



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

FSD CAUSE NO. OF 2022 ()

IN THE MATTER OF SECTION 94 OF THE COMPANIES ACT (2022 REVISION)

AND

IN THE MATTER OF NORTH SOUND PHARMACEUTICALS INC.

WINDING UP PETITION

To the Grand Court

The humble petition of Ironshore Pharmaceuticals & Development Inc. with a registered office at SH Corporate Services Ltd., P.O. Box 61, 3rd Floor Harbour Centre, George Town, Grand Cayman, KY1-1102, Cayman Islands (the "**Petitioner**") shows that:-

Preamble

1. The Petitioner presents this petition for the winding up of North Sound Pharmaceuticals Inc. (the "**Company**") and the appointment of official liquidators.

2. The Petitioner is a creditor of the Company in the total sum of US\$7,440,917.00 and seeks the winding up of the Company pursuant to section 92(d) of the Companies Act (2022 Revision) (the "**Act**") on the grounds that the Company is unable to pay its debts as defined in section 93(a) of the Act and is therefore insolvent on a cash flow basis.

THIS PETITION was FILED by **BEDELL CRISTIN** of 18 Forum Lane, 3rd Floor, Suite 5305, Camana Bay, P.O. Box 1990, Grand Cayman, KY1-1104, Cayman Islands, Attorneys-at-law for and on behalf of the Petitioner whose address for service is that of its said Attorneys-at-law.

The Company

3. The Company is a Cayman Islands exempted company established with its current name under the laws of the Cayman Islands on 12 September 2016 with registration number 315129. The Company's current registered office is situated at SH Corporate Services Ltd., P.O. Box 61, 3rd Floor Harbour Centre, George Town, Grand Cayman, KY1-1102, Cayman Islands.
4. The objects for which the Company was established are unrestricted, and the Company is authorised to carry out any lawful activity in accordance with the Act.
5. The Company's principal business activity is to develop new drugs using innovative drug delivery technology, the rights to which it acquired from the Petitioner on 30 September 2016 pursuant to a licence and assignment agreement. To date, the Company has not earned any revenue and is considered to be in the development stage. The Company does not have any premises and the drug development work is outsourced to the Petitioner. The Company does not carry out any business in any foreign country.
6. The Company's sole director David Lickrish ("**DL**") who is also a shareholder.

The Company's Indebtedness

7. On 30 September 2016, the Company and the Petitioner entered into a management services agreement (the "**Agreement**"). Pursuant to the Agreement, the Petitioner agreed to provide personnel to perform all of the services requested by the Company, including, if requested to perform executive and corporate management services (the "**Services**").
8. In consideration of the Services provided the Company agreed to pay to the Petitioner a fee equal to the cost of providing the Services plus 5% and reimbursement of research and development and salaries and wages expenses. The Petitioner provided Services to the Company and charged it fees and expenses pursuant to the Agreement. The total that

is owed by the Company to the Petitioner under the Agreement as at 31 December 2020 is US\$7,440,917.00 (the "**Outstanding Debt**") as set out in the audited Financial Statements of the Company for the year 2020 produced by Ernst & Young LLP ("**2020 Audit**")

Statutory Demand

9. On 13 April 2022, the Petitioner served the Company with a statutory demand (the "**Demand**") under section 93(a) of the Act seeking payment of the Outstanding Debt immediately and, in any event, within twenty-one (21) days (the "**Relevant Period**").
10. The Company had until 4 May 2022 to respond to the Demand by either paying the Outstanding Debt in full or substantially disputing the Demand on genuine grounds. No payment has been made.
11. The Company has asserted that it does not accept the Outstanding Debt as presently due and payable and that the Demand fails to state the date upon which the debt is said to have fallen due but relies only on the Company's 2020 Audit and that thereby the Demand is defective. The Petitioner has responded to the Company that it does not accept that the Demand is defective and that the existence of the 2020 Audit and a management representations letter, which was signed by DL, in respect of the 2020 Audit mean that the Company is not able to now substantially dispute the Outstanding Debt on any genuine grounds. In addition whilst the Petitioner does not prepare audited financial statements its parent company Highland Therapeutics Inc., ("**Highland**") prepares consolidated audited Financial Statements. For the year 2020 the consolidated audited Financial Statements of Highland produced by Ernst & Young LLP. ("**2020 Highland Audit**") show the Outstanding Debt as due to the Petitioner. A management representations letter in respect of the 2020 Highland Audit was signed by DL who was also a member of the Highland audit committee.

