

March 31, 2021

### 3<sup>rd</sup> Circular to Creditors

Dear Sirs,

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

I refer to the Circular dated 15 March 2021 (“2<sup>nd</sup> Circular”), in which the Provisional Liquidators provided creditors an update on progress since their appointment and findings from their preliminary investigations.

Unless otherwise defined herein, capitalised terms used in this circular shall have the same meanings as those defined in the 2<sup>nd</sup> Circular.

The purpose of this circular (“3<sup>rd</sup> Circular”) is to provide creditors with an update on the Provisional Liquidators’ progress since the 2<sup>nd</sup> Circular and next steps.

#### **A. Appointment of Joint Liquidators**

On 18 March 2021, the Provisional Liquidators were appointed as Joint Liquidators (“Liquidators”) of Torque pursuant to an order of the Eastern Caribbean Supreme Court of the British Virgin Islands (“BVI Court”) dated 18 March 2021 (“Order”) – this means that Torque is now in liquidation rather than provisional liquidation. A copy of the Court Order is now available and is enclosed (case number BVIHCCOM2021/0031).

#### **B. Role and Responsibilities of the Liquidators**

The roles and responsibilities of the Liquidators are set out in the British Virgin Islands (the “BVI”) Insolvency Act, 2003 (“Act”) and as provided in the Order appointing them. Under section 186 of the Act, the Liquidators have all the rights and powers to the extent necessary to maintain the value of the assets and to carry out the functions for which they were appointed. Additionally, as officers of the court, the Liquidators may apply to the BVI Court at any time for directions with respect to matters arising in the liquidation.

Under section 178 of the Act, the Liquidators are required to advertise their appointment in accordance with the Rules. Notices have been advertised in the Business Times in Singapore and the BVI Beacon and the BVI Gazette.

### ***Creditors Meeting and Town Hall***

Pursuant to section 183 of the Act, Liquidators appointed by the Court are not required to call a meeting of creditors unless 10 percent in value of the creditors of the Company give the Liquidators written notice requesting a meeting.

At this stage, the Liquidators do not intend to convene a formal liquidation creditors' meeting where creditor claims are first reviewed and assessed – this would be a costly and time-consuming process which would divert the Liquidators' resources from its primary focus of investigation and recovering assets. A formal creditors meeting can occur at a later stage when more is known about Torque's assets.

Although a formal meeting is not proposed at this time, the Liquidators intend to convene a virtual town hall to provide creditors an update on the liquidation and present preliminary findings that can be shared from our investigations. In order for the creditors' town hall to be as useful as possible, we require time to progress our investigations – we will contact creditors with details of the town hall in coming weeks. Separately, the Liquidators will continue to update all parties through circulars as and when meaningful progress has been made and material events occur.

### ***Preliminary report***

Under section 226 of the Act, the Liquidators of Torque are required to prepare a preliminary report within 60 days of the commencement of the Liquidation, covering, to the best of our knowledge, a description of the assets and liabilities of Torque and possible claims under the Act. The report will be circulated to all of Torque's creditors and filed with the BVI Court. The Liquidator may apply to the BVI Court to extend the 60-day period if that is necessary.

## **C. Investigations Update**

### ***Legal strategy and Recovery options***

As mentioned in the 2nd Circular, the Liquidators identified Crypto Assets that appear to have been transferred without proper authority by or at the direction of Torque's former Chief Technology Officer ("CTO"), Wu Zhongyi ("Zee"). The Liquidators have been working with its legal advisors, Rajah & Tann Singapore LLP, in regard to legal strategy and recovery options.

On 19 March 2021, a successful application was made to the General Division of the High Court of the Republic of Singapore for an Order of Court, which restrains Zee from disposing of, dealing with, or diminishing the value of any of his assets whether they are in or outside Singapore, whether in his own name or not and whether solely or jointly owned up to the value of USD 343.7 million (the "Mareva Injunction").

Following the Mareva Injunction, the Liquidators have taken immediate steps to issue letters to all relevant stakeholders giving notice of the Mareva Injunction, and to serve the Mareva Injunction on Zee himself.

Possible further claims, including against other parties, are being contemplated. The Liquidators will provide you material updates when appropriate and where confidentiality permits - it is important that the Liquidators do not compromise their investigation or potential routes to recoveries by disclosing certain recovery efforts publicly.

