



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

CAUSE NO. FSD OF 2023 ()

IN THE MATTER OF SECTION 131 OF THE COMPANIES ACT (2023 REVISION)

AND IN THE MATTER OF SPECTRA SPC (IN VOLUNTARY LIQUIDATION)

PETITION FOR COURT SUPERVISION

TO: THE GRAND COURT OF THE CAYMAN ISLANDS

The humble petition of **Mr Martin Trott, Mr Osman Mohammed Arab, and Mr Lai Wing Lun (Johnathan)** in their capacity as Joint Voluntary Liquidators of Spectra SPC (the “**Company**”) shows that:

BACKGROUND

1. The Company was incorporated in the Cayman Islands as an exempted limited liability company on 7 February 2005 with registration number 144900. The Company was registered as a segregated portfolio company on 27 August 2007.
2. The Company’s registered office is situated at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

3. Since its incorporation, the Company has created one segregated portfolio, the Powerfund Segregated Portfolio (“**Powerfund**”), which was established on 12 September 2007. Powerfund is an open-ended investment fund with the primary objective of producing a high risk-adjusted return mainly from trading in, *inter alia*, foreign exchange, equities, and commodities options and from public and private debt and equity investments.
4. The authorised share capital of the Company is US\$50,000 divided into 100 management shares (“**Management Shares**”) of US\$1.00 par value each and 499,000,000 participating shares (“**Participating Shares**” holders of the Participating Shares will be referred to herein as the “**Participating Shareholders**”) of US\$0.0001 par value each. The total issued share capital of the Company is 100 Management Shares and 96,401,498 Participating Shares.
5. All of the Company’s Management Shares are held by STI PF Limited, a company incorporated under the laws of the Cayman Islands on 14 September 2016 with registration number 315056 (“**STI PF**”). From 26 September 2017 to present, STI PF has served as the Investment Manager of Powerfund (along with STI Asset Management Limited (as Investment Advisor) from 1 January 2020 to 28 February 2023).
6. At present, the total issued Participating Shares in Powerfund is 96,401,498 shares with a net asset value of US\$390,348,174 as at 14 February 2023.

THE FINANCIAL POSITION OF THE COMPANY AND POWERFUND

7. As the Company only has one segregated portfolio, being Powerfund, and the Company does not have any separate assets or liabilities, the financial position on both the company level and the segregated portfolio level is the same.

Assets and liabilities

8. As at 31 December 2021, Powerfund's total assets amounted to approximately US\$399,437,226 and total liabilities (excluding net assets attributable to holders of redeemable shares) amounted to approximately US\$5,556,332. The net assets attributable to holders of redeemable shares (i.e. Participating Shareholders) was therefore US\$393,880,894.
9. According to the trial balance of Powerfund ("**Trial Balance**") provided by Maples Fund Services (Cayman) Limited as the administrator of Powerfund, as at 14 February 2023:
 - (a) the closing balance of Powerfund's total assets was approximately US\$428,622,788.77;
 - (b) the closing balance of Powerfund's total liabilities was approximately US\$38,274,633.07; and
 - (c) the net asset value of Powerfund was US\$390,348,155.70.
10. According to the Trial Balance, the main assets and liabilities of Powerfund as at 14 February 2023 were as follows:

Assets

- (a) cash held in the accounts of City Credit Capital (Labuan) Ltd ("**CCCL**") – US\$337,093,029.49;
- (b) bond investments – US\$29,349,392.84;
- (c) fund investments – US\$50,632,997.80;
- (d) equity investments – US\$4,001,578.14; and

(e) receivables – US\$3,026,734.34.

Liabilities

(a) subscriptions received in advance – US\$3,806,077,94;

(b) capital payable (being pending redemption proceeds) – US\$17,187,909.62;

(c) liquidity credit payable (being the expected credit loss figures) – US\$9,194,153; and

(d) management fees payable – US\$7,006,694.46.

Cash-Flow Difficulties

11. Based on the above, Powerfund (and by extension the Company) is balance sheet solvent. However, the Company has recently experienced cash-flow difficulties mainly on account of an inability to recover substantial cash held at CCCL (over US\$300 million), notwithstanding repeated demands for the same.
12. CCCL is a licensed foreign exchange and money broker that is registered with the Ministry of Finance in Malaysia and regulated by the Labuan Offshore Financial Services Authority with over 15 years of experience in foreign exchange trading. It is widely recognised as a reputable money brokerage and Powerfund did not in the past encounter any issues withdrawing funds from CCCL.
13. On 21 February 2023, Mr Tung Sun Tat Clement (one of the directors of the Company) emailed CCCL on behalf of Powerfund requesting that they cease all trading, convert all positions to cash and remit all outstanding balances in Powerfund's accounts to the Company.

