



Neutral Citation Number: [2026] CIGC (FSD) 30

Cause No: FSD 2026-0049 (JAJ)

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

**IN THE MATTER OF SECTIONS 92 AND 94 OF THE COMPANIES ACT (2026 REVISION)
AND IN THE MATTER OF HYALROUTE COMMUNICATION GROUP LIMITED**

BETWEEN

CHINA EXPORT & CREDIT INSURANCE CORPORATION

Petitioner

-and-

HYALROUTE COMMUNICATION GROUP LIMITED

Respondent

Appearances: Mr Andrew Ayres KC instructed by Mr Peter Kendall and Ms Florence Allan of Walkers (Cayman) LLP for the Petitioner
Mr Spencer Vickers and Ms Sean-Anna Thompson of Conyers Dill & Pearman LLP for the Respondent

Before: The Honourable Justice Jalil Asif

Heard: 16 April 2026

Ex tempore judgment delivered: 16 April 2026

Finalised judgment approved: 1 May 2026

Winding-up petition—respondent’s application to adjourn hearing of petition—need for rational basis to grant adjournment—whether rational basis established on the evidence

JUDGMENT

1. By a summons filed on 23 March 2026, Hyalroute Communication Group Limited, the Respondent to this petition, seeks an adjournment of the hearing of the petition currently fixed for 11 May 2026 and seeks an order setting a timetable for service of evidence in response to the winding up petition, with the Respondent's evidence in opposition to be filed by 13 May 2026, just over 4 weeks from now; the Petitioner's evidence in reply to be filed by 10 June 2026; and the winding up petition to be listed for hearing on the first available date after 30 June 2026. The summons is opposed by the Petitioner, who contends that the Respondent is seeking simply to delay the inevitable determination of the winding up petition.
2. The background to the presentation of this petition, which I shall set out relatively briefly, is as follows. On 28 July 2015, (Cambodia) Fibre Optic Communication Network Co. Ltd, a subsidiary of the Respondent company, entered into three facility agreements with China Development Bank for a total of US \$40 million. Those facility agreements are subject to PRC law and include CIETAC arbitration clauses. On the same day, the Respondent company entered into three guarantees with China Development Bank. Those guarantee agreements are also governed by PRC law and include CIETAC arbitration clauses. On 4 August 2015, China Development Bank obtained export credit insurance with the Petitioner in respect of the three facility agreements and guarantees that it had entered into.
3. Everything appears to have proceeded relatively smoothly until early 2021, when (Cambodia) Fibre Optic defaulted on the repayments due under the facility agreements. On 27 February 2021, China Development Bank served notice, both on (Cambodia) Fibre Optic and also on the Respondent, that there was a default and, as far as the Respondent is concerned, giving notice that it required performance of the guarantees.

4. Neither (Cambodia) Fibre Optic nor the Respondent made payment to cure the default. On 4 August 2021, China Development Bank served acceleration notices, as it was entitled to do under the facility agreements, making the full amount owed by (Cambodia) Fibre Optic immediately due and owing and triggering full liability on the part of the Respondent under the guarantee agreements.
5. There was still no payment by (Cambodia) Fibre Optic or by the Respondent and so on 6 September 2021, China Development Bank started two CIETAC arbitrations against (Cambodia) Fibre Optic under, first, the facility agreements, and secondly, separate pledge agreements that (Cambodia) Fibre Optic had entered into contemporaneously with the facility agreements.
6. The CIETAC arbitration tribunal delivered its award in relation to the claims under the facility agreements on 17 November 2022, some three and a half years ago, and the tribunal delivered the award in respect of the pledge of assets on 2 March 2023.
7. (Cambodia) Fibre Optic sought to set aside those two arbitration awards. On 31 July 2023, the Beijing Financial Court dismissed those applications. There then seems to have been a hiatus for about 26 months until 28 September 2025, when the Petitioner prepared a statutory demand. This was based upon its outlay under the export credit insurance that it had provided to China Development Bank, which it had honoured. The Petitioner served the statutory demand on the Respondent on 6 October 2025.
8. Mr Andrew Ayres KC, who appears for the Petitioner today, asks me to note, and I do so and record, that the Petitioner's statutory demand sets out in very full detail the basis on which the Petitioner claims its entitlement to pursue the alleged debt against the Respondent. I should also record that the total amount claimed by that statutory demand, as of 28 September 2025, was just over US \$26 million, comprising US \$17.7 million due under the facility and guarantee agreements and the balance representing accrued interest pursuant to the terms of the credit facility agreements.
9. On 19 October 2025, so within the 21 days for a response to the statutory demand, the Respondent's PRC lawyers wrote a lengthy letter challenging the Petitioner's standing to serve the statutory demand and asserting various points about rights of subrogation under PRC law.

