IN THE GENERAL DIVISION OF
THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

[2026] SGHC 127

Originating Application No 183 of 2025

Between

(1) Zhuang Yujie

… *Applicant*

And

(1) Openmeta Pte Ltd
(2) Aster Foundation Ltd
(3) Huang Feiling

… *Respondents*

GROUNDS OF DECISION

[Companies — Statutory derivative action — Section 216A of the Companies Act 1967 (2020 Rev Ed)]

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Zhuang Yujie
v
Openmeta Pte Ltd and others

[2026] SGHC 127

General Division of the High Court — Originating Application No 183 of 2025
Sushil Nair JCA
2 January, 4 March 2026

15 June 2026

Sushil Nair JCA:

Introduction

1 Section 216A of the Companies Act 1967 (2020 Rev Ed) ("CA") is a procedural mechanism that permits complainants with the requisite standing to bring an action in the company's name to right wrongs done to the company. It is meant to be invoked where those in control of the company are causing it harm and cannot therefore be counted on to cause the company to take steps to protect or advance its interests (see *Ho Yew Kong v Sakae Holdings Ltd* [2018] 2 SLR 333 ("*Ho Yew Kong*") at [88]–[89] and *Chan Siew Lee v TYC Investment Pte Ltd* [2015] 5 SLR 409 at [58]). The action that s 216A of the CA permits a complainant to maintain is said to be "derivative" in nature, as he is not suing to enforce his personal rights. Instead, he sues in the name of the company to enforce rights vested in, and "derived" from, the company (see *Walter Woon on*

Company Law (Tan Cheng Han gen ed) (Sweet & Maxwell, 3rd Rev Ed, 2009) ("*Walter Woon*") at para 9.30; Harald Baum & Dan W Puchniak, "The derivative action: an economic, historical and practice-oriented approach" in *The Derivative Action in Asia: A Comparative and Functional Approach* (Dan W Puchniak, Harald Baum & Michael Ewing-Chow eds) (Cambridge University Press, 2012) at pp 8–9).

2 A complainant who wishes to take control of a corporate vehicle for the purpose of pursuing such derivative actions must obtain the court's permission under s 216A of the CA. This hurdle of having to obtain the court's permission acts as a filter to weed out abusive and unmeritorious actions from legitimate ones which are genuinely intended to hold wrongdoers to account (see Alan K Koh, Dan W Puchniak & Tan Cheng Han, "Company Law" (2020) 21 SAL Ann Rev 224 at para 9.22). A court faced with an application for leave to commence a derivative action under s 216A therefore strives to enable a genuinely aggrieved complainant to do justice to his company "while ensuring that the company's directors are not unduly hampered in their management decisions by loud but unreasonable dissidents attempting to drive the corporate vehicle from the back seat" (*Pang Yong Hock v PKS Contracts Services Pte Ltd* [2004] 3 SLR(R) 1 ("*Pang Yong Hock*") at [19]).

3 At this stage of the proceedings, the court is focused principally on the question as to whether it is just and proper to allow the complainant to control the action that will be brought in the name of the company. Whether the action will subsequently succeed following a trial on its merits is a different question altogether (see *Walter Woon* at para 9.88(1); Pearlie Koh, *Company Law* (LexisNexis, 3rd Ed, 2017) ("*Pearlie Koh*") at para 6.41). If that premise is to be taken seriously, it cannot be right for a complainant to subject a company to protracted proceedings in order to determine whether he is entitled to subject

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the company to protracted proceedings against the alleged wrongdoer (see, in the context of common law derivative actions, *Prudential Assurance Co Ltd v Newman Industries Ltd (No 2)* [1982] Ch 204 at 221B–C). At the stage of an application for permission under s 216A, the evidential standard is "low" and "only the most obviously unmeritorious claims will be culled" (*Ang Thiam Swee v Low Hian Chor* [2013] 2 SLR 340 ("*Ang Thiam Swee*") at [55]). The proper approach of a judge faced with such an application is not to adjudicate on disputes of facts and descend into a mini-trial of the underlying action, as those matters are better left for the trial (see *Teo Gek Luang v Ng Ai Tiong* [1998] 2 SLR(R) 426 at [15] and *Agus Irawan v Toh Teck Chye* [2002] 1 SLR(R) 471 ("*Agus Irawan*") at [6], both cited with approval in *Pang Yong Hock* at [16]–[19]). Instead, it is sufficient for the court to rely on the affidavit evidence filed by the parties to the application in order to form a preliminary view on whether the actions to be brought in the name of the company are meritorious or not (see *Fong Wai Lyn Carolyn v Airtrust (Singapore) Pte Ltd* [2011] 3 SLR 980 ("*Carolyn Fong*") at [27]).

4 A degree of proportionality is therefore called for in the conduct of leave applications filed under s 216A of the CA. As the leave mechanism in s 216A of the CA serves the function of preventing abusive and unmeritorious actions from proceeding to a trial, it is both unnecessary and inappropriate to embark on a detailed analysis of the company's alleged cause of action against the wrongdoer (*Walter Woon* at para 9.88(1); *Pearlie Koh* at para 6.41). As Lord Reed (sitting in the Inner House of the Court of Session) observed in relation to ss 265–269 of the Companies Act 2006 (c 46) (UK) (the provisions governing the commencement of derivative actions in Scotland) in *Alexander Marshall Wishart v Castlecroft Securities Ltd* [2009] SCLR 696 at [39]:

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> [T]he very nature of the control mechanism which the leave requirement has introduced … must mean that the process at that stage is not intended to be lengthy and drawn out: otherwise, the unprincipled shareholder would be able to use the leave application to drag the company through all the anguish and expense of the litigation which it is the object of the legislation to avoid; and, on the other side of the coin, those in control of the company would be able to use their superior resources to stifle or delay meritorious claims.

5 HC/OA 183/2025 ("OA 183") was one such lengthy and drawn-out application. In OA 183, Zhuang Yujie ("Zhuang") applied under s 216A of the CA for permission to commence a derivative action in the name and on behalf of Openmeta Pte Ltd ("Openmeta") and Aster Foundation Ltd ("Aster") (collectively, "Companies") against Huang Feiling ("Huang") for, amongst other claims, breaches of fiduciary duties. Zhuang also sought to be authorised to have full charge and control over the conduct of any such proceedings to be commenced against Huang, as well as any execution proceedings thereafter. On 4 March 2026, I allowed OA 183 with brief oral grounds and ordered the costs of OA 183 to be paid by Huang to Zhuang. Huang has since appealed against my decision. I now set out the full grounds of my decision.

Facts

The parties

6 The applicant (Zhuang) and the third respondent (Huang) (collectively, "Founders") are the co-founders of the first respondent (Openmeta) and second respondent (Aster).[1] Openmeta is an exempt private company limited by shares. It was incorporated in Singapore on 26 August 2021. Its principal activities are the "development of software and applications" and "management consultancy

[1] 2nd Affidavit of Huang Feiling dated 4 November 2025 ("HF–2") at para 7; Applicant's Written Submissions dated 13 November 2025 ("AWS") at para 6.

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services".[2] Aster is a public company limited by guarantee. It was incorporated in Singapore on 20 December 2021. Its principal activities are the "development of software and applications" and "information technology consultancy".[3]

7 The Founders each hold 50% of the shares of Openmeta.[4] The sole member of Aster is Web3 Investments Ltd ("Web3 Investments"), a company incorporated in the British Virgin Islands ("BVI") on 23 November 2021.[5] The Founders also each hold 50% of the shares in Web3 Investments.[6]

8 The Founders, along with one Ge Hongtao ("Ge"), have been the only directors of the Companies and Web3 Investments since their incorporation.[7] Huang also served as the Chief Executive Officer ("CEO") of the Companies since their incorporation.[8] Ge is a nominal director of the Companies who was appointed solely for the purpose of fulfilling the requirement in s 145(1) of the CA for each company to have a director ordinarily resident in Singapore.[9]

9 Annual returns filed by Openmeta with the Accounting and Corporate Regulatory Authority ("ACRA") for the financial year ending 31 July 2024

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2 1st Affidavit of Zhuang Yujie dated 25 February 2025 ("ZY–1") at paras 1 and 8; HF–2 at p 341.

3 ZY–1 at para 9; HF–2 at p 338.

4 ZY–1 at para 8.

5 ZY–1 at para 9; 3rd Affidavit of Huang Feiling dated 3 December 2025 ("HF–3") at para 14(f).

6 ZY–1 at para 1; HF–2 at para 1 and pp 69–70.

7 ZY–1 at para 12; HF–2 at para 7(b)(iii).

8 HF–2 at para 7(b)(iii); ZY–1 at para 12.

9 HF–2 at para 7(b)(iii); ZY–1 at para 5(2).

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reflect its status as a dormant company.[10] Similarly, annual returns filed by Aster with the ACRA for the financial year ending 30 November 2023 reflect its status as a dormant company.[11]

10 Web3 Investments, in contrast, was dissolved in the BVI on 2 May 2024. Initially, at the hearing of OA 183 on 2 January 2026, Huang's counsel took the position that Web3 Investments had been dissolved sometime in May 2025.[12] Subsequently, by way of a letter to the court dated 9 January 2026, Huang's counsel clarified that this was inaccurate after having considered documentation sent by Zhuang's solicitors to him. The date of Web3 Investments's dissolution was in fact 2 May 2024.[13]

Background to the dispute

11 The facts leading up to the present application were heavily contested by the Founders. They were at loggerheads on basic facts, such as those relating to the Founders' broad roles and functions in the Companies, as well as the roles of the Companies themselves in the broader business that the Founders had co-founded. I will therefore set out the relevant facts in chronological order while touching on the material points of dispute between the parties which are relevant to the present application.