14. On 23 February 2023, Mr Jeffrey Lo of CCCL replied acknowledging receipt and claimed that the requested remittance to Powerfund was already being arranged by CCCL's senior management. Notwithstanding repeated chasers, to date no remittance has been made.
15. On 13 March 2023, the Company instructed its Malaysian legal counsel, Lee Hishammuddin Allen & Gledhill, to send a letter of demand to CCCL requesting payment of the total sum of USD 337,877,859.25 held in Powerfund's accounts within 48 hours. No response was received to the letter of demand and no funds were remitted.
16. The Company has unfortunately had the same experience in respect of assets held by City Credit Capital (UK) Limited ("**CCCUK**"). Notwithstanding repeated requests in February 2023 to stop all trading, convert all positions into cash and remit all outstanding balances, this has not been done. As a result, on 16 March 2023, the Company instructed its UK legal counsel, Stewarts, to send a letter of demand to CCCUK requesting, within 48 hours, a statement of account, an explanation of why funds were being withheld and confirmation of when the funds would be released. To date, the Company has received no response from CCCUK.
17. In addition to the above difficulties retrieving assets held by CCCL and CCCUK (the "**Brokerages**"), a number of borrowers to which Powerfund provided loans have defaulted:
 - (a) Glorious Rainbow Group Limited ("**GRGL**") (3% fixed rate loan): defaulted on the interest payment of US\$1,224,854 which was due on 31 December 2022;
 - (b) Golden Glow Limited ("**GGL**") (9% fixed rate loan): defaulted on the interest payment of US\$534,600 which was due on 29 December 2022;
and

- (c) IZ Direct Enterprises Ltd (“**IZ Direct**”) defaulted on its principal and interest payments totalling US\$1,254,344 which were due on 26 August 2022.

Inability to Pay Redemption Proceeds

18. Between 29 December 2022 to 24 February 2023, Powerfund received a number of redemption requests from various Participating Shareholders (the “**Redemption Requests**”) which have not yet been paid as a result of the cash-flow difficulties and recovery constraints outlined above.
19. Of the 96,401,498 Participating Shares issued, Powerfund has received Redemption Requests for the redemption of 11,926,211 Participating Shares, being approximately 12.4% of the total issued Participating Shares.
20. On 28 February 2023, the Board of Directors notified Participating Shareholders of the Board’s decision to declare a suspension of the calculation of the Net Asset Value of the Company and a deferral of the redemption of Participating Shares with immediate effect until further notice.
21. On 20 March 2023, the Board of Directors issued a further notice to Participating Shareholders providing an update on the deferral of redemptions. The notice informed shareholders of the difficulties experienced by Powerfund in seeking to withdraw funds held by CCCL and CCCUK and provided (in part) as follows:

“As at the date of this notice, the funds deposited with the CCCL and CCCUK were US\$337,877,859.25 and US\$464,786.84 respectively. The Board has instructed legal representatives in the respective places to advise and handle the situation and demand letters have been sent to CCCL and CCCUK. Up to today, no positive response has been received by the Fund and the Fund will instruct the relevant legal representatives to take further actions to protect the interests of the Fund, which may include making complaints to the relevant

financial industry monitoring authorities, and to commence legal action if appropriate, for the purpose of recovering the funds.”

VOLUNTARY LIQUIDATION OF THE COMPANY

22. In light of the above, by a special resolution dated 5 April 2023 passed by STI PF (the sole management shareholder of the Company) Mr Osman Mohammed Arab and Mr Lai Wing Lun (Johnathan) of RSM Corporate Advisory (Hong Kong) Limited were appointed as joint voluntary liquidators of the Company, along with Mr Martin Trott of R&H Restructuring (Cayman) Ltd (the “**Joint Voluntary Liquidators**”).
23. On 11 April 2023, the Joint Voluntary Liquidators filed their consents to act with the Registrar and their appointment was effective as of that date pursuant to section 119(3) of the Companies Act (2023 Revision) (the “**Companies Act**”).
24. In light of the cash flow difficulties outlined above, the directors of the Company have not been able to prepare a declaration of solvency pursuant to section 124(2) of the Companies Act. While it is possible that the Company may be able to pay its debts in full within 12 months if the funds held by the Brokerages are returned, there is no guarantee that these funds will be returned within the next 12 months. As a result, the directors are not in a position to prepare a declaration of solvency.

