



AND COURT OF THE CAYMAN ISLANDS

SERVICES DIVISION

FSD CAUSE NO.: OF 2024 ( )

IN THE MATTER OF THE COMPANIES ACT (2023 REVISION)

AND IN THE MATTER OF STRONG PETROCHEMICAL HOLDINGS LIMITED

BETWEEN YAO GUOLIANG PETITIONER

AND SPEED SUCCESS GROUP LIMITED RESPONDENT

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**WINDING UP PETITION**

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**TO THE GRAND COURT**

The humble petition of Mr Yao Guoliang, a resident of Hong Kong SAR whose address is Flat 3, 59/F, Tower 8, The Belcher's, 89 Pok Fu Lam Road, Pok Fu Lam, Hong Kong (the **Petitioner**) shows that:

**The Company and the Group**

1. Strong Petrochemical Holdings Limited (the **Company**) is listed on the Main Board of the Hong Kong Stock Exchange Limited (**HKEX**) (Stock Code: 0852).
2. The Company was incorporated on 1 February 2008 under registration number 204188 as an exempted company with limited liability under the laws of the Cayman Islands. The registered office of the Company is situated at Cricket Square, Hutchings Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company is headquartered in Hong Kong at 28/F, Overseas Trust Bank Building, 160 Gloucester Road, Wan Chai, Hong Kong.
3. The Company serves as the listed holding company of a group of subsidiaries and related entities (**Group**). The core business of the Group is the trading of crude oil,

petroleum products and petrochemicals. The Group also invests in associated derivative products and securities. Aside from its core business, the Group provides storage services for petroleum products and petrochemicals, in addition to specialized leasing for industry participants. The Group holds ongoing investments in oil fields, a petrochemical manufacturing plant which is currently under construction and a solar energy business. The Group has operations in Hong Kong, Mainland China, Macau and Singapore.

4. The Company has its origins in a private Hong Kong company founded by the Petitioner in 1999. The Petitioner would later invite and Mr Wang Jian Sheng (**Wang**) to join the company in 2000. Although the Company is listed on the Main Board of the HKEX, the Petitioner and Wang remain significant shareholders in the Company.
5. The Petitioner has the largest single ownership interest (directly and indirectly) with approximately 30.42% of the Company's issued share capital. Wang has a declared (indirect) ownership interest of approximately 26.91%. Wang has additional undisclosed interests, a factor contributing to the presentation of this Petition.
6. At all material times the Petitioner and Wang have been executive directors of the Company. The Company's board of directors (the **Board**) includes a number of independent directors. The Board has recently undergone changes, for reasons relevant to this Petition.
7. The Company and the Group are successful and profitable. The Company recently reported retained profits of HK\$632,928,000 for the six months ended 30 June 2024. The Company maintains strong cash reserves exceeding its operational and strategic needs, thus enabling it to make dividend distributions to shareholders. In October 2024, the Company declared an interim dividend of HK\$0.08 per share, totalling approximately HK\$169.9 million, payable in December 2024. The dividend is another issue in dispute between the Petitioner and Wang.

### **The Petitioner and Wang**

8. Since the Company's listing on the HKEX, the Petitioner has served as the Company's CEO and has been principally responsible for managing the Company's day-to-day business and operations. In particular, the Petitioner has been responsible for managing the Company's core business, which is the purchase of petroleum and petrochemical products and selling those products into the Mainland Chinese market. Wang's principal role has been to serve as Chairman of the Company and to assist the Petitioner as and when required.
9. The relationship between the Petitioner and Wang has steadily deteriorated over the years. In or about September 2024, the Petitioner approached Wang proposing to purchase Wang's interest in the Company. The Petitioner's offer was conditional upon

the purchase not triggering an obligation for the Petitioner to make a general takeover offer to purchase all the Company's shares in accordance with Hong Kong's Code on Takeovers Mergers and Share Buy-Backs.