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10 3rd Affidavit of Zhuang Yujie dated 26 June 2025 ("ZY–3") at para 33(3) and pp 169–171.

11 ZY–3 at para 33(3) and p 174; HF–2 at para 20(b).

12 Transcript of hearing on 2 January 2026 ("Transcript") at p 67, lines 17–31.

13 Rajah & Tann Singapore LLP's letter to the Registrar of the Supreme Court dated 9 January 2026 at paras 4–5.

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The Companies' roles and functions

12 In late 2021, the Founders incorporated the Companies as part of their business to sell Web3 domain names to prospective buyers ("Business").[14] According to Zhuang, Openmeta was intended to be the main operating entity for the Business which would deal with corporate clients, while Aster was intended to be the entity that would deal with retail clients.[15]

13 Huang claimed that the Companies in fact formed part of a BVI-led business group ("Group"), of which Web3 Investments was at the centre.[16] He asserted that Web3 Investments held and controlled the relevant brands, assets, intellectual property and funds for this Group.[17] Huang further asserted that the Companies served "specific support roles" within the Group, and did not hold any assets or have any separate, standalone businesses of their own.[18] They were merely "non-trading entities" that acted as "agents" or "vehicles" through which the business of Web3 Investments would be run.[19]

14 In contrast, Zhuang asserted that Web3 Investments was merely "intended to be the entity through which any eventual exit could be implemented in a tax-efficient manner".[20] Further, Web3 Investments did not have any operational involvement in the Companies' businesses or hold any of

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14 ZY–1 at paras 5(1) and 7.

15 ZY–1 at paras 5(1) and 8–9.

16 HF–2 at para 7.

17 HF–2 at para 7(a).

18 HF–2 at para 7(b); 3rd Respondent's Written Submissions dated 13 November 2025 ("RWS") at para 8(c).

19 HF–3 at para 14(i); HF–2 at paras 7–8; RWS at para 5.

20 5th Affidavit of Zhuang Yujie dated 5 November 2025 ("ZY–5") at para 14.

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the Companies' assets.[21] Instead, Zhuang asserted that it had always been the Companies through which the Business was conducted, with Openmeta being the "operational entity" and Aster being the "token-issuing entity".[22]

15 Soon after the Business was founded, Aster launched a blockchain name registration product on its website "star.co" under the brand name "Star Protocol".[23] That was the website and the brand name under which the Business was conducted.[24] Retail customers would purchase Web3 domain names on that website, with payments to be made in Ether ("ETH"), the native cryptocurrency on the Ethereum blockchain.[25] Revenue derived from the Business were paid into various cryptocurrency wallets which were controlled by Huang.[26] It is not disputed that Huang had sole management, custody and control over the Companies' assets.[27]

Zhuang's and Huang's roles and functions

16 Zhuang asserted that, as the co-founder with more experience in the Web3 and cryptocurrency industries, he took a more active role in the Companies than Huang.[28] In this regard, Zhuang stated that he was responsible for drafting and reviewing the majority of the agreements that the Companies entered into and leveraged his industry connections to identify and engage

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21 ZY–5 at para 14.

22 ZY–5 at paras 17–22; 6th Affidavit of Zhuang Yujie dated 12 December 2025 ("ZY–6") at para 24.

23 ZY–1 at para 10; HF–2 at para 14.

24 ZY–1 at paras 10 and 20.

25 ZY–1 at para 20.

26 ZY–1 at paras 20 and 24.

27 HF–2 at para 33; ZY–1 at paras 5(3), 15 and 24.

28 ZY–5 at para 30; ZY–3 at paras 8–9.

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potential investors.[29] On the other hand, Huang was alleged to have taken a more active role in technical and product development. He acted as a "technician", and was responsible for, amongst other things, "deploying" certain smart contracts into which revenue from the Business would be directed.[30]

17 Huang, on the other hand, asserted that he was responsible for the broad strategic, technical and operational aspects of the Business, owing to his technical expertise and professional background in the Web3 and cryptocurrency industries.[31] He asserted that, as CEO, he was in charge of not only technical development and the management of assets, but also the management of various social media accounts and the handling of day-to-day operations.[32] In contrast, Zhuang's role in the Companies was allegedly mostly limited to "engaging in business development and securing financing" and signing "only non-material agreements" on behalf of the Companies.[33] It was also Huang's case that most of Zhuang's activities *vis-à-vis* the Companies were carried out in accordance with Huang's directions, and that Zhuang did not hold any decision-making authority in relation to material agreements that the Companies entered into.[34]

18 Whatever the precise nature of the roles and functions that Zhuang and Huang held and/or discharged, it is not disputed that decisions pertaining to the business operations of the Companies ordinarily required the agreement of the

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29 ZY–3 at paras 8–9; ZY–5 at para 30; ZY–6 at para 43(3).

30 ZY–1 at paras 13–14; ZY–3 at para 10; ZY–5 at para 31.

31 HF–2 at para 9(a); HF–3 at para 27.

32 HF–2 at para 9(a).

33 HF–2 at paras 9(b) and 9(c).

34 HF–2 at para 9(b).

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Founders.[35] That was because the provisions of the Companies' constitutions provided that:[36]

(a) Questions arising at any board meeting had to be decided by a majority of votes (Regulation 84(1) of Openmeta's constitution; Regulation 43(1) of Aster's constitution); and

(b) Board meetings required a default quorum of two, unless otherwise fixed by the directors (Regulation 86 of Openmeta's constitution; Regulation 45 of Aster's constitution).

The fundraising in November 2021

19 After setting up the Business sometime in late 2021, the Founders sought to raise funds to kickstart operations. Fundraising started in or around November 2021 by way of a token issuance conducted by Aster ("2021 Fundraising"). This involved Aster entering into Simple Agreements for Future Tokens ("SAFTs") with various investors. Under each SAFT, Aster would issue "STAR" tokens to an investor in consideration for payment of a certain amount of USDT, a cryptocurrency pegged to the United States dollar.[37] By December 2021, a total of 950,000 USDT had been raised from these SAFTs.[38]

20 It is not in dispute that this 950,000 USDT had been received in two cryptocurrency wallet addresses, both of which were controlled by Huang.[39] These funds were then transferred into Huang's personal account with Binance,

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35 ZY–3 at para 11; ZY–5 at paras 32 and 34.

36 ZY–3 at p 67 (Openmeta's constitution) and p 83 (Aster's constitution).

37 HF–2 at para 10; ZY–1 at para 9.

38 ZY–1 at para 16.

39 HF–2 at para 11; ZY–1 at paras 17 and 57.

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a cryptocurrency exchange, from which he purported to manage the funds for the Companies' operations.[40] Subsequently, around 591,050 of the 950,000 USDT raised from the 2021 Fundraising were spent by Huang on the expenses of a Chinese company known as Wangsan (Nanjing) Blockchain Technology Co Ltd ("Wangsan").[41]

21 Wangsan is a company incorporated in the People's Republic of China. Huang holds 99% of the shares of Wangsan and is its sole director. The remaining 1% of the shares of Wangsan is held by Huang's mother.[42]

22 Huang did not dispute that he had transferred and spent the 591,050 USDT on Wangsan's expenses.[43] However, he asserted that the 950,000 USDT in question did not in fact belong to the Companies, but to Web3 Investments.[44] This was because each SAFT contained a clause stating that Aster was selling the tokens "as agent for an[d] on behalf of the owner of the [t]okens" ("Agency Clause").[45] It was Huang's case that the reference to "owner" in the Agency Clause in each of the SAFTs is a reference to Web3 Investments.[46]

23 In any case, Huang asserted that the 591,050 USDT had been paid to Wangsan pursuant to a page-long outsourcing agreement that Web3 Investments had entered into with Wangsan on 21 December 2021.[47] Pursuant

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40 ZY–1 at paras 18 and 57; HF–2 at para 54(a).

41 ZY–1 at paras 19 and 58.

42 ZY–5 at para 25(1) and p 101.

43 HF–2 at paras 12 and 54(b).

44 HF–2 at para 10.

45 HF–2 at para 7(b)(ii).

46 HF–2 at para 10.

47 HF–2 at para 12 and p 346.

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to that agreement, Wangsan was to provide "project-related technical and operational support for and on behalf of Web3 Investments", including the provision of manpower.[48] The costs of such outsourced work and manpower would be billed to Web3 Investments, which would then be duly paid by Huang.[49] According to Huang, the 591,050 USDT had been paid to Wangsan for entirely legitimate purposes pursuant to that outsourcing agreement – namely, for services rendered by Wangsan in relation to "technical design, development, service support and other related services".[50]

24 In response, Zhuang stated that he had not been aware of any such outsourcing agreement between Web3 Investments and Wangsan, even though he had been one of the two directors of Web3 Investments.[51] There had never been any formal or informal resolution passed by Web3 Investments to enter into such an agreement with Wangsan.[52] Further, Zhuang asserted that the Agency Clause did not assist Huang, as it only dealt with the ownership of the Tokens to be issued, and not the fundraised amount of 950,000 USDT. In any case, the Agency Clause had not identified Web3 Investments as the supposed "owner" of the Tokens, let alone the USDT that would be received by Aster.[53] Therefore, Zhuang asserted that the 591,050 USDT had been misapplied by Huang in breach of his fiduciary duties to the Companies.[54]

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48 HF–2 at paras 7(c) and 12.

