



IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

CAUSE NO. FSD OF 2023 ()

IN THE MATTER OF SECTIONS 94 AND 159 THE COMPANIES ACT (2023 REVISION)

AND IN THE MATTER OF ORDER 102 OF THE GRAND COURT RULES 1995

AND IN THE MATTER OF CITY CREDIT ASSET MANAGEMENT CO. LTD

PETITION

TO: The Grand Court of the Cayman Islands

The humble Petition of Ayers Alliance Financial Group Limited (“**AAFG**” or the “**Petitioner**”) a company incorporated under the laws of the Republic of Cyprus on 15 November 2012 with company number 315127 and with its registered office situated at Omirou, 64, Imperium Tower, 3096, Limassol, Cyprus shows that:

INTRODUCTION

1. City Credit Asset Management Co. Ltd (the “**Company**”) was incorporated under the name of “City Credit Asset Management (Cayman) Limited” as an exempted company with limited liability under the laws of the Cayman Islands on 31 August 2017 with company number 326540. By a special resolution dated 9 April 2021, the Company changed its name from “City Credit Asset Management (Cayman) Limited” to “City Credit Asset Management Co. Ltd”.

2. Prior to strike-off, the Company's registered office was situated at the offices of Ocorian Trust (Cayman) Limited ("**Ocorian**") at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.
3. The Company was struck off from the Cayman Register of Companies on 31 July 2023.
4. AAFG is making enquiries with the Companies Registry to try to ascertain the fees owing to restore the Company to the register.
5. The Company owes the Petitioner the sum of US\$4,000,000 (plus interest) (the "**Petition Debt**") and is subject to certain suspicious or fraudulent activities, as explained below.

THE DEBT

6. On 10 June 2022, AAFG and the Company entered into a service agreement (the "**Service Agreement**").
7. Pursuant to the terms of the Service Agreement, AAFG engaged the Company to provide the following services:
 - (a) to research and develop with the intention on producing mechanism of converting financial instrument specified as structured notes to a financial instrument type, and/or securitisation undertaking, which will comply with the provisions and requirements of the defined standard under the laws of the European Union and the Republic of Cyprus; and
 - (b) following the research and development phase, the Company to be responsible for the practical implementation of the conversion.
8. Pursuant to paragraph 1 of the "Remuneration Provisions" clause of the Service Agreement, AAFG agreed to pay the Company up to US\$4,000,000 as a disbursement (which is the Petition Debt, as defined above) within 5 business days upon request by the Company.
9. Pursuant to paragraph 3 of the "Remuneration Provisions" clause of the Service Agreement, if the Company does not produce a satisfactory result within a six month period, AAFG is entitled to a refund of up to 100% of the Petition Debt within 30 working days of receiving notice.
10. On 14 June 2022, AAFG transferred US\$4,000,000 to the Company.

11. On 8 December 2022, two days' prior to the expiry of the six month period, as referred to in paragraph 9 above, given that the Company at that time had not provided any of the services agreed under the Service Agreement, AAFG sent notice by email to the Company requesting a refund of the Petition Debt.
12. For the avoidance of doubt, the Petition Debt was referred to as a loan in the email, but the same terminology is not used in the Service Agreement. Despite the differences in the phraseology used, the intention was for the advanced sum to be returned if the relevant services were not performed (i.e. if the Company did not perform its side of the commercial bargain).
13. The Company failed or refused to refund the Petition Debt to AAFG within 30 working days of the email notice and there has been no explanation from the Company as to why that sum has not been refunded.
14. As of the date of filing this Petition, the Company has not provided any of the services agreed under the Service Agreement and the Petition Debt remains outstanding.
15. Given the current status of the Company, AAFG believes that the Company is unable to pay the Petition Debt and, as such, it appears that it has allowed itself to be struck off to try to avoid payment (and/or for other reasons).

SUSPICIOUS ACTIVITIES RELATING TO THE TRI-PARTY AGREEMENT

16. On 15 October 2019, AAFG (as broker), the Company (as issuer) and MCL (as custodian) entered into a tri-party custody agreement (the "**Tri-Party Agreement**").
17. AAFG also entered into other agreements with MCL which do not involve or relate to the Company.
18. Pursuant to the Tri-Party Agreement, MCL's primary duties and responsibilities are to:
 - (a) establish and maintain an custody/safekeeping account in the name of AAFG where it will receive, hold, dispose of the structured notes (the "**Investments**") issued by the Company (see clause 4.1);
 - (b) immediately and without any delay transfer to AAFG's bank account all net cash amounts (see clause 4.2);