### ***Tracing of Assets***

The Liquidators' continue to conduct significant Crypto Asset tracing activities – set out below are some high-level updates on the Liquidators' investigations:

- **Crypto Assets** – working with Kroll Group's cyber team, the Liquidators are in the process of reviewing billions of transactions to establish the breakdown of leveraged trading losses compared to misappropriated assets. As a part of this, Kroll's cyber team is also investigating and tracing certain digital wallets addresses that received material withdrawals from Torque's Binance account; and
- **Relevant Parties** – the Liquidators are also conducting investigations into Torque's management and related parties to establish each of their deposits, withdrawals and any profit share from the Crypto Assets.

**D. Torque Personal Wallet**

The Crypto Assets currently in the control of the Liquidators relate to Trading Wallet balances of Torque's customers. Separately, the Liquidators understand that Torque customers were able to have their Personal Wallet Crypto Assets 'hosted' on Torque's main application (website or mobile application). As a result of the freezing of Torque's application generally, and the insolvency of Torque, Torque customers' access to these Personal Wallets has been restricted. The Liquidators are currently working to resolve issues in respect of these Personal Wallet balances and will provide an update once it is able to.

**E. Common Questions and Answers**

The Liquidators' answers to common customers queries continue to be consolidated and issued to customers in Circulars or the Investor Q&A uploaded on Borrelli Walsh's website at [www.borrelliwalsh.com/creditors](http://www.borrelliwalsh.com/creditors).

For any urgent customer, creditor and media enquiries, please contact the Liquidators at: [torque@borrelliwalsh.com](mailto:torque@borrelliwalsh.com).

Sincerely,

Philip Smith



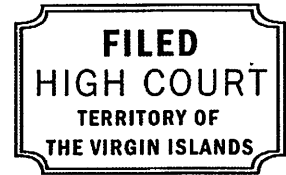
Joint Liquidator  
Torque Group Holdings Limited  
(In Liquidation)

**Investor Q&A**

No.	Category	Question	Answer
1	Claims	When can I get my money back?	Torque has entered Liquidation and all Torque user accounts will remain frozen until all legal issues relating to them are determined.
2	Claims	What do I need to do to get my money back?	
3	Claims	Can I withdraw my investment now?	The Liquidators are not legally capable of repaying any Torque customers until they have properly verified all 14,000 customer claims and completed at least their preliminary investigations and the BVI Court directs distributions to be made. Given the number of customers and the complexity of Torque's business, these processes will be challenging.
4	Claims	Can I still recover my money?	
5	Claims	What information do you need to speed up my refund?	
6	Claims	Is there a repayment scheme?	The Liquidators intend to provide an estimated timeline for securing / realising Torque's cryptocurrency assets and verifying creditor claims in coming weeks.
7	Claims	Are there any forms to fill in to recover my money?	
8	Claims	How much are we expecting to get back from the liquidation?	
9	Claims	Why can't I access or recover money from my personal wallet?	It is too early to predict with any accuracy the timing or amount(s) of distributions to creditors. In the event that no further assets can be recovered by the Liquidators from related parties or third parties, a nominal distribution to creditors may be possible during 2021.
10	Claims	Torque management has promised to repay all deposits from 8 and 9 February 2021.	
11	Future Updates	What do I do now?	However, in the event that the Liquidators investigations identify legal claims and assets to recovery from related or third parties that increase the return to creditors, this will involve litigation across multiple jurisdictions and take more time.  At this stage, it is too early to determine the timing and quantum of any distribution to creditors.  Regular updates ("Circulars") will be sent via email and uploaded on to Borrelli Walsh's website ( <a href="https://www.borrelliwalsh.com/creditors/">https://www.borrelliwalsh.com/creditors/</a> )
12	Future Updates	Where will we receive updates from now on?	
13	Future Updates	Do you have updates on the company?	

