Digitally signed by Advance Performance Exponents Inc.
Date: 2026.11.18 15:25:02 -05:00
Reason: Document Certification
Location: Court Document Management System

NEUTRAL CITATION NUMBER: [2026] CIGC (FSD) 103

IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

FSD 203 of 2026 (MRHCJ)

BETWEEN:

PATRIMIUM CO-INVEST 7 LIMITED

PATRIMIUM CO-INVEST 8 LIMITED

Applicants

-and-

HSG STRATEGY CGIII MANAGEMENT, L.P.

Respondent

Appearances	**Mr Peter de Vernueil-Smith instructed by Mr John Harris and Sebastian Gollins of KSG for the Applicants**
	Ms Caroline Morant of Maples for the Respondent
Heard	**22 July 2026**
Reasons Delivered:	**18 November 2026**

Arbitration - Section 54 of the Arbitration Act - Application for Discharge or Variation of Interim Injunction - Alleged Failure to Make Full and Frank Disclosure - Principles Governing Interim Injunctive Relief - Ancillary Disclosure Orders

REASONS FOR DECISION

Introduction

1. By Summons dated 1 July 2026, the Respondent applies to discharge an interim injunction granted on a without notice application pursuant to section 54 of the **Arbitration Act** in support of arbitration proceedings. Alternatively, the Respondent seeks to vary paragraph 3

of the order by deleting subparagraphs 3.1, 3.2, 3.4, 3.6 and 3.7. The Respondent contends that those provisions require disclosure going beyond what is necessary to support the interim injunctive relief granted and extend into matters properly reserved for determination in the parties' arbitration.

2. The dispute concerns the validity of the Respondent's purported compulsory withdrawal of the Applicants from HSG Strategy CGIII Fund Z, L.P. (the "Partnership") and the subsequent sale and transfer of their partnership interests.

3. In my reasons dated 19 June 2026, I explained why I was satisfied that there was a serious issue to be tried concerning the validity of the purported withdrawal and sale, and that limited interim protection was appropriate pending arbitration. I declined to grant the extensive mandatory relief sought by the Applicants, including an order restoring them to their former status as limited partners. I was not persuaded that such relief was necessary or appropriate on the evidence then before the Court, or that refusal of the wider relief would deprive the arbitral tribunal of the ability ultimately to determine the dispute and grant appropriate relief.

4. I did, however, restrain the Respondent from taking further steps to give effect to the disputed withdrawal and sale or otherwise prejudice the Applicants' rights as limited partners, and directed that the Partnership's records should reflect that the withdrawal and sale were disputed.

5. I also ordered disclosure of certain information and documents relating to the purported withdrawal and sale. I explained that the Respondent asserted that the necessary approval had been obtained and that a sale and transfer had occurred, but the Applicants had not been provided with the documents evidencing those matters. I considered disclosure necessary to enable them properly to understand and address the case they would be required to meet in arbitration.

6. The Respondent now seeks to set aside the injunction on the ground that the Applicants failed *inter alia*, to make full and frank disclosure or, alternatively, to vary the disclosure provisions of the Order.

Background

7. The Applicants contend they had been validly admitted as limited partners of the Partnership following the acceptance of their subscriptions on 2 April 2026 and that their capital commitments had been funded and the relevant investor eligibility and compliance materials had been provided and reviewed before closing. In May 2026, the Respondent sought to procure their voluntary withdrawal from the Partnership. The Applicants rejected that proposal, maintaining that no agreement to withdraw had been reached. The Respondent subsequently raised allegations of misrepresentation in connection with the investment

allocation and reserved its rights to require their compulsory withdrawal under section 7.3(b) of the LPA.

8. By letter dated 17 June 2026, the Respondent asserted that it had exercised its powers under section 7.3(b)(y) of the LPA following approval by a Majority-in-Interest of the other limited partners on 15 June 2026, that the Applicants' interests had been sold pursuant to section 7.4(c), and that the proceeds had been remitted to them. The Applicants disputed the validity of the purported withdrawal and sale and contended that the Respondent had not established that the contractual requirements governing those steps had been satisfied.

