

IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

CAUSE NUMBER: FSD 255 OF 2023 (IKJ)

IN THE MATTER OF THE COMPANIES ACT (2023 REVISION)

AND IN THE MATTER OF LM FUND ONE LTD

WINDING UP PETITION

TO THE GRAND COURT OF THE CAYMAN ISLANDS

The humble petition of Ning Du of 9-2-802 Hongye Xingyuan, Fengtai District, Beijing 100070, China (the '**Petitioner**') shows that:

Introduction

1. LM Fund One Ltd (the '**Company**') was incorporated in the Cayman Islands on 11 May 2017 as an exempted company with limited liability and with registration number 322786. The Company was incorporated and is registered pursuant to the Companies Law (as revised) (the '**Companies Act**'). The registered office of the Company is at 4th Floor, Harbour Place, 103 South Church Street, PO Box 10240, Grand Cayman KY1-1002, Cayman Islands.
2. The Company carries on business as a mutual fund and is registered as such with the Cayman Islands Monetary Authority ('**CIMA**') with licence number 1367203 under the Mutual Funds Act (as revised).
3. The Company was established by Chi Sum Daniel Kan and Qiang Chen ('**Mr Chen**') through their investment management company Airstream Investment Ltd. The objective of the Company was to employ alternative investment strategies, either directly or through investment in underlying funds, in order to provide stable, risk-adjusted returns to investors.
4. To the best of the Petitioner's knowledge Mr Chen is the manager of the Company and its controlling mind.
5. The Petitioner is a member of the Company holding 1,500 Class A shares.

Summary

6. The Petitioner seeks a winding up order in respect of the Company pursuant to section 92(e) Companies Act on the basis that it is just and equitable that the Company be wound up for the following reasons:
 - 6.1. The Company has failed, notwithstanding multiple requests, to provide the Petitioner with the regular financial information concerning the Company to which she is entitled as a shareholder.
 - 6.2. The Company has repeatedly failed to act on the Petitioner's requests to redeem her shareholding.
 - 6.3. There appear to be serious concerns relating to the management of the Company which require proper investigation by an independent liquidator.

Background

The Company

7. According to a private placement memorandum issued by the Company and dated 16 May 2019 (the "**PPM**") (to which the Petitioner will refer at trial for its full terms and effect), at the time of the Petitioner's subscription:
 - 7.1. The board of directors of the Company was comprised of Chi Sum Daniel Kan and Mr Chen.
 - 7.2. Airstream Investment Ltd ("**Airstream**", an exempted company incorporated in the Cayman Islands whose principals are Chi Sum Daniel Kan and Mr Chen) was the manager of the Company, pursuant to the terms of a management agreement.
 - 7.3. HC Global Fund Services LLC ("**HC Global**"), located in San Francisco, was the administrator of the Company.
 - 7.4. The Company offers non-voting participating shares, designated in three classes named A, B and C, to qualified non-US persons.
 - 7.5. The share capital of the Company is US\$50,000 made up of 100 management shares of US\$0.01 par value each and 4,999,900 participating shares of US\$0.01 each which may be issued in different classes.
 - 7.6. A shareholder can redeem shares in the Company on (a) the Redemption Day (being the last business day of the month) occurring at the end of the relevant lock-up period; and (b) thereafter,

in the case of Class A and Class C shares, on the Redemption Day in every subsequent third calendar month on a rolling basis, and in the case of Class B shares, on the Redemption Day in every 6th calendar month on a rolling basis. A shareholder wishing to redeem must give written notice to the Company in a prescribed form, to be received at least 90 calendar days before the relevant Redemption Day.

- 7.7. The Company's books and records will be audited as at the end of each financial year, and copies of the audited financial statements filed with CIMA within 6 months of the end of each financial year.
- 7.8. Each shareholder will be provided with a copy of an annual report that will include audited financial statements within 6 months of the end of each financial year. Shareholders will also be provided with a quarterly report on the investment performance of the Company.
- 7.9. The PPM contains no limitation or restriction on the rights of a shareholder to present a winding up petition against the Company.

