



IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

(DDJ)

CAUSE NO: FSD OF 2025 ()

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 STABLE INCOME FUND SP

PETITION

TO THE GRAND COURT

The humble petition of Biostar Pharma, Inc, of Suite 1202, Yicheng Fortune Center, 22 Ronghua Middle Road, Economic and Technological Development Zone, Beijing, People's Republic of China (the "**Petitioner**") shows that:

A. INTRODUCTION

1. The Petitioner seeks the appointment of receivers over LFM Stable Income Fund SP (the "**Fund**" or the "**Sub-Fund**"), a segregated portfolio of LFM Oversea Investment Fund SPC, an exempted segregated portfolio company incorporated under the laws of the Cayman Islands (the "**SPC**"), pursuant to section 224 of the Companies Act (2025 Revision) (the "**Act**"), upon the grounds that:

- a. The assets attributable to the Fund are or are likely to be insufficient to discharge the claims of its creditors in respect of the Fund; and

- b. The appointment of receivers will enable the orderly closing down of the business of the SP and the distribution of the SP's assets to those entitled to have recourse thereto.

B. BACKGROUND

- 2. The SPC was incorporated on 5 July 2018 with registration number 339365 as an exempted segregated portfolio SPC under the laws of the Cayman Islands.
- 3. To the best of the Petitioner's knowledge, there are at least two segregated portfolios within the SPC, one of which is the Fund (discussed in further detail below).
- 4. The SPC's registered office is at Harneys Fiduciary (Cayman) Limited of 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KYI-1002, Cayman Islands.
- 5. To the best of the Petitioner's knowledge, the authorized share capital of the SPC consists of US\$50,000.00 which is made up of 100 voting, Non-Participating Management Shares, each with a par value of US\$0.01 (the "**Management Shares**") and 4,999,900 redeemable, Non-Voting Participating Shares each with a par value of US\$0.01 (the "**Shares**").
- 6. The Petitioner is a limited company incorporated in the State of California, United States under registration number 5031474. Its registered address is 1633 Old Bayshore HWY, Suite 280, Burlingame, CA 94010, United States. It is a wholly owned subsidiary of Beijing Biostar Pharmaceuticals Co., Ltd ("**Beijing Biostar**"), a limited liability company incorporated under the Companies Law of the People's Republic of China on 11 July 2002 and had been converted into a joint stock company with limited liability on 8 May 2021. Beijing Biostar is currently listed on the Hong Kong Stock Exchange with HKEX Stock Code 2563.

The Fund

- 7. As stated above, the Fund is one of at least two segregated portfolios of the SPC. The Petitioner is not aware of the exact number of other portfolios established under the SPC. However, based on publicly available information obtained through an online search, the Petitioner discovered that on 2 June 2025, a Petition seeking the appointment of receivers was filed against another segregated portfolio of the SPC, namely LFM Oversea SP.

8. The Directors of the SPC are Ms. Li Hengmei (**Ms. Li**) and Mr. Tan Kok Hui.
9. The Fund was established primarily for the purpose of investing in shares of certain target companies, with the objective of achieving capital appreciation. As set out in the Appendix (the “**Appendix**”) of the Private Placement Memorandum of the SPC (the “**PPM**”), the scope of investment activities that the Fund may undertake, at the discretion of the Directors or an Investment Advisor appointed by the Directors from time to time, is notably broad:

“The investment strategy that the Sub-Fund adopts may include investment in equity and debt securities, currencies, options, futures, options on futures and other derivative instruments negotiated in various capital markets. The Fund may also allocate its assets among private investment vehicles, mutual funds or other accounts managed by portfolio managers who invest in a variety of financial markets.

Investment in the Target Company may be made by the Sub-Fund directly or indirectly through the special purpose vehicles (if applicable), which directly or indirectly invests in shares in the Target Company, or through other method that the Directors or the Investment Advisor may deem appropriate.

The Sub-Fund may hold or invest 100% of its assets in temporary investments such as cash or cash equivalents should the Directors or the Investment Advisor deem such strategy to be prudent over any time period.”

