

WALKERS

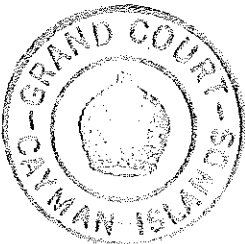


IN THE GRAND COURT OF THE CAYMAN ISLANDS  
FINANCIAL SERVICES DIVISION

CAUSE NO: FSD 0028 OF 2015 NRIC

IN THE MATTER OF SECTION 36(3) OF THE EXEMPTED LIMITED PARTNERSHIP  
LAW, 2014

IN THE MATTER OF ARDON MAROON ASIA EAGLE FEEDER FUND, LP (IN  
VOLUNTARY LIQUIDATION)



PETITION



TO: THE GRAND COURT

THE HUMBLE PETITION of JOHN HOWARD BATCHELOR and DAVID MARTIN GRIFFIN of FTI Consulting (Hong Kong) Limited, Level 22, The Center, 99 Queen's Road Central, Central, Hong Kong and FTI Consulting (Cayman) Limited, 2D Landmark Square, 64 Earth Close, SMB, PO Box 30613, Grand Cayman KY1-1203, Cayman Islands, respectively, as joint voluntary liquidators ("JVLs") of Ardon Maroon Asia Eagle Feeder Fund, LP (In Voluntary Liquidation) (hereinafter called "Eagle") shows that:

**Incorporation**

- 1. Eagle is a Cayman Islands Exempted Limited Partnership, incorporated pursuant to the laws of the Cayman Islands on 18 April 2012 with registration number

60263 and was registered with the Cayman Islands Monetary Authority on 1 June 2012 (Licence Number 629064).

2. Eagle's registered office is Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.
3. Pursuant to an Amended and Restated Exempted Limited Partnership Agreement dated 11 July 2012 ("LPA"), the purpose of Eagle is to serve as a fund through which the assets of its partners shall be utilised to invest, hold and trade equity-linked instruments. Eagle was created to serve as a feeder fund, in addition to Ardon Maroon Asia Dragon Feeder Fund (In Official Liquidation) ("**Dragon**" and collectively referred to as the "**Feeder Funds**") for Ardon Maroon Asia Master Fund (In Official Liquidation) (the "**Master Fund**"). The Feeder Funds and the Master Fund are collectively referred to as the "**Funds**". Supervision orders for Dragon and then Master Fund were made on 13 February 2015.
4. The general partner of Eagle is Ardon Maroon Fund Management Limited (the "**General Partner**"), an exempted limited company incorporated under the laws of the Cayman Islands. The Limited Partners of Eagle are Polaris Global Macro Multi Manager #1, LLC, Frank Dominick and Maroon Asia Capital Limited.
5. Pursuant to section 3.1 of the LPA, the General Partner is responsible for the management and operation of Eagle.
6. The administrator of the Funds is Citi Fund Services (Asia) Limited (the "**Administrator**"), appointed pursuant to a Fund Administration Services Agreement dated 19 May 2012 (the "**Administration Agreement**"), which may have been terminated, this is still being investigated by the JVLs.

#### **Method by which Eagle was put into Voluntary Winding Up**

7. On 30 December 2014, the General Partner passed the following board resolutions:

- a. by the operation of section 36(1) of the ELP Law and clause 11.1 of the LPA, Eagle shall hereby be wound up and dissolved in accordance with the terms of the LPA;
- b. the JVLs be appointed as voluntary liquidators of Eagle;
- c. pursuant to section 36(12) of the ELP Law, the affairs of Eagle be wound up by the JVLs;
- d. the JVLs have the power to act jointly and severally;
- e. if they deem it appropriate, the JVLs shall apply to the Grand Court of the Cayman Islands for an order that the voluntary liquidation of Eagle continue under the supervision of the Grand Court;
- f. the JVLs be remunerated in accordance with their usual commercial rates (subject to the applicable Cayman Islands' law);
- g. the JVLs shall have the full authority under the laws of the Cayman Islands to act for and on behalf of Eagle, including but not limited to, entering into discussions, negotiations and agreements (as appropriate) with any Prime Broker or ISDA counter-party of Eagle or any related or affiliated entity of Eagle;
- h. having been reviewed carefully by the Directors, the form of the following documents (the "Documents") be and are hereby approved subject to such amendments and additions thereto as any Director or (if applicable) any Attorney or Authorised Signatory of the General Partner, in their absolute discretion and opinion, deems appropriate, the signature of any Director, Attorney or Authorised Signatory on the Documents being due evidence for all purposes of the approval of any such amendment or addition and the final terms thereof:
  - i. a shareholder resolution of Dragon, of which the General Partner is the sole management shareholder;