9. On the ex *parte* application, the Applicants sought both prohibitory relief restraining further steps in relation to their purported compulsory withdrawal and the sale and transfer of their partnership interests, together with mandatory relief directed to reversing steps which the Respondent asserted had already been taken. They also sought disclosure of the documents and information relating to those steps, submitting that the disclosure sought was necessary to establish whether the purported withdrawal and sale had been effected in accordance with the LPA, whether third parties might need to be joined or served, and whether further interim relief was required to preserve the subject matter of the arbitration. They contended that, without the documents sought, the effectiveness of the arbitral process would be impaired.

The Respondents' Position

10. The Respondent's primary case is that the injunction should be discharged. It contends that the Applicants failed to comply with their duty of full and frank disclosure on the ex parte application, including by failing to draw the Court's attention to relevant authorities concerning the exercise of the General Partner's discretion under the LPA. The Respondent further contends that, in any event, the threshold requirements for injunctive relief were not satisfied.

11. Alternatively, if the injunction is not discharged, the Respondent seeks to vary paragraph 3 by deleting subparagraphs 3.1, 3.2, 3.4, 3.6 and 3.7. Its case is that those provisions go beyond what is necessary to make the interim relief effective and concern matters properly falling for determination in the arbitration or, in the case of the identities of other limited partners, seeks disclosure of information which is confidential under the LPA.

12. The Respondent contends that the protective purpose of the injunction has been adequately secured by its identification of Nippon Nexus Limited as the transferee of the Applicants' partnership interests, the production of an extract from the Partnership register recording the transfer, and the undertaking given on behalf of Nippon Nexus Limited that it will not transfer or otherwise deal with those interests while the injunction remains in force. The remaining disclosure obligations are unnecessary and, where they require the production of confidential information concerning other limited partners, they seek to circumvent the confidentiality clauses in the LPA.

The Applicable Principles
Full and Frank Disclosure

13. The Respondent relies on the statement of the duty of full and frank disclosure by Bingham J in *Siporex Trade SA v Comdel Commodities Ltd* [1986] 2 Lloyd's Rep 428, at 437. The learned Judge explained that an applicant seeking relief without notice must present its case fully and fairly, identifying the crucial points both for and against the application, including likely defences. General statements and the mere exhibiting of numerous documents are insufficient. The applicant must disclose all facts which the Court could reasonably take into account in deciding whether to grant the relief sought.

14. In *Ritchie Capital Management LLC v Lancelot Investors Fund Ltd* [2021 (1) CILR 128], at [274], Parker J explained that the duty extends to all facts which reasonably would or could be taken into account by the judge in deciding whether to grant relief. It encompasses matters actually known to the applicant and those which proper enquiries would have revealed.

15. As explained in *Brink's-Mat Ltd v Elcombe* [1988] 1 WLR 1350, at 1356–1357, materiality is a matter for the Court to determine, rather than the applicant or its legal advisers.

16. In *Banco Privado Português (Cayman) Ltd v Estate of João Manuel Oliveira Rendeiro* [2025] CIGC (FSD) 79, at [63.6], the Court explained that the question is not whether the evidence in support could have been improved, and that the assessment should not be approached with hindsight. The primary question is whether, in all the circumstances, the effect of the non-disclosure was to mislead the Court in any material respect. In *Banca Turco Romana SA v Cortuk* [2018] EWHC 662 (Comm), at [45], Popplewell J emphasised that the duty of full and frank disclosure exists to protect the integrity of the Court's process. A substantial breach will incline the Court strongly towards discharging the injunction and refusing to renew it, even where the breach was innocent. Where the breach was deliberate, that consequence would almost always be appropriate. The Court may impose that sanction even where the order would have been granted had full disclosure been made.

17. The Respondent also relies on *Cable & Wireless (CI) Ltd v ICT Authority* [2007 CILR 273], at [58(i)], which recognises that the duty encompasses relevant law as well as facts. It invokes that principle in support of its complaint that the Applicants failed to draw attention to authorities concerning the exercise of the General Partner's discretion.

