



IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

Neutral Citation Number: [2025] CIGC (FSD) 76

CAUSE NO. FSD 215 OF 2025 (DDJ)

IN THE MATTER OF THE COMPANIES ACT (2025 REVISION)

AND IN THE MATTER OF TROOPS INC. (FORMERLY KNOWN AS SGOCO GROUP, LTD)

Before: The Hon. Justice David Doyle

Appearances: Tom Lowe KC, instructed by Dunzelle Daker and Marc Kish of Ogier for
Real Estate and Finance Fund (in official liquidation)

Heard: 1 August 2025

**Ex tempore Judgment
Delivered:** 1 August 2025

**Draft transcript
Circulated:** 1 August 2025

Transcript approved: 5 August 2025

Dismissal of an ex parte application to appoint joint provisional liquidators

050801 In the matter of TROOPS INC – FSD 215 of 2025 (DDJ) - Judgment

JUDGMENT

Introduction

1. In this case Real Estate and Finance Fund (in official liquidation) (“REFF” or the “Petitioner”) obtained a judgment from the Hong Kong High Court at first instance (the “Hong Kong Court”) dated 28 June 2025 (the “Hong Kong Judgment”) after a hearing which took place in Hong Kong in March 2024 and August 2024. The main battle between the parties appears to have taken place in Hong Kong and is continuing. The Petitioner says that the Hong Kong Judgment was handed down on 14 July 2025 and that TROOPS INC (formerly SGOCO Group Ltd) (the “Company”) is indebted to the Petitioner pursuant to the Hong Kong Judgment in the principal sum of HK\$404,800,00 (approximately US\$52 million) exclusive of legal costs and post-judgment interest. In the Hong Kong Judgment the Company appears as the 17th Defendant.
2. The Petitioner says that the Hong Kong Court found that REFF was controlled by various individuals involved in the fraud against the Petitioner. This included Giant Management HK and subsequently Giant Management Seychelles both of which were ultimately controlled by First Asia Holdings and the individuals referred to as the “Masterminds” being Alan Cheuk-pak Sun (“Alan Sun”) and Ricky Wai-kei Sun (“Ricky Sun”) with the assistance of Kimmy Lai-Ching Luk (“Kimmy Luk”).
3. The Petitioner refers to a Reverse Takeover (referred to in the Hong Kong Judgment as the “Restructuring Plan”) involving a change of control, change in principal business and diversion of assets to the Mastermind’s associates. The Petitioner says that as a result of the Reverse Takeover, and through a series of complex fraudulent transactions, Alan Sun and associates assumed control of the Petitioner, stripped it of its core assets, and transferred them to the Company.
4. The Petitioner now seeks on an *ex parte* basis the urgent appointment of joint provisional liquidators (“JPLs”) “to preserve and protect the assets of the Company to ensure that there is no (or no further) dissipation of assets from the Company pending enforcement and/or determination of an appeal of the [Hong Kong] Judgment” (paragraph 15 of the Petitioner’s skeleton argument dated 29 July 2025). It is stated that “The Petitioner is concerned lest further assets be stripped and

the proceedings in Hong Kong shall be for nothing” (paragraph 16 of the Petitioner’s skeleton argument).

5. In the draft order the Petitioner seeks that the JPLs be given wide powers and endeavours to soften the serious width of such powers by tagging on at the end a paragraph requiring the Company’s Board of Directors to negotiate, agree and enter into a protocol (the “Protocol”) with the JPLs within 28 days to allow the Board of Directors to continue to manage the day to day operations of the Company (paragraph 8 of the draft order). That in itself is an unusual order to request – an order of the court that individuals are required to enter into an agreement. Furthermore under paragraph 9 of the draft order until such time as the Protocol is agreed (and of course it may be that the JPLs never agree the terms of a protocol) the Company’s Board of Directors shall not dispose of any non-cash assets of the Company and its Subsidiaries or make any payments from the bank accounts of the Company and its Subsidiaries of more than US\$5000, without the explicit authorisation of the JPLs.
6. It appears from the structure chart provided by the Petitioner that the Company has 17 subsidiaries. It is stated that a property (“Property 1”) in the New Territories is held by Suns Tower Limited which is stated to be incorporated in Hong Kong, a property (“Property 2”) on 3/F No 11 Han Fook Street Kowloon is held by a BVI subsidiary, 1st and 2nd floors (“Property 3”) of the same property appears to be held by a Hong Kong subsidiary and a shop in Granville Road Kowloon side (“Property 4”) appears to be held by another Hong Kong subsidiary. The majority of the subsidiaries appear to be stated to be incorporated in Hong Kong and the People’s Republic of China. The Company, incorporated in the Cayman Islands, appears at the top of the chart and only one subsidiary is stated to be incorporated in the Cayman Islands.