10. The Petitioner initially understood Wang to have accepted his offer, but Wang later changed his mind and instead made a counter-offer to purchase the Petitioner's interest in the Company. The Petitioner agreed in principle to Wang's counter-offer, subject to the Petitioner conducting due diligence with respect to a property asset forming part of the consideration for the proposed transaction. Again, the Petitioner understood the principal terms to be agreed, but Wang subsequently withdrew the offer and later proposed a fundamentally different arrangement. These terms were not acceptable to the Petitioner, and thus no deal has been reached.
11. Despite the absence of any agreement, Wang next suggested that his son, Mr Wang Pang Paul (**Wang Jr**) should replace the Petitioner as an executive director and CEO of the Company (and has since devised the Takeover Scheme described below). The Petitioner does not support this proposal as it does not serve the Company's best interests.
12. It is in this context that Wang has commenced his campaign against the Petitioner and the Company, culminating in the various aspects of Wang's Takeover Scheme (defined below).

#### **Outline of the grounds of the Petition and alternative relief sought**

13. Wang, in concert with members of his family and other associates, has engaged in a deliberate and planned scheme designed to push the Petitioner out of the Company and take over management, control and ownership (**Takeover Scheme**).
14. In the course of pursuing the Takeover Scheme, Wang has acted in breach of his fiduciary duties to the Company, has filed malicious and abusive proceedings, has contravened HKEX Main Board Listing Rules (**HKEX Rules**) and Hong Kong's Securities and Futures Ordinance (**SFO**) and has secretly and dishonestly sought to remove the Petitioner as a director of a key entity which holds almost 50% of the shares in the Company.
15. This Petition is presented on the basis that it would be just and equitable for this honourable Court to wind up the Company on grounds that the Petitioner has lost all confidence in the Company's management under the influence of Wang, because of a lack of probity on the part of Wang and on the basis that there is a clear need for an investigation into his conduct. As detailed in this petition, Wang is taking steps to take over complete management control of the Company.

16. However, given the Company's strong financial position and solvency, it would be value destructive and prejudicial to the Company's shareholders for the Court to make a winding up order in the circumstances of this case. Instead, the Petitioner seeks an order pursuant to the Court's jurisdiction under section 95(3) of the Companies Act to make alternative orders regulating the conduct of the affairs of the Company in the future and/or orders providing for the purchase of shares of certain members of the Company by other members or by the Company itself.

### The Takeover Scheme

17. The key features of Wang's Takeover scheme are in outline as follows:
- (a) Wang is attempting to coerce the Petitioner into selling him his interest in the Company.
  - (b) Wang, via SSGL, has presented a malicious and abusive petition for the winding up of the Company in the High Court of the Special Administrative Region of Hong Kong (the **HK Petition** and the **HK Court**). Wang has pre-emptively objected to the Petitioner responding to the HK Petition by offering to buy out Wang's shareholding and is seeking a liquidation. Liquidation would be highly value destructive and not in the best interests of those shareholders without designs to take over the Company at an undervalue. Wang has made various false allegations against the Petitioner in the HK Petition.
  - (c) Wang secretly and dishonestly purported to remove the Petitioner as co-director of the single largest corporate shareholder of the Company, Forever Winner International Limited (**FWIL**), a company incorporated in the British Virgin Islands (**BVI**):
    - (i) As part of this scheme, Wang attempted to install his niece, Ms Yongling Xia (**Ms Xia**) as FWIL's second director in the Petitioner's place. Ms Xia is the daughter of Wang's sister. Wang's plot was only recently discovered by the Petitioner, and only by chance.
    - (ii) Wang's purported removal of the Petitioner as a director of FWIL (the **Unlawful Removal**) blatantly contravened FWIL's Articles of Association (**FWIL's Articles**). The Petitioner regards as dishonest Wang's conduct in connection with the Unlawful Removal.
    - (iii) Following discovery of the Unlawful Removal, the Petitioner commenced legal proceedings in the BVI and Hong Kong to, *inter alia*, set aside the Unlawful Removal and to prevent Wang from exercising unilateral control of FWIL. In response, Wang hurriedly undertook to reinstate the Petitioner and remove Ms Xia.

