

In the matter of TROOPS INC [2025] CIGC (FSD) 76

AUGUST 2025

Court: Grand Court (Cayman Islands)

Subject: *Ex parte* application to appoint joint provisional liquidators, the necessity hurdle

Judge: Doyle J

Summary

In dismissing an *ex parte* application to appoint joint provisional liquidators (JPLs), Doyle J emphasised that the appointment of JPLs is one of the most intrusive remedies in the Court's armoury (a "nuclear option") and should not be taken unless there are strong grounds justifying the same. Further, it is a very serious step to appoint JPLs on a without notice basis over a Cayman Islands company with many subsidiaries in other jurisdictions. Of the "four main hurdles" to be satisfied, the application failed on necessity.

The Petitioner sought the appointment of JPLs, pending enforcement of a Hong Kong judgment of approx. US\$52 million, arguing that urgent action was required pending the appeal to protect the assets of the company and prevent further dissipation which had allegedly occurred through a series of fraudulent transactions in a reverse takeover.

The necessity hurdle and availability of alternative remedies

The "four main hurdles" that must be cleared for the appointment of JPLs, as set out in *Position Mobile Ltd SEZC* (see FSD 79 of 2022 (DDJ) at [133] for Doyle J's summary of wider relevant principles and guidance), are: (i) presentation of a winding up petition; (ii) standing; (iii) *a prima facie* case; and (iv) necessity. As to "necessity", the appointment must be necessary to prevent one or more of: the dissipation/misuse of assets, oppression of minority shareholders, or mismanagement/director misconduct.

While the first three hurdles were cleared, the "necessity" hurdle was not. Alternative remedies were reasonably available to the Petitioner (e.g. widening the scope of interim relief already granted by the Hong Kong Court, seeking injunctive relief in other jurisdictions). Accordingly, less draconian relief than an *ex parte* JPL order, a nuclear option, was available.

For more information please contact:



Rocco Cecere

Partner | Cayman

t: +1 345 914 9630 | **e:** rocco.cecere@collascrill.com



Matthew Dors

Partner | Cayman

t: +1 345 914 9631 | **e:** matthew.dors@collascrill.com



Zachary Hoskin

Partner | Cayman

t: +1 345 914 9663 | **e:** zachary.hoskin@collascrill.com



Michael Adkins

Partner | Guernsey

t: +44 (0) 1481 734 231 | **e:** michael.adkins@collascrill.com



David O'Hanlon

Partner | Guernsey

t: +44 (0) 1481 734259 | **e:** david.ohanlon@collascrill.com