



Hong Kong Court Grants Recognition and Assistance to Cayman Islands Liquidators of Regan Global All Weather Strategy Fund SPC

Introduction

In a recent decision, the Hong Kong Court of First Instance has granted an order recognising the official liquidation of Regan Global All Weather Strategy Fund SPC (the "**Company**"), a Cayman Islands segregated portfolio company, and providing crucial assistance to its joint official liquidators ("**JOLs**"). The judgment in HCMP 251/2026, delivered by the Honourable Madam Justice Linda Chan on 13 March 2026, underscores Hong Kong's continued willingness to assist foreign insolvency officeholders at common law, particularly in cases involving significant assets and potential misconduct.

The application, made by JOLs Mr. Yeo Boon Ann (a.k.a. Kenneth Yeo) and Mr. Russell Smith and, was supported by a Letter of Request from the Grand Court of the Cayman Islands. We acted for the JOLs in the application.

Background: A Fund in Liquidation with Hong Kong Connections

The Company was incorporated in the Cayman Islands in 2020 as a segregated portfolio company, creating two portfolios, SP1 and SP2. While these portfolios are legally separated under Cayman law, the Company itself remains a single legal entity.

The liquidation process began as a members' voluntary liquidation in May 2023 but was soon converted. Concerns over the dissipation of substantial assets by the former management, including a director (the "Former Director"), led the joint voluntary liquidators to petition the Cayman Court. On 16 June 2023, the Cayman Court ordered the liquidation to continue under its supervision ("Supervision Order"), appointing the applicants as the official liquidators.

The JOLs' investigations quickly revealed a complex web of assets and potential claims rooted in Hong Kong. These included:

- **Bank and Securities Accounts:** Cash balances at a bank, and securities accounts at brokerage firms.
- **Withdrawn Shares:** A significant block shares in a listed company had been withdrawn from the securities accounts by the Former Director just prior to the liquidation. The JOLs have since managed to secure replacement share certificates for these.
- **Substantial Loan Receivables:** Two large loan portfolios (totalling US\$24.13 million and HK\$10 million) advanced to Hong Kong-based entities.
- **Potential Professional Negligence Claims:** Against the former auditor of the Company, whose Hong Kong office performed the majority of the company's audit work, and the fund service company, whose Hong Kong office handled administration and holds the company's books and records.

Despite their appointment, the JOLs faced obstacles in Hong Kong. Banks and brokerage firms refused to hand over assets without a recognition order from the Hong Kong Court. Furthermore, key individuals and service providers, including the Former Director and the fund service company, failed to provide all requested documents and information.



The Legal Basis for Recognition and Assistance

The Court, relying on the recent decision in *Re USUM Investment Group Limited* [2026] HKCFI 1320, reaffirmed the common law principles governing recognition and assistance.

- **Recognition** is a confirmatory act acknowledging the foreign office-holder's appointment and their powers over the company's affairs. It is granted where the foreign proceedings are collective, are conducted in the company's place of incorporation (or centre of main interest), and are not contrary to Hong Kong public policy.
- **Assistance** refers to the grant of specific powers by the Hong Kong court to help the office-holder perform their functions. The court may grant such assistance if the foreign appointment is recognised, the powers sought are available under both the foreign and Hong Kong law, the assistance is necessary, and it is consistent with Hong Kong's substantive law and policy.

The Court's Decision

Her Ladyship found that all criteria for both recognition and assistance were satisfied.

1. **Recognition:** The Cayman Islands liquidation was a collective insolvency proceeding, conducted in the company's place of incorporation. There were no public policy concerns that would bar recognition. The Court formally recognised the appointment of the JOLs and their authority under the Cayman Court's Supervision Order.
2. **Assistance:** The Court determined that the specific assistance sought was necessary and proper.
 - The refusal of Hong Kong financial institutions to hand over assets without a court order demonstrated the practical necessity of the application.
 - The power to obtain information from third parties (like the fund service company and the Former Director) is a well-established power that Hong Kong courts can grant to assist foreign officeholders.
 - While the JOLs could technically commence legal proceedings in the Company's name without an order, the substantial amounts involved and the likelihood of challenges to their authority made it expedient and cost-effective to have a pre-emptive order confirming their status.

The Court granted an order and gave managerial assistance to the JOL that includes the power for the JOLs to take control of the Company's assets and property in Hong Kong; take possession of its books and records; request and receive information from third parties; and commence legal proceedings in their own names or in the name of the Company.

Conclusion

The decision serves as a clear and practical example of Hong Kong's supportive role in cross-border insolvency. By granting the order, the Court has removed significant hurdles for the Cayman Islands liquidators, enabling them to efficiently pursue assets, investigate potential claims, and ultimately work towards maximising recoveries for the benefit of the Company's creditors. The judgment reaffirms Hong Kong's position as a jurisdiction that will provide common law assistance to recognised foreign representatives in appropriate cases.

For further details, please refer to the full judgment [2026] HKCFI 1533 (6 March 2026):

[legalref.judiciary.hk/lrs/common/search/search_result_detail_frame.jsp?DIS=178367&QS=%2B%7C%28HCMP251%2F2026%29&TP=JU](https://www.legalref.judiciary.hk/lrs/common/search/search_result_detail_frame.jsp?DIS=178367&QS=%2B%7C%28HCMP251%2F2026%29&TP=JU)



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