- (iv) Control of FWIL by Wang would allow him to pass resolutions at the December EGM without regard to the interests and wishes of the Petitioner as 50% shareholder of FWIL.
- (d) Wang has covertly accumulated interests in or control over additional shares in the Company (the **Undisclosed Shares**) in an apparent attempt to increase his control over the Company, without disclosing the same in accordance with HKEX Rules.
- (e) The Petitioner believes that Wang made a complaint to the HKEX based on a decade-old 'insider trading' investigation against the Petitioner and FWIL by France's Financial Market Authority (**AMF**) which he falsely claimed was concealed from him by the Petitioner. Wang used this complaint to encourage HKEX to question the Petitioner's fitness to remain as a director of the Company. The Petitioner believes he did so in order to paint the Petitioner in a bad light and to advance the Takeover Scheme. In behaving in this manner, he has sought to advance his own interests at the expense of the interests of the Company and the shareholders as a whole.
- (f) Wang is currently attempting take control of the Company by seeking his appointment as the Company's sole director at an EGM of the Company to be held on 27 December 2024 (**December EGM**).

### Ownership of the Company

18. The Company has current issued share capital of 2,123,364,090 shares:
  - (a) The Petitioner directly holds 124,984,000 shares (approximately 5.89%).
  - (b) FWIL holds 1,041,746,000 shares (approximately 49.06%). The Petitioner and Wang each own 50% of FWIL.
  - (c) Speed Success Group Limited (**SSGL**) holds 50,576,000 shares (approximately 2.38%). SSGL is wholly owned and controlled by Wang.
  - (d) Hongkong Hengyuan Investment Limited (**Hengyuan**) holds 353,603,681 shares (approximately 16.65%). Wang has a relationship with Hengyuan and it appears that Hengyuan is cooperating in Wang's Takeover Scheme.
19. Together, the above shareholdings amount to approximately 73.98% of the issued shares of the Company.

**The Undisclosed Shares**

20. The Company and the Petitioner recently discovered that Wang has unlawfully accumulated the Undisclosed Shares, in breach of the HKEX Rules and provisions of the SFO, in breach of his fiduciary duties as a director, and in furtherance of the Takeover Scheme. These matters have been reported to the HKEX and the Securities and Futures Commission of Hong Kong (**SFC**).
21. The disclosure rules of the HKEX are intended to allow it to monitor *inter alia* whether or not a person acquiring shares is subject to the mandatory offer requirement of the Takeover Code. The mandatory offer applies to a person who alone or in concert with others acquires more than 10% of the shares in a Company.
22. Accumulation of the Undisclosed Shares by Wang has caused the Company to be in breach the public float threshold of 25% of its shares (see below).
23. The Petitioner believes that as at 6 September 2022, Wang held the following Undisclosed Shares through persons/entities over which he exercises influence, control or ownership (**Nominees**) or who are his associates or concert parties for the purposes of the Takeover Code:
  - (a) Treasure Mountain Group Ltd (**TM**). At the material times, Chang Jia Jie (**CJJ**) was/is a driver employed by a company 90% owned by Wang and was/is the sole shareholder and director of TM. Wang Jr has connections with TM and was/is authorised to operate a securities account through which TM held shares in the Company.
  - (b) Chen Zhizhong (**CZZ**) and others.
24. The above shareholdings of the Nominees total 148,604,000 shares (approximately 6.99% of the total issued share capital of the Company).
25. The Petitioner understands that 50,576,000 shares held by TM were subsequently sold in or about October 2022 which equates to approximately 4.83% of the Company's issued shares. Around this same time, Wang caused SSGL to acquire a total of 50,576,000 shares in the Company.
26. The Petitioner does not know if Wang holds additional undisclosed shares through other nominees, but is justifiably concerned he may.
27. The Petitioner believes that:
  - (a) Wang should have disclosed his interest in the Undisclosed Shares to the HKEX and the Company pursuant to sections 341(1)(a) and 347(1) of the SFO. The Petitioner has located no records of such disclosures having been made.