49 HF–2 at para 7(c).

50 HF–2 at paras 12 and 54(b).

51 ZY–5 at para 25(2); ZY–6 at para 36(4).

52 ZY–5 at para 25(2).

53 ZY–5 at para 15; AWS at para 47.

54 ZY–1 at para 91(3).

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The alleged theft of 150 ETH

25 On or around 16 April 2023, approximately 150 ETH owned by Aster, which was held in a personal cryptocurrency wallet controlled by Huang, went missing. It subsequently transpired that the 150 ETH had been transferred from Huang's said personal wallet to an unidentified destination wallet address.[55]

26 Huang, at the material time, asserted that the loss of the 150 ETH was due to an alleged "security breach" which Aster had suffered. The private key of Huang's personal wallet had allegedly been leaked, resulting in the 150 ETH being withdrawn and transferred onwards to an unidentified cryptocurrency wallet address without his knowledge and/or permission.[56] No evidence was provided by Huang showing that any such security breach had occurred.[57]

27 The Companies engaged the blockchain security firm "SlowMist" to investigate the disappearance of the 150 ETH. Using its cryptocurrency tracking system "MistTrack", SlowMist concluded in its report that a withdrawal of 150 ETH from Huang's personal cryptocurrency wallet had in fact occurred ("SlowMist Report"). However, SlowMist did not establish conclusively in its report that the withdrawal had been caused by a security breach.[58]

28 Zhuang alleged that the 150 ETH had been misappropriated by Huang in breach of his fiduciary duties to Aster.[59] Huang denied this, stating that there is nothing in the SlowMist Report indicating that he had misappropriated the

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55 ZY–1 at para 27.

56 ZY–1 at para 28.

57 ZY–1 at para 28.

58 ZY–1 at para 29; HF–2 at para 22.

59 ZY–1 at para 91(1)(i).

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150 ETH,[60] or any kind of evidence in general showing that he had personally benefitted from the missing 150 ETH.[61] He also asserted that security incidents of these sorts are "common across the industry",[62] and that he had in fact taken active steps – including the appointment of SlowMist itself – to try and recover the 150 ETH that had disappeared.[63]

The alleged misappropriation of approximately 1457.59 ETH

29 In light of these incidents, on or around 16 April 2023, Zhuang requested that Huang transfer the Companies' cryptocurrency assets into a cryptocurrency wallet jointly managed by both of them.[64] Huang initially agreed to do so.[65] However, despite at least four separate reminders by Zhuang, Huang repeatedly failed to set up the jointly managed wallet.[66]

30 On 21 February 2024, there were two calls exchanged between Zhuang and Huang. Both calls were recorded and transcripts of the same have been tendered as evidence to this court.[67] In the first call, Zhuang repeated his demand for the Companies' cryptocurrency assets to be transferred to a jointly managed wallet. Huang, despite his earlier agreement to do so, took the position that he should retain sole control over the Companies' assets. Huang also stated that it would be difficult to set up the jointly managed wallet as the Companies' assets,

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60 HF–2 at para 28.

61 HF–2 at para 24.

62 HF–2 at paras 28.

63 HF–2 at paras 24–27.

64 ZY–1 at para 30.

65 ZY–1 at para 31.

66 ZY–1 at paras 31–36.

67 ZY–1 at paras 36 and 39, Tab 8 (Transcript of the first call on 21 February 2024) and Tab 9 (of the second call on 21 February 2024).

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then held in various cryptocurrency wallets under his control, had been mixed with his personal assets.[68] Zhuang asserted that this amounted to an express admission by Huang that he had commingled his personal assets with the Companies' assets.[69]

31 In the second call between Huang and Zhuang on 21 February 2024, Huang is further alleged to have admitted to withdrawing and selling the Companies' ETH for USDT without any authorisation or consultation with the Companies and/or their board of directors.[70] Additionally, Huang is alleged to have admitted, *inter alia*, that he: (a) had used the Companies' moneys/assets to conduct short-term trading of cryptocurrencies that had not been approved by the Companies; and (b) owed moneys to the Companies.[71]

32 On 26 February 2024, Huang relented and agreed to set up the jointly managed wallet ("Joint Wallet").[72] Over the next two days, Huang transferred 143.52 ETH from his personal cryptocurrency wallets into the Joint Wallet.[73]

33 On 11 March 2024, two more calls were exchanged between Huang and Zhuang. Both calls were also recorded, and transcripts of the same have been tendered as evidence to this court.[74] In the first call on 11 March 2024, Zhuang reiterated his request that Huang produce proper accounts which showed the

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68 ZY–1 at para 36.

69 ZY–1 at para 36; ZY–5 at para 41(1).

70 ZY–1 at para 37; ZY–5 at para 41(2).

71 ZY–1 at paras 37–38; ZY–5 at paras 41(3) and 41(7)–41(11).

72 ZY–1 at para 40.

73 ZY–1 at para 43.

74 ZY–1 at paras 50 and 51, Tab 18 (Transcript of the first call on 11 March 2024) and Tab 19 (Transcript of the second call on 11 March 2024).

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revenue, income and expenses of the Companies – a request that Zhuang had made on at least three separate occasions on 19 February, 21 February and 4 March 2024.[75] In the same call, Huang is also alleged to have admitted that he conducted the sale of the Companies' ETH unilaterally without any corporate approval.[76] In the second call that took place on 11 March 2024, Zhuang again repeated his demand for Huang to provide proper accounts in relation to the Companies' assets and activities.[77] As Huang had sole control over the cryptocurrency wallets that had received the Companies' cryptocurrency assets, he was the only person who was able to prepare such accounts.[78]

34 On 27 March 2024, Huang finally provided a purported account of the Companies' ETH which he had sold to date. Based on Huang's own records, about 941.63 ETH had been sold in the period between 16 October 2023 and 8 February 2024 for approximately 2.11m USDT. Further, about 515.96 ETH belonging to the Companies remained unaccounted for.[79] On the same day, Zhuang instructed Huang to return the Companies' ETH that had been withdrawn or sold without authorisation.[80] Huang did not do so and in fact stopped responding to Zhuang after this incident.[81]

35 Huang's responses to the allegations above are as follows. First, Huang asserted that any "commingling" of the assets received by the Companies and

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75 ZY–1 at paras 44, 47 and 49.

76 ZY–1 at para 50.

77 ZY–1 at para 51.

78 ZY–1 at paras 49 and 51.

79 ZY–1 at para 52.

80 ZY–1 at para 52.

81 ZY–1 at para 53.

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his personal assets was a by-product of the Founders' longstanding and mutually accepted arrangement for Huang to personally hold and manage the Companies' assets.[82] This was an arrangement borne "purely out of operational convenience [and] for legitimate business purposes".[83] Being "the sole designer and creator" of the Business, Huang had greater visibility over the financial needs of the Business.[84] It was therefore more convenient for him to hold the Companies' assets and meet the Companies' financial needs as and when they arose, instead of parking those assets with the Companies themselves, who were "mere nominal entities" without their own bank accounts.[85]

36 Second, in relation to Zhuang's repeated requests for Huang to set up a jointly managed wallet, Huang asserted that he had good reasons to refuse such a request. In or around September 2021, Zhuang had allegedly informed Huang that he had been personally involved in the falsification of company accounts in China.[86] To avoid doubt, Zhuang asserted that this is "a complete fabrication by Huang".[87] Additionally, Zhuang had allegedly demanded that the relevant assets be transferred into a centralised account from which he would be able to make withdrawals without Huang's oversight or knowledge. Given Zhuang's alleged "criminal history", Huang was of the view that doing so would be "highly risky" for the Business.[88] In any case, given that the loss of the 150 ETH had been a "one-off" security incident, and adequate steps had been taken to

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82 HF–2 at paras 48–49.

83 HF–2 at para 49.

84 HF–2 at para 48.

85 HF–2 at paras 48–49.

86 HF–2 at para 35(a).

87 ZY–5 at para 43.

88 HF–2 at para 35(b).

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enhance security protocols, Huang was of the view that there was no need for a jointly managed account to be set up.[89]

37 Nonetheless, Huang asserted that, in view of Zhuang's insistence and repeated demands, he eventually agreed to set up the Joint Wallet on 26 February 2024 in order to maintain the Founders' "working relationship" and to "focus on more productive matters". However, as Huang remained concerned with Zhuang's alleged "criminal history", he decided to transfer only a portion of the Business's assets (*ie*, the 143.52 ETH) into the Joint Wallet.[90]

38 Third, in relation to Zhuang's allegation that Huang had sold 941.63 ETH from 16 October 2023 to 8 February 2024 in exchange for approximately 2.11m USDT without corporate authorisation, Huang asserted that such an allegation was entirely unfounded. He explained that the Business charged its service fees in USDT, though it constantly made investments in ETH. Conversions from ETH to USDT were therefore routinely undertaken by Huang in the ordinary course of business to "manage volatility and provide liquidity for payroll, contractor payments, infrastructure, marketing and other business expenses".[91] This was how the Business had been run from its inception, and Zhuang had allegedly been fully aware of such routine conversions.[92] The conversion of the 941.63 ETH to 2.11m USDT had therefore been undertaken "transparently and for legitimate purposes", and not without authorisation or for any other unlawful purpose.[93] In any case, the 941.63 ETH sold by Huang had

89 HF–2 at para 35(c).

90 HF–2 at para 38.

91 HF–2 at para 52(a).

92 HF–2 at para 52(a).

93 HF–2 at para 52(a).

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been converted into USDT at a price higher than that at which it had been acquired. Accordingly, no loss had been caused to the Companies or to Web3 Investments by those conversions.[94]

39 Fourth, in relation to the alleged shortfall of 515.96 ETH, Huang asserted that those assets did not belong to the Companies, but to Web3 Investments. In so far as any of those ETH had been received by him personally, Huang asserted that they formed part of his monthly compensation of 50,000 USDT.[95]

40 Fifth, in relation to Huang's alleged failure to provide proper accounts, Huang asserted that he is an engineer by training with no formal training or expertise in finance. He also contended that he was the individual bearing the primary responsibility for the day-to-day operations of the Business. Notwithstanding these constraints on his ability to prepare the accounts demanded by Zhuang, Huang had tried his level best to prepare and furnish them based on the information that was available to him at the time. Any failure on his part to provide proper accounts in the face of Zhuang's repeated requests was therefore not deliberate.[96]

The alleged removal of Zhuang's access to the Joint Wallet

41 On 20 April 2024, without the knowledge or consent of the Companies or Zhuang, Huang is alleged to have unilaterally used a backup private key to remove Zhuang's (and any other company personnel's) access to the Joint Wallet. This resulted in the Companies' assets, including the 143.52 ETH that

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94 HF–2 at para 52(b)(ii).