10. On 17 November 2025, the Petitioner's PRC lawyers, King & Wood Mallesons, responded with a detailed letter setting out the Petitioner's contentions as to why it was entitled under PRC law to exercise rights of subrogation and to pursue the debt that it sought from the Respondent. The letter included a summary of what King & Wood Mallesons asserted was the content of relevant PRC law.
11. There was no further response on behalf of the Respondent that I have seen in the evidence. Mr Spencer Vickers of Conyers Dill & Pearman LLP, who has appeared for the Respondent this morning, has not suggested that there was any further substantive response to the statutory demand by the Respondent.
12. There was then another 3-month period that elapsed before the Petitioner prepared a draft winding up petition dated 13 February 2026, which it filed on 20 February 2026, along with various supporting affidavits.
13. On 2 March 2026, the Petitioner served the Respondent and its registered office with a copy of the winding up petition, without a hearing date endorsed at that stage, along with unsealed copies of the supporting affidavits. On 9 March 2026, the Petitioner served a further copy of the winding up petition, with the hearing date of 11 May 2026 endorsed. On 11 March 2026, the Petitioner served sealed copies of the affirmations in support.
14. Working from 2 March 2026, when the winding up petition was first served, the Respondent's evidence in response was due by no later than 23 March 2026.
15. On 11 March 2026, the Respondent's attorneys wrote complaining that there were evidential gaps in the material that the Petitioner had provided. The Respondent proposed a directions timetable towards a hearing after 30 June 2026, which has been the Respondent's position consistently since 11 March 2026.
16. The Petitioner responded on 20 March 2026 rejecting that proposal and adhering to the hearing date for the petition of 11 May 2026. On 22 March 2026, the Respondent repeated its request for a revised directions timetable and for the petition to be heard after 30 June 2026. But, no doubt

bearing in mind that time for service of its evidence was due to run out on 23 March 2026, on that date the Respondent served a relatively short-form affirmation from Ms Dong He summarising what she said was intended to be the Respondent's position and putting forward some reasons why the Respondent maintained that the hearing of the winding up petition should be adjourned to the first date available after 30 June 2026.

17. On the same day, as I have indicated at the beginning of this judgment, the Respondent filed its summons seeking an adjournment of the hearing of the petition fixed for 11 May 2026 to a date after 30 June 2026 and a timetable for further evidence leading up to that date.
18. Against that chronology, it is clear that the Respondent has known since at least 17 November 2025 that it is firmly in the Petitioner's sights and that the Petitioner is likely to want to pursue enforcement of the very substantial debt that it asserts is due to it from the Respondent by way of a winding up petition following the Respondent's failure to comply with the statutory demand.
19. The evidence that has been set out in Ms Dong He's affirmation to support the requested adjournment is, in my view, relatively thin. She says in paragraph 6 of her affirmation:

"6. The Company is not insolvent. On the basis of current management financial information available to me, the Company is able to pay its debts as they fall due. The Company will file detailed financial evidence (including recent management accounts and/or financial statements) in accordance with the timetable proposed by the Company (if so directed by the Court)."

That is as far as Ms Dong goes in terms of providing evidence regarding the Respondent's financial position. She has not exhibited any of the Respondent's historical accounts or financial statements, and she has not exhibited any internal financial documents relating to the Respondent to demonstrate its ability to pay the sum of US \$26 million and to do so within short order. As I have indicated, it seems to me that the evidence of the Respondent's solvency is extremely thin as a result.