- (b) In failing to disclose his interest in the Undisclosed Shares, Wang is in breach of sections 341(1)(a) and 347(1) of the SFO and the associated undertakings which he would have been required to provide to the HKEX at the time of the Company's listing.
  - (c) By concealing his dealings in the Undisclosed Shares from the investing public and the Board, Wang is in breach the notification and procedural requirements under the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix C3 of the HKEX Rules. The Model Code has been adopted by the Company as its code of conduct regarding directors' security transactions. Wang is in breach of his fiduciary duties to the Company by secretly dealing with the Undisclosed Shares. If proved, failure to make proper and timely disclosure may be a criminal offence attracting fines and imprisonment.
  - (d) Wang has caused the Company to breach the minimum public float requirement imposed by Rule 8.08 of the HKEX Rules, namely that at least 25% of the issued share capital must be held by the public.
28. As a separate matter concerning the Company's shares, the Petitioner notes that the Board recently proposed a share placement by the Company. Wang opposes the share placement and he was granted an *ex parte* injunction by the HK Court requiring, *inter alia*, the Company to provide advance notice of any proposed share placement. The Petitioner is seeking to have the injunction discharged on the basis that Wang sought the injunction in furtherance of the Takeover Scheme, Wang is acting in breach of his fiduciary duties to the Company and Wang failed to comply with his duty of full and frank disclosure owed to the HK Court.
29. There is the potential that the Company may need to issue shares to manage the breach of the public float requirement.

#### **Unlawful seizure of control of FWIL**

30. FWIL is the largest single shareholder of the Company holding approximately 49.06% of the Company's issued share capital. FWIL, and by extension those in control of it, have a significant degree of control over the Company. As set out in detail below, Wang has secretly sought to seize control of FWIL in pursuit of the Takeover Scheme.
31. FWIL is a BVI company incorporated on 2 January 2008 for the purposes of holding shares the Company. FWIL has two issued shares, one held by the Petitioner's wholly owned company, Jin Yao Holdings Ltd (**JYHL**), and the other by Wang's wholly owned company, Sino Century Holdings Limited (**SCHL**). FWIL's directors are the Petitioner and Wang. Pursuant to FWIL's Articles, the quorum for directors of meetings is two.

32. Before detailing Wang's plot to take control of FWIL, it is necessary to briefly detail the role of FWIL's BVI registered agent, Vistra (BVI) Limited (**Vistra**) and Vistra's 'principal client' with respect to FWIL, Precious Consulting Limited (**PCL**):
- (a) Vistra is the Company's registered agent and thus maintains FWIL's Register of Directors and Register of Members. Vistra is responsible for making FWIL's filings with the BVI Registrar of Corporate Affairs.
  - (b) The Petitioner understands that Vistra will only take instructions with respect to FWIL from the person or entity designated as its 'principal client'.
  - (c) PCL is a Hong Kong company effectively controlled by Wang. PCL is designated as Vistra's 'principal client'. Vistra's position is that it will only take instructions regarding FWIL from PCL, and thus, ultimately, from Wang.
33. It is Wang's effective control of the 'principal client' role that enabled him to instruct Vistra to record the Unlawful Removal on FWIL's Register of Directors, to lodge the changes with the BVI Registrar of Corporate Affairs and to conceal this from the Petitioner.
34. On 5 October 2024, Wang (alone) signed a "*Written Resolution of Director*" resolving to remove the Petitioner as a director of FWIL and to appoint Ms Xia in his place.
- (a) Regulation 8.5 of FWIL's Articles governs removal of directors. Pursuant to regulation 8.5(b), a director may only be removed by directors by way of a resolution passed at a directors' meeting convened for that purpose. Under regulation 10.6 of FWIL's Articles, the quorum for directors' meetings is two.
  - (b) Regulation 8.5(b) does not permit removal by written resolution of directors. Even if removal could be achieved by a written resolution of directors, the resolution would need to be signed by both directors pursuant to 10.9 of FWIL's Articles.
35. The said written resolution was never provided to the Petitioner and was thus not signed by him. The Petitioner did not receive notice of any board meeting of FWIL convened for the purpose of considering his removal as a director.
36. The Petitioner discovered that he had been removed from FWIL's Register of Directors (and replaced Ms Xia) as a result of the following enquiries:
- (a) On 11 November 2024, the Petitioner's Cayman Islands legal counsel, Appleby, performed a BVI company search on FWIL which revealed that, on 16 October 2024, a "Registration of Changes" had been submitted to the BVI Registrar of Corporate Affairs with respect to FWIL's Register of Directors.

