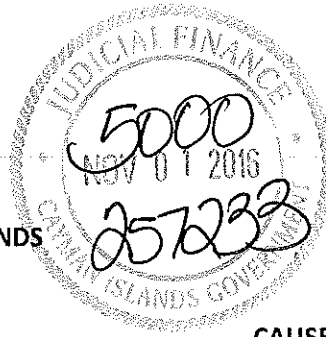
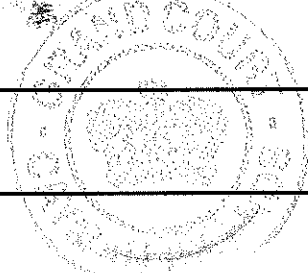


IN THE GRAND COURT OF THE CAYMAN ISLANDS  
FINANCIAL SERVICES DIVISION



0183  
CAUSE NO. OF 2016

IN THE MATTER OF THE COMPANIES LAW (2016 REVISION)  
IN THE MATTER OF TECH FULL ELECTRIC COMPANY LIMITED



WINDING UP PETITION



TO THE GRAND COURT

The humble Petition of China Development Bank Corporation Hong Kong Branch operating at Suite 3307-15, 33/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong (the *Petitioner*) shows **THAT**:

- 1 The Petitioner seeks a winding up order pursuant to Section 92(d) of the Companies Law (2016 Revision) (the *Companies Law*) on the ground that Tech Full Electric Company Limited is unable to pay its debts and is insolvent.

The Company

- 2 Tech Full Electric Company Limited (the *Company*) is an exempted company incorporated in the Cayman Islands with limited liability whose registered office is at the offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KYI-1111, Cayman Islands (the *Registered Office*).
- 3 The Company was a special purpose vehicle set up for the purpose of the delisting of Harbin Electric Inc. through the acquisition of 100% shares in Harbin Electric Inc. by the Company. The Company is part of the group which carries on the business of designing, developing, manufacturing and the sale of various forms of linear motors, micro motors for automobiles, automation controllers, as well as motor systems for

use in the markets of China, including supply to fortune 500 OEM customers. Harbin Electric Inc., which was incorporated in the State of Nevada, U.S.A., is the wholly owned subsidiary of the Company, which in turn indirectly holds 96% shares in Harbin Tech-full Electric Co., Ltd, which was incorporated in the PRC.

#### The Petitioner

- 4 The Petitioner is the Hong Kong branch of China Development Bank Corporation, which was incorporated under the laws of The People's Republic of China in December 2008. CDBC was registered as Non Hong Kong Company at the Hong Kong Companies Registry under the laws of Hong Kong on 4 August 2009 with Company number F17015. Its registered office is 33/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

#### Events leading to the presentation of Petition

- 5 Pursuant to a term loan facility agreement dated 9 June 2011 (the **Facility Agreement**) entered into between (1) the Company as borrower, (2) the Petitioner as lender, the Company borrowed the sum of US\$400,000,000 from the Petitioner.
- 6 As of 2 November 2011, a sum of US\$400,000,000 had been advanced from the Petitioner to the Company pursuant to the Facility Agreement. Although US\$20,000,000 had been repaid by the Company to the Petitioner on 3 November 2014, a total of US\$88,610,858.06 fell due on 2 November 2015 pursuant to the terms of the Facility Agreement (being the aggregate of amount of the outstanding principal of US\$80,000,000 (the **Outstanding Principal**) and the accrued interest of US\$8,610,858.06 due on 2 November 2015).
- 7 The loan accrued interest at an aggregate rate of 4.91425% from 20 May 2015 to 2 November 2015, 5.0489% per annum from 2 November 2015 to 20 November 2015, 5.1060% from 20 November 2015 to 20 May 2016, 5.43085% from 20 May 2016 onwards, pursuant to the terms of the Facility Agreement (collectively, the **Standard Interest Rates**). However, the Company failed to pay the interests accrued at the applicable Standard Interest Rates since 2 November 2015 (inclusive) (the **Unpaid Interests**).

- 8 Accordingly, interest at the default rate of 2% above the Standard Interest Rates (the *Default Interest Rate*) accrued and continues to accrue on the Unpaid Interests from and including 2 November 2015. As at the date of 22 August 2016 (the date on which the Petitioner issued a Statutory Demand to the Company, as further described in paragraph 12 below), the sum of US\$6,971,293.04 in default interests is immediately due and payable (the *Default Interests*).
- 9 The Company failed and continues to fail to repay the Outstanding Principal, the Unpaid Interests, the Default Interests and all other unpaid sums, which constitutes an event of default pursuant to clause 22.1 of the Facility Agreement and entitled the Petitioner to accelerate the loan pursuant to clause 22.16 of the Facility Agreement.
- 10 The Petitioner and/or Messrs King & Wood Mallesons (being the Petitioner People's Republic of China lawyers at the material times) have issued the following letters to the Company to demand payment of the sums due under the Facility Agreement:
- a) a letter from the Petitioner to the Company dated 1 December 2015;
  - b) a letter from the Petitioner to the Company dated 31 December 2015;
  - c) a letter from Messrs King & Wood Mallesons to the Company dated 23 June 2016; and
  - d) a letter from Messrs King & Wood Mallesons to the Company dated 28 July 2016 to declare the acceleration of loan pursuant to the Facility Agreement
- (collectively, the *Demand Letters*).

#### Grounds for the Petition

- 11 On 22 August 2016 the Petitioner issued a Statutory Demand on the Company for a total sum of US\$407,206,324.85. On 23 August 2016, the Petitioner served the said Statutory Demand on the Company at its Registered Address. As at the date of this Winding Up Petition, the Company has wholly neglected to pay such sum, or to secure or compound for the same to the satisfaction of the Petitioner.

