2023, the PRC Court confirmed that the Borrowers do not hold any assets that might be enforced against by the Lenders.
26. As announced by the United Kingdom Financial Conduct Authority (FCA), the US dollar LIBOR bank panel ended on 30 June 2023, and the 6-month US Dollar LIBOR Benchmark Rate was no longer representative of the market after 30 June 2023. This constituted a "Market Disruption Event" as defined by Clause 5.4 of the Loan Agreement.
27. By a notice to the Borrowers and the Company dated 28 June 2023, the Petitioner (in its capacity as the Agent Bank and the Security Agent) notified the Borrowers and the Company that, unless they confirmed the proposed alternative rate (SOFR) within 30 days, the interest rate for all interest periods that had yet to commence from 30 June 2023 would be the interest rate of the previous interest period, i.e., the 6-month USD LIBOR published on 19 June 2023, plus the margin of 3.35%, pursuant to Clause 5.4.1 of the Loan Agreement.
28. Neither the Borrowers nor the Company raised any objections to the notice dated 28 June 2023.
29. Given that the Notice of Event of Default and Acceleration was served on the Borrowers on 9 August 2021, under Clause 7.1(vii) of the Guarantee, the Petitioner (in its capacity as the Security Agent) may require the Company as the guarantor to

perform its obligations under the Guarantee. In addition, under Clause 3 of the Guarantee, the Petitioner (in its capacity as the Security Agent) has the power to directly request the Company to fulfil its obligations under the Guarantee in the event that any Borrower fails to discharge any Secured Obligations (as defined in the Guarantee) in accordance with the Loan Agreement, or if any Event of Default (as defined in the Loan Agreement) occurs. The Company is required to discharge such Secured Obligations within 3 days following the receipt of such written notice, and the Company's payment obligations under the Guarantee shall become due immediately on demand.

30. Accordingly, on 30 April 2024, Hui Zhong Law Firm (on behalf of the Lenders, including the Petitioner in its capacity as the Security Agent) enforced the Guarantee against the Company by serving a written demand to the Company to request the Company to fulfil its obligations under the Guarantee pursuant to Clause 3.2 of the Guarantee.
31. As of 3 May 2024, being three days following receipt of the written notice from Hui Zhong Law Firm (on behalf of the Lenders, including the Petitioner in its capacity as the Security Agent) dated 30 April 2024, and as of the date of this Petition, the Company has failed to discharge its obligations under the Guarantee.

F. GROUNDS FOR WINDING UP

32. As a consequence of the Company's ongoing failure to fulfil its obligations under the Guarantee, the Petitioner, in its capacity as the Agent Bank and the Security Agent, caused the following statutory demands (the "**Statutory Demands**") to be served upon the Company, specifically:
 - (a) a statutory demand from the Petitioner was served upon the Company on 21 June 2024, which sets out the total indebtedness of US\$57,019,296.86 owed by the Company to the Petitioner as at the date thereof (the "**SPDB Petition Debt**");
 - (b) a statutory demand from Export-Import Bank of China was served upon the Company on 23 May 2024, which sets out the total indebtedness of US\$92,278,410.37 owed by the Company to Export-Import Bank of China as at the date thereof (the "**EIB Petition Debt**"); and
 - (c) a statutory demand from China Development Bank was served upon the Company on 28 May 2024, which sets out the total indebtedness of

US\$61,556,897.76 owed by the Company to China Development Bank as at the date thereof (the "**CDB Petition Debt**", together with the SPDB Petition Debt and the EIB Petition Debt, the "**Petition Debts**").

33. More than 21 days have elapsed since the Statutory Demands have been served upon the Company. As of the date hereof, the Petition Debts remain outstanding and the Company has not made any payments towards discharging the outstanding sum, nor given any indication as to when it might do so.
34. Accordingly, by its failure to satisfy the Statutory Demands within 21 days after their respective dates of service, the Company is deemed to be unable to pay its debts pursuant to section 93(a) of the Companies Act. In the alternative, as a result of the Company's failure to pay the Petition Debts, the Court should be satisfied that the Company is unable to pay its debts pursuant to section 93(c) of the Companies Act.
35. The Petitioner therefore respectfully requests that the Company be wound up pursuant to section 92(d) of the Companies Act on the basis that it is unable to pay its debts as they fall due.

YOUR PETITIONER THEREFORE HUMBLY PRAYS THAT:-

- (1) The Company be wound up in accordance with section 92(d) of the Companies Act.
- (2) Mr Man Chun So of PricewaterhouseCoopers Limited and Mr Simon Richard Conway of PwC Corporate Finance & Recovery (Cayman) Limited be appointed as the JOLs.
- (3) The JOLs be authorised to act jointly and severally in their capacity as joint official liquidators of the Company.
- (4) The JOLs shall not be required to give security for their appointment.
- (5) The JOLs be authorised to exercise within and outside the Cayman Islands any of the powers conferred on them by the Court pursuant to Section 110(2)(b) and Part II of the Third Schedule of the Companies Act without further sanction or intervention of the Court.
- (6) The JOLs be authorised to take any such action as may be necessary or desirable to obtain recognition of their appointment in any other relevant jurisdiction (including but not limited to the British Virgin Islands, the People's Republic of China and Hong Kong) and to make applications to the courts of that jurisdiction for such purpose.

- (7) The JOLs have the power to appoint agents in the Cayman Islands, Hong Kong, the British Virgin Islands, the People's Republic of China and elsewhere to do any business contemplated by this order which they are unable to do themselves or which can more conveniently be done by an agent.
- (8) The JOLs have the power to engage staff (whether or not as employees of the Company) to assist them with the performance of their functions.
- (9) The JOLs be authorised to take control of such of the direct and/or indirect subsidiaries of the Company (the "**Subsidiaries**") and joint ventures, investments, associated companies, businesses or other entities in which the Company holds an interest (or the shares of such entities) (the "**Associated Companies**" and, together with the Company and the Subsidiaries, the "**Group**"), in each case wherever located, as the JOLs shall think fit; 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 JOLs 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 boards 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 JOLs; and/or to take such other action in relation to all such Subsidiaries or Associated Companies as the JOLs shall think fit for the purpose of protecting the assets 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).
- (10) The JOLs be at liberty to appoint counsel, attorneys, and/or any other 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 out of the assets of the Company.
- (11) The remuneration and expenses of the JOLs shall be paid out of the assets of the Company in accordance with the Companies Act and the Insolvency Practitioners' Regulations (2023 Consolidation) (as amended).

- (12) The JOLs 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.
- (13) No disposition of the Company's property by, or with the authority of, the JOLs in carrying out their duties and functions and/or the exercise of their power under this order shall be voided by virtue of section 99 of the Companies Act.
- (14) The Petitioner's costs of and incidental to the Petition shall be paid forthwith out of the assets of the Company as an expense of the liquidation, such costs to be taxed on an indemnity basis if not agreed with the JOLs.
- (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 July 2024.



Ogier (Cayman) LLP
Attorneys-at-Law for the Petitioner

TIME ESTIMATE: The estimated length of the hearing of this Petition is 3 hours.

NOTE: This petition is intended to be served on the Company.

NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this petition will take place at the Law Courts, George Town, Grand Cayman, on _____ 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, Grand Cayman, KYI-1106, telephone 345 949 4296.