- (b) On 12 November 2024, the Petitioner's Hong Kong solicitors King & Wood Mallesons (**KWM**) requested that Vistra provide, among other things, FWIL's Register of Directors and the document filed on 16 October 2024 in accordance with the Petitioner's statutory right as a director under section 100(1) of the BVI Business Companies Act, 2004 (the **BCA**) to inspect FWIL's documents and records. Vistra refused to provide the requested documents on the basis of its internal policy requiring the consent of its 'principal client'.
- (c) On 12 November 2024, Appleby emailed Vistra requesting, among other things, a copy of FWIL's Register of Directors, the document filed on 16 October 2024, all minutes of meetings and resolutions passed by FWIL's members and all minutes of meetings and resolutions passed by FWIL's directors. This email was copied to Wang Jr in his capacity as Vistra's 'principal client' and to Wang in his capacities as a director and shareholder of FWIL.
- (d) On 13 November 2024, Wang Jr replied to Appleby stating, among other things, that more time was required to compile the requested documents and that all future correspondence should be copied to Carey Olsen. Appleby replied to this email stating that the Petitioner's right as a director to receive the requested documents was absolute and that Wang Jr's refusal to provide his consent was improper.
- (e) Carey Olsen subsequently replied to Appleby's email stating that they act for SCHL and that a request submitted pursuant to section 100(1) of the BCA required reasonable notice.
- (f) Later, on 13 November 2024:
- (i) Appleby asked Carey Olsen to advise whether SCHL, Wang and Wang Jr knew anything about the purported changes to FWIL's Register of Directors and/or were in possession of any documents in connection with the changes.
  - (ii) Appleby noted that if the aforesaid persons had relevant information, they should provide it immediately. If not, they should be equally concerned about the purported changes and should join with the Petitioner in requesting the documents from Vistra.
  - (iii) Appleby stated that the reasonable timeframe for Wang Jr to request the documents and records from Vistra was immediately. Whether Vistra required any particular period of time to produce the documents and records was a matter for Vistra, not Wang Jr.

- (g) No reply was received from Wang, Wang Jr or Carey Olsen until some days later. Wang only 'came clean' after the Petitioner commenced proceedings seeking declarations and urgent, interim relief (see below).
- (h) Subsequently, on 13 November 2024, Appleby obtained a director search from the BVI Registry of Corporate Affairs. The search revealed that Wang and Ms Xia were recorded as FWIL's only directors. Prior to receiving this search, the Petitioner was not aware of his purported removal and Ms Xia's purported appointment.
37. On 18 November 2024, the Petitioner commenced proceedings against FWIL, Wang, SCHL, Ms Xia, Vistra and PCL in the BVI High Court seeking declarative and injunctive relief (**BVI Proceedings**).
38. On 19 November 2024, the Petitioner commenced proceedings against FWIL, Wang, SCHL and Ms Xia in the High Court of Hong Kong (**HK Court**) seeking injunctive relief (**HK Proceedings**).
39. Following service of the BVI Proceedings on SCHL, Carey Olsen, advised that Wang had unilaterally removed the Petitioner from FWIL's board and appointed Ms Xia in his place. Carey Olsen stated that, SCHL "*accepts that it is at least arguable that the Removal may not have strictly been made in accordance with the articles of [FWIL] which arguably do not allow the removal of Mr Yao without his participation*". Carey Olsen communicated SCHL's offer to restore the Petitioner to his position and to remove Ms Xia.
40. On 22 November 2024, the HK Court made a consent order which included a schedule of undertakings by Wang and others requiring them to restore the Petitioner and remove Ms Xia from FWIL's Register of Directors by 6 December 2024.
41. Wang has thus far steadfastly refused to admit that the Petitioner's purported removal should be regarded as void *ab initio*. Instead, he has submitted a written shareholder resolution to the Petitioner for execution, providing for the appointment of the Petitioner and the removal of Ms Xia by the shareholders.
42. In the premises, the Petitioner is justified in characterising Wang's conduct in respect of the Unlawful Removal as dishonest.

### **Insider trading issues**

43. On 28 February 2020, the France's Financial Market Authority (**AMF**) released a written decision fining FWIL €800,000, the Petitioner €1,000,000 and the Chinese financial services company, Tebon Security Co Ltd's CFO €600,000, in relation to 'insider trading' activities allegedly carried out in 2013 (**AMF Decision**). The Petitioner

appealed the decision with the Paris Court of Appeal and the Cour de Cassation but the appeals were dismissed in October 2021 and August 2023, respectively.