95 HF–2 at para 53.

96 HF–2 at para 59; RWS at paras 78–80.

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Huang had transferred into the Joint Wallet on 27 and 28 February 2024, coming under Huang's sole control again. Further, at or around the same time, Huang is also alleged to have removed Zhuang's access to several important company email addresses.[97]

42 In response to this, Huang asserted that he had no choice but to take back sole control of the assets and revoke Zhuang's access to the Joint Wallet to protect the Business.[98] Specifically, sometime in early 2024, Huang had discovered that Zhuang had set up a company named XStar Identity Ltd in the BVI ("XStar Identity"), which ran a business under the brand name "XStar".[99] Zhuang is the sole director of XStar Identity,[100] which had been incorporated in the BVI on 13 March 2024.[101] Huang asserts that the business that Zhuang has been running through XStar Identity under the "XStar" brand is in direct competition with that of the Companies and/or Web3 Investments.[102] Huang also asserted that Zhuang had: (a) induced and incited various employees of Web3 Investments and Wangsan to resign and join XStar Identity; (b) instructed those former employees to "misappropriate" various intellectual property belonging to Web3 Investments for the benefit of XStar Identity; and (c) built and promoted the "XStar" brand by misusing the Companies' and/or Web3 Investments's assets and publicity channels.[103]

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97 ZY–1 at paras 53 and 71–72.

98 HF–2 at para 46.

99 HF–2 at para 39; ZY–5 at para 26.

100 HF–2 at para 39 and p 707; ZY–5 at para 26.

101 ZY–5 at p 103.

102 HF–2 at para 39; HF–3 at para 25.

103 HF–2 at paras 39–45.

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43 In light of Zhuang's alleged conduct in relation to XStar Identity and the "XStar" brand, Huang asserted that his decision to remove Zhuang's access to the Joint Wallet and email addresses was entirely justified and taken in good faith with a view towards protecting the Business and the "Star Protocol" brand.[104]

The alleged misuse of the "Star Protocol" brand

44 Following Huang's removal of Zhuang's access to the Joint Wallet, Zhuang discovered that Huang had allegedly been using the Companies' funds and their "Star Protocol" brand for his personal benefit through various unauthorised marketing and giveaway campaigns.[105] For example, on 14 June 2024, an online campaign for a 3,000 USDT "airdrop" was published on the online platform "QuestN" under the "Star Protocol" brand.[106] Further, on or around 3 July 2024, another online campaign for a 1,000 USDT "airdrop" was published on the online platform "Taskon" under the "Star Protocol" brand.[107] None of the receipts or revenue from these campaigns have been accounted for by Huang.[108]

45 On 3 September 2024, Huang is also alleged to have used the "Star Protocol" brand name to back the listing of a new token with the ticker "$ANS" without authorisation from the Companies and/or their board of directors.[109] The $ANS token was listed and launched on two cryptocurrency trading platforms,

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104 HF–2 at para 46.

105 ZY–1 at para 59.

106 ZY–1 at para 59.

107 ZY–1 at para 60.

108 ZY–1 at para 60.

109 ZY–1 at para 61; ZY–5 at para 26(5).

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"Gate.io" and "MEXC". Huang is alleged to have applied for, and signed the relevant agreements pertaining to, the listing of the $ANS token with Gate.io and MEXC in the name of an entity that is unknown to Zhuang and the Companies.[110]

46 On 3 September 2024, the day of the launch of the $ANS token, 81 ETH was transferred from the Joint Wallet into a Gate.io account.[111] Further, on 16 September 2024, it was discovered that a further 62.52 ETH had been transferred out of the Joint Wallet into a Binance account. This meant that all of the 143.52 ETH that Huang had originally transferred into the Joint Wallet on 27 and 28 February 2026 had been exhausted.[112] It is Zhuang's case that this 143.52 ETH had been paid by Huang, who had sole access to and control over the Joint Wallet, as fees for the listing of the $ANS token despite such a listing never having been approved by the Companies or Zhuang.[113]

47 In response, Huang asserted that the airdrop campaigns were legitimate marketing initiatives carried out through an external professional marketing agency for the purposes of growing and promoting the "Star Protocol" brand.[114] The $ANS token also formed part of the "Star Protocol" brand, and its listing had been contemplated from the Business's inception.[115] Any outlay or expenses

110 ZY–1 at para 62.

111 ZY–1 at para 62.

112 ZY–1 at para 63.

113 ZY–1 at para 64.

114 HF–2 at para 57(b).

115 HF–2 at para 57(c).

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incurred in relation to these initiatives had therefore been incurred for entirely lawful and proper purposes with a view towards furthering the Business.[116]

The attempts at resolving the dispute

48 In April 2024, Zhuang instructed lawyers in Shanghai with a view towards resolving the dispute between him and Huang. Several attempts at resolving the dispute out of court were made by the Founders, as well as their respective Chinese lawyers, between April and July 2024. These attempts were unsuccessful.[117]

49 On 4 December 2024, Zhuang called for board meetings in respect of both Openmeta and Aster to "consider plans for [the Companies'] business going forward". Notices stating that the meetings were to be held on 18 December 2024 were issued to both Huang and Ge for each of the Companies.[118]

50 Huang and Ge did not attend the meetings on 18 December 2024.[119] On the same day, Zhuang sent notices to Huang and Ge indicating his intention to bring an application under s 216A of the CA for leave to commence an action in the name and on behalf of the Companies. In those notices, Zhuang stated that the purpose of the intended action was to prosecute claims against Huang for various breaches of duties in his capacities as director, CEO and/or employee of the Companies.[120] On 26 February 2025, Zhuang filed the present application.

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116 HF–2 at para 57(a).

117 ZY–1 at paras 73–78.

118 ZY–1 at para 79 and pp 347–348.

119 ZY–1 at para 82.

120 ZY–1 at para 83.

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The joinder application

51 On 19 June 2025, Huang filed HC/SUM 1724/2025 ("SUM 1724") to be added as a respondent to OA 183 under O 9 r 10(1) of the Rules of Court 2021. SUM 1724 was heard by an Assistant Registrar ("AR") on 7 July 2025 and dismissed on 21 August 2025. On 4 September 2025, Huang filed HC/RA 173/2025 ("RA 173"), appealing against the learned AR's decision in SUM 1724. Having heard the parties on RA 173 on 29 September 2025, I allowed the appeal with brief oral grounds on 8 October 2025 and permitted Huang to be added as a respondent to OA 183. Huang has since filed affidavits and submissions to oppose the present application.

The requirements under s 216A of the CA

52 The broad legal requirements that an applicant must fulfil in order to succeed in an application for leave to commence a derivative action under s 216A of the CA are (see *Syed Ibrahim Shaik Mohideen v Wavoo Abdusalam Shahul Hameed* [2023] 4 SLR 1106 ("*Wavoo*") at [12]; *Tan Chun Chuen Malcolm v Beach Hotel Pte Ltd* [2023] 3 SLR 1312 at [5]):

(a) First, the applicant must have the requisite *locus standi* to bring the application. To do so, he must show that he is a "complainant" as defined in s 216A(1) of the CA.

(b) Second, the applicant must have given 14 days' notice to the directors of the company of his intention to apply to the court under s 216A(2) if they do not bring or diligently prosecute the action (s 216A(3)(*a*) of the CA).

(c) Third, the applicant must show that he is acting in good faith (s 216A(3)(*b*) of the CA).

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(d) Fourth, it must appear to the court that it is *prima facie* in the interests of the relevant company that the action be brought (s 216A(3)(*c*) of the CA).

53 Huang did not argue that Zhuang lacked *locus standi* to pursue the present application, or that he had failed to give the requisite 14 days' notice.[121] I am satisfied that these requirements have been fulfilled. First, the requisite 14 days' notice as required under s 216A(3)(*a*) of the CA was sent to Huang and Ge on 18 December 2024 (see [50] above).