10. The Appendix provides that:

*“The Sub-Fund may enter into separate agreements (“**Side Letters**”) with specific investors in the Sub-Fund, subject to applicable laws and the Articles of Association. Such Side Letters may grant the contracting investor additional or different rights in respect of their investment in the Sub-Fund.”*

11. On 22 November 2024, the following Side Letter was executed between the Petitioner and the SPC and/or its related entity:
 - a. A subscription letter (the “**Subscription Letter**”) concerning the Petitioner’s intended investment of USD 5 million, and the underlying assets of the Sub-Fund (fixed income type), to be settled by 29 November 2024 following completion of the KYC process. Under the Subscription Letter, the investment term is stated to be one year. Notably, pursuant to clause 3 of the Subscription Letter, the Petitioner is entitled to redeem its investment in tranches, provided that any redemption request is submitted via a signed redemption form at least one month in advance. Further, the Subscription Letter provides that in the event of any inconsistency between the terms of this Subscription Letter and the terms of other documents of the Investor’s subscription to the Fund, the terms of this Subscription Letter shall prevail.

The Petitioner’s Investment in the Fund

12. As stated in the Subscription Letter, the Petitioner purchased Non-Voting Participating Redeemable Shares in the Fund (the “**Shares**”) for a subscription price of US\$5,000,000.
13. On 18 November 2024, the Petitioner submitted an application form regarding the purchase of Shares (the “**Application Form**”), together with the relevant supporting KYC and AML documents.
14. On 29 November 2024, the Fund issued a subscription confirmation letter to the Petitioner confirming that the subscription price of US\$5,000,000 had been received, and the subscription for the Shares by the Petitioner had been completed.

C. REDEMPTION REQUEST

15. The Appendix provides that shares in the Sub-Fund are not redeemable at the investor’s option. Nonetheless, investors may submit redemption requests, which may be accepted at the sole discretion of the Directors or the Investment Advisor. As noted in paragraph 11 above, the terms of any Side Letters prevail over those set out in the PPM and the Appendix. In this instance, the Subscription Letter expressly grants the Petitioner a contractual right of redemption and sets out the applicable redemption procedure.

16. Pursuant to the Subscription Letter, on 14 January 2025 the Petitioner submitted a written notice to the Fund requesting redemption of all its Shares and for the redemption price to be paid to the Petitioner's bank account by 28 February 2025 (the "**Redemption Request**"). An email request was subsequently sent to the Fund on 15 January 2025.
17. On 21 January 2025, the Fund confirmed receipt of the Redemption Request by email and noted that the request would be handled in due course.
18. To date, the Fund has failed to pay to the Petitioner USD\$5,000,000, being the total sum it is owed for the redemption of its Shares (the "**Redemption Price**").

D. DEMAND FOR REPAYMENT OF REDEMPTION PRICE

19. On 13 March 2025, the Petitioner issued a letter of demand to the Fund, demanding immediate repayment of the Redemption Price. The Petitioner subsequently sent several follow-up emails to the Fund in March 2025 but has not received any response.
20. On 29 July 2025, the Petitioner served a statutory demand for payment of the Redemption Price at the registered office of the SPC. As of the date of this Petition, the Petitioner has not received any response from the Fund, nor any repayment, in whole or in part, of the Redemption Price.

E. FINANCIAL POSITION OF THE FUND

21. The Petitioner has not received any net assets value statements or any financial information of the Fund since its initial investment.
22. As noted at paragraph 7, the Petitioner discovered from an online search that on 2 June 2025, a Petition for the appointment of Receivers was filed against another portfolio of the SPC, LFM Oversea SP.
23. Nevertheless, in light of the Fund's and the SPC's lack of response to the demand letter, multiple follow-up emails, and the statutory demand, and further considering that a Petition for the appointment of receivers has been filed against another segregated portfolio of the SPC,

the Petitioner genuinely believes that the Fund is insolvent on both a cash flow and balance sheet basis.

