IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

NEUTRAL CITATION NUMBER: [2025] CIGC (FSD) 117

CAUSE NO. FSD 144 OF 2025 (DDJ)

IN THE MATTER OF THE COMPANIES ACT (2025 REVISION)

AND IN THE MATTER OF LFM OVERSEA INVESTMENT FUND SPC

AND IN THE MATTER OF LFM OVERSEA SP

Before:	The Hon. Justice David Doyle
Appearances:	Paul Smith and Moesha Ritch of Forbes Hare for the Petitioner
	Gemma Bellfield and Corey Byrne of Ogier (Cayman) LLP for the Respondents
Heard:	19 November 2025
Draft Judgment circulated:	1 December 2025
Judgment delivered:	3 December 2025

Determination of an application under section 224 of the Companies Act (2025 Revision) for the appointment of receivers

JUDGMENT

Introduction

1. Having considered the contents of the hearing bundles, the written skeleton arguments and authorities and the oral submissions so eloquently put before the court by the attorneys on 19 November 2025 I have concluded that I should make an order appointing receivers over LFM Oversea SP pursuant to section 224 of the Companies Act (2025 Revision) (the "Companies Act") and I therefore make an order substantially in the terms of the draft presented to the court.

The Agreement between the parties in April 2021

2. Both attorneys accepted that this case would be won or lost or as it was effectively put in submissions, they would "sink or swim" on the court's interpretation of the agreement entered into by the parties in April 2021 (the "Agreement").

3. The Agreement (in the Chinese language with an English translation provided) is a poorly drafted document and appears to have been drafted without the assistance of competent legal representation.

4. The Agreement is dated "April 2021". It is headed "LFM Oversea SP (a Segregated Portfolio LFM Oversea Investment Fund SPC)". It is entitled "Subscription Letter". The "Investor" is described as "Greentown Management Holdings Limited". The Petitioner in this case is Greentown Management Holdings Company Limited (the "Petitioner") and the Respondent is LFM Oversea Investment Fund SPC (the "Respondent"). The Petitioner seeks the appointment of receivers over LFM Oversea SP (the "Fund") stated to be a segregated portfolio of the Respondent.

5. In the Agreement the "investment target" is specified as "LFM Oversea SP".

6. The following are extracts from an English translation of page 2 of the Agreement:

"The investor will subscribe to LFM Oversea Investment SPC – LFM Oversea SP Fund for an amount of HKD 80,000,000 (Eighty Million Hong Kong Dollars). LFM Oversea Investment Fund SPC and the investor have reached an agreement on the following terms as confirmation of the subscription intention:

(1) Both parties agree that the investor shall deposit the subscription amount of HKD 80,000,000 (Eighty Million Hong Kong Dollars) into the designated account before April 23, 2021.

(2) The subscription fee and management fee are collectively waived up to 2% of the investment principal annually. The fee is calculated at the beginning of each month based on the actual number of natural days under management and deducted from the fixed income.

(3) The parties acknowledge that this investment is a fixed principal and fixed return with an annualized return of 5% (before the deduction of 2% management fee) (actual gross return calculated on a natural day basis) with an investment term of 1 year. The principal amount of this investment may be withdrawn with 30 business days' written notice during the investment withdrawal period, and the actual gross return will be calculated based on natural days; this investment may be extended with 30 business days' written notice upon confirmation."

7. The following are extracts from page 3 of the Agreement:

"(1) Other Matters

I. This letter shall be governed by and construed and enforced in accordance with the laws of the Cayman Islands.

II. This letter may only be amended subject to written consent of the parties.

III. In the event of any inconsistency between the terms of this letter and the official fund subscription letter signed by the Investor, the terms of this letter shall prevail.

IV. The Investor is aware of the fact that the annualized return of this investment is estimated to be 5% (before the deduction of annualized 2% management fee) and all of the above terms, and therefore voluntarily assumes the corresponding investment risk.

V. The investor has been informed that the expected annualized return of this investment is 5% (before deducting the annualized 2% management fee) and all the above terms, and voluntarily assumes the corresponding investment risks."

8. I should add that there was not produced in evidence any "official fund subscription letter signed by the Investor". I have considered the 2019 Appendix document the Petitioner said it received at the time of the Agreement but it does not help me in construing the terms of the Agreement and I am far from clear as to whether such document could properly be described as the "official fund subscription letter signed by the Investor". In his first affirmation Luo Peng, who says he is a director of the Respondent, refers to "LFM's latest Private Placement Memorandum dated July 2025 … (the PPM)". Luo Peng places reliance on the PPM but it postdates the Agreement. There was also during submissions reference to an earlier Private Placement Memorandum but it does not assist the court in the proper interpretation of the Agreement.

9. The attorneys reminded me of my judgment in *Tyr Capital Partners SPC Ltd* (FSD unreported judgment 21 June 2024) and agreed that the judgment correctly set out the general legal principles to be applied when construing a contract. I do not set out those principles again in this judgment but have had full regard to them when construing the Agreement together with all the relevant arguments put forward by the attorneys.

10. In my judgment although the Agreement is not happily worded there is no ambiguity on the essential terms and it is clear what the parties agreed by the words they used in the Agreement. I have focused on the meaning of the relevant words in their documentary, factual and commercial context.

11. In my judgment, construing the words in the Agreement, it was the intention of the parties that the Petitioner would transfer HKD 80,000,000 (Eighty Million Hong Kong Dollars) to the Fund which was an "investment" with "a fixed principal and fixed return with an annualized return of 5%". The "investment term" was 1 year and the "principal amount" of the "investment" could be withdrawn "with 30 business days' written notice".