18. In *Memory Corporation plc v Sidhu (No 2)* [2000] 1 WLR 1443, at 1455, the Court explained that the consequences of a breach depend on all the relevant circumstances, including its gravity, the explanation offered, and the severity and duration of any prejudice occasioned by the order, including whether that prejudice can be remedied. The Court must also have regard to the overriding objective and proportionality. The Applicants rely on *Tugushev v Orlov (No 2)* [2019] EWHC 2031 (Comm), at [7(x)]–[7(xiii)], in which Carr J explained that immediate discharge without renewal is likely to be the starting point where the failure is

substantial or deliberate. The Court nevertheless retains a discretion to continue or regrant the injunction. Although that discretion should be exercised sparingly, the overriding consideration is the interests of justice, which may, in an appropriate case, permit the breach to be addressed by some other sanction.

Disclosure Orders

19. In support of its submission as to the proper ambit of disclosure orders made in support of interim injunctions, the Respondent relies on *JSC Mezhdunarodniy Promyshlenniy Bank v Pugachev (No 2)* [2015] EWHC 1694 (Ch), [2016] 1 WLR 781, which concerned an application for further affidavit evidence following the defendant's cross-examination as to assets subject to a freezing order granted in aid of foreign proceedings. Hilyard J held at [39] that such further evidence must have practical utility in making the freezing order effective and should not be sought for the collateral purpose of obtaining material for use in the substantive proceedings.

20. The purpose of ancillary disclosure depends upon the nature of the interim relief granted. In *Charitable DAF Holdco Ltd (in Official Liquidation) v Patrick and others* [2026] CIGC (FSD) 9, at [102]–[103], Parker J recognised that disclosure ancillary to a proprietary injunction may properly be directed to establishing the whereabouts of missing funds, rather than merely policing compliance with the injunction.

21. The authorities concerning disclosure ancillary to freezing and proprietary injunctions are relevant by analogy, but do not define the scope of the measures which may properly be ordered under section 54 of the **Arbitration Act**. That question must be considered in light of the nature and purpose of the Court's jurisdiction under that section. In *Minsheng Vocational Education Company Ltd v Leed Education Holding Ltd* [2024 (1) CILR 308] the Court of Appeal recognised the distinction between freezing and proprietary relief in considering the interim protection available under section 54. At [79], Smellie JA, writing on behalf of the Court, described the jurisdiction as open-textured and uncategorised. The learned Judge emphasised that the powers must be exercised with caution and for the purpose of assisting the foreign arbitration, without usurping the powers of the arbitral tribunal.

22. The principles set out indicate that the nature and scope of any ancillary measure must therefore be considered by reference to the interim protection required in aid of the arbitration, rather than by treating the principles applicable to disclosure in support of a freezing injunction as defining the limits of the section 54 jurisdiction.

Full and Frank Disclosure

23. I turn first to the Respondent's complaint that the Applicants failed to draw the Court's attention to the letter of 22 May 2026, in which the writer expressly requested that it be brought to the Court's attention. The letter expressed the writer's view that section 10.13(b) of the LPA precluded the Applicants from seeking interim relief from this Court before a final

arbitral award was made and identified the availability of emergency relief under the HKIAC Rules.

24. The failure specifically to draw attention to the letter was not material because the substance of the Respondent's objection was before me. The Applicants' written submissions on the *ex parte* application expressly identified the Respondent's anticipated reliance on section 10.13(b), summarised the effect for which the Respondent was expected to contend and addressed why, in the Applicants' submission, the provision did not preclude interim relief under section 54. The Applicants' position was that the relief sought was interim and ancillary to the arbitration , intended to reserve the position pending arbitration. Mr Gollins also addressed the provision in his oral arguments.

25. The Applicants did not explain in terms why they had not sought emergency arbitral relief. However, the urgency was apparent from the facts presented and the relief sought was limited protection pending arbitration. In those circumstances, I consider that the omission was not material.

26. The Respondent also complains that the Applicant failed to draw attention to authorities concerning the exercise of the GP's broad discretion. The relevant provision of the LPA was considered at length, and the breadth of the GP's withdrawal power was clear. The dispute concerns whether the power had been properly exercised. In my judgment, the omission of those authorities was not material.