24. Therefore, to the best of the Petitioner's knowledge, the Fund is insolvent.

F. NECESSITY FOR THE APPOINTMENT OF RECEIVERS

25. In light of (i) the broad scope of investment activities that the Directors are empowered to undertake, (ii) the lack of transparency regarding the Fund's assets and overall financial position, and (iii) the continued silence from the Directors and other personnel of the Fund and the SPC, the Petitioner considers that receivers should be appointed to the Fund to conduct the orderly closing down of the business of the Fund and to attend to the distribution of its assets to those entitled to have recourse thereto.

G. CONCLUSION

26. For the above reasons, the Petitioner reasonably believes that the assets of the Fund are insufficient to discharge the claims of its creditors.
27. The Petitioner considers that receivers should be appointed to the Fund to conduct the orderly closing down of the business of the Fund and to attend to the distribution of its assets to those entitled to have recourse thereto.

YOUR PETITIONER THEREFORE HUMBL Y PRAYS THAT:

- (1) A receivership order be made pursuant to section 224 of the Act in relation to LFM Stable Income Fund SP and that Li Hang Chun of Kroll (HK) Limited at Three Pacific Place, Level 3, 1 Queen's Road East, Hong Kong and Robert Shifman of Kroll (Cayman) Ltd at level 3, 90 North Church Street, George Town, Grand Cayman, Cayman Islands be appointed as joint receivers (the "**Joint Receivers**") with the power to act jointly and severally.
- (2) The business and segregated portfolio assets of LFM Stable Income Fund SP shall be managed by the Joint Receivers for the purposes specified in section 224(3) of the Act.
- (3) That pursuant to section 226(1) of the Act, the Joint Receivers have and be authorised to exercise for the purpose of:

- i. The orderly closing down of the business of or attributable to LFM Stable Income Fund SP; and
- ii. The distribution of the segregated portfolio assets attributable to LFM Stable Income Fund SP to those entitled to recourse there to,

the following powers:

- a. to make any compromise or arrangement with creditors or persons claiming to be creditors or having or alleging themselves to have any claim (present or future, certain or contingent, ascertained or sounding only in damages) against the segregated assets of LFM Stable Income Fund SP or for which the segregated assets of the LFM Stable Income Fund SP may be rendered liable;
- b. to compromise on such terms as may be agreed all debts and liabilities capable of resulting in debts, and all claims (present or future, certain or contingent, ascertained or sounding only in damages) subsisting, or supposed to subsist between LFM Stable Income Fund SP and a contributory or alleged contributory or other debtor or person apprehending liability to the LFM Stable Income Fund SP;
- c. to deal with any questions in any way relating to or affecting the assets or orderly closer of the business of LFM Stable Income Fund SP;
- d. to engage staff to assist them in the performance of their functions;
- e. to engage attorneys and other professionally qualified persons to assist them in the performance of their functions;
- f. to take possession of, collect and get in the segregated assets of the LFM Stable Income Fund SP and for that purpose to take all such proceedings as they consider necessary;
- g. to do all acts and execute, in the name and on behalf of the LFM Stable Income Fund SP, all deeds, receipts and other documents;
- h. to convene meetings of creditors and contributories; and

i. to do all other things incidental to the exercise of their powers.

- (4) The Joint Receivers' fees and expenses shall be payable out of the segregated assets of the LFM Stable Income Fund SP pursuant to section 228 of the Act in priority to all other claims.
- (5) No suit, action or other proceeding shall be instituted against the SPC in relation to LFM Stable Income Fund SP except with the leave of the Court pursuant to section 226(5) of the Act.
- (6) Any act required or authorized to be done by the Joint Receivers may be done by any one of them.
- (7) The Joint Receivers be at liberty to apply for further directions and generally.
- (8) The Petitioner's costs of this Petition shall be paid out of the segregated assets of LFM Stable Income Fund SP.
- (9) Such other orders as the Court thinks fit.

AND the Petitioner ever pray etc.

DATED this 12th day of September 2025

Conyers Dill & Pearman LLP
Conyers Dill & Pearman LLP

Attorneys at Law for the Petitioner

NOTE: This Petition is intended to be served on the SPC and the Cayman Islands Monetary Authority.

This Petition was presented by Conyers Dill & Pearman LLP, SIX, 2nd Floor, Cricket Square, George Town, Grand Cayman, Cayman Islands, Attorneys-at-Law for the Petitioner