- ii. notice to the Registrar of Limited Partnerships (the "RELP") of the winding up of Eagle (the "Registrar Notice");
  - iii. notice under section 36(2) of the ELP Law to the RELP of the dissolution of Eagle (the "Dissolution Notice");
  - iv. notice to the limited partners of Eagle of the winding up and dissolution of Eagle (the "LP Notice");
  - v. notice of the winding up of Eagle for publication in the Cayman Islands Gazette (the "Gazette Notice"); and
  - vi. notice to the Cayman Islands Monetary Authority ("CIMA") of the winding up and dissolution of Eagle (the "CIMA Notice");
- i. the execution and delivery of the Documents be and is hereby approved;
  - j. the filing of the Registrar Notice to the RELP, the LP Notice to each of the Limited Partners and the CIMA Notice to CIMA be and is hereby approved;
  - k. the JVLs submit the Gazette Notice for publication in the Cayman Islands Gazette;
  - l. upon the completion of the winding up of Eagle, the Voluntary Liquidators submit the Dissolution Notice to the RELP;
  - m. the property of Eagle be distributed in accordance with the terms of the LPA and the ELP Law (including section 140 of the Companies Law as applicable to Eagle under section 36(3)(d) of the ELP Law); and
  - n. the General Partner, as general partner of Eagle, does give, make, sign, execute and deliver all such notes, deeds, agreements, letters, notices, certificates, acknowledgements, instructions, fee letters and other documents (whether of a like nature or not) as may in the sole opinion and absolute discretion of any Director be considered necessary or desirable for the purpose of effecting the dissolution of Eagle and the distribution of its assets and liabilities and the General Partner shall do all such acts and things as

might in the opinion and absolute discretion of any Director be necessary or desirable for the purposes stated above.

8. In the premises:
  - a. the General Partner duly resolved by special resolution to wind up the affairs of Eagle voluntarily, pursuant to section 36(1) of the Exempted Limited Partnership Law, 2014 ("ELP Law") and section 11.1 of the LPA; and
  - b. the voluntary winding-up of Eagle is deemed to have commenced on 30 December 2014, pursuant to section 36(10) of the ELP Law.
9. The JVLs filed consents to act as voluntary liquidators of Eagle with the Registrar of Exempted Limited Partnerships pursuant to section 36(6) of the ELP Law, such filing occurring on 30 December 2014.
10. Resolutions were also passed on 30 December 2014 to appoint the JVLs as joint voluntary liquidators of Dragon and the Master Fund. On 13 February 2015 this Honourable Court made orders that these liquidations proceed under the supervision of the Court.

#### **Receipt of declaration of solvency from the General Partner**

11. On 21 January 2014, the JVLs received a signed Declaration of Solvency from the General Partner on behalf of Eagle.
12. Notwithstanding that this Declaration of Solvency was received, the JVLs are of the view that the winding up of Eagle under the supervision of the Court (along with the liquidations of the Master Fund and Dragon) will result in a more effective, economic and expeditious liquidation of Eagle.

#### **Consent to appointment as Official Liquidators**

13. The JVLs are qualified insolvency practitioners and consent to being appointed as Joint Official Liquidators of Eagle.

## Financial Position

### *Eagle*

14. Eagle is a feeder fund for the Master Fund and accordingly its sole asset is its shares in the Master Fund.
15. Eagle holds an estimated 52% of the shares (245,706.603837) in the Master Fund (Dragon holding the remaining 48% with 238,443.485200 shares on the assumption that the Master Redemption Request – as defined below – was valid). Eagle (and Dragon) will therefore have an interest in any surplus assets of the Master Fund after payment of other creditors in accordance with the Companies Law and its financial position is therefore wholly dependent upon the Master Fund's financial position and the value of its assets.
16. The liabilities of Eagle consist of payments due to service providers of US\$50,779.

