The Latest Instalment in Hong Kong's Recognition of and Assistance to Foreign Liquidators: Common Law Relief in Solvent Liquidations

Introduction

Hot on the heels of last month's developments concerning recognition of and assistance to foreign liquidators[1], another notable decision on this topic was handed down on 8 September 2026. In *Re Forever Winner International Limited (in liquidation)*[2], Linda Chan J determined that common law recognition and assistance may be granted by the Hong Kong Court in respect of liquidations of solvent companies ordered by a foreign court. This decision represents a departure from the traditional approach and broadens the range of winding up proceedings that are eligible for such relief in Hong Kong.

Background

Forever Winner International Limited (the "**Company**") is incorporated in the British Virgin Islands ("**BVI**"), with its principal assets (comprising shares in a Hong Kong-listed company, unpaid dividends and bank accounts) situated in Hong Kong. Following a breakdown in the relationship between the Company's ultimate beneficial owners, one of the shareholders procured their investment vehicle to petition the BVI Court to wind up the Company on 'just and equitable' grounds which, by definition, meant the Company was solvent.

The BVI Court appointed joint liquidators of the Company (the "**JLs**") on 8 December 2025. However, in taking control of and dealing with the Company's assets in Hong Kong, the JLs applied to the Hong Kong Court for the following alternate orders:

- a declaration that the JLs as agents of the Company are authorised to conduct the affairs of the Company in Hong Kong and exercise the powers granted to them under the BVI Court appointment order; or
- *recognition* of the Company's liquidation and the JLs' appointment by the BVI Court and *assistance* in the form of the powers set out in their application to the Hong Kong Court.

Extending the availability of recognition and assistance

As Linda Chan J observed[3], the Hong Kong Court traditionally would not grant common law recognition and assistance in respect of solvent liquidations. This was because the common law power of recognition and

[1] Please see our earlier client briefing, "*Recognition and assistance to foreign liquidators – the latest developments in an area of law in the spotlight*" (August 2026) on the Hong Kong Court's decision in *Re Ourgame International Holdings Limited (in official liquidation)* [2026] HKCFI 4671.

[2] [2026] HKCFI 5125.

[3] §§15-17.

assistance was only available to collective insolvency proceedings, and solvent liquidations were instead seen as being more in the nature of 'private arrangements'[4].

However, Linda Chan J noted it was open to the Court to develop and refine the common law power of recognition and assistance, and on this occasion, its availability has been extended to compulsory liquidations of solvent companies.

On the traditional approach against granting recognition and assistance in the case of foreign solvent liquidations, Linda Chan J considered the distinctions between solvent liquidations that are voluntary and solvent liquidations that are compulsory by order of a Court. Since voluntary solvent liquidations are conducted under the control of members' meetings and very often without any Court involvement, her Ladyship confirmed this is very much a 'private arrangement' that the Court should not participate in. As such, recognition and assistance would only be made available to solvent liquidations that are **compulsory** per the order of a foreign court (e.g. a 'just and equitable' winding-up).

Subject to the above qualification, Linda Chan J considered that the public interest considerations underlying recognition and assistance, namely, to facilitate the orderly winding up of a company's affairs on a worldwide basis, support the making of such relief available to foreign liquidations of both solvent and insolvent companies. Her Ladyship added that extending the availability of recognition and assistance in this way adheres to the very purpose of liquidation, which is to provide a mechanism for collective execution and orderly distribution to persons who have interests in the liquidation.

Applying the criteria set out in *Re USUM Investment Group Limited*[5], Linda Chan J was satisfied that an order for recognition and assistance should be granted in this instance.

Key takeaways

This decision is one of a number of recent first-instance authorities exploring the availability and basis of common law recognition and assistance, albeit in this case focused on the availability of such relief to foreign liquidators of solvent companies.

The decision appears to bring Hong Kong law closer to the approach adopted by the courts in the United States, Australia, New Zealand and Singapore, and will be welcomed by investors seeking to wind up, on 'just and equitable' grounds, foreign companies with assets in Hong Kong.

That said, the Court refrained from blurring the boundaries between collective insolvency proceedings and what are essentially 'private arrangements'. In any event, the common law power to grant recognition and assistance is not unlimited and is subject to the satisfaction of the applicable criteria. We expect there will be further judicial consideration of the relevant principles as the law in this area continues to develop.

If you would like to discuss any of the issues raised in this note, please get in touch with one of our team members on the next page.

[4] *Re Supreme Tycoon Ltd (In Liq)* [2018] 1 HKLRD 1120; *Re Seahawk China Dynamic Fund* [2022] 3 HKLRD 469.

[5] [2026] HKCFI 1320, which is also discussed in our earlier client briefing, "*Recognition and assistance to foreign liquidators – the latest developments in an area of law in the spotlight*" (August 2026).

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