54 Second, in relation to the question of standing, Zhuang is a registered shareholder of Openmeta and is therefore a "member" with the requisite *locus standi* (s 216A(1)(*a*) of the CA). In relation to Aster, which is a company incorporated by guarantee (see [6] above), Zhuang is an executive director. Generally, it has been held that a director may qualify as a "proper person" under s 216A(1)(*c*) so long as he has a clear interest in how the company is being managed (see *Mytsyk, Viktoriia v Med Travel Pte Ltd* [2022] 5 SLR 510 ("*Med Travel*") at [18]–[19]; *Ganesh Paulraj v A&T Offshore Pte Ltd* [2019] SGHC 180 at [12]). Being a co-founder of the Business that Aster had been incorporated to execute, as well as a 50% shareholder of Aster's sole member, Web3 Investments, I am of the view that Zhuang has a clear interest in how Aster is being managed. The complaints advanced in the present application pertain to the alleged misappropriation of Aster's assets by its other executive director, Huang. A derivative action may well be the only means by which Aster's claims against Huang (if any) may be ventilated, owing to the provisions of Aster's constitution (see [18] above) and the unwillingness of Ge to be involved in the dispute (see *Med Travel* at [19]). In any case, to reiterate, counsel

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121 RWS at para 22.

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for Huang, Mr Tng Sheng Rong, did not seriously argue that Zhuang lacked standing to bring the present application *vis-à-vis* Aster.[122] Accordingly, I found that Zhuang was a "proper person" to bring the present application under s 216A(1)(*c*) of the CA in relation to Aster.

55 The parties, rightly in my view, focused their submissions on whether: (a) Zhuang was acting in good faith in bringing the present application; and (b) it is *prima facie* in the interests of the Companies that the proposed actions be brought. That is where I will now turn.

The parties' cases

Zhuang's case

56 The six matters raised by Zhuang, which are intended to form the basis of the claims he wishes to pursue against Huang in the name of the Companies, were summarised in his written submissions as follows:[123]

> (a) First, the 950,000 USDT that had been raised by way of the 2021 Fundraising. Specifically, Zhuang claimed that 591,050 USDT of that 950,000 USDT had been spent by Huang on the expenses of Wangsan, a company which allegedly has no connection to the Companies (see [19]–[24] above).
>
> (b) Second, the "stolen" amount of 150 ETH, which was transferred from Huang's personal wallet address to a destination wallet address, which Huang claimed was due to a security breach (see [25]–[28] above).

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122 RWS at para 22.

123 AWS at para 11.

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(c) Third, the 941.63 ETH which had been sold by Huang in exchange for approximately 2.11m USDT, and a further 515.96 ETH belonging to the Companies which remains missing and unaccounted for (see [34] and [38] above).

(d) Fourth, the removal of Zhuang's access to the Joint Wallet into which Huang had transferred the Companies' 143.52 ETH. All of the said 143.52 ETH has allegedly been wrongfully transferred out of the Joint Wallet by Huang (see [41]–[43] and [44]–[47] above).

(e) Fifth, the misuse of the Companies' "Star Protocol" brand name to back the listing of the new $ANS token on Gate.io and MEXC (see [45] above).

(f) Sixth, the failure to keep proper accounts of the Companies' cryptocurrency assets, which were at all material times under Huang's sole control, custody and management (see [33] above).

57 By reason of the abovementioned matters, Zhuang alleged that Huang has breached his duties *qua* director and CEO of the Companies.[124] Zhuang also alleged that Huang is liable: (a) in the tort of conversion and/or detinue in respect of the Companies' assets; (b) for breach of his duties as trustee of the Companies' assets, which arise at general law and/or the Trustees Act 1967 (2020 Rev Ed); and (c) in the tort of passing off by passing off his airdrop campaigns and $ANS token listing as those of the Companies.[125]

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124 ZY–1 at para 91.

125 ZY–1 at paras 93–104.

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Good faith

58 Zhuang submitted that he was acting in good faith in bringing the present application for three main reasons. First, Zhuang contended that that the Companies are unable to pursue their legitimate claims against Huang owing to the deadlock that exists at the board level of both Companies. Owing to the unreasonable reluctance of Huang and Ge to pursue these claims, Zhuang submitted that the only way in which the Companies will be able to vindicate their rights against Huang is through the mechanism of a derivative action.[126]

59 Second, Zhuang argued that there are no reasons to doubt that he has an honest and reasonable belief in the merits of the claims that he intends to bring against Huang in the name of the Companies. In this regard, Zhuang pointed to the transcript of the four recorded calls that took place between the Founders on 21 February and 11 March 2024, where Huang is alleged to have expressly admitted to: (a) commingling the Companies' assets with his own assets; (b) selling, trading and/or otherwise using the Companies' cryptocurrency assets without authorisation; and (c) refusing to prepare and deliver proper accounts pertaining to the Companies' activities.[127] Further, Zhuang argued that Huang has "literally admitted" in his affidavits to: (a) unilaterally locking Zhuang out of the Joint Wallet; and (b) launching the $ANS token without any corporate authorisation.[128]

60 Third, Zhuang submitted that, contrary to Huang's allegations, he was not bringing the present application for the collateral purpose of advancing his

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126 AWS at paras 30–31; Applicant's Further Written Submissions dated 19 December 2025 ("AFWS") at paras 36–37 and 46(1).

127 AWS at para 34; ZY–5 at para 41; AFWS at para 39.

128 AWS at paras 36–37.

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own personal interests. Instead, Zhuang submitted that his purpose in bringing the present application is to "seek a means of recovering losses suffered by the Companies". A derivative action is the only means by which they are able to do so, given the deadlock at both the board and member levels of the Companies.[129] He further submitted that the Companies' interests are aligned with his personal interests, given that the benefit of any recovery if the claims against Huang succeed would accrue to the Companies.[130] Lastly, Zhuang also submitted that his interests in XStar Identity and the "XStar" brand are irrelevant to the present application, given that they do not compete with, and are "entirely separate" from, the "Star Protocol" brand and the Companies.[131]

Prima facie *in the interests of the Companies*

61 Zhuang also submitted that the proposed actions are *prima facie* in the interests of the Companies. First, Zhuang submitted that his proposed actions against Huang are eminently reasonable, legitimate and/or arguable in light of what he perceives to be Huang's express admissions of wrongdoing in the 21 February and 11 March calls (see [30]–[33] above).[132] Next, Zhuang submitted that it is in the practical and commercial interests of the Companies for the proposed actions to be brought. The Companies stand to gain substantially in money or money's worth if the proposed claims against Huang are successful. Thus, Zhuang submitted that the benefits of the proposed actions substantially outweigh and justify the costs and efforts of pursuing the action against Huang.[133]

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129 AWS at paras 54–56.

130 AWS at paras 56–58 and 60; AFWS at para 46(2).

131 AWS at para 59; ZY–5 at para 26(2); ZY–6 at para 40(2); AFWS at para 46(3).

132 AWS at paras 63–64.

133 AWS at paras 65–67.

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Huang's case

Good faith

62 Huang submitted that Zhuang is not acting in good faith in bringing the present application for three reasons. First, Huang asserted that Zhuang has not been candid with the court about his knowledge of the Companies' operations and finances.[134] In this regard, the facts which Huang alleged Zhuang has failed to apprise the court of mostly relate to Huang's narrative of the events which have transpired (which I have set out in detail above).[135]

63 Second, Huang submitted that Zhuang has no honest or reasonable belief that the Companies have a good cause of action against Huang.[136] Specifically, Huang argued that the validity of the Companies' alleged claims against Huang is premised on the Companies owning the relevant assets, funds and brands that are alleged to have been misused and/or misappropriated. Huang asserted that this is an erroneous premise. The relevant assets, funds and brands were in fact owned by Web3 Investments, which the Companies "functioned entirely to support".[137] As the Companies themselves "did not themselves hold any assets", Huang argued that they could not have suffered any losses by virtue of his actions.[138] Huang also contended that Zhuang had always known of and accepted such an arrangement. By intentionally misdirecting these claims

134 RWS at para 28.

135 RWS at paras 29–31.

136 RWS at para 32.

137 RWS at para 33.

138 RWS at paras 33–36.

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through the Companies and disclaiming any knowledge of such an arrangement, Huang argued that Zhuang was not acting in good faith.[139]

64 Third, Huang argued that Zhuang is bringing the present application for a collateral purpose that is not in any way aligned with the Companies' interests.[140] The present application, Huang contended, was brought by Zhuang to serve his personal and commercial objectives, as is evident primarily from his activities relating to XStar Identity and the "XStar" brand (see [42] above).[141] In pursuing the present application, Huang argued that Zhuang was seeking to advance "his XStar brand at the expense of the [Companies and Web3 Investments] and the Star Protocol brand" by diverting Huang's time, effort and resources away from the "ongoing business being operated by Web3 Investments and the [Companies]".[142] Such a collateral purpose, Huang argued, "directly conflicts with the Companies' interests in protecting the Star Protocol brand, thereby evidencing [Zhuang's] bad faith".[143]

Prima facie in the interests of the Companies

65 Huang further submitted that the present application should also be dismissed on the ground that the proposed actions are not *prima facie* in the interests of the Companies. First, he argued that the Companies do not have any legitimate or arguable claims against him. Here, Huang repeated the argument that the Companies have not suffered any losses by virtue of the actions which

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139 RWS at paras 35–36.

140 RWS at para 37.

141 RWS at para 38.

142 RWS at para 39; HF–2 at paras 3 and 80–83; 3rd Respondent's Further Written Submissions dated 19 December 2025 ("RFWS") at paras 36 and 43–45.