### *Master Fund*

17. The Master Fund's principal assets consist of cash, securities listed on the Hong Kong and Korean stock exchanges and certain put options relating to the shares in a Hong Kong listed company.
18. Based on our preliminary investigations, it appears that, as of 17 February 2015, the total estimated value of the Master Fund's assets is:
  - a. cash of US\$2,666,163 (subject to currency fluctuations);
  - b. ordinary shares in the following four companies listed on the Hong Kong Stock Exchange ("HKSE"), with a fair value of HKD27,885,936 (equivalent to US\$3,594,246 as at 17 February 2015):
    - i. China Ruifeng Galaxy Renewable Energy Holdings (stock code 527 on the HKSE) ("China Ruifeng");

- ii. Heng Fai Enterprises Ord Shares (stock code 185 on the HKSE) ("Heng Fai");
  - iii. Chinlink International Holdings (stock code 997 on the HKSE);
  - iv. China Netcom Technology Holdings (stock code 8071 on the HKSE);
- c. ordinary shares in Wave Electronics Co Ltd ("Wave"), a company listed on the Korean Stock Exchange, with fair value of KRW5,894,045,550 (equivalent to US\$5,329,932 as at 17 February 2015);
  - d. contracts for difference in relation to shares in Wave, with a fair value of KRW8,244,499,500 (equivalent to US\$7,455,427 as at 17 February 2015);
  - e. put options in relation to 80 million ordinary shares in China Ruifeng, expiring on 28 January 2015, 27 March 2015, 28 May 2015 and 29 September 2015, with fair value of HKD109,300,000 (equivalent to US\$14,087,786 as at 17 February 2015) ("China Ruifeng Puts). If the counterparty refuses to complete on the China Ruifeng Puts, the Master Fund may have an equivalent claim against him; and
  - f. four investments in warrants and other securities relating to other companies listed in Hong Kong, Korea and Taiwan and an investment in Altair Investments Asia Limited, a Cayman Islands' registered company which is understood to have an interest in another investment fund managed by the Manager. All of these investments are of uncertain or minimal value.
19. As of 17 February 2015, the Master Fund's liabilities include, but may not be limited to:
- a. an amount of approximately US\$950,000 representing the shortfall to one of its ISDA counterparties, Daewoo Securities Co. Ltd, after taking into account the redemption of its security;

- b. a purported shareholder redemption claim from one of the Feeder Funds, Dragon, in the amount of US\$15,000,000 (the "**Master Redemption Request**"), the validity of which is still being investigated by the JVLs;
  - c. amounts due to various service providers of US\$574,473, including the Manager, IA, Administrator and directors, along with other legal fees, consulting fees and other organisational expenses; and
  - d. contingent liabilities in relation to the China Ruifeng Puts and certain shares which were posted as collateral in relation to this transaction ("**Collateral Shares**"), as well as another "repo" transaction in relation to shares in Heng Fai ("**Heng Fai Put**"). The JVLs are continuing to investigate these transactions.
20. As of 17 February 2015, the Master Fund's assets have an estimated value of approximately US\$33,153,555. However, this financial position (which will affect both Dragon and Eagle equally as feeder funds) may change given (a) the illiquid nature and highly volatile value of its assets; and (b) the potential for claims in relation to the Collateral Shares and the Heng Fai Put, and (c) the potential redemption liability to Dragon from the Master Redemption Request.

**Supervision will result in a more effective, economic and expeditious liquidation process**

21. The General Partner resolved that, if they deem it appropriate, the JVLs shall apply to the Grand Court of the Cayman Islands for an order that the voluntary liquidation of Eagle continue under the supervision of the Grand Court.
22. The JVLs believe that the supervision of the Court will result in a more effective, economic and expeditious liquidation process. There are a number of reasons for this, specifically that having a court supervised process will:
- a. allow the liquidators to carry out a comprehensive investigation into Eagle's affairs, including any claims that may vest in Eagle for the benefit of creditors;

