COLLAS CRILL

Re China Gem Fund IX LP (in official liquidation) [2025] CIGC (FSD) 100

OCTOBER 2025

Court: Grand Court (Cayman Islands)
Subject: Cross-border insolvency, letter of request, whether to use standard form for letter of request in use in Hong Kong or to limit recognition sought
Judges: Asif J

Summary

This decision provides helpful guidance on the appropriate scope of powers to be sought in a recognition of liquidators by the High Court of Hong Kong. The powers sought should be no wider than those genuinely required.

Further details

The liquidators of China Gem applied to the Grant Court for a letter of request to be sent to the High Court of Hong Kong for the their recognition by the court and for the High Court to grant them judicial assistance. The liquidators had identified a securities account in China Gem's managed by Taiping, a Hong Kong based company. The account held shares in a Hong Kong Stock Exchange listed company. The liquidators asked Taiping to transfer the shares so they could realise their value for the benefit of creditors. However, Taiping required formal recognition of the liquidators' authority by the Hong Kong court before effecting the transfer. To obtain that recognition, the liquidators applied to the Grand Court of the Cayman Islands for a letter of request to be sent to the High Court of Hong Kong.

The principal issue before the Cayman court was the scope of that request. The liquidators' Hong Kong counsel recommended using the standard Hong Kong form, which includes wide-ranging powers that the liquidators in this instance, did not require.

Asif J, concerned that requesting excessive powers would *'trespass upon comity'*, informally sought the views of Harris J of the Hong Kong Companies Court. Harris J confirmed that while the standard form is generally preferred for efficiency, the request should be tailored to what is actually required in each case.

Relying on this guidance, Asif J issued a narrowly framed letter of request, limited to seeking recognition sufficient to allow the liquidators to take ownership of the shares, without extending to broader investigative or

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management powers. He further advised that future Cayman applications for recognition in Hong Kong should be confined to the specific relief genuinely needed, rather than defaulting to the standard, wide-ranging form.

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