- (c) receive and hold the Investments delivered to it by the Company and shall ensure that such Investments be registered in the name of MCL (see clause 4.3);
 - (d) upon receipt of proper instructions from the AAFG, acting on behalf of its clients (the “**Clients**”) and insofar as monies are available, if and where applicable, make or cause to be made payment out of the monies of the Client in connection with the acquisition of Investments from the Company (see clause 4.5);
 - (e) upon receipt of proper instructions from AAFG acting on behalf of the Clients, redeem or deliver the Investments back to the Company, or shall cause the redemption of delivery of Investments to be made back to the Company (see clause 4.6); and
 - (f) unless MCL receives contrary written instructions from AAFG acting on behalf of the Clients, MCL agrees and is authorised (see clause 4.7):
 - (g) to receive and to collect promptly all cash and other amounts of interest, dividends, proceeds from transfer and other payments in respect of Investments;
 - (h) to repatriate cash receipts immediately and without delay to the appropriate Client’s bank account of AAFG;
 - (i) to surrender Investments at maturity or when called for redemption upon receiving payment from the Company;
 - (j) to accept and rely upon all proper instructions given by AAFG acting on behalf the Clients, including, without limitation instructions to transfer or deliver to or from the Company any Investments.
19. According to clause 6.1 of the Tri-Party Agreement, the Company:
- “shall observe and acknowledge the custodian arrangement between [AAFG] and [MCL] and shall act in accordance with the instructions of [MCL] until notified in writing of the termination of the custodian arrangement by both [AAFG] and [MCL].”*
20. After entering into the Tri-Party Agreement and in accordance with its terms, the Company issued and AAFG acquired on behalf of it clients via MCL, fourteen (14)

series of notes in different currencies (all series together, the “Structured Notes”). All of the Structured Notes are redeemable after the expiry of the lock-in period and with profits distributable periodically.

21. Upon receipt of any redemption requests from AAFG, the Company would issue a redemption confirmation note to AAFG confirming that it would proceed with the payment of the redemption proceeds to AAFG via MCL.
22. Since November 2022, the Company has failed or refused to pay the dividend payments, distribution of profits and/or the redemption proceeds received in relation to the Structured Notes to MCL or has failed or refused to cause such funds to be paid to AAFG via MCL. AAFG became aware of this issue in around late December 2022 to January 2023.
23. On 16 January 2023, AAFG instructed its then Cyprus legal counsel, A.G. Paphitis & Co. LLC, to issue a demand letter to MCL requesting it to pay the outstanding amount to AAFG.
24. On 26 January 2023, AAFG issued a second demand letter on MCL requesting it to pay all the remaining outstanding amount at the time to AAFG which is approximately US\$206,000,000 which comprise of approximately US\$175,000,000 owing under the Tri-Party Agreement and approximately US\$31,000,000 owing under other agreements between MCL and AAFG irrelevant to the Company.
25. In a meeting between Mr. Tung Sun Tat Clement (“**Mr. Tung**”), a director of the Petitioner, and CySEC on 17 February 2023, CySEC requested AAFG to set out a repayment schedule for its creditors.
26. As the funds were held at the Company and MCL’s level, Mr. Tung called Mr Lau Kam Wah (“**Mr Lau**”) whom he believed at the time was an authorised person of MCL and has always been the contact person whom he communicated with when dealing with MCL. Mr. Tung requested Mr Lau to arrange for MCL to consider and provide a repayment plan to send to AAFG.
27. On 24 February 2023, AAFG received a repayment plan (the “**Repayment Plan**”) from MCL which was executed by the authorised representative of MCL, Mr Lau.
28. Pursuant to the Repayment Plan, MCL agreed to pay the outstanding amount of US\$206,000,000 (which is inclusive of other debts not relevant to the Tri-party

Agreement and the Company) to AAFG by the following instalments in order to settle all debts arising under the Tri-Party Agreement:

- (a) US\$2,000,000 to be made on or before 3 March 2023;
 - (b) US\$20,000,000 to be made on or before 31 March 2023;
 - (c) US\$40,000,000 to be made on or before 30 April 2023; and
 - (d) Remaining balance on or before 31 May 2023.
29. On 6 March 2023, three days after the deadline for the first instalment payment as set out in the Repayment Plan, AAFG received US\$2,000,000 from the Company on behalf of MCL. Based on a call between Mr. Tung and Mr. Lau Kam Wah, before receiving US\$2,000,000, MCL requested the Company to make the payments to AAFG directly (i.e. without going through MCL).
30. Right before the deadline for the second instalment payment, on 24 March 2023, AAFG received a letter from Chapman Tripp, in their capacity as MCL's New Zealand legal representatives, denying involvement in the Repayment Plan, despite the fact that the first instalment payment has already been made by the Company and also denying that Mr Lau is an MCL's employee or former employee. In the letter, Chapman Tripp claimed that Mr. Lau is unknown to MCL.
31. Chapman Tripp further alleged that MCL discovered an unauthorised email account on its email server (custody@marscap.co.nz) which has been sending correspondence to AAFG from the "Mars Cap Custody Department" including statements and purported acknowledgement of debt under the name of Mr Lau, yet no one at MCL had access to such account or had generated the statements or correspondence sent from that account. Since then, no further payments were received from MCL or the Company.
32. Upon review of AAFG's accounting records, the total outstanding amount as of 17 March 2023, minus any setoff of payments owing from AAFG to the Company or any settlement payment is approximately US\$189,597,821.83 comprising of US\$181,743,829.00, EUR€8,967,344.12 (equivalent to US\$9,526,009.66) and JPY¥-221,251,441.00 (equivalent to US\$-1,672,016.83) in the different currency accounts.
33. On 10 August 2023, AAFG issued a letter of termination ("Termination Notice") by way of an email and by courier to MCL and the Company to terminate the Tri-Party