- b. assist in preventing any disposition of Eagle's property or the transfer of its shares or alteration in the status of Eagle's members unless by the order of the Court;
  - c. result in the imposition of a stay of proceedings against Eagle, particularly in respect of any actions that may be brought against Eagle by its creditors;
  - d. provide the liquidators with power to apply to the Court for an order to examine any relevant person (as defined in section 103(1) of the Law) (a "**Relevant Person**") for the purpose of investigating transactions which occurred prior to the liquidation of Eagle;
  - e. provide the liquidators with power to apply to the Court to compel any Relevant Person to transfer or deliver up to the liquidators any property or documents belonging to Eagle;
  - f. provide the Court with jurisdiction pursuant to section 103(7) of the Law to issue a letter of request seeking assistance from the Hong Kong Court in relation to obtaining the evidence of any Relevant Person resident in Hong Kong;
  - g. prior to any formal process that may be instigated in Hong Kong, assist the liquidators in liaising with banks and other service providers in Hong Kong with respect to Eagle's assets; and
  - h. assist in the orderly distribution of Eagle's assets.
23. On 23 January 2015 a notice was sent to investors of Eagle informing them that the JVLs intended to make an application for the liquidation of Eagle to be brought under the supervision of the Court, and seeking feedback from investors in relation to this; and
24. Shareholders with 99.6% of the interest in Eagle have indicated their support to the application.

## **Conclusion**

25. In the premises, the JVLs seek an order pursuant to section 131(b) of the Companies Law that that the liquidation of Eagle continue under the supervision of the Court and that the JVLs be appointed as the joint official liquidators (the "JOLs") of Eagle.

## **YOUR PETITIONER THEREFORE HUMBLY PRAYS THAT:**

1. The liquidation of Eagle continue under the supervision of the Court.
2. John Howard Batchelor of FTI Consulting (Hong Kong) Limited, Level 22, The Center, 99 Queen's Road Central, Central, Hong Kong and David Martin Griffin of FTI Consulting (Cayman) Limited, 2D Landmark Square, 64 Earth Close, SMB, PO Box 30613, Grand Cayman KY11203, Cayman Islands be appointed JOLs of Eagle.
3. The JOLs shall take all such steps as may be necessary or appropriate to take possession, custody and control of the assets, books and records of Eagle to the extent that Eagle's property is not already in their possession, custody or control.
4. The JOLs shall have the power to act jointly and severally.
5. The JOLs shall not be required to give security for their appointment.
6. In addition to the powers set out in Part II of Schedule 3 of the Companies Law (2013 Revision), the JOLs shall have the power without further sanction of the Court to:
  - (a) carry on the business of Eagle so far as may be necessary for its beneficial winding up;
  - (b) engage staff (whether or not as employees of Eagle) to assist them in the performance of their functions; and

- (c) engage attorneys and other professionally qualified persons to assist him in the performance of his functions.
7. The JOLs shall be entitled to receive remuneration for their services by reference to the time properly given by them and their staff in attending to matters arising in the winding-up and the hourly rates and the amount of remuneration shall be determined in accordance with the Insolvency Practitioners Regulations 2008 (as amended).
  8. The JOLs be at liberty to meet all disbursements reasonably incurred in connection with the performance of their duties.
  9. The JOLs be at liberty to pay themselves (up to 80% of the JOLs' remuneration pending approval by the Court), their agents, employees, attorneys, solicitors and whomsoever else they may employ or instruct, remuneration and costs, and for the avoidance of doubt, all such payments shall be made as and when they fall due out of the assets of Eagle as expenses of the liquidation.
  10. The JOLs be at liberty to apply for further directions relating to the winding-up of the affairs of Eagle and the distribution of its assets.
  11. The JVLs' costs of this petition shall be paid out of the assets of Eagle as an expense of the liquidation, such costs to be taxed if not agreed with the official liquidator(s).
  12. Such other orders or directions shall be made as the Court thinks fit.

**AND YOUR PETITIONER WILL EVER PRAY ETC:**

DATED this            day of February 2015

FILED this            day of February 2015

  
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**WALKERS**  
**ATTORNEYS-AT-LAW FOR EAGLE**

This petition is intended to be served on:

1. The Cayman Islands Monetary Authority; and
2. Ardon Maroon Fund Management Limited.

THIS petition was presented by Walkers Attorneys-at-Law of 190 Elgin Avenue, George Town, Grand Cayman KY1-9001, Cayman Islands for the Company, whose address for service is that of its said Attorneys-at-Law.