20. Reading on in Ms Dong's affirmation, in paragraph 7 she says:

"7. The Company is a regional telecommunications infrastructure operator; not a passive holding vehicle. Through its operating subsidiaries it owns and maintains national backbone and metro fibre-optic networks, together with related cable landing stations and interconnect facilities, across multiple jurisdictions in Southeast Asia, including Cambodia, Myanmar, and the"

Philippines. These networks serve carriers, government agencies, banks, utilities, hospitals, and emergency and public-safety systems. A court-ordered liquidation would risk service degradation or interruption, jeopardise critical communications infrastructure, and trigger commercial and social instability in the countries concerned, including disruption to digital-payments, public administration and essential services. The Company will provide concise country-by-country evidence of this footprint and criticality with its opposition evidence.”

During the course of the hearing, I asked Mr Vickers whether it is intended, in light of these assertions, to raise some kind of public interest argument in opposition to the petition. Mr Vickers was not able to say that that is currently the Respondent’s case, but he sought to reserve the Respondent’s ability to make that argument at the hearing of the petition in due course. Without in any way seeking to pre-judge the issue, it does not seem to me to be of material relevance to whether or not the Respondent should be wound up if it is unable to pay the debt that it is involved in providing such services. It does not seem to me that the apparent involvement of the Respondent across several jurisdictions in providing important IT services provides the Respondent with a “get-out-of-jail-free” card as regards its financial liabilities. However, as I have said, I will wait to see to what extent that argument is developed in due course at the hearing of the petition.

21. Finally, of relevance, Ms Dong puts forward four assertions as to why the Respondent wishes to contest the winding up petition. In paragraph 8 of her affirmation, she says:

“8. The alleged petition debt is genuinely disputed on substantial grounds. Without waiving the Company’s right to file fuller evidence in due course, I highlight the principal points:

(a) The Company’s obligations under the financing structure were owed to CDB, the original lender. The Insurance Policies on which the Petitioner relies were contracts between the Petitioner (as insurer) and CDB (as insured); the Company was not a party to them. No agreement has been exhibited by which the Company consented to be directly liable to the Petitioner and indeed, this is not possible as the Company has not signed any such agreement with the Petitioner.”

I interject here that what Ms Dong says in this sub-paragraph appears to be a complete misunderstanding of how the law of subrogation in relation to insurance contracts operates. There is some evidence regarding PRC law in respect of subrogation rights under insurance policies in the material before me, in the form of the letter dated 17 November 2025 from King & Wood Mallesons to the Respondent’s PRC attorneys and also in a roughly contemporaneous note prepared by King & Wood Mallesons, apparently for the Petitioner’s internal use. These indicate that the approach to subrogation under PRC law appears to be very similar to the position under English law as regards an insurer’s right to pursue a subrogated claim where it has indemnified its own insured.

22. In any event, whilst Mr Vickers asserts that the Respondent would wish to put evidence of PRC law in relation to subrogation before the Court, Ms Dong has not condescended to provide any particulars at all as to why and in what respects the Respondent says that the Petitioner's assertions as to the content of PRC law, set out in King & Wood Mallesons' 17 November 2025 letter, are wrong. I consider that the Respondent ought to have put forward at least an outline of what the Respondent's case is as to the content of PRC law, and how that differs from what was said by King & Wood Mallesons, in order to justify and support the assertion that Ms Dong makes in paragraph 8(a) of her affirmation.

23. In paragraph 8(b) of her affirmation, Ms Dong says:

“(b) The Petition pleads that the Petitioner acquired rights from CDB by way of subrogation and/or assignment following indemnification. However, on the Petitioner's own case, CDB has been fully indemnified. In those circumstances, the existence, scope and effectiveness of any residual or assignable receivable as against the Company (in its capacity as guarantor) are squarely in dispute.”

Again, I interpose here, that this appears to me completely to misunderstand the effect of subrogation in relation to insurance claims I do not consider that the point that Ms Dong makes is likely to go anywhere unless the Respondent is able to adduce some expert evidence as to PRC law that demonstrates that King & Wood Mallesons' summary of that law is incorrect in some material way.