44. The AMF Decision stems from trading activity dating back to April 2013.
45. In considering the AMF Decision, it is important to have regard to the investigation report (**Report**) prepared by the Rapporteur appointed by AMF (**AMF Rapporteur**), which concluded that the evidence did not substantiate the insider dealing allegations against the Petitioner, FWIL and Madam Lin (**Ms Lin**):
  - (a) The AMF rules mandate the appointment of a rapporteur to ensure investigations are conducted with integrity and impartiality.
  - (b) Mr Christophe Lepitre was appointed by the AMF's Enforcement Committee as AMF Rapporteur on 25 July 2018. His Report was produced on 28 November 2019.
  - (c) AMF Rapporteur made a number of important factual findings in the Report exonerating the Petitioner, FWIL and Ms Lin:
    - (i) No Possession of Privileged Information: The AMF Rapporteur found no credible evidence that the Petitioner or Ms Lin possessed the privileged information.
    - (ii) Absence of a Professional Relationship: The AMF Rapporteur found no evidence of professional relationship between the Petitioner and Ms Lin that could have facilitated the alleged insider trading.
    - (iii) Objective Justification for Investments: The AMF Rapporteur found that the investments of the Petitioner, FWIL, and Ms Lin were justified based on publicly available market data and trends, which contradicts the notion of insider trading.
46. In summary, after investigation, the AMF Rapporteur concluded that the evidence did not support the prosecution's allegations of insider trading and recommended dismissal of the case.
47. Throughout this entire period the Petitioner communicated closely with Wang, a director of FWIL and the Chairman of Company at that time. Wang was intimately familiar with the underlying trading, the AMF's investigation, the AMF Decision and the subsequent appeals. Wang has misled the HKEX and the Board by claiming he had no or little knowledge of the AMF Decision and the relevant circumstances. These issues were discussed by the Petitioner and Wang, often in the presence of others.

48. However, in furtherance of the Takeover Scheme, in about September or early October 2024, Wang or someone at Wang's behest, made a complaint to the HKEX in connection with the AMF Decision in which it was falsely claimed that the Petitioner had concealed the AMF decision and the outcome of court proceedings. Following Wang's complaint, on 7 October 2024, the HKEX contacted the Company expressing concerns regarding the Petitioner's suitability to act as a director.
49. Wang had previously endorsed the Petitioner's innocence and in the 11 years since the incident did not question the Petitioner's fitness to continue to serve as a director of the Company.
50. At a Board meeting held on 14 October 2024, Wang falsely stated that he had no prior knowledge of the AMF's investigation and had been unaware of the AMF Decision until 2 October 2024.
51. On 21 October 2024, the Petitioner notified the Board that Wang had been fully informed of the AMF Decision and the surrounding circumstances at all times. Upon being confronted with this evidence, Wang admitted that he had known about the AMF Decision and the fines, but alleged that he did not know about the outcome of the appeals.

#### **Freezing of the Company's Bank Accounts**

52. On 1 November 2024, Wang engineered the suspension of the Company's bank accounts in Hong Kong and Macau. Wang alleged that the accounts should be frozen given the changes to the composition of the Board, questions regarding the Petitioner's suitability to serve as a director and the requisitioning of the December EGM.
53. The real reason Wang engineered the suspension is to place pressure on the Company and in furtherance of the Takeover Scheme.
54. The suspension of the Company's bank accounts has and will continue to have a serious negative impact on the operations of the Group, for example, the Company has missed paying the November payroll to employees.
55. Wang has breached his fiduciary duties to act in the best interests of the Company in manufacturing the suspension.

#### **The Board, and Wang's attempts to take control of the Board**

56. In the period December 2017 to October 2024, the Board comprised:
  - (a) The Petitioner as an executive director and chief executive officer;
  - (b) Wang as an executive director and chairman;