Agreement and requested payment of the outstanding amount of EUR€205,330,729.69 (equivalent to US\$218,122,834.15) which comprise of approximately US\$189,597,821.83 owing under the Tri-Party Agreement and approximately US\$28,525,012.32 owing under other agreements between MCL and AAFG irrelevant to the Company.

34. 23 August 2023, the Petitioner was informed by DHL, the courier service provider, that the Termination Notice to the Company has been returned.
35. Since the Petitioner received the letter from Chapman Tripp on 24 March 2023, the Petitioner has not been able to get in touch with any personnel or representatives of the Company or MCL, including Mr. Lau who has always been the Petitioner's key contact person. The Petitioner has not been able to locate the outstanding funds or confirm whether the funds are now held at MCL or the Company's level.
36. Based on the Petitioner's investigations, it was found that on 16 August 2023, the High Court of New Zealand ("**NZ Court**") made an order appointing interim liquidators to MCL.
37. Given the above arrangements between MCL and the Company, the suspicious activities between the two companies, and the status of MCL, AAFG has reason to suspect that there may be some fraudulent activities happening within MCL and the Company in an attempt to avoid payments to AAFG. The suspicion is further substantiated by the fact that the Company is now struck off and unable to pay/receive any funds and its managements are now completely out of reach. Moreover, the Petitioner understands that Mr Kong William Waileung is also the common director of MCL and the Company.
38. As such, together with the insolvency ground, the Petitioner believes that it is necessary and in the best interests of the Company's creditors to appoint official liquidators to the Company to carry out investigations and trace the missing funds.

NOMINATION OF JOINT OFFICIAL LIQUIDATORS

39. The Petitioner nominates Mr. Osman Mohammed Arab and Mr. Lai Wing Lun (Johnathan), both of Acclime Corporate Advisory (Hong Kong) Limited, 29th Floor, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong, and Mr. Owen Walker of R&H Restructuring (Cayman) Ltd, Windward 1, Regatta Office Park, PO

Box 897, Grand Cayman, KY1-1103, Cayman Islands to be the joint official liquidators (“**JOLs**”).

YOUR PETITIONER THEREFORE HUMBLY PRAYS THAT:

1. The Company be restored to the Register pursuant to section 159 of the Companies Act (2023 Revision) (the “**Act**”).
2. The Company be wound up.
3. Mr. Osman Mohammed Arab and Mr. Lai Wing Lun (Johnathan), both of Acclime Corporate Advisory (Hong Kong) Limited, 29th Floor, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong, and Mr. Owen Walker of R&H Restructuring (Cayman) Ltd, Windward 1, Regatta Office Park, PO Box 897, Grand Cayman, KY1-1103, Cayman Islands be appointed as JOLs with the power to act jointly and severally.
4. The JOLs shall not be required to give security for their appointment.
5. In addition to the powers prescribed in Part II of the Third Schedule to the 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 Act:
 - (i) engage staff (whether or not as employees of the Company) to assist the JOLs in the performance of their functions;
 - (ii) engage attorneys and other professionally qualified persons to assist the JOLs in the performance of their functions, including in the Cayman Islands, New Zealand, United Kingdom, Indonesia and/or 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;
 - (iii) bring legal proceedings in New Zealand, United Kingdom, Indonesia 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
 - (iv) 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.
6. The powers bestowed upon the JOLs may be exercised by them within and outside of the Cayman Islands.

7. Unless the Court otherwise directs, the JOLs shall not be required to take steps to establish a liquidation committee.
8. 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.
9. 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.
10. 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 Act.
11. The JOLs be at liberty to apply generally.
12. The costs of this Petition shall be paid out of the assets of the Company, as an expense of the official liquidation.
13. Such further or other relief be granted as the Court deems appropriate.

AND your Petitioner will ever pray etc.

Conyers Dill & Pearman LLP

Conyers Dill & Pearman

NOTE: This petition is intended to be served on the Registrar of Companies and the Company at its last known registered office.

This Petition was issued by Conyers Dill & Pearman LLP, Attorneys-at-Law for and on behalf of the Plaintiff herein whose address for service is Second Floor, SIX, Cricket Square, PO Box 2681, George Town, Grand Cayman, KY1-1111