27. The Respondent also contends that the Applicants presented its requirements too narrowly as excluding Chinese nationals, without fairly disclosing the correspondence and surrounding circumstances which, it submits, demonstrated that its requirements concerned the sources of the investors' capital more broadly. However, I do not accept that the substance of the dispute was kept from the Court**.** I expressly raised the Respondent's complaint that the Applicants were expected to introduce Middle Eastern investors but had instead introduced investors who were primarily Asian, Chinese or otherwise. The Applicants maintained that the restriction communicated to them concerned Chinese *nationality*, rather than the source of the investors' capital, and that the investors' identities, nationalities and sources of funds had, in any event, been disclosed and checked before their participation was accepted. Those competing positions were before me. There was no material non-disclosure in that regard.

28. The Respondent also submits that the Applicant incorrectly stated that they had not received the money thereby suggesting that the transfer remained incomplete and could be restrained. The Applicants ought to have verified receipt before the hearing. I considered the application, however, on the basis that the monies had been paid. I was not misled into granting relief on the basis that payment remained outstanding. The non-disclosure was immaterial.

29. The Respondent also complains of delay in providing the hearing note and deficiencies in the transcription. The Applicant has explained the reason for the delay in producing the hearing note. The Respondent had the Applicants' written submissions and the audio and, in my view, suffered no prejudice but was able to advance its objection at the return day hearing. I am not satisfied that the delay, such as it was, warrants discharge of the Interim order.

30. For these reasons, I reject the Respondent's complaint of material non-disclosure. I turn to the substantive grounds advanced for discharging the injunction.

Serious Issue to be Tried

31. I remain of the view that the dispute as to whether the General Partner validly exercised its contractual power to require the Applicants' compulsory withdrawal under section 7.3(b)(y) of the LPA and the subsequent sale and transfer of their interests raises a serious issue to be determined in the arbitration.

Whether Damages an Adequate Remedy

32. The Respondent submitted that the Applicants had received approximately US$60 million and that any remaining loss was financial and capable of assessment through expert evidence. ByteDance had already been valued for transactional purposes, and courts routinely value shares in private companies.

33. The Applicants submitted that their investment was not readily replaceable because ByteDance was privately held and no equivalent investment was available on the market. They also relied on the uncertainty of valuing a future IPO and reputational damage. Their principal claim, however, is for restoration of their interests, which they contend remain held for them in equity. They submit that an onward transfer to a *bona fide* purchaser for value could defeat that claim.

34. At the *ex parte* hearing, I questioned whether damages would be an adequate remedy, given that the Applicants had invested money in the expectation of financial returns. On reconsideration, I accept that their claim is not merely for compensation for a financial loss. They seek the return of their interests if the purported withdrawal and sale are found to be invalid. Although the value of those interests may be capable of assessment, damages would not necessarily be an adequate substitute if the interests were transferred beyond their reach.

Balance of Convenience

35. Nippon has undertaken not to deal with the interests while the injunction remains in force. I am not persuaded that the potential financial prejudice identified by the Respondent outweighs the risk to the Applicants if that protection is removed. The balance of convenience

therefore favours continuation of the limited injunction, subject to any relevant order of the arbitral tribunal.

Cross-Undertaking in Damages

36. The Respondent also raises the absence of a cross-undertaking in damages. Although the Applicants offered the usual undertaking at the *ex parte* hearing, I did not require it because, on the information then available, I could identify no tangible prejudice which the Respondent might suffer from the limited relief granted. At the *inter partes* hearing, the Respondent maintained that, having acquired the Applicants' partnership interests, it could suffer financial loss by being prevented from dealing with them. The Applicants have renewed their offer of a cross-undertaking in damages, which shall be incorporated into the Order.

The Disclosure Order

37. I turn then to a consideration of the Respondent's grounds for seeking to vary paragraph 3 of the Order by deleting subparagraphs 3.1, 3.2, 3.4, 3.6 and 3.7. I shall consider each provision separately.

38. Paragraph 3.1 requires disclosure of the approval relied upon for the purported compulsory withdrawal of the Applicants under section 7.3(b)(y) of the LPA. Paragraph 3.2 requires disclosure of the identities of the limited partners said to have approved the Applicants' compulsory withdrawal from the Partnership under section 7.3(b)(y) of the LPA.