143 RWS at para 42.

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he is alleged to have taken to the Companies' detriment.[144] He also asserted that, in any case, the six allegations advanced by Zhuang against him (set out at [56] above) all lack merit.[145] The factual bases for such an argument are based on Huang's version of the events that transpired which I have set out in detail above. I will not repeat them here.

66 Second, Huang asserted that there are compelling commercial and practical reasons as to why the present application should be dismissed. He argued that the proposed actions would "inevitably divert scarce resources and management attention away from the Companies' core business operations".[146] As Huang is "the sole individual responsible for the day-to-day running of the Companies", he asserted that the burden of defending such an action would "bring the business to a virtual standstill, with the attendant risk of lost commercial opportunities and significant reputational harm".[147] Quite apart from the harm that would be caused to the Companies, Huang also argued that permitting the proposed actions to proceed would allow Zhuang's own private ventures – namely, XStar Identity and the "XStar" brand – "to gain a clear competitive advantage" over the Companies and their "Star Protocol" brand.[148]

67 Third, Huang argued that there is an alternative remedy available to Zhuang which militates in favour of dismissing the present application. Specifically, he argued that the claims advanced in the present application in relation to Huang's alleged misuse and/or misappropriation of assets properly

144 RWS at para 44; HF–2 at para 85.

145 RWS at paras 45–90.

146 RWS at para 91.

147 RWS at para 91; HF–2 at para 87.

148 RWS at para 93.

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lie with their true owner – Web3 Investments – and not the Companies. Zhuang's attempt to "direct the claim through the Companies, rather than addressing the matter at the level of Web3 [Investments]", Huang argued, is "an improper use of [the] s 216A mechanism", which the court should take into account in dismissing the present application.[149]

The relevant legal principles

Good faith

68 The relevant legal principles pertaining to the requirements in ss 216A(3)(*b*) and 216A(3)(*c*) were not disputed by the parties. Starting first with the requirement of good faith in s 216A(3)(*b*), the onus is on the applicant to establish that the application is being pursued in good faith (*Ang Thiam Swee* at [23], citing *Tam Tak Chuen v Eden Aesthetics Pte Ltd* [2010] 2 SLR 667 at [12]). This is largely a subjective analysis that focuses on the intents and purposes of the applicant seeking leave to commence the derivative action (*Ang Thiam Swee* at [29]; see also *Chong Chin Fook v Solomon Alliance Management Pte Ltd* [2017] 1 SLR 348 ("*Chong Chin Fook*") at [56]).

69 As helpfully summarised by Ang Cheng Hock JC (as he then was) in *Jian Li Investments Holding Pte Ltd v Healthstats International Pte Ltd* [2019] 4 SLR 825 ("*Jian Li Investments*"), there are "two main facets" to the requirement of good faith. First, the applicant must honestly or reasonably believe that a good cause of action exists for the company to prosecute. Thus, an applicant may be found to lack good faith if it is shown that "no reasonable person in his position, and knowing what he knows, could believe that the

149 RWS at para 96.

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company had a good cause of action to prosecute" (*Jian Li Investments* at [42], citing *Ang Thiam Swee* at [29]).

70 Second, the applicant must not be bringing the derivative action on behalf of the company for a predominantly collateral or ulterior purpose. However, the existence of a collateral purpose is not fatal to an application *per se*, provided that the applicant is able to show that he is "genuinely aggrieved" and that his collateral purpose is sufficiently consistent with "doing justice to a company" (*Jian Li Investments* at [44], citing *Ang Thiam Swee* at [31]; see also *Pang Yong Hock* at [19]). In a similar vein, the mere existence of a hostile and fractious relationship between the disputants will not automatically result in a finding that the applicant lacks good faith. Feelings of dislike, ill-feeling or personal animosity between warring factions in a company are bound to be commonplace in applications for leave to commence a derivative action (*Jian Li Investments* at [45]; *Chong Chin Fook* at [54]; see also *Richardson Greenshields of Canada Limited v Kalmacoff et al* (1995) 22 OR (3d) 577 at 586–587, cited with approval in *Ang Thiam Swee* at [15]). It is only when the applicant is "so motivated by vendetta, perceived or real, that his judgment will be clouded by purely personal considerations", that the court may draw the inference that the applicant is not acting in good faith in pursuing the application (*Ang Thiam Swee* at [13]; *Pang Yong Hock* at [20]; *Jian Li Investments* at [45]).

71 Additionally, the requirement of good faith may also encompass considerations of the applicant's conduct in the proceedings by which he seeks leave to commence a derivative action. Specifically, the failure of an applicant to fully apprise the court of all material and relevant facts may be indicative of a lack of good faith (*Jian Li Investments* at [48], citing *Agus Irawan* at [9] and *Wong Kai Wah v Wong Kai Yuan* [2014] SGHC 147 at [66]).

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Prima facie in the interests of the company

72 I move to the requirement in s 216A(3)(*c*) that the proposed derivative action must appear to the court to be "*prima facie* in the interests of the company". To satisfy this requirement, the applicant must establish that the claim has "a reasonable semblance of merit and is not one which is frivolous, vexatious or bound to be unsuccessful" (*Jian Li Investments* at [49]; *Urs Meisterhans v GIP Pte Ltd* [2011] 1 SLR 552 ("*Urs Meisterhans*") at [25], citing *Pang Yong Hock* at [16]–[17]). The court faced with the application is only required to take a preliminary view on whether the intended action is likely to succeed. In this regard, the standard of proof is low and only the most unmeritorious claims will be culled (see [3] above; see also *Adip Mittal v Offshore Holding Co Pte Ltd* [2023] 4 SLR 946 at [17]).

73 The determination of whether bringing a claim is *prima facie* in the interests of the company requires an objective assessment of the merits of the intended action (*Jian Li Investments* at [53]). Quite apart from this, it is permissible to consider whether it would be in "the practical and commercial interests of the company" for the action to be brought (*Ang Thiam Swee* at [56]). Often, showing that the company will stand to gain substantially in money or money's worth if the intended action succeeds is sufficient (*Urs Meisterhans* at [25], citing *Agus Irawan* at [8]). As the Court of Appeal explained in *Pang Yong Hock* at [21] (affirmed in *Ang Thiam Swee* at [56]):

> A $100 claim may be meritorious but it may not be expedient to commence an action for it. The company may have genuine commercial considerations for not wanting to pursue certain claims. Perhaps it does not want to damage a good, long-term, profitable relationship. It could also be that it does not wish to generate bad publicity for itself because some important negotiations are underway.

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74 A non-exhaustive list of factors in the analysis of whether the intended action is in the interests of the company has been helpfully summarised in *Wong Lee Vui Willie v Li Qingyun* [2016] 1 SLR 696 at [50] (see also *Jian Li Investments* at [54]). I take this opportunity to elaborate on these factors:

(a) First, the costs and benefits of the intended action. This requires the court to consider the possible benefits which the company would receive from a successful claim, as against "the inconvenience, expense and adverse effects" that such a claim may cause the company concerned. In this regard, a bare assertion that the company's business operations would be affected by the grant of leave will often not suffice – otherwise, "every going concern entity will have a blanket immunity against any derivative action" (*Fong Wai Lyn Carolyn v Airtrust (Singapore) Pte Ltd* [2011] 3 SLR 980 at [85]).

(b) Second, the likelihood of success of any action. This pertains, as noted at [73] above, to the objective legal merits of the intended action. As the Court of Appeal noted in *Ang Thiam Swee* at [58], it cannot conceivably be *prima facie* in the interests of the company to bring an action which is "wholly without any legitimate or arguable basis".

(c) Third, the availability of alternative measures or remedies. In my judgment, the mere availability of such alternative measures or remedies is not a sufficient reason for the court to dismiss the application for leave to commence a derivative action. It must, as the Court of Appeal alluded to in *Pang Yong Hock* at [25], be the "more sensible and desirable solution" – for it is only where there is such a superior remedy or measure that it may not be in the *interests* of the company for the applicant to bring the derivative action on its behalf (see *Tam Tak Chuen*

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v Eden Aesthetics Pte Ltd [2010] 2 SLR 667 at [24]–[27]; *Teo Seng Hoe v IDV Concepts Pte Ltd* [2013] SGHC 269 at [49]–[51]; *Ting Sing Ning v Ting Chek Swee* [2008] 1 SLR(R) 197 at [28]–[31] (in the context of the common law derivative action)).

My decision: the application is allowed

The intended claims were in the interests of the Companies

75 Having considered the parties' submissions, I was of the view that the claims that Zhuang wishes to pursue on behalf of the Companies against Huang as set out at [56] above appeared to be *prima facie* in the interests of the Companies.

Huang's argument that the Companies have suffered no losses was rejected

76 I start with Huang's overarching argument that the Companies should not be permitted to pursue any of the claims put forward by Zhuang because the relevant assets which are the subject of each of those claims do not belong to the Companies (see [13], [22] and [39] above). I have described the argument as "overarching" as it was relied upon by Huang to argue that Zhuang had failed to satisfy both the requirements in ss 216A(3)(*b*) and 216A(3)(*c*) of the CA. On the strength of such an argument, Huang submitted that Zhuang could not have had an honest or reasonable belief that the Companies have a good cause of action against Huang (see [63] above). Further, on the same basis, Huang submitted that the intended claims are neither legitimate nor arguable, as the Companies had not suffered any losses by virtue of his alleged misconduct (see [65] and [67] above).