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12. As a result of the Company's failure to either pay the Outstanding Debt or raise a substantial dispute of the Outstanding Debt for which Demand was made on genuine grounds within the Relevant Period, the Petitioner considers that the Company is unable to pay its debts within the meaning of section 93 of the Act. The Company is accordingly insolvent on a cash-flow basis and should be wound up.

Qualified Insolvency Practitioner

13. Martin Nicholas John Trott and Christopher Smith of R&H Restructuring Cayman Ltd. whose business address is 2nd Floor, Windward 1, Regatta Office Park, P.O. Box 897, Grand Cayman, KY1-1103, Cayman Islands have agreed to be appointed as joint official liquidators of the Company. R&H Restructuring Cayman Ltd. are qualified insolvency practitioners resident in the Cayman Islands.

Your Petitioner therefore humbly prays that:-

- (a) The Company be wound up in accordance with the Act.
- (b) Martin Nicholas John Trott and Christopher Smith both of R&H Restructuring Cayman Ltd. of Windward 1, Regatta Office Park, P.O. Box 897, Grand Cayman, KY1-1103, Cayman Islands be appointed as joint official liquidators of the Company to act jointly and severally as its liquidators (the "**Liquidators**").
- (c) The registered office of the Company be moved to c/o The R&H Trust Co. Ltd., Windward 1, Regatta Office Park, P.O. Box 897, Grand Cayman, KY1-1103, Cayman Islands.
- (d) The Liquidators shall not be required to give security for their appointment.
- (e) The Liquidators shall have the power to act jointly and severally in their capacity as liquidators of the Company
- (f) The Liquidators be authorised to carry out any act or exercise any power considered by them to be necessary or desirable in connection with the liquidation of the Company and

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the winding-up of its affairs and to prevent the dissipation of the assets of the Company and its subsidiaries in any jurisdiction.

- (g) The Liquidators 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 Act without further sanction or intervention of the Court.
- (h) No suit, action or other proceeding shall be proceeded with or commenced against the Company except with the leave of this Honourable Court and subject to such terms as this Honourable Court may impose.
- (i) No disposition of the property of the Company by or with the authority of the Liquidators in carrying out their duties and exercise of their powers under this Order shall be voided by virtue of section 99 of the Act.
- (j) The Liquidators 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.
- (k) The remuneration and expenses of the Liquidators shall be paid out of the assets of the Company in accordance with Part III of the Insolvency Practitioners' Regulations 2018 (as amended) and Order 20 of the Companies Winding Up Rules 2018.
- (l) The Liquidators 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.
- (m) The Liquidators 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.
- (n) The Petitioner's costs of and incidental to the Petition to be paid out of the Company as an expense of the liquidation.

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(o) Such further or other relief be granted as the Court deems appropriate.

AND your Petitioner will ever pray etc.

DATED the 5th day of May 2022.

Bedell Cristin Cayman Partnership

BEDELL CRISTIN
ATTORNEYS-AT-LAW FOR THE PETITIONER

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

This Petition was presented by Ironshore Pharmaceuticals & Development Inc., whose address for service is c/o Bedell Cristin of 18 Forum Lane, 3rd Floor, Suite 5305, Camana Bay, P.O. Box 1990, Grand Cayman, KY1-1104, Cayman Islands (Attorneys-at-law for the Petitioner).

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NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this petition will take place at the Law Courts, George Town, Grand Cayman, on 13th of July 2022 at ~~10:00am.~~
9:00 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, Grand Cayman, KY1-1106, telephone 345 949 4296.

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