39. In their original application, the Applicants submitted that they required the information to determine whether the Respondent had obtained the requisite Majority-in-Interest to effect their compulsory withdrawal.

40. That position had developed by the return date. The approval required to be disclosed by paragraph 3.1 had been produced, and the Applicants accept that paragraph 3.1 had thereby been satisfied. They nevertheless oppose the deletion of paragraph 3.2. They submit that the Respondent, as General Partner, is required to maintain a register containing the information sought and that limited partners are entitled to such information, subject to the Respondent's consent. Relying on their case that, notwithstanding the purported withdrawal, they remain limited partners in equity they contend that they are entitled to the information. As to confidentiality and data protection, they submit that any legitimate concerns could be addressed by appropriate undertakings.

41. The Respondent objects to disclosure of the identities of the approving limited partners on two grounds: that it is unnecessary to police the injunction and that it would circumvent the confidentiality provisions of the LPA.

42. The Applicants accept that the approval required by paragraph 3.1 has been disclosed. On reconsideration, I am not satisfied that disclosure of the approving limited partners' identities

is necessary to make the interim protection granted in support of the arbitration effective. I would therefore delete paragraph 3.2.

43. That conclusion makes it unnecessary to determine the Respondent's separate objection based on section 6.12 of the LPA.

44. Paragraph 3.4 requires disclosure of all documents evidencing the purported sale. When the matter was first before the Court, the Applicants had not been provided with documents supporting the Respondent's assertion that their partnership interests had been sold and transferred. The position is now materially different. The Respondent has identified the transferee, produced an extract from the Partnership register recording the transfer, and procured an undertaking from the transferee that it will not transfer or otherwise deal with the interests while the injunction remains in force. The transferee has therefore been identified, the transfer recorded, and protection against further dealings secured.

45. The underlying sale documents may bear upon the validity or effect of the purported sale, but those questions fall for determination in the arbitration. In light of the information and undertaking now provided, I am not satisfied, on reconsideration, that production of all documents evidencing the sale remains necessary to make the interim protection effective. I therefore vary the Order by deleting paragraph 3.4.

46. Paragraph 3.6 requires disclosure of the valuation methodology and calculation adopted for the purported sale. The Applicants maintain that a valuation must have been undertaken before the transfer of their interests to Nippon and seek to know what valuation was applied, particularly given that the ByteDance interest had by then been acquired. The Respondent submits that this information concerns the merits of the substantive dispute rather than the protection of the Applicants' interests pending arbitration. On reconsideration, I am not satisfied that disclosure of the valuation methodology is necessary to make the interim protection effective. Those matters may be pursued in the arbitration. I therefore vary the Order by deleting paragraph 3.6.

47. Paragraph 3.7 requires disclosure of all communications to a wide range of third parties concerning the purported withdrawal and sale. The Respondent characterises this as a sweeping request directed to the merits of the arbitration rather than interim protection. The Applicants submit that further communications may exist, noting that the letter of 8 June invited questions from its recipients. They would not pursue the request if the Respondent confirmed that there were no further communications with limited partners. Otherwise, they assert a contractual entitlement to disclosure.

48. On reconsideration, I am not satisfied that the disclosure sought is necessary or proportionate for the purposes of the interim protective relief. Paragraph 1.3 already prohibits the Respondent from communicating that the Applicants have ceased to be or should be removed as limited partners without also communicating that their removal is disputed.

Paragraph 2 requires the relevant registers, books and records to record that dispute. The Applicants have not demonstrated why production of the communications is additionally required to make that protection effective. Whether the Applicants have a contractual entitlement to those communications is a matter for the arbitration. I therefore vary the Order by deleting paragraph 3.7.

ORDER

49. For those reasons, I dismiss the application to discharge the injunction but vary paragraph 3 of the Order by deleting subparagraphs 3.2, 3.4, 3.6 and 3.7 as not being necessary for the limited protective purposes of the injunction. The injunction shall continue, subject to the Applicants providing the usual cross-undertaking in damages.

50. I will hear the parties on costs.

DATED THE 18th NOVEMBER 2026



THE HON JUSTICE MARGARET RAMSAY-HALE
CHIEF JUSTICE OF THE GRAND COURT