- (c) Ms Cheung Siu Wang as an independent non-executive director;
  - (d) Professor Chan Yee Kwong as an independent non-executive director; and
  - (e) Mr Deng Heng as an independent non-executive director.
57. In October 2024, the Board was changed as follows:
- (a) The Petitioner remained an executive director;
  - (b) Wang remained an executive director but was replaced as chairman;
  - (c) Dr Ma Yi was appointed as an executive director and chief operating officer;
  - (d) Dr Tan Xia was appointed as an executive director and co-chief executive officer;
  - (e) Mr Deng Heng remained as an independent non-executive director and was appointed chairman;
  - (f) Ms Jiao Jie was appointed as an independent non-executive director; and
  - (g) Mr Lai Wai Chi was appointed as an independent non-executive director.
58. The Petitioner has acknowledged the need to transfer his Board seat and leadership of the Company in an orderly manner to suitably qualified persons. This outcome is now required by the HKEX, but as set out above, the Petitioner believes that it is the result of Wang's unjustified complaints to the HKEX in pursuit of his Takeover Scheme.
59. The Petitioner and Wang have opposing views about the composition of the Board. The Petitioner maintains that the Board should include suitably qualified executive directors, as well as independent directors. The new Board is designed to minimize the impact of the ongoing disputes between the Petitioner and Wang, ensure proper corporate governance and to introduce a younger and diversified leadership group to the Company.
60. Wang, on the other hand, has taken steps to engineer his own appointment as the sole director of the Company and/or the appointment of his son Wang Jr as an executive director and CEO. Companies listed on HKEX must appoint independent non-executive directors (**INEDs**) to represent at least one-third of the board's total members (Rule 3.10A of Listing Rules). There must be a minimum of three INEDs on the board and at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise (Rule 3.10 of Listing Rules).

61. On 30 October 2024, Hengyuan submitted a written notice requisitioning an EGM proposing the removal of all of the Company's directors except for Wang. The EGM is scheduled to be held on 27 December 2024. Hengyuan is a company wholly owned and controlled by Mr Chang Liang (**Mr Chang**). Mr Chang was introduced as an investor in the Company by Wang.
62. The new Board has resolved that the removal of all directors except for Wang is not in the Company and its shareholders best interests and, given that the Board has serious concerns regarding Wang's suitability to act as a director, has proposed a resolution to remove Wang as a director at the December EGM.

### **Wang Commences Winding Up Proceedings in Hong Kong**

63. On 20 November 2024, Wang caused SSGL to file the HK Petition seeking the winding up of the Company on just and equitable grounds. The news of the filing of the HK Petition against the Company negatively affected the Company's share price with the price falling from \$0.21 at the close of trading on 20 November 2024 to a low of HK\$0.12 at the close trading on 26 November 2024.
64. In the HK Petition, Wang pre-emptively objected to being bought out by the Petitioner. The Petitioner understands that any respondent to such a petition should be entitled to respond by offering to purchase the petitioner's shares. Liquidation of the Company would destroy value and goodwill, and would not be in the best interests of those shareholders without designs to take over the Company for the lowest price possible.
65. The complaints Wang makes in the HK Petition are in large part false, misleading or exaggerated. The HK Petition is a means to an end in Wang's Takeover Scheme. In particular:
  - (a) Wang falsely alleges that the Petitioner is attempting to take over the Company in violation of an alleged 'quasi-partnership'. It is not open to Wang to allege 'quasi-partnership' given that the Company is listed on the HKEX and has a large number of public shareholders. The Company is operated by a Board of executive and independent directors.
  - (b) Wang falsely alleges that the AMF Decision and its concealment makes the Petitioner an unfit person to be a director. Wang has been aware of the underlying allegations for approximately a decade and previously supported the Petitioner's fitness to be a director of the Company.
  - (c) Wang falsely accuses the Petitioner of involvement in an alleged criminal break-in to the offices of Zibo Strong Huineng Petrochemical Limited (**Zibo**), one of the Company's Mainland Chinese wholly owned subsidiaries. In truth, the position is that:

- (i) Financial irregularities at Zibo were detected by the Company and these matters remain under investigation by the Company.
  - (ii) Two executives of Zibo were dismissed from their position for cause.
  - (iii) A new general manager was appointed and was tasked with overseeing the handover of Zibo from its previous management team to a new management team.
  - (iv) A staff member tasked to assist with the handover did not show up at the appointed time.
  - (v) New management was required to engage a locksmith to gain access to the offices.
  - (vi) New management has taken possession of Zibo's office keys, corporate chop and corporate documents.
  - (vii) New management had due authority to enter into and safeguard the premises, corporate records and chops.
- (d) Wang falsely accuses the Petitioner of breaching HKEX notice requirements in respect of the AMF Decision, when Wang, as Chairman of the Board and co-director of FWIL, was aware of the decision, the underlying events and the appeals. The decision not to make a public announcement until October 2024 was a decision made in conjunction with Wang. The Petitioner believes that the HKEX requirement to make the announcement was prompted by a complaint to HKEX made by or at the behest of Wang.
- (e) Wang falsely accuses the Petitioner of seeking to obtain a personal benefit for himself by supporting the declaration of the dividend referred to above, when the dividend would of course be distributed to all shareholders.
- (f) Wang falsely accused the Petitioner of attempting to dilute his shareholding by supporting a potential share placement by the Company. The commercial reasons for the proposed share placement were proper given the circumstances facing the Company. In any event, it is premature to object to the share placement before the specific terms of same are known.
- (g) Wang falsely states that the recent changes to the Board have given the Petitioner control of the Company. This allegation is particularly egregious given that it is Wang who is seeking to be appointed as the Company's sole director.

66. In the premises, the Petitioner believes that the HK Petition was presented for malicious purposes and is an abuse of process.

**Grounds for Petition and alternative relief**

67. This Petition is presented on the basis that it would be just and equitable for this honourable Court to wind up the Company on grounds that the Petitioner has lost all confidence in the Company's management under the influence of Wang, because of a lack of probity on the part of Wang and on the basis that there is a clear need for an investigation into his conduct. Wang is taking steps to take over complete management control of the Company.

68. However, given the Company's strong financial position and solvency, it would be value destructive and prejudicial to the Company's shareholders for the Court to make a winding up order in the circumstances of this case. Instead, the Petitioner seeks orders pursuant to section 95(3) of the Companies Act regulating the conduct of the affairs of the Company in the future and/or orders providing for the purchase of shares of certain members of the Company by other members or by the Company itself.

69. The Petitioner respectfully asks this honourable Court to make orders:

- (a) regulating the conduct of the affairs of the Company in the future;
- (b) providing for the purchase of the shares of any members of the Company by other members or by the Company itself; or
- (c) in the alternative to paragraphs (a) and (b) above, winding up the Company and the appointment of Mr Iain Gow of FTI (Cayman) Ltd and Messrs Fok Hei Yu and Chow Wai Shing Daniel of FTI Consulting (Hong Kong) Limited as joint official liquidators of the Company.

**YOUR PETITIONER THEREFORE HUMBLY PRAYS THAT:**

1. The conduct of the affairs of the Company in the future be regulated by the Court;
2. The members of the Company, or the Company itself, may purchase the shares of members of the Company as ordered by the Court;
3. In the alternative to paragraphs 1 and 2 above, the Company be wound up under the provisions of the Companies Act;
4. Mr Iain Gow of FTI (Cayman) Ltd and Messrs Fok Hei Yu and Chow Wai Shing Daniel of FTI Consulting (Hong Kong) Limited as joint official liquidators of the Company (**JOLs**);
5. The JOLs shall not be required to give security for their appointment;

6. The JOLs be authorised to take such steps as may be necessary or expedient for the protection of the Company's assets, and for that purpose may exercise any of the powers specified in Part I and Part II of the Third Schedule of the Act, without further sanction of the Court or otherwise as the Court may direct;
7. The JOLs remuneration and expenses be paid out of the assets of the Company in accordance with Part III of the Insolvency Practitioners' Regulations, 2018 and Order 20 of the Companies Winding Up Rules, 2018;
8. The JOLs be at liberty to appoint counsel, attorneys, professional advisers 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 to remunerate them out of the assets of the Company;
9. The costs of this Petition and the Petitioner be paid out of the assets of the Company;
10. The JOLs be at liberty to apply generally; and
11. Such further and other relief be granted as the Court deems appropriate.

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

**DATED** this 3<sup>rd</sup> day of December 2024



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**APPLEBY (CAYMAN) LTD.**  
Attorneys-at-Law for the Petitioner

**THIS PETITION** was presented by Appleby (Cayman) Ltd., Attorneys-at-Law for the Petitioner whose address for service is that of his said Attorneys-at-Law, namely 9th Floor, 60 Nexus Way, PO Box 190, Camana Bay, Grand Cayman, Cayman Islands KY1-1104 (Ref. 468545.0001)