24. Thirdly, in paragraph 8(c) of her affirmation, Ms Dong says:

“(c) The Petition does not account for the substantial insurance premiums (in the order of millions of US dollars) that were paid over the life of the Insurance Policies. Nor does it exhibit a proper aggregate indemnity schedule setting out dates, tranches, and reconciliations. The total indemnity figure of USO 18,212,414.99 was first stated in correspondence (in response to a request by the Company's Cayman counsel, Conyers) rather than in sworn evidence before the Court. On the face of the Petition as served, the amount now claimed would, if allowed in full, effectively deliver a windfall to an insurer: recovery of the full outstanding principal and post-default accruals as though it were the original lender, over and above the premiums it has already received, rather than a measured indemnity recovery net of sums already paid to the Petitioner.”

Once again, I struggle to follow Ms Dong's explanation as to what it is that the Respondent intends to assert to reduce the amount of the alleged debt. It is not normally the case that an insurer has to give credit for the insurance premiums that it has received when it pays out indemnity and then pursues a subrogated claim. The only circumstance in which an insurer usually has to give credit for

premium received is where the policy is avoided for some reason, in which case an insurer obviously cannot retain the insurance premiums that have been paid. So, paragraph 8(c) of Ms Dong's affirmation does not appear, at least at this stage, to be a very promising line of resistance to the Respondent's liability for the alleged debt.

25. Lastly, in paragraph 8(d), Ms Dong says:

“(d) Issues as to the legal effect of the indemnification, the existence and scope of any rights transferred to the Petitioner, and the post-award computations arise under the finance and insurance documentation and are governed by laws of the People's Republic of China ("PRC"). They are also the subject of live proceedings in foreign forum, as stated at paragraph 30 of the Petition. These are not matters that should be determined summarily at an insolvency threshold hearing before the contractually agreed dispute-resolution mechanisms have been exhausted. Further details of the foreign proceedings will be produced in evidence in due course.”

26. My understanding is that the proceedings in another forum to which Ms Dong refers are enforcement proceedings in Cambodia. It appears that after the arbitration awards were delivered, China Development Bank sought to enforce those awards in its own name, but at the instance of the Petitioner, against (Cambodia) Fibre Optic's assets in Cambodia. The court in Cambodia appears to have rejected that enforcement application on the ground that China Development Bank had been paid out by the Petitioner insurer.

27. I obviously do not know anything about Cambodian law, but, at least at first blush, that outcome seems a little strange given that the primary liability was owed to China Development Bank, but it may simply be that the Cambodian courts intended or would wish enforcement of the arbitration awards to be pursued by the Petitioner in its own name, rather than in the name of China Development Bank. In any event, I put all that on one side as it seems to me that it is irrelevant to the Petitioner's ability to pursue this alleged debt on the basis of the statutory demand that it served back in October 2025, which itself provides evidence of the Respondent's insolvency.

28. I have spent a little time on the evidence of Ms Dong because it provides the sum total of the Respondent's reasons for saying that the debt is disputed on *bona fide* grounds and for inviting the Court to adjourn the hearing of the winding up petition to allow the Respondent to adduce further evidence.

29. I should record that in support of the application for the adjournment, Mr Vickers prays in aid that there is no evidence of urgency that is put forward by the Petitioner, that the debt has been outstanding for a long time and the Petitioner has delayed in pursuing its claim. In that he is right: the debt has been outstanding since at least 2021, some 5 years ago; the arbitration awards were delivered during 2022 and 2023; and there have been periods when there appears to have been delay on part of the Petitioner in moving things forward. However, this does not seem to me to be a case where there has been culpable delay which weighs heavily in the balance in favour of granting an adjournment of the hearing of the winding-up petition for that reason alone.
30. It is common ground between the parties that the Court has a discretion to adjourn the hearing of the winding up petition, but it is also common ground that there needs to be a rational basis for the Court to exercise that power.
31. So I ask myself, is there a rational basis advanced in the evidence presented by Ms Dong for acceding to the Respondent's application for an adjournment? I frame it in that way because it is common ground that the burden is on the Respondent to demonstrate that there is such a rational ground. And that dovetails with the effect of section 93 of the Companies Act, which provides that a company shall be deemed to be unable to pay its debts if, amongst other things, a statutory demand has been served and the company has not discharged the debt claimed in the statutory demand within 3 weeks or has not secured or compounded the same to the satisfaction of the creditor. This is a case where there is an unsatisfied statutory demand. The Petitioner has a *prima facie* right to a winding up order unless the Respondent can demonstrate that the debt is contested on *bona fide* grounds. In relation to the adjournment sought, as I have indicated, the burden is also on the Respondent to demonstrate that there is a rational basis for the Court now to provide the Respondent with longer than the period allowed in the Rules for assembling and serving its evidence in opposition to the petition.
32. In my judgment, the Respondent has fallen some way short of demonstrating a rational basis for granting an adjournment of the winding-up petition. The key factors in my judgment are:
- 32.1 This is a debt that has been outstanding for a long time.