The Petitioner's Investment

8. On 25 November 2019 the Petitioner executed a subscription agreement whereby the Petitioner subscribed for US\$160,000 of Class B Shares in the Company. The subscription agreement sets out the terms upon which the Petitioner subscribed for shares in the Company, and is supplemental to the PPM.
9. The Petitioner paid the subscription amount to the Company by two instalments of US\$80,000 each on 27 and 28 November 2019.
10. On 3 January 2020 the administrator of the Company issued a subscription confirmation letter confirming the Petitioner's subscription for 1,600 class B December 2019 shares with a NAV of US\$100 each.
11. On 23 April 2020 the administrator sent to the Petitioner a statement for the quarter ended 31 December 2019.
12. On 6 May 2020 the Petitioner made a partial redemption in the sum of US\$10,000 principal and US\$5,200 accrued profits, and transferred the remaining balance of her investment to class A shares in the Company. The Petitioner executed a revised subscription agreement dated 6 May 2020, which referred to a PPM in identical terms to that previously provided. A Switch Out Contract Note issued by Bolder Fund Services (Singapore) Pte Ltd ("**Bolder**") confirmed the transaction date as 1 June 2020. The Petitioner's investor statement for the quarter ended 30 September 2020 also confirmed the Petitioner's amended shareholding of 1,500 Class A June 2020 series shares. The partial redemption payment of US\$15,200 was paid on 22 July 2020.

Requests for information and redemption

13. From early 2021 onward the Petitioner made repeated requests for information on the Company's financial and management position.
14. In May 2021 the Petitioner requested a partial redemption of \$40,000, but was informed by the Company's manager (in a telephone call with Mr Chen on 13 August 2021) that the underlying asset (loans of US\$10 million to Marketland) had been defaulted and that no redemption was possible. In a video call on 17 December 2021, Marketland informed the Petitioner that the Company had been fully repaid some 18 months previously (that is, approximately a year before Mr Chen advised the Petitioner that the Marketland loans were in default).
15. The Petitioner was informed by HC Global in December 2021, in response to a request for information by the Petitioner, that they had ceased to act as administrator of the Fund with effect from February 2020, and that Circle Investment Support Services (Singapore) Ltd ("**Circle**", later renamed Bolder Fund Services (Singapore) Pte Ltd) had been appointed in their place. No notice of the change of administrator was provided to the Petitioner.
16. By email dated 16 December 2021 Trisha Moustafa of Bolder advised that the Petitioner's investment had been successfully rolled over into Class A June 2020 series, and that Bolder had temporarily suspended its administration services for the Company. She referred the Petitioner to Airstream, the fund manager of the Company.
17. By email dated 24 December 2021, Angela Pretorius, of Berman Fisher, auditors to the Company, confirmed that they had completed the audit for the year ended 31 December 2019, that they had performed no further audits, and that they were unable to release any further information without the consent of the Company's directors.
18. On 28 December 2021 the Petitioner wrote to CIMA setting out her concerns about the Company, including the unannounced change of administrator, failure to respond to requests for information on the Company's financial position, and failure to provide regular statements as required by the PPM. On 1 January 2022 the Petitioner again wrote to CIMA raising her concerns of fraudulent conduct on the part of the Company's directors.
19. On 10 January 2022 the Petitioner wrote to Bolder requesting a redemption notice for redemption of her entire shareholding. By email on 13 January 2022 Bolder advised that the request had been forwarded to 'the Fund managers'.
20. On 7 February 2022 by email from Michiel van Zweeden, General Manager Singapore, Bolder informed the Petitioner that although they remained administrator of the Company, they had suspended provision of services for unspecified reasons, and referred all queries to the Company's directors.

21. In May 2022 Mr Chen informed the Petitioner that IQ-EQ had been appointed as the Company's administrator. The Petitioner sent an email to IQ-EQ on 6 November 2022 confirming her request to redeem her entire shareholding in the Company. Mr Chen provided the Petitioner with a copy of an email from Joy Xu of IQ-EQ to 'Katrina' of Airstream dated 7 November 2022 in which Joy Xu stated:

"We received below email from Ning Du, and he would like to redeem his portion in LM Fund one. However, I didn't see his name on register of members/director of LM Fund one. May you please advise the reply to below email? Kindly let us know if you would like to handle from your end."

22. On 9 November 2022 the Petitioner again emailed IQ-EQ to request a redemption notice for her entire shareholding, and received a reply on the same date stating that:

"Kindly note that IQ-EQ is not the fund administrator for LM Fund One. We forwarded your email to LM Fund One IR team and they will reach out to you soon."

23. In an exchange of emails between 9 November 2022 and 2 December 2022 Bolder confirmed that they had resigned as administrator of the Company with effect from 17 March 2022 for various reasons including: (i) Airstream failed to provide information and documents required by Bolder; (ii) Airstream failed to pay fees due to Bolder; and (iii) Bolder determined that Airstream was not properly regulated.