12 The Petitioner therefore presents this Petition on the ground that the Company is unable to pay its debts pursuant to sections 92(d) and 93(a) of the Companies Law.

**YOUR PETITIONER THEREFORE HUMBLY PRAYS THAT:**

- 1 the Company be wound up in accordance with section 92(d) of the Companies Law;
- 2 Fok Hei Yu, of FTI Consulting (Hong Kong) Ltd, Level 22, The Center, 99 Queen's Road Central, Central, Hong Kong and David Martin Griffin, of FTI Consulting (Cayman) Limited, Suite 3212, 53 Market Street, Camana Bay, PO Box 30613, Grand Cayman, KY1-1203, Cayman Islands be appointed as joint official liquidators of the Company (together the JOLs and each a JOL);
- 3 the JOLs shall not be required to give security for their appointment;
- 4 the JOLs shall have the power to act jointly and severally in their capacity as liquidators of the Company;
- 5 the JOLs be authorised to take any such action as may be necessary or desirable to obtain recognition of the JOLs and/or their appointment in any other relevant jurisdiction and to make applications to the courts of such jurisdictions for that purpose;
- 6 the JOLs be jointly and severally authorised to exercise all of the powers set out in Parts I and II of the Third Schedule to the Companies Law and section 110(2) thereof, without further sanction of this Honourable Court;
- 7 the JOLs be authorised to do any acts or things considered by them to be necessary or desirable in connection with the liquidation of the Company and the winding up of its affairs in the Cayman Islands and/or elsewhere;
- 8 without prejudice to the generality of the foregoing, the JOLs be authorised and be granted leave to take all such actions as may be necessary to:

- (a) investigate the affairs of the Company and its direct and indirect subsidiaries (*Subsidiaries*)(collectively the *Group*), including, without limitation, the subsidiaries in the United States and in the People's Republic of China (*PRC*);
- (b) to exercise the rights to which a registered holder of any shares or other securities registered in the name of the Company, or to which an owner of any shares or securities held by or on behalf of the Company (whether as principal or as agent), is entitled including, but without prejudice to the generality of the foregoing power, the right to receive dividends and the benefits of other corporate actions in relation to such shares or other securities; the right to attend meetings and to exercise any voting power pertaining to such shares or other securities and to direct nominees of the Company in whose names shares or other securities beneficially owned by the Company are registered to exercise all or any such rights as the JOLs shall direct;
- (c) take control of the 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 JOLs 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 and communication with 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 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);

- (d) take steps to replace the directors, legal representatives, and/or any officers (including, but not limited to, the general manager) of each of the Subsidiaries in the Group in accordance with the laws of the United States and/or the PRC including, without limitation, the making of an application to the relevant authorities in the PRC for the amendment to the articles of association of any Subsidiaries in order to reflect a change in legal representative, registering the change in legal representative with the relevant PRC authorities, and making post-registration amendments to ancillary administrative documents;
- (e) liaise with management of the Group to stabilise and preserve value in the business of the Company and the Group;
- (f) take steps to locate, demand and secure cash held by all Group companies in bank accounts in the Cayman Islands, Hong Kong, the United States, the PRC or elsewhere;
- (g) enter upon or take possession of the property of the Company including, without limitation, any premises of the Company, or any office where the JOLs have reason to believe that there are assets, property or books and records of the Company and if necessary by force, to change locks and open safes and other strongboxes;

(h) ascertain, take possession of, collect, give valid receipt for, and protect all books, documents, records, trading data, properties, things in action, securities and other assets of the Company, whether in hard copy, electronic form or otherwise, and whether within or outside the jurisdiction of this Court;

(i) be granted unrestricted access by the Company and its directors forthwith to all the books, records, and documents of the Company (whether in hard copy form or stored electronically); and

(j) obtain from the directors of the Company's forthwith:

(i) each chop (if any) relating to the Company, including but not limited to each company chop, each financial chop and each legal representative chop if any);

(ii) each business licence, each organizational code-certificate, each tax registration certificate and each other certificate, operation permit or operational licence relating to the Company in the United States and/or the PRC (if any);

(iii) each bank account opening permit and/or each financial document relating to the Company in the United States and/or the PRC (if any);

to the custody of the JOLs (or such other person as is agreed to in writing between the parties or ordered by the Court);

9 the JOLs 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 in accordance with Order 25 of the Companies Winding Up Rules 2008 (as amended);

- 10 no suit, action or other proceedings, including criminal proceedings, shall be proceeded with or commenced against the Company except with the leave of the Court and subject to such terms as the Court may impose;
- 11 no disposition of the property of the Company by or with the authority of the JOLs in carrying out their duties and functions and the exercise of their power under any Order granted pursuant to this Petition shall be voided by virtue of section 99 of the Companies Law;
- 12 subject to section 109(2) of the Companies Law and the Insolvency Practitioner's Regulations 2008 (as amended), the JOLs be authorised to render and pay invoices out of the assets of the Company for their own remuneration;
- 13 the JOLs 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 JOLs be at liberty to apply generally;
- 15 the costs of and incidental to the Petition be paid forthwith out of the assets of the Company as an expense of the liquidation, such costs to be taxed by this Court if not agreed by the JOLs; and
- 16 such further or other relief be granted as the Court deems appropriate.

AND your Petitioner will ever pray etc.

Dated the 26 day of October 2016.

Harney Westwood & Riegels

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[s], whose address for service is 4<sup>th</sup> Floor, Harbour Place, 103 South Church Street, PO Box 10240, Grand Cayman KY1-1002, Cayman Islands (Ref: 048496.0004/KLP/DZV)

**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 *8th December 2016* at *10:00 AM* am.

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.