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77 Specifically, Huang's argument was that the Companies did not own the relevant assets, funds and/or brands that are alleged to have been misused and/or misappropriated by Zhuang. Instead, he took the position that those assets belonged to Web3 Investments. As set out at [13] above, Huang's position was that the Companies did not hold any assets or have any separate, standalone businesses of their own. They were merely "non-trading entities" that acted as "agents" or "vehicles" through which the business of Web3 Investments would be run. Similarly, Huang asserted in his written submissions that:[150]

> [T]he assets and brands of the business are owned and held by [Web3 Investments] at the holding company level. The Companies functioned entirely to support [Web3 Investments], but they did not themselves hold any assets as contemplated by [Zhuang] and [Huang].

78 This was an important point. If Huang were right, the Companies would have suffered no losses even if the allegations against Huang were subsequently made out. They would not be entitled to any relief, rendering the proposed derivative action an exercise in futility. It would follow that leave to commence the derivative proceedings must be refused, for it would not be in the interests of the Companies to pursue such an action. As Kan Ting Chiu J noted in *Law Chin Eng v Hiap Seng & Co Pte Ltd* [2009] SGHC 223 at [25], it is insufficient for an applicant to merely identify the relevant causes of action for the derivative action that he wishes to pursue on behalf of the company. He must also show that the company "had sustained or may sustain real loss or damage" because of the complained subject matter and that there are "some prospects of obtaining relief or redress through the proposed action" (see also *Jian Li Investments* at [49]).

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150 RWS at para 33.

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79 In my view, however, there was a critical difficulty with Huang's assertion that the Companies functioned exclusively to support Web3 Investments but did not themselves hold any assets or have separate, standalone businesses of their own. If that were in fact the case, there would have been no business for the Companies to operate or pursue if Web3 Investments ceased to exist as a corporate entity. However, the fact was that Web3 Investments had been dissolved on 2 May 2024, of which this court was belatedly informed by Huang, who had initially taken the factually erroneous position that Web3 Investments had been dissolved sometime in 2025 (see [10] above). Despite that, Huang argued in his written submissions that:[151]

> [T]here are compelling commercial and practical reasons why the Intended Action should not be permitted to proceed. The Intended Action would *inevitably divert scarce resources and management attention away from the Companies' core business operations*. As the evidence demonstrates, [Huang] is the sole individual responsible for *the day-to-day running of the Companies*. The burden of pursuing a protracted and complex legal action would *bring the business to a virtual standstill, with the attendant risk of lost commercial opportunities and significant reputational harm*.
>
> [emphasis added; references omitted]

A similar assertion has been made in Huang's affidavit, where he states that the present application should be dismissed as a derivative action would "divert scarce resources and management attention away from the [Companies'] business".[152]

80 It must follow from the position taken by Huang in his submissions and affidavit that the Companies have been continuing their core business operations at the present time. In addition, on Huang's own case, there are

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151 RWS at para 91.

152 HF–2 at para 87.

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"commercial opportunities" which are available to the Companies that could be at risk if the derivative action were to be pursued. If that is so, it could not be the case that the Companies functioned entirely to support Web3 Investments and had no business, assets or brands of their own, given that they had continued to operate after the dissolution of Web3 Investments.

81 In relation to the proposed claim against Huang as to the misuse of the 950,000 USDT raised by way of the 2021 Fundraising (see [56(a)] above), Huang also asserted that the Companies are the wrong parties to bring any such claims, as the 950,000 USDT was in fact owned by Web3 Investments. In so far as the Companies may have dealt with those assets, Huang argues that they did so as "agents" of Web3 Investments. In this regard, Huang refers to the Agency Clause in the SAFTs executed by Aster and asserts that the reference to "owner" in the Agency Clause in each of the SAFTs is in fact a reference to Web3 Investments (see [22] above).

82 The evidence before me, however, failed to clearly establish that the 950,000 USDT raised by way of the 2021 Fundraising was owned by Web3 Investments, as opposed to Aster, which was the token-issuing entity. To begin with, the identity of the "owner" of the tokens (as that phrase was used in the Agency Clause) was not specifically defined or disclosed in the SAFTs in question. The SAFTs did not even mention Web3 Investments once.[153] In contrast, clause 1 of the SAFTs made it clear that an investor who subscribed for the tokens would come under an obligation to make payment of the relevant amount of USDT "to Aster Foundation Ltd",[154] as opposed to Web3 Investments. Further, that Aster was the token-issuing entity is also supported

153 ZY–1 at pp 80–93; AWS at para 47(2).

154 ZY–1 at p 83.

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by a transcript of a WeChat conversation between one Sheng Chong (referred to by the parties as "Roger") and Zhuang. In that conversation, Roger states unequivocally that, as a token investor, he had never been informed by Huang that the relevant tokens would be issued by "another legal entity" other than Aster.[155] Lastly, on Huang's own case, the parties had allegedly agreed that the revenue of the Business would be booked into "the BVI company" (*ie*, Web3 Investments) as they "did not wish to pay taxes in Singapore".[156] If that were true, one would have expected that the 950,000 USDT which had been raised from the 2021 Fundraising would have been booked into Web3 Investments's accounts. There was, however, no evidence before me to that effect.

83 In my judgment, therefore, there was an arguable and legitimate case that the Companies, as opposed to Web3 Investments, owned the relevant assets, funds and brands that Huang is alleged to have misused and/or misappropriated. Huang's assertions to the contrary will have to be fully ventilated and considered in the context of any proceedings that may be commenced against him. Bearing in mind the "low" evidential threshold that applies in applications for leave to commence derivative actions (see [3] above), I was of the view that Huang's overarching argument in relation to the ownership of the relevant assets, funds and brands did not render the proposed claims in this case illegitimate and/or unarguable.

84 For these reasons, I also rejected Huang's argument that there was an alternative measure or remedy available to Zhuang for the claims that form the subject matter of the present application. Huang appeared to suggest that this alternative measure or remedy was to advance the present claims through Web3

155 ZY–1 at p 266.

156 RWS at para 11.

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Investments instead of the Companies (see [67] above). However, given that Web3 Investments had been struck off in its place of incorporation on 2 May 2024 (*ie*, the BVI), I found this argument to be a non-starter. Pursuing claims through Web3 Investments was not an *available* measure or remedy at all, let alone the "more sensible and desirable solution" (see [74(c)] above).

The individual claims that Zhuang wishes to pursue against Huang appeared to be prima facie in the interests of the Companies

85 I now turn to the six individual claims that Zhuang seeks to pursue against Huang as set out at [56] above.

(1) Huang's alleged misuse of the 950,000 USDT raised from the 2021 Fundraising

86 I start first with Zhuang's claim that Huang had allegedly breached his duties to the Companies by spending 591,050 USDT (of the 950,000 USDT raised from the 2021 Fundraising) on the expenses of Wangsan (see [56(a)] above). Based on the terms of the SAFTs, it would appear that the 950,000 USDT had in fact been owned by Aster. Any duty that Huang had breached by virtue of his actions in relation to the 950,000 USDT would therefore have been owed to Aster. I was of the view that it would be *prima facie* in the interests of Aster (or, for that matter, the Companies) for Zhuang to be permitted to advance this claim against Huang. To recapitulate, Huang holds 99% of the shares in Wangsan and is its sole director (see [21] above). Wangsan is therefore effectively owned and controlled by Huang, who did not dispute that he had in fact transferred the 591,050 USDT to Wangsan. His defence was that the 591,050 USDT had been spent for entirely legitimate purposes – namely, to pay for services rendered by Wangsan in relation to various outsourced work (see [23] above).

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87 In my judgment, before causing Aster to transfer what was a relatively substantial amount of its assets to Wangsan, it would have been incumbent on Huang – as a director and the CEO of Aster – to ensure that such payments were properly authorised by, or otherwise fully disclosed to, Aster. It is, after all, axiomatic that a director owes a fiduciary obligation to his company to avoid placing himself in a position whereby his duty to the company conflicts (or may conflict) with either his personal interests, or the interests of a third party (*Nordic International Ltd v Morten Innhaug* [2017] 3 SLR 957 at [53]; see also ss 156(1), 156(6) and 157(2) of the CA). Unless the company decides to subsequently ratify the director's actions, he can only avoid being in breach of the no-conflict rule if he makes full and frank disclosure of all material facts to all the shareholders and obtains their approval (*Traxiar Drilling Partners II Pte Ltd v Dvergsten, Dag Oivind* [2019] 4 SLR 433 at [106]; *Goh Chan Peng v Beyonics Technology Ltd* [2017] 2 SLR 592 at [51]).

88 While Huang asserted that the payment of 591,050 USDT to Wangsan was entirely proper and had been made for work that had been outsourced to it by the Companies and/or Huang, there was no clear evidence that the said payment had ever been disclosed to or approved by the Companies (or, for that matter, Web3 Investments). This was despite the fact that Wangsan was an entity that was almost wholly owned and controlled by Huang. In my view, the pursuit of an action to recover assets that were allegedly transferred from wallets held for the benefit of Aster pursuant to a related-party transaction must, on its face, be in its interests. I therefore found that it would *prima facie* be in the interests of the Companies for this head of claim to be pursued against Huang.

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(2) Huang's alleged misappropriation of 150 ETH

89 I turn next to the claim that 150 ETH had been transferred from a personal wallet of Huang to an unidentified destination wallet address, which Huang claimed had occurred without his knowledge or action and was the result of a "security breach" (see [56(b)] above). Zhuang asserted that the 150 ETH was an asset belonging to Aster which had been misappropriated by Huang. Huang, in contrast, took the position that all such assets were, in fact, owned by Web3 Investments. As I have explained above at [76]–[83], however, I was not persuaded by such an argument at this preliminary juncture. For substantially similar reasons as explained in that section of these grounds of decision, I did not think that Huang's assertion that the 150 ETH had in fact been owned by Web3 Investments sufficed to preclude Zhuang from bringing this head of claim against Huang on behalf of the Companies.