THE NEED FOR COURT SUPERVISION

25. The Joint Voluntary Liquidators are of the view that the liquidation of the Company should be brought under the supervision of the Court in light of: (a) the doubtful solvency of the Company on the cash-flow basis (notwithstanding that it is balance-sheet solvent); and (b) an official liquidation of the Company will facilitate a more effective, economic or expeditious liquidation of the Company in the interests of the contributories and creditors.

26. The Joint Voluntary Liquidators are of the view that an official liquidation would be more effective, economic and expeditious on the following bases:
- (a) it may be necessary to seek recognition of the official liquidators' court appointment in Malaysia and in the UK (the two jurisdictions in which the majority of the Company's assets are currently held by the Brokerages);
 - (b) official liquidators would be able to exercise statutory powers, such as those prescribed by sections 103 and 138 of the Companies Act, to obtain documents, information and conduct investigations; and
 - (c) there is a need for a thorough investigation into the location of the assets of the Company held by the Brokerages. An official liquidation is more conducive to an effective cross-border investigation being carried out.
27. The Joint Voluntary Liquidators are each qualified insolvency practitioners within the meaning of section 89 of the Companies Act and each consent to act as official liquidators of the Company in the event that a supervision order is made.

THE PETITIONERS THEREFORE HUMBLY PRAY THAT:

- (1) The liquidation of the Company be continued under the supervision of the Court.
- (2) Mr. Osman Mohammed Arab and Mr. Lai Wing Lun (Johnathan), both of RSM Corporate Advisory (Hong Kong) Limited, 29th Floor, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong, and Mr. Martin Trott of R&H Restructuring (Cayman) Ltd, Windward 1, Regatta Office Park, PO Box 897, Grand Cayman, KY1-1103, Cayman Islands be appointed as Joint Official Liquidators (“**JOLs**”) of the Company with power to act jointly and severally.
- (3) The JOLs shall not be required to give security for their appointment.

- (4) In addition to the powers prescribed in Part II of the Third Schedule to the Companies Act which are exercisable without sanction of the Court, the JOLs are hereby sanctioned to exercise the following powers set out in Part I of the Third Schedule of the Companies Act:
- 4.1. engage staff (whether or not as employees of the Company) to assist the JOLs in the performance of their functions;
 - 4.2. engage attorneys and other professionally qualified persons to assist the JOLs in the performance of their functions, including in the United Kingdom and/or in Malaysia, and on such terms as the JOLs may think fit, and to remunerate them out of the assets of the Company as an expense of the official liquidation;
 - 4.3. bring legal proceedings in the United Kingdom and/or Malaysia (or in such other jurisdiction as the JOLs may deem necessary) in order to seek recognition of their appointment (if so advised), without further order of this Court; and
 - 4.4. control and otherwise deal with all existing bank accounts in the name of the Company and to open new bank accounts in the name of the Company.
- (5) The powers bestowed upon the JOLs may be exercised by them within and outside of the Cayman Islands.
- (6) Unless the Court otherwise directs, the JOLs shall not be required to take steps to establish a liquidation committee.
- (7) The JOLs are authorised to render and pay invoices out of the assets of the Company for their own remuneration, and are also authorised to meet all disbursements in connection with the performance of their duties out of the assets of the Company as an expense of the official liquidation.

- (8) No suit, action or other proceeding may 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.
- (9) No disposition of the Company's property by or with the authority of the JOLs in carrying out their duties and functions and exercise of their powers under this Order shall be voided by virtue of section 99 of the Companies Act.
- (10) The JOLs be at liberty to apply generally.
- (11) The costs of this Petition shall be paid out of the assets of the Company, as an expense of the official liquidation.
- (12) Such further or other relief be granted as the Court deems appropriate.

Dated this 21 day of April 2023

Conyers Dill & Pearman LLP

Conyers Dill & Pearman LLP
Attorneys-at-law for the Joint Voluntary Liquidators

This Petition was filed by Conyers Dill & Pearman LLP, Attorneys-at-Law for and on behalf of the Petitioners herein whose address for service is SIX, Cricket Square, P. O. Box 2681, George Town, Grand Cayman, KY1-1111

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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 the ____ day of _____ 2023 at _____ am/pm.

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.