14	Future Updates	How do I sign up for the mailing updates on the recovery process?	If you have not received the Circular via email, please contact us via <a href="mailto:torque@borrelliwalsh.com">torque@borrelliwalsh.com</a> to be added into the mailing list.
15	Liquidation	What does a liquidation mean?	<p>A company is placed in liquidation when it is insolvent or when the Court determines it is just and equitable for the company to be placed into liquidation.</p> <p>Refer to section 2) of the 2<sup>nd</sup> Circular for the role and obligations of liquidators.</p>
16	Liquidation	Why is my money from Torque being used to pay liquidator fees?	<p>At this stage, the Liquidators have not used any of the Torque's Crypto Assets to pay liquidators' fees.</p> <p>However, as a matter of BVI Insolvency law, liquidators are typically allowed to use company assets in order to pay their reasonable and approved liquidation fees and expenses.</p> <p>This is a necessary mechanism to allow an independent party who acts for the benefit of all creditors to undertake the work necessary to collect a company's assets, investigate and pursue claims and distribute recoveries to creditors. The Liquidators are mindful that they are appointed by the Court with duties to the Court and stakeholders.</p>
17	Liquidation	How long will this process take?	<p>It is too early to determine how long the liquidation of Torque will take to complete. A liquidation of this size and complexity, that will likely involve substantial litigation and asset recovery work across multiple jurisdictions, will not be a short process.</p> <p>The Liquidators will provide an estimated timeline for securing / realising Torque's Crypto Assets and verifying creditor claims as soon as practical and appropriate.</p> <p>Regular updates ("Circulars") will be sent via email and uploaded on to Borrelli</p>

			Walsh's website ( <a href="https://www.borrelliwalsh.com/creditors/">https://www.borrelliwalsh.com/creditors/</a> )
18	Investigations	Is this some kind of scam?	Refer to 'Section F. Preliminary Investigations' of our 2 <sup>nd</sup> Circular.
19	Investigation	Is there any action being taken against the offending former employee?	
20	Trading	Will the company start trading again?	<p>Torque ceased trading immediately on the appointment of the Provisional liquidators.</p> <p>On the basis that Torque is clearly insolvent (creditor claims currently greatly exceed assets), absent a material change or a recovery of all or substantially all of Torque's missing assets, it will not likely ever recommence trading.</p>



IN THE EASTERN CARIBBEAN SUPREME COURT  
IN THE HIGH COURT OF JUSTICE  
VIRGIN ISLANDS  
COMMERCIAL DIVISION  
CLAIM NO. BVIHC (COM) 2021/0031

Submitted Date:22/03/2021 09:19

Filed Date:22/03/2021 09:19

Fees Paid:72.59

IN THE MATTER OF THE INSOLVENCY ACT 2003  
AND IN THE MATTER OF TORQUE GROUP HOLDINGS LIMITED

BETWEEN:

BERNARD ONG HOCK FONG

Applicant

And

TORQUE GROUP HOLDINGS LIMITED

Respondent

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ORDER

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BEFORE: The Honourable Mr Justice Gerhard Wallbank (Ag.)

DATE: 18 March 2021

ENTERED: 26 March 2021

UPON THE ORIGINATING APPLICATION OF Bernard Ong Hock Fong (the "Applicant") dated 26 February 2021 to appoint joint liquidators over Torque Group Holdings Limited (the "Company") pursuant to paragraphs 159(1)(a), 162(1)(a) and/or (b) and 162(2)(c) of the Insolvency Act, 2003

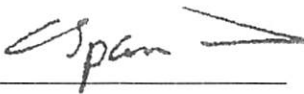
AND UPON CONSIDERING the Affidavit of Bernard Ong Hock Fong dated 26 February 2021, with Exhibit BOHF-1 thereto, and the Second Affidavit of Bernard Ong Hock Fong dated 12 March 2021, with Exhibit BOHF-2 thereto, filed in support of the Originating Application

IT IS HEREBY ORDERED THAT:

1. The Applicant be granted the leave of this Honourable Court to make this Application for the appointment of joint liquidators over the Company.
2. Philip Smith, of Borrelli Walsh, 3rd Floor Commerce House, P.O. Box 3339, Road Town, Tortola, British Virgin Islands VG 1110 and Jason Kardachi of Borrelli Walsh, #10-62, 1 Raffles Place Tower

- 2, Singapore 048616 be appointed joint liquidators (together, the “Joint Liquidators”) of the Company.
3. The Joint Liquidators be given the powers set out under the Insolvency Act, 2003 (the “Act”), in particular the powers in section 186 and Schedule 2 of the Act, including exercisable as set out in the Annex to this Order with the specific additional provisions that:
- a. the Joint Liquidators may commence proceedings in any jurisdiction in which they reasonably believe assets of the Company may be located or in which they reasonably believe information leading to locating assets of the Company may be obtained; and
  - b. the Joint Liquidators may seek recognition of their appointment as joint liquidators in any jurisdiction in which they reasonably believe assets of the Company may be located or in which they reasonably believe information leading to locating assets of the Company may be obtained;
4. The costs of and occasioned by this Application be paid out of the assets of the Company as an expense of the Liquidation.
5. There be permission to apply.