The Law

7. In respect of the relevant law, I have considered section 104 (1) and (2) of the Companies Act (the “Act”) and the relevant judgments as referred to in the Petitioner’s skeleton argument including my judgment in *Position Mobile Ltd SEZC* (7 April 2022 and 31 October 2023).
8. In the later judgment I referred at paragraph 132 (2) to the four main hurdles:

- (1) the presentation of the winding up petition hurdle;
- (2) the standing hurdle;
- (3) the *prima facie* case hurdle; and
- (4) the necessity hurdles

and at paragraph 132 (3) to the two-stage process and at 132 (4) to undertakings and security. At paragraph 132 (5) under the heading “Intrusive remedy/heavy burden on applicant/ need for clear and strong evidence” I stated:

“The appointment of JPLs is one of the most intrusive remedies in the court’s armoury sometimes referred to as the “nuclear option” (*Position Mobile*). Such a serious step should not be taken unless there are strong grounds justifying the taking of such a step (*ICGI, Al Najah Education*). Considerable care must be taken before making what is plainly a draconian order. The court must give such applications “the most anxious consideration.” (*Bona Film Group*). There is a heavy burden on applicants (*CW Group, China Resources, Grand State*). Clear and strong evidence is required (*CW Group, Grand State, Al Najah Education, Seahawk China*);”

9. At paragraph 132 (8) under the heading “Proportionality” I stated:

“The court should consider the principle of proportionality and if a lesser remedy can protect the applicant then JPLs should not be appointed.”

10. At paragraph 210 I added:

“I should also refer to proportionality. When a court is being asked to grant an intrusive draconian remedy it should always consider issues of proportionality and whether there are any reasonable lesser alternative remedies.”

11. At paragraph 216 I noted, in the particular circumstances of that case, reference to relief less draconian than the appointment of JPLs, namely injunctive relief.

Submissions

12. I have considered all that has been written and said on behalf of the Company.

Determination

13. I will turn to the merits of the application for the appointment of JPLs in due course but I note that the Petitioner has chosen to seek to progress matters on an *ex parte* basis with no notice to the Company. A court should be especially cautious when asked to press the nuclear JPL button on an *ex parte* basis.
14. I will turn now to the two-stage process and also consider whether the Petitioner has jumped the 4 hurdles referred to in the case law and whether the Petitioner has persuaded the court to exercise its discretion to appoint JPLs pending the determination of the winding up petition.
15. Although I keep a mind open to persuasion, I am of the view based on what I have read and heard to date that there is a *prima facie* case for a winding up order. At present there is a judgment debt outstanding pursuant to a judgment of the Hong Kong Court. I note that the Company has appealed the Hong Kong Judgment. I have considered the 13-page Notice of Appeal of the 7th, 17th, 18th and 19th Defendants. I note that at paragraph 58 of the skeleton argument, which trespasses into evidence rather than argument, it is stated that it is an appeal on the facts. Grounds 8 and 9 however appear to raise points of law. Any order that this court makes should not on the face of it restrict the Company pursuing the appeal. Mr Batchelor appears to acknowledge this at paragraph 77 of his first affidavit. I think in fairness Mr Lowe also sensibly recognised that on his feet this morning. I note also the comments of the Petitioner at paragraph 32 of its skeleton argument that:

“It may be that the Court hearing the winding up [petition] might exercise a discretion not to make an immediate order when there is an appeal but that does not negate the fact of a *prima facie* case.”