24. By email dated 17 November 2022 to Mr Chen, the Petitioner repeated her request to redeem her entire shareholding. No reply was received.

25. By letter dated 15 June 2023, from her Cayman attorneys, and delivered (i) by hand to the registered office of the Company; (ii) by hand to the Cayman Islands office of IQ-EQ; (iii) by email to Joy Xu of IQ-EQ; and (iv) by email to Mr Chen, the Petitioner demanded:

25.1. Confirmation of her current status as a shareholder of the Company;

25.2. A complete set of audited financial statements and quarterly investor reports;

25.3. An explanation of the Company's failure to respond to enquiries and redemption requests.

26. No reply was received to this letter from the Company. IQ-EQ Fund Services (HK) Limited replied by email from the address LMopportunitiesfund@iqeq.com stating that:

"We refer to your letter of 15 June 2023. We note that the content of the letter is addressed to LM Fund One Ltd (the "Fund")."

IQ-EQ is not involved with the Fund at all. Please refrain from sending correspondences to us. We will disregard them in future."

Grounds for Petition

27. In light of the above, the Petitioner is concerned that she has been the victim of fraudulent conduct. She seeks the appointment of independent office holders able to undertake a full investigation of the conduct and management of the Company, secure and realise the assets of the Company for the benefit of creditors and investors, and in the event that assets have been misappropriated or dissipated take action for recovery.
28. In the circumstances, the Petitioner believes that it is just and equitable that the Company should be wound up for the reasons set out above.

Nomination of Joint Official Liquidators

29. The Petitioner nominates Mark Longbottom and Michael Lam, both of Krys Global, Governors Square, Building 3, 23 Lime Tree Bay Avenue, PO Box 31237, Grand Cayman KY1-1205 for appointment as joint official liquidators of the Company.

YOUR PETITIONER THEREFORE HUMBLY PRAYS THAT:

1. The Company be wound up in accordance with the Companies Act.
2. Mark Longbottom and Michael Lam, both of Krys Global, Governors Square, Building 3, 23 Lime Tree Bay Avenue, PO Box 31237, Grand Cayman KY1-1205 be appointed as joint official liquidators ("JOLs") of the Company.
3. The JOLs shall not be required to give security for their appointment.
4. The JOLs shall have 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 appointment of the JOLs in any other relevant jurisdiction and to make applications to the courts of such jurisdictions for that purpose.
6. The JOLs be authorised to exercise all the powers set out in Parts I and II of the Third Schedule to the Companies Law within and outside the Cayman Islands without the further sanction of this Court.

7. No disposition of the Company's property by or with the authority of the JOLs in carrying out their duties and functions and the exercise of their powers under any Order granted pursuant to this Petition shall be voided by virtue of section 99 of the Companies Law.
8. The JOLs be at liberty to appoint attorneys, counsel and 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).
9. 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 and the JOLs be at liberty to meet all disbursements reasonably incurred in connection with the performance of their duties.
10. The Petitioner's costs of and incidental to the Petition shall be paid out of the assets of the Company forthwith as an expense of the liquidation on an indemnity basis, such costs to be taxed if not agreed with the JOLs.
11. The JOLs be at liberty to apply.
12. Such further and/or other relief as this Court deems appropriate.

AND your Petitioner will ever pray etc.

Dated the 24th day of August 2023.

Nelsons

Nelsons
Attorneys at law for the Petitioner

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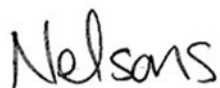
NOTICE OF HEARING OF WINDING UP PETITION

TAKE NOTICE that the Petition issued herein on the 4th day of September 2023 will be heard by the Judge in open court at the Law Courts, George Town, Grand Cayman, on the 24th October 2023 at 10.00am.

AND TAKE NOTICE that at the hearing the Petitioner Ning Du will seek an order that LM Fund One Ltd (“the Company”) be wound up and that Mark Longbottom and Michael Lam both of KRyS Global be appointed as Joint Official Liquidators of the Company.

If you fail to attend the Court may proceed in your absence.

Dated the 4th September 2023



Nelsons

Attorneys for the Petitioner

TO: The Clerk of the Court

AND TO: LM Fund One Ltd

TIME ESTIMATE: The estimated length of the hearing of the petition is one hour..