The Petitioner is a creditor

12. In my judgment the Petitioner is a creditor in the sum of at least HKD 80,000,000 (Eighty Million Hong Kong Dollars).

13. The Petitioner has requested in writing the repayment of the amount due to it but the Fund has failed to repay the full amount of the principal and interest. It appears that it has repaid HK$4,070,137.00 on 4 January 2023, HK$24 million on 12 March 2024 and HK$22,424,000 on 27 June 2024. It appears that a total of HK$50,494,137 has been paid. It appears that over HK$30 million is still outstanding. The last demand letter sent by the Petitioner on 29 April 2025 calculated the total outstanding debt then due at HK$39,592,963.27 with interest of HK$4,599.45 accruing daily.

14. I do not accept the Fund's submission that the 3 partial payments it has made were in full and final settlement of the debt due to the Petitioner. There is no evidence to support that submission. The fact that the Petitioner's 2024 Annual Report valued the investment at zero is not evidence that the partial repayments were final and conclusive.

The solvency of the Fund – section 224 (1) (a) of the Companies Act

15. The attorneys referred to the helpful guidance of the Court of Appeal in *Oakwise Value Fund SPC* 2024 (1) CILR 525. I do not set that guidance out again in this judgment but have full regard to it.

16. It is an understatement to say that the Fund has been reticent in providing information in respect of its financial position and underlying investments.

17. One stark example of the Respondent's reticence in respect of the provision of financial information to entities that have transferred significant monies to it appears in an email dated 29 January 2024 from the Respondent to the Petitioner's attorneys:

> "Please note that the auditors take around six months to prepare the audited financial reports. A six months time is a reasonable expectation, given the workload of LFM's auditors. However, sometimes auditors may be able to finish their work a little bit earlier

> than what we expect. Meanwhile, LFM may be able to provide an unaudited valuation report as at 31 December 2023 upon request. Additional charges (i.e. 2% of the redemption amount) will be incurred in this circumstances (sic)."

18. In an attempt to win the understatement of the year trophy I state that a fee of "2% of the redemption amount" for the provision of one unaudited valuation report appears a little excessive. To put it mildly, the Respondent did not evidence any keenness to provide audited or indeed unaudited financial information to the Petitioner or indeed to the court. That was a strange and unhelpful position to adopt when the financial position of the Fund was seriously in issue.

19. By consent order made on 23 September 2025 the Respondent was required, "if so advised", to file and serve any evidence in response to the petition by 4pm on 14 October 2025.

20. Luo Peng's second affirmation (signed but undated and unaffirmed) was provided, without leave, well after the due date for the filing and service of the Respondent's evidence.

21. Luo Peng at paragraph 9 of his second affirmation says that on 14 November 2025 the Board of the Respondent convened a meeting to approve the management accounts of LFM Oversea SP as at 31 October 2025 and passed a broad resolution that same day approving them. The Management Accounts are exhibited to the second affirmation. Luo Peng at paragraph 11 says that:

> "The Management Accounts show the Sub-Fund's total assets are HK$33,078,740 and its total liabilities are HK$5,948,198 giving a net asset attributable to holders of participating shares of HK$27,130,551. According to the Management Accounts, as of 31 October 2025, the Sub-Fund is solvent."

22. Mr Smith for the Petitioner pulls no punches in respect of the "Management Accounts". At paragraph 33 of his skeleton argument dated 14 November 2025 it is stated:

> "The Petitioner submits that Luo 2 and its exhibits are fabrications and an attempt by LFM [LFM Oversea Investment Fund SPC] to mislead the Court".

and at paragraph 36:

> "It is submitted that the truth of the matter is that Luo 2 is a fabrication, concocted at the last minute by Mr Luo because he believes it will assist LFM's defence of this application. The Petitioner submits not only that the Court should give no weight to the 'evidence' purportedly given Luo 2, but that the Court should go further in recognising Luo 2 as an attempt by LFM to mislead the Court."

23. Be that as it may, even if the Management Accounts are treated at face value it is clear, as I think Ms Bellfield wisely accepted, that (if the court accepts that the Petitioner is a creditor) they demonstrate that the assets of the Fund "are or are likely to be insufficient to discharge the claims of creditors in respect of that segregated portfolio" (Section 224 (1) (a) of the Companies Act).

24. I should record that although the Respondent indicated to the court that it has audited accounts (with the latest being to the year end December 2024) it declined to share them with the Petitioner and the court on the basis that historical financials are not relevant and if the court was against the Respondent on the interpretation of the Agreement then the Fund would be insolvent. Suffice to say I find it unhelpful that the Respondent has failed to share with the Petitioner and with the court its audited financial accounts.

25. On the evidence before the court I have little hesitation in concluding that section 224 (1) (a) has been satisfied.

Section 224 (1) (b) of the Companies Act - Are the relevant purposes satisfied?

26. In my judgment the making of a receivership order would achieve the orderly closing down of the business of or attributable to the segregated portfolio and the distribution of the segregated portfolio assets attributable to the segregated portfolio to those entitled to have recourse thereto. The relevant purposes are satisfied.

Order

27. I make an Order substantially in terms of the draft. In paragraph 1 of the draft Order delete "An order that", "Companies", "(2025 Revision)" and insert after "be" the words "and hereby". In paragraph 3 of the draft Order on the first line delete "and" and insert "are". The attorneys for the Petitioner should email an updated draft to my PA within 24 hours of the delivery of this judgment.

David Doyle

THE HON. JUSTICE DAVID DOYLE
JUDGE OF THE GRAND COURT