16. As I say, I am persuaded that there is a *prima facie* case for a winding up order.
17. I will turn later to the second stage as to whether the appointment of JPLs is necessary to achieve one or more of the purposes set out in section 104 (2) of the Act.
18. Dealing now with the four main hurdles:
 - (1) I am satisfied that the presentation of the winding up petition hurdle has been jumped. Mr Lowe stated on instructions that a winding up petition dated 24 July 2025 has been filed and I accept that;
 - (2) I am satisfied as to the standing hurdle. As things presently stand the Petitioner is a judgment creditor, albeit the Hong Kong Judgment is subject to an appeal;
 - (3) I am satisfied that the *prima facie* hurdle has been jumped (for the reasons already given);
 - (4) I am not, however, satisfied that the necessity hurdle has been jumped.
19. It is a very serious step to appoint JPLs on a without notice basis over a Cayman company with many subsidiaries in other jurisdictions.
20. Despite the considerable eloquence of Mr Lowe KC, I have not been persuaded that I should exercise the court's discretion in favour of granting the draconian relief the Petitioner is seeking. True it is that the Petitioner presently benefits from a judgment in its favour with serious findings against those who have been held to have committed serious wrongs against the Petitioner. That judgment is presently the subject of an appeal.
21. The Petitioner's skeleton argument gently at paragraph 40 referred to the injunctive relief granted in Hong Kong against various legal entities including the Company (which is described as the 17th Defendant in Action No 938 of 2022). On behalf of the Petitioner, it is submitted that "the current alternative remedy the Petitioner has sought (being a freezing order of the Hong Kong Court) falls short of full protection and it is limited in scope in that it only indirectly restricts dealing with the assets" namely the 4 properties. Mr Lowe on his feet this morning submitted in effect that the Hong

Kong Court cannot grant relief that would assist in the preservation of the integrity of the records of the companies. That does not persuade me that this court should appoint JPLs.

22. Mr Lowe says if I have concerns over the wide powers in the draft order, I could simply appoint JPLs, give them power to apply to the Hong Kong Court for recognition and leave it to the Hong Kong Court to specify their powers in respect of the Hong Kong subsidiaries. I do not think that is an appropriate way of proceeding.
23. There was at paragraph 54 (h) of the Petitioner's skeleton argument a vague reference to "the Petitioners are concerned that the indirect restrictions the Hong Kong Court has previously ordered will not be effective to prevent the dissipation of the Company's assets as well as the other assets held by Giant Connection Limited (the 19th Defendant in the Hong Kong Proceedings) and its subsidiaries⁴⁴." Footnote 44 provided "Batchelor 1 at paragraphs 65 to 67 below" I did not understand the reference to "below". The skeleton argument finishes at paragraph 63. Batchelor 1 paragraph 65 under the heading "Prior Dissipation of Assets" referred to concerns over dissipation but made no reference to the "indirect restrictions the Hong Kong Court has previously ordered" and paragraph 66 referred to the powers of the JOLs.
24. I searched Batchelor 1 long and hard to see if I could find references to the "indirect restrictions the Hong Kong Court has previously ordered". I finally found it at paragraph 21 where Mr Batchelor of FTI Consulting (Australia) Pty Ltd and one of the joint official liquidators of REFF simply says:
- "REFF has no alternative remedy reasonably available to it to preserve the assets and value of the Company and its corporate group, other than the PL Application. In light of the Judgment, and the orders granted therein, the JOLs are concerned that the indirect restrictions the Hong Kong Court has previously ordered will not be effective to prevent the dissipation of the Company's assets as well as the other assets held by Giant Connection Limited (the 19th Defendant in the Hong Kong Proceedings) and its subsidiaries (addressed in more detail at paragraphs 65 to 67 below)".
25. Paragraph 65 concerns dissipation. Paragraphs 66 and 67 concern the powers of the JOLs. There is no reference in those paragraphs to the injunctive relief already provided by the Hong Kong Court.