90 In my judgment, Zhuang's claim for the 150 ETH was not completely devoid of merit, and I did not think that there were reasonable grounds to preclude such a claim from being brought in respect of this matter. First, I noted that the SlowMist Report commissioned by the Founders had not established conclusively that the disappearance of the 150 ETH was due to a "security breach" as alleged by Huang (see [27] above). Apart from Huang's assertions on affidavit that the loss of the 150 ETH was attributable to a "security breach" which are "common across the industry", there was no evidence supporting Huang's version of events. On the other hand, it was undisputed that Huang had sole management, custody and control over the Companies' assets (see [15] above). Not least by virtue of his position as director of the Companies, Huang would at least have had a duty to exercise reasonable care, skill and diligence in the management of those assets which he held as custodian on behalf of the Companies (see *Ho Pak Kim Realty Co Pte Ltd v Ho Soo Fong* [2020] SGHC

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193 at [96], citing *Ho Yew Kong* at [134]; see also s 157(1) of the CA). The question of whether the loss of the 150 ETH was attributable to a "security breach" as opposed to Huang's misappropriation thereof, and whether the former amounted to a breach of Huang's duty of care, skill and diligence, raises legitimate and arguable issues that the Companies are entitled to have adjudicated at trial. I therefore found that this head of claim is *prima facie* in the interests of the Companies.

(3) Huang's alleged misappropriation of approximately 1457.59 ETH

91 Similarly, I was of the view that the claim in relation to Huang's alleged misappropriation of approximately 1457.59 ETH is *prima facie* in the interests of the Companies (see [56(c)] above). To recall, this claim arises out of two separate allegations advanced by Zhuang against Huang. First, Zhuang alleged that Huang had sold 941.63 ETH belonging to the Companies in exchange for 2.11m USDT without corporate authorisation. Second, Zhuang alleged that approximately 515.96 ETH belonging to the Companies, which were under Huang's custody, remains unaccounted for (see [34] above). Zhuang claimed that, to date, Huang has not accounted for the 1457.59 ETH (the sum total of the 941.63 ETH and 515.96 ETH) that had all along been in his possession, custody and/or control.

92 I start by noting that Zhuang had discovered the sale of the 941.63 ETH and the disappearance of the 515.96 ETH from the purported accounts that Huang had himself rendered to Zhuang on 27 March 2024 (see [34] above).[157] In response to this, Huang explained that the sale of the 941.63 ETH for 2.11m USDT had been conducted as part of the Companies' routine conversions of

[157] ZY–1 at para 52; AWS at para 11(3).

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ETH to USDT for legitimate business purposes. Huang further explained that, although the Companies charged their service fees in USDT, they made constant investments in ETH. The ETH acquired by the Companies would in turn be converted back into USDT for various operational requirements (see [38] above).

93 Huang's versions of events, however, appeared to be inconsistent with the documentary evidence. On Huang's own evidence, he had explained to Roger, a token investor, how "*users frequently paid* for [the Companies'] services *in ETH* for convenience and security" [emphasis added], while the "budgeting and expenses [of the Companies] were USDT-denominated", resulting in Huang having to "convert inflow ETH into USDT to meet [the Companies'] needs".[158] Yet, as noted above at [38] and [92], Huang's defence in the present application was that the Companies had charged its service fees in *USDT*, which they used to acquire ETH as investments. It was these ETH, purchased for the purposes of investment, that Huang had converted to USDT. Viewed together with Zhuang's assertion that customers of the Business would make payment to the Companies in ETH (and not USDT) for its services (see [15] above), I found that there were some doubts as to the veracity of Huang's defence, namely, that the 941.63 ETH had been sold as part of a longstanding practice of the Companies of making ETH-USDT conversions for entirely legitimate business purposes.

94 Quite apart from the abovementioned inconsistency in Huang's defence, I have considered the transcripts of the calls between the Founders on 21 February and 11 March 2024 (referred to at [30]–[33] above). I have also considered the relevant extracts of those transcripts as helpfully highlighted by

158 HF–2 at para 52(b)(i).

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counsel for Zhuang, Mr Alexander Yeo. The positions taken by Huang in those calls, in my view, lead to the conclusion that the claim that Zhuang wishes to bring in relation to the sale of the 941.63 ETH has a reasonable semblance of merit. For example, during the second call that took place between the Founders on 21 February 2024, Huang said the following to Zhuang:[159]

> When I looked at the figures you sent me, I felt something was off. At that moment, I had even forgotten about the cryptocurrency losses. Seeing such high figures, I thought, maybe it's because of the failed trades. Also, my family member was sick at the time, so I was really stressed out. In a rush, *I sold the Ethereum. After selling, I thought I could try some short-term trading to earn back as much as I could.*
>
> [emphasis added]

Further on in the transcript of the second call on 21 February 2024, the Founders are on record as having engaged in the following exchange:[160]

> Huang: *This issue is definitely that my practice is 100% wrong.* But I need to explain my reasons clearly to you.
>
> Zhuang: I don't understand. By doing this, how can I explain this to everyone? How do I explain this to the investors? … We can't raise funds, and investors won't see any money. Who am I supposed to explain this to?
>
> Huang: Originally, if Ethereum hadn't increased in value, the accounts wouldn't have been different by much.
>
> Zhuang: What do you mean it wouldn't have been different if it hadn't increased? Even if you had exchanged it for USDT, I could forgive that.
>
> Huang: *I did exchange it to USDT, then I did some short-term trading. I didn't make much money from short-term trades.*
>
> [emphasis added]

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159 ZY–1 at p 176.

160 ZY–1 at pp 181–182.

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95 These extracts (along with various others) from the second call between the Founders on 21 February 2024 provide some evidence that Huang had converted the Companies' ETH into USDT and thereafter engaged in short-term trading of their cryptocurrencies without their authorisation. It should also be noted that, to date, it remains unclear precisely what had occurred to the 2.11m USDT into which the 941.63 ETH had been converted. In my judgment, it was clear that Zhuang had a legitimate and arguable case in respect of the claim that he wished to advance in relation to the 941.63 ETH that had been sold by Huang.

96 In relation to the 515.96 ETH that also remains unaccounted for to date, Huang asserted that those assets did not belong to the Companies, but to Web3 Investments. For substantially similar reasons as those set out at [76]–[83] above, I was of the view that that argument did not pose an insuperable hurdle to the claims that Zhuang wishes to advance on behalf of the Companies. In respect of this claim, Huang had another arrow in his quiver, which was that, in so far as any of the 515.96 ETH had been received by him personally, it had formed part of his monthly compensation of 50,000 USDT "as agreed with Zhuang".[161] However, as Zhuang pointed out, Huang has tendered no clear evidence showing that the parties had in fact agreed to Huang drawing a monthly salary of 50,000 USDT for his roles in the Companies. Zhuang asserted that this was in fact a "complete fabrication" on Huang's part, stating that the Founders had in fact agreed to be renumerated 5,000 USDT monthly for work done.[162] To that end, Zhuang produced a screenshot of a conversation between the Founders evidencing such an agreement.[163] While I am of the view that the conversation does not clearly evidence that the Founders had agreed to a

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161 HF–2 at para 53.

162 ZY–5 at para 42(2).

163 ZY–1 at para 39 and p 203.

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monthly compensation of 5,000 USDT, the fact is that Huang had never raised the claim that he was entitled to a monthly compensation of 50,000 USDT during the second call on 21 February 2024, when the parties had been discussing the quantum of Huang's monthly compensation.[164] In the circumstances, I was of the view that Zhuang is entitled to pursue the claim for the missing 515.96 on behalf of the Companies.

(4) Huang's removal of Zhuang's access to the Joint Wallet containing 143.52 ETH and his alleged misuse of the Companies' "Star Protocol" brand

97 I turn now to the claim pertaining to Huang's removal of Zhuang's access to the Joint Wallet into which Huang had transferred 143.52 ETH belonging to the Companies (see [56(d)] above). I was of the view that this was not a claim that should be pursued by the Companies themselves against Huang. Such an action, if wrongful at all, would amount to a personal wrong committed by Huang against Zhuang, the vindication of which falls outside the province of a derivative action (*Ho Yew Kong* at [4] and [93]). However, in as much as the claim relates to the loss of the 143.52 ETH allegedly owned by the Companies, I was of the view that that part of the claim could be pursued. The removal of Zhuang's access to the Joint Wallet can, of course, be used to *evidence* that claim, though I say no more on that.

98 Specifically, in relation to the loss of the 143.52 ETH that had been transferred into the Joint Wallet by Huang, it was not disputed that all of those assets had been spent as fees for the listing of the $ANS token (see [46]–[47] above). Huang asserted that the claim pertaining to the loss of the 143.52 ETH was without merit as the $ANS token had formed part of the "Star Protocol"

164 ZY–1 at pp 178–179.

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brand, and its listing had been contemplated from the Business's inception. This argument, in my view, missed the point. Even if Huang's assertions were true, they did not go towards rebutting Zhuang's complaint, which is that the specific listing of the $ANS token, or the incurring of expenditure for such a purpose, had not been approved by the Companies. In fact, on Huang's own evidence, the counterparties to the agreement for the listing