



**IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION**

Cause No: FSD 190 of 2021 (DDJ)

**IN THE MATTER OF THE COMPANIES ACT (2021 REVISION)
AND IN THE MATTER OF HQP CORPORATION LIMITED (IN PROVISIONAL LIQUIDATION)**

ORDER

UPON THE SUMMONS of Martin Trott and Christopher Smith of R&H Restructuring (Cayman) Ltd., the Joint Provisional Liquidators (the "**JPLs**") of HQP Corporation Limited (In Provisional Liquidation) (the "**Company**") dated and filed herein on 15 September 2021 (the "**Summons**")

AND UPON READING the Second Affidavit of Christopher Smith sworn on 14 September 2021 ("**Smith 2**") together with Exhibit "CS-2"

AND UPON considering the Summons suitable to be dealt with administratively on the papers without the need for an oral hearing

IT IS HEREBY ORDERED THAT:

1. A Letter of Request in the form annexed hereto be issued and directed to the High Court of the Hong Kong Special Administrative Region (the "**Hong Kong Court**") seeking its assistance in aid of the Court in this proceeding by ordering, if the Hong Kong Court shall consider it appropriate, that the provisional liquidation of the Company and the appointment of the JPLs, pursuant to the Order of the Grand Court of the Cayman Islands dated 16 July 2021 (the "**Appointment Order**"), be recognised such that the Appointment Order be treated in all respects in the same manner as if the Appointment Order had been

made and the JPLs had been appointed by the Hong Kong Court, to the fullest extent permitted by Hong Kong law.

2. The JPLs' costs of and occasioned by the Summons shall be paid out of the assets of the Company as an expense of the liquidation.

DATED this 16th day of September 2021

FILED this 16th day of September 2021

David Doyle



THE HONOURABLE JUSTICE DOYLE
JUDGE OF THE GRAND COURT

This **Order** is filed by Walkers, Attorneys at Law, 190 Elgin Avenue, George Town, Grand Cayman KY1-9001 for the Joint Provisional Liquidators whose address for service is care of their said attorney.

Annex 1

Letter of Request

**IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION**

Cause No: FSD 190 of 2021 (DDJ)

**IN THE MATTER OF THE COMPANIES ACT (2021 REVISION)
AND IN THE MATTER OF HQP CORPORATION LIMITED (IN PROVISIONAL
LIQUIDATION)**



LETTER OF REQUEST

**TO: THE HIGH COURT OF THE HONG KONG SPECIAL ADMINISTRATIVE
REGION, High Court Building, 38 Queensway, Hong Kong SAR**

WHEREAS:

1. The Grand Court of the Cayman Islands (the "**Grand Court**") is exercising jurisdiction in relation to company and insolvency law in the Cayman Islands.
2. HQP Corporation Limited (in Provisional Liquidation) (the "**Company**") is a company incorporated under the laws of the Cayman Islands.
3. A petition was presented on 2 July 2021 (the "**Petition**") (and amended on 6 July 2021 (the "**Amended Petition**")) seeking to wind up the Company.
4. On 16 July 2021, by an Order of the Grand Court (the "**Appointment Order**"), the Company was placed into provisional liquidation and Mr. Martin Trott and Mr. Christopher Smith of R&H Restructuring (Cayman) Ltd, Windward 1, Regatta Office Park, PO Box 897, Grand Cayman, KY1-1103 Cayman Islands were appointed as Joint Provisional Liquidators of the Company ("**JPLs**").



5. The Grand Court hereby presents this Letter of Request to the Competent Judicial Authority of China (Hong Kong), being the High Court of the Hong Kong Special Administrative Region (the "**High Court**"), to request international judicial assistance that the provisional liquidation of the Company and the appointment of the JPLs, pursuant to the Appointment Order, be recognised by the High Court.

Background to Proceedings

6. The Company is the principal entity of a group of companies (the "**Group**") founded in Shanghai, Mainland China by Alex Chen Xi, the former Chief Executive Officer and a former director of the Company ("**Alex Chen**"). The business of the Group comprised a business-to-business automobile parts trading platform with a presence in multiple cities in Mainland China, operated via the online platform and mobile application "好汽配" ("**Haoqipei**") (the "**Business**").
7. Alex Chen owns 100% of Parts Base Inc. ("**Founder Holdco**"), a limited liability company incorporated in the British Virgin Islands, which in turn owns certain shares in the Company. Founder Holdco's shareholding in the Company decreased with each of the several rounds of private equity funding conducted by the Company, through the issuance of preferred shares to investors, in order to raise capital for the Business.
8. Prompted by a whistleblower report received on 4 January 2021, the Board of Directors of the Company met on 21 January 2021 and resolved to establish an Investigation Committee.
9. Through the Investigation Committee, the Company discovered that Alex Chen was centrally involved in and/or had orchestrated the falsification of the Group's financials through the inflation of the financial position of the Business in order to induce investors to purchase preferred shares in the Company or to retain shares that such investors had already acquired.
10. At a meeting on 22 February 2021, Alex Chen:
 - (a) admitted to the Investigation Committee that he had knowingly engaged in the fraud, and