26. Paragraphs 62 to 64 under the heading “Insufficiency of Injunction Order” do refer to a freezing injunction granted by the Hong Kong Court and it may be that these were the paragraphs that Mr Batchelor (in his affidavit) and Mr Lowe (in his skeleton argument) intended to refer to.
27. Mr Batchelor at paragraph 62 states that “REFF does currently have the benefit of a freezing injunction and undertakings following an order on 22 August 2023 of Recorder Maurellet SC” in Hong Kong (the “Hong Kong Injunction”).
28. I note that at paragraph 4 of the Hong Kong Injunction it is stated that the Worldwide Injunction Order dated 5 August 2022 against the Company and others is discontinued. The litigation in Hong Kong appears to have been hard fought and that fight continues. Paragraph 7 of the Hong Kong Injunction provides express liberty to apply and paragraph 12 contains a standard provision that: “This Order will remain in force unless it is varied or discharged by a further order of the Court.” It appears on the face of the Hong Kong Injunction that the Petitioner (the 1st Plaintiff in the Hong Kong proceedings) could apply to the Hong Kong Court to vary and extend the scope of the Hong Kong Injunction.
29. Mr Batchelor says that the orders and undertakings in the Hong Kong Injunction are limited in scope. I note all that Mr Batchelor has to say at paragraphs 62-64 of his first affidavit. However, if the Petitioner is concerned over the limited scope of the injunctive relief granted by Recorder Maurellet (the very judge who delivered the Hong Kong Judgment) then it can presumably make an application to the Judge in Hong Kong for such scope to be widened following the Hong Kong Judgment. It can also seek injunctive relief in other jurisdictions if necessary.
30. It appears to me that there are alternative remedies reasonably available to the Petitioner. For example, further injunctive relief in Hong Kong, or indeed elsewhere if necessary.
31. Mr Batchelor at paragraph 62 refers to concerns over Property 1 (held by a Hong Kong subsidiary), Property 2 (held by a BVI subsidiary), Property 3 (held by a Hong Kong subsidiary) and Property 4 (held by another Hong Kong subsidiary) but these concerns can be dealt with by less draconian relief than an *ex parte* JPL order.
32. Mr Batchelor at paragraph 62 notes that Giant Connection Limited and the Company are restrained from diminishing the value of their shareholdings in Paris Sky Limited and Giant Connection

Limited, respectively. Mr Batchelor says he is concerned that others may apply for the discharge of the Hong Kong Injunction, but that can be dealt with before the Hong Kong Court. Furthermore, Mr Batchelor says he is concerned that there are currently no restrictions in place to prevent Paris Sky Limited from selling shares in Sun Tower Limited (which is stated to wholly own Property 1). Again the Petitioner can apply to the Hong Kong Court (or the courts of the place of incorporation of the companies) for such restrictions to be imposed if it thinks that further restrictions are justified. Mr Batchelor at paragraph 64 says that apart from the real properties, the JOLs believe that the Company group has other assets not covered by the Hong Kong Injunction and therefore it will not prevent the dissipation of such assets. Again the Petitioner can apply to the Hong Kong Court for an extension of the Hong Kong Injunction or seek injunctive relief in other jurisdictions if necessary and appropriate.

33. If the Petitioner is of the view that the existing Hong Kong Injunctive relief orders are insufficient to protect its position then I see nothing to stop it returning to the Hong Kong Court to seek further relief. It seems to me that in the first instance rather than seeking to use a sledgehammer to crack a nut the Petitioner should have gone back to the Hong Kong Court for further relief following the delivery of the Hong Kong Judgment. It is of course entirely a matter for the Hong Kong Court whether or not to grant such relief, if applications are made.
34. In all the circumstances I do not have a sufficient degree of comfort to press one of the law's nuclear weapons – an *ex parte* JPL order, and I do not do so.
35. I should add, although in light of the other determinations I have made I do not need to determine this issue, I was concerned that the Petitioner was only willing to give a limited undertaking but I need say no more about that issue.
36. I should also add that if I had been persuaded to appoint JPLs I would have had to hear further from counsel in respect of any stifling of the appeal in Hong Kong.
37. I had other issues with the contents of the draft order but those are academic as I have declined to grant the relief. However, for example, paragraph 1 of the draft order provided for the Company to be wound up – that plainly is not an appropriate paragraph to include in an *ex parte* JPL order. Paragraphs 3 and 4 seemed to be repetitive. I would have needed to be satisfied as to the wide powers sought. Paragraphs 8 and 9 were also of concern. Paragraph 10 advertisement only in

Cayman, why not Hong Kong and elsewhere also? In paragraph 11 (a)(b)(c) there is reference to section 99 of the Act but that appears to only kick in when a winding up order has been made. In respect of paragraph 11 (d), I would have needed to have been further addressed as to where that would leave the Company's appeal in Hong Kong. Paragraph 13 was plainly inappropriate and I would have deleted it. But as I say all those points and others on the contents of the order are academic as I am not persuaded it is appropriate to appoint JPLs pending the determination of the winding up petition.

38. I am minded to direct that the winding up petition be heard at 10am on 9 October 2025.
39. For the reasons contained in this judgment I dismiss the *ex parte* Summons dated 25 July 2025.
40. The attorneys are to file a draft order reflecting the determinations I have made before 2pm on Monday.

David Doyle

The Hon. Justice David Doyle
Judge of the Grand Court