BY ORDER OF THE COURT



Dep. REGISTRAR





## ANNEX

### SCHEDULE 2

(Section 186 Insolvency Act, 2003)

1. Power to pay any class of creditors in full.
2. Power to make a compromise or arrangement with creditors or persons claiming to be creditors, or having or alleging that they have any claim against the company, whether present or future, certain or contingent, ascertained or not.
3. Power to compromise, on such terms as may be agreed
  - (a) calls and liabilities to calls, debts and liabilities capable of resulting in debts, and claims, whether present or future, certain or contingent, ascertained or not, subsisting or supposed to subsist between the company and any person; and
  - (b) questions in any way relating to or affecting the assets or the liquidation of the company; and take security for the discharge of any such call, debt, liability or claim and give a complete discharge in respect of it.
4. Power to commence, continue, discontinue or defend any action or other legal proceedings in the name and on behalf of the company including, without limiting the foregoing, the power to:
  - (a) commence proceedings in any jurisdiction in which they reasonably believe assets of the Company may be located or in which they reasonably believe information leading to locating assets of the Company may be obtained; and
  - (b) seek recognition of their appointment as joint liquidators in any jurisdiction in which they reasonably believe assets of the Company may be located or in which they reasonably believe information leading to locating assets of the Company may be obtained;.
5. Power to carry on the business of the company so far as may be necessary for its beneficial liquidation.
6. Power to sell or otherwise dispose of property of the company.
7. Power to do all acts and execute, in the name and on behalf of the company, any deeds, receipts or other document.
8. Power to use the company's seal.

9. Power to prove, rank and claim in the bankruptcy, liquidation, insolvency or sequestration of any member or past member for any balance against his estate, and to receive dividends, in the bankruptcy, liquidation, insolvency, sequestration or in respect of that balance, as a separate debt due from the bankrupt or insolvent, and rateably with the other separate creditors.

10. Power to draw, accept, make and endorse any bill of exchange or promissory note in the name and on behalf of the company with the same effect with respect to the company's liability as if the bill or note had been drawn, accepted, made or indorsed by or on behalf of the company in the course of its business.

11. Power to borrow money, whether on the security of the assets of the company or otherwise.

12. Power to take out in his official name letters of administration to any deceased member or past member or debtor, and to do any other act necessary for obtaining payment of any money due from a member or past member or debtor, or his estate, that cannot conveniently be done in the name of the company.

For the purpose of enabling the liquidator to take out letters of administration or do any other act under this paragraph, to be due to the liquidator himself.

13. Power to call meetings of creditors or members for

- (a) the purpose of informing creditors or members concerning the progress of or matters arising in the liquidation;
- (b) the purpose of ascertaining the views of creditors or members on any matter arising in the liquidation; or
- (c) such other purpose connected with the liquidation as the liquidator considers fit.

14. Power to appoint a solicitor, accountant or other professionally qualified person to assist him in the performance of his duties.

15. Power to appoint an agent to do any business that the liquidator is unable to do himself, or which can be more conveniently done by an agent.

IN THE EASTERN CARIBBEAN SUPREME COURT  
IN THE HIGH COURT OF JUSTICE  
VIRGIN ISLANDS  
COMMERCIAL DIVISION  
CLAIM NO. BVIHC (COM) 2021/0031

IN THE MATTER OF THE INSOLVENCY ACT, 2003  
AND IN THE MATTER OF TORQUE GROUP  
HOLDINGS LIMITED

BETWEEN:

BERNARD ONG HOCK FONG

Applicant

And

TORQUE GROUP HOLDINGS LIMITED

Respondent

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ORDER

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**Campbells**  
Floor 4, Banco Popular Building,  
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British Virgin Islands  
Tel: +1 284 494 2423  
Reference: 19511-34611  
**Legal Practitioners for the Applicant**