- (b) resigned as the Chief Executive Officer and a director of the Company.
11. Between February and April 2021, various external investors exercised their rights to request redemption of their preferred shares in the Company. The Company is obliged to redeem those shares and make redemption payments, but the existing assets and funds legally available to the Company appear to be insufficient. There appears to be a deficit of more than USD 100 million between the Company's available assets and its contractual liabilities which will fall due within the next 12 months or so.
12. On 2 July 2021, JenCap Helmet ("**JenCap**"), and DCM Ventures China Fund (DCM VIII), L. P., DCM VIII, L. P. and DCM Affiliates Fund VIII, L.P., each of 2420 Sand Hill Road, Suite 200, Menlo Park, CA 94025 USA, (collectively, "**DCM**"), (together, the "**Petitioners**") presented the Petition, to the Grand Court, to wind up the Company on the grounds of:
- (a) Insolvency of the Company;
 - (b) Fraudulent formation and/or promotion of the Company;
 - (c) Need for investigation; and
 - (d) Loss of substratum of the Company.
13. On 16 July 2021, following the application of the Petitioners, the Grand Court granted the Appointment Order.
14. The JPLs were appointed on a "full power" (rather than a "soft-touch") basis, with paragraph 4 of the Appointment Order providing as follows:
- "To the extent required, the above powers [given to the JPLs] may be exercised on behalf of the Company in the name and to the exclusion of the directors of the Company who shall forthwith have no authority or power to act in relation to the Company other than at the direction and with the consent of the JPLs."*
15. Under paragraph 3 of the Appointment Order, the JPLs are "*authorised both within and outside the Cayman Islands (and in that latter case, to the fullest extent*



permissible by the law of any relevant place) to” carry out their duties. Among them, the duties set out below are particularly relevant for present purposes:

“take such steps as the JPLs consider necessary to preserve, protect, investigate and/or take possession of the Company’s assets including but not limited to cash or other assets in accounts held by the Company”;

“ascertain and conduct such investigations into the affairs of the Company as the JPLs consider necessary, including liaison with government departments, government entities and/or regulators and the making of applications to appropriate courts and/or regulators”; and

“take control of the Company and such of the direct and/or indirect subsidiaries (‘Subsidiaries’) of the Company, and/or joint ventures, 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 owned directly or indirectly by the Company), in each case wherever located, as the JPLs 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 as the JPLs shall consider necessary to appoint or remove directors and/or officers to or from such Subsidiaries and/or Associated Companies, and in each case take such steps as are necessary to effect changes or 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 and/or officers; and/or to take such other action in relation to all such Subsidiaries or Associated Companies as the JPLs 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)”.

Relief sought by the Joint Provisional Liquidators



16. The evidence filed in these proceedings has demonstrated to the satisfaction of this Grand Court that, in order for the JPLs to discharge their duties, it is in the interests of justice to respectfully request the High Court, to the extent it deems it appropriate to do so, to assist this Grand Court by empowering the JPLs to exercise all the powers, duties and discretions afforded to them by the Appointment Order (and applicable law) within the jurisdiction of the High Court in accordance with applicable local law.
17. This Grand Court hereby respectfully requests the High Court to act in aid of the liquidation proceedings and in aid of the JPLs by ordering and directing that:
- (a) the provisional liquidation of the Company and the appointment of the JPLs, pursuant to the Appointment Order be recognised by the High Court;
 - (b) JPLs have and may exercise in the Hong Kong Special Administrative Region the following powers:
 - (i) to request and receive from third parties documents and information concerning the Company and its promotion, formation, business dealings, accounts, assets, liabilities or affairs including the cause of its insolvency;
 - (ii) to locate, protect, secure and take into their possession and control all assets and property within the jurisdiction of the High Court to which the Company is or appears to be entitled;
 - (iii) without limiting the generality of paragraph 17(b)(ii) above, to exercise all rights of the Company (whether as shareholder or creditor) in relation to each of HQP Technology Limited 嘉重馳通科技有限公司 (CR No. 2632841) and D & S Plastic Hardware Co., Limited 龍興塑膠五金有限公司 (CR No. 1466644) including, without limitation:
 - (1) removal and appointment of their director(s);
 - (2) resolving that they be wound up voluntarily; and