- 32.2 The statutory demand was served at the beginning of October 2025, some 5 months ago.
- 32.3 As Mr Ayres points out, the Respondent did engage with the Petitioner in October 2025, putting forward reasons why it contested the Petitioner's standing to pursue payment of the debt against the Respondent. This is not a situation where the statutory demand did not come to the notice and attention of the alleged debtor for some reason or another. The Respondent was fully aware of the statutory demand and engaged on the substance of the debt, and it must have appreciated that, as a result of its failure to discharge the alleged debt or to compound for its payment, that the next procedural step that would follow, almost inevitably, would be service of a winding up petition.
33. In those circumstances, it is a fair assessment that the Respondent has already had at least 4 months to make a start on assembling the evidence that it wishes to present to the Court in opposition to the statutory demand. I would have expected Ms Dong, in her affirmation, to have provided chapter and verse as to what steps the Respondent has taken to assemble that evidence and to adduce it, and why the Respondent could not do so within the 21 days permitted in the Rules, and also to provide in much fuller detail precisely what points the Respondent intends to take in opposition to the claim for payment of the alleged debt. For example, as I have indicated, it is notable that although Ms Dong says she wishes to obtain evidence as to PRC law, nowhere in her affirmation does she assert that PRC law is different from the summary set out in the material that is before me in the King & Wood Mallesons letter dated 17 November 2025 sent to the Respondent's PRC attorneys. In the absence of some specifics as to why the Respondent says that that summary of PRC law is wrong, the Respondent has fallen a long way short of demonstrating that there is a real and credible basis to challenge payment of the debt on those grounds.
34. In conclusion, I am not satisfied that there is a rational basis, even for the relatively short adjournment that Mr Vickers seeks this morning. It seems to me that this is a large debt where, at the moment, there is no apparently good basis put forward by the Respondent why the debt is not properly payable by the Respondent. In my view, it is in the interests of justice that this petition comes on for hearing sooner rather than later. I will therefore refuse the Respondent's application to adjourn. The petition will proceed on 11 May 2026.

35. However, it does seem to me that I should at least give the Respondent the opportunity to file some further evidence before the hearing of the petition. Mr Vickers indicates that the Respondent will work to the timetable proposed by the Petitioner leading to a hearing on 11 May 2026, and I will make an order in those terms.
36. I will now deal with the question of the costs of the summons. Mr Vickers does not object, in principle, to the Respondent paying the costs of the unsuccessful application to adjourn the hearing of the petition. Mr Ayres for the Petitioner seeks those costs to be paid on the indemnity basis. Mr Vickers resists that application.
37. I remind myself that under GCR O.62, r.4(11), the Court should make an order for costs to be taxed on the indemnity basis only if it is satisfied that the paying party has conducted the proceedings, or that part of the proceedings to which the order relates, improperly, unreasonably or negligently.
38. In this case, whilst the evidence in support of the application was, in my judgment weak, it would be a step too far to characterise the Respondent's application as being improperly, unreasonably, or negligently made. In the circumstances, I decline to make an order for costs on the indemnity basis. The costs will be payable on the standard basis.

Dated 1 May 2026



**THE HONOURABLE JUSTICE JALIL ASIF
JUDGE OF THE GRAND COURT**