

26 June 2023

## 9<sup>th</sup> Circular to Creditors

Dear Sirs

### **Torque Group Holdings Limited (In Liquidation) (the “Company”)** **BVI Company Registration Number: 2024611**

I refer to the Circular dated 15 June 2022 (the “7<sup>th</sup> Circular”), in which the Liquidators provided creditors with an update on the progress of the Company’s liquidation (the “Liquidation”) and the Planned Recovery Actions. I also refer to the Circular dated 15 September 2022 (the “8<sup>th</sup> Circular”) and the Notice to Creditors dated 16 May 2023 regarding the Creditor Claims Submission Portal (the “Claims Portal”).

Unless otherwise defined herein, capitalized terms used in this circular have the same meanings as those defined in the 7<sup>th</sup> Circular and 8<sup>th</sup> Circular (collectively, the “Circulars”).

The purpose of this circular (the “9<sup>th</sup> Circular”) is to provide creditors with an update on the Liquidators’ progress to date and the planned dividend distribution.

#### **A. Asset**

1. The Liquidators have completed the conversion of the portfolio of Crypto Assets into USDT in November 2022 and have since converted all of the USDT to US Dollars in December 2022.

#### **B. Investigations and Planned Recovery Actions**

2. The Liquidators have concluded their investigations into the Company’s affairs. In the course of these investigations, the total value of customer deposits held by the Company amounted to only USD8.6 million as of the date of the Liquidation on 18 March 2021. In contrast, based on the claims received to date and the Company’s books and records, approximately USD205.9 million worth of customer deposits should have been accounted for (valued as of the date of the Liquidation on 18 March 2021).
3. By reason detailed above, approximately USD197.3 million worth of the Company’s customer deposits remained unaccounted for as of the date of the Liquidation on 18 March 2021.
4. The Liquidators have taken legal actions against the following appointment holders of the Company which will be pursued through the BVI and Singapore Courts:

- a. Wu Zhongyi (“**Zee**”) – Chief Technology Officer;
  - b. Fong Chee Kiong (“**CK Fong**”) – Chief Product Officer; and
  - c. Bernard Fong (“**Ong**”) – Chief Executive Officer.
5. Judgment was entered against Zee and CK Fong on 31 May 2021 and 1 March 2022 for the sum of USD343.7 million and USD435.9 million respectively. Statutory demands were subsequently served on Zee and CK Fong in June 2022.
  6. Bankruptcy applications were filed against Zee and CK Fong with the Singapore High Court on 27 September 2022.
  7. Zee and CK Fong were made bankrupt on 29 December 2022, and Private Trustees in Bankruptcy (“PTIBs”) were appointed to administer the bankrupts’ financial affairs. The Liquidators are assisting the PTIBs in their investigations into the financial affairs and personal assets of Zee and CK Fong, however are of the view that any prospect for recovery is low given that these investigations have not revealed any significant personal assets of the bankrupts to date.
  8. The Liquidators have further identified potential claims against Ong for, amongst other things, breaches of director duties pursuant to Section 122 of the BVI Business Companies Act which led to the collapse of Torque.
  9. The Liquidators issued a letter of demand to Ong via his lawyers on 10 March 2023. Ong has denied all allegations by way of a lawyer’s letter on 17 March 2023.
  10. The Liquidators subsequently filed a Statement of Claim against Ong (the “**Ong Claim**”) on 5 May 2023. The quantum of damages that the Liquidators are claiming against Ong total USD208.9 million.
  11. At this stage of the proceedings, trial dates have not yet been scheduled however the matter will likely proceed to trial in 2024.

### **C. Returns**

12. The Liquidators propose to declare an interim dividend of 0.002 cents in the dollar subject to the approval of the Court.
13. Potential further recoveries may result if the Ong Claim is successful. However, if the Ong Claim is not successful, there would be no further recoveries available for distribution to creditors.
14. We intend to file an application to Court seeking approval for the interim dividend by end of June 2023.

15. A more detailed timeline outlining the dividend process will be provided following Court approval.

#### **D. Dividend Distribution**

16. It is proposed that dividends will be paid to a USDT wallet address except for US-based creditors who will be paid in US Dollars to their bank accounts.
17. In anticipation of the dividend distribution, an email will be circulated to all creditors separately to provide instructions on how to submit their wallet and/or bank account details required for the Liquidators to process their dividend payment.
18. You should expect to receive the email from the following email address: [torquebcsupport@krollbusinessconnect.com](mailto:torquebcsupport@krollbusinessconnect.com).
19. Please ensure that you follow the instructions provided in the email and submit your wallet and/or bank account details by no later than 17 July 2023.

#### **E. Technical Support**

20. If you do not receive an email from [torquebcsupport@krollbusinessconnect.com](mailto:torquebcsupport@krollbusinessconnect.com) by 26 June 2023, please contact our technical support team at the following email: [connect@kbt.kroll.com](mailto:connect@kbt.kroll.com).
21. For enquiries in relation to the Claims Portal, please contact our technical support team at the following email: [torque.portal@kroll.com](mailto:torque.portal@kroll.com).
22. For general enquiries in relation to the Liquidation, please contact the Liquidators at the following email: [bw-torque@kroll.com](mailto:bw-torque@kroll.com).

**F. Contact Details**

Should you have any queries or require further information, please contact myself or Elaine Hanrahan. Our contact details are set out below:

**Kroll**  
Office BVI : +1 284 393 9300  
Office SG : +65 6327 1211  
Email : [bw-torque@kroll.com](mailto:bw-torque@kroll.com)

Yours faithfully

  
Jason Kardachi  
*Joint Liquidator*