- (3) petitioning for their winding-up by the High Court;
- (iv) to locate, protect, secure and take into their possession and control the books, papers, and records of the Company including the accountancy and statutory records within the jurisdiction of the High Court and to investigate the assets and affairs of the Company and the circumstances which gave rise to its insolvency. The books, records and documents of the Company include:
- (1) Emails exchanged and other correspondence between the Company and its service providers, and the Company and other third parties; and
 - (2) Any documents and information provided by the Company to its auditors and provided by the auditors to the Company in relation to the audit work;
- (v) to take all necessary steps to prevent any disposal of the Company's assets and, in particular, to secure any credit balances in any bank accounts in the name or under the control of the Company within the Hong Kong Special Administrative Region
- (vi) to operate and open or close any bank accounts in the name and on behalf of the Company for the purpose of collecting the assets and paying the costs and expenses of the JPLs;
- (vii) to retain and employ barristers, solicitors or attorneys, accountants and/or such other agents or professional persons as the JPLs consider appropriate for the purpose of advising or assisting in the execution of their powers and duties under the Order to be sought by the JPLs; and
- (viii) so far as may be necessary to supplement and to effect the powers set out herein, to bring legal proceedings and make all such applications to the High Court, whether in their own names or in the name of the Company, on behalf of and for the benefit of the Company, including any applications for:



- (1) orders for disclosure, the production of documents and/or examination of third parties which may be made by the JPLs to facilitate their investigations into the assets and affairs of the Company and the circumstances which gave rise to its insolvency; and/or
 - (2) ancillary relief such as freezing orders, search and seizure orders in any legal proceedings commenced;
- (c) Anything that is authorised or required to be done by the JPLs may be done by all or anyone or more of the persons appointed;
 - (d) If the JPLs wish to apply for a stay or other directions in respect of proceedings in the High Court of any sort as a consequence of the recognition of their appointment by the Order to be sought by the JPLs, such application shall be listed before the Companies Judge or such other judge as the Companies Judge shall direct. The JPLs shall write to the Clerk to the Companies Judge seeking case management directions for the determination of any application that they wish to make pursuant to the Order to be sought by the JPLs;
 - (e) The JPLs do have liberty to apply; and
 - (f) The costs of the application be paid out of the assets of the Company as an expense of the provisional liquidation.
18. The Grand Court also respectfully requests the assistance of the High Court in effecting the winding up of the Company generally by making such further orders pursuant to such further applications (if any) as may be made by the JPLs, to the extent and in the manner considered appropriate by the High Court to enable the JPLs to properly perform their duties and functions.

Summary

19. The Grand Court hereby confirms that this Letter of Request has been issued, and the associated application has been made, in accordance with the procedures and laws of the Cayman Islands.

20. For the avoidance of doubt, the assistance sought is to obtain relief broadly corresponding to relief which would be granted by the Grand Court if the Company's assets were located exclusively within the jurisdiction of the Grand Court.
21. The Grand Court grants its assurance that there is no limitation on the powers that it exercises under the company and insolvency laws of the Cayman Islands that would result in it not being able to make the order of the sort requested of the High Court.
22. The Grand Court further confirms that the Grand Court of the Cayman Islands would out of comity and in similar circumstances, and in the exercise of its inherent jurisdiction, recognise a letter of request from the High Court and provide such assistance as may be requested in respect of that letter of request (subject to applicable limitations under Cayman Islands law).

Dated this ¹⁶ day of September 2021

THE HONOURABLE JUSTICE DOYLE
JUDGE OF THE GRAND COURT OF THE CAYMAN ISLANDS

IMPORTANT

1 SENDER INFORMATION

The Honourable Justice Doyle,
Grand Court of the Cayman Islands
George Town
Grand Cayman KY1-1104
Cayman Islands

FAO: Ms Bridget Clare

AND

The Clerk of the Court
Central Authority of the Cayman Islands (the Requesting Authority)

2 CENTRAL AUTHORITY OF THE REQUESTED STATE

Registrar
High Court
38 Queensway
Hong Kong, China
Telephone: (852) 2825 0380
Fax: (852) 2825 4550

FAO: Ms T. Au

3 PERSON TO WHOM EXECUTED REQUEST IS TO BE RETURNED

The Honourable Justice Doyle,
Grand Court of the Cayman Islands
George Town
Grand Cayman KY1-1104
Cayman Islands

FAO: Ms Bridget Clare

AND

The Clerk of the Court
Central Authority of the Cayman Islands (the Requesting Authority)

4 DATE BY WHICH THE REQUESTING AUTHORITY REQUIRES RECEIPT OF THE RESPONSE TO THE LETTER OF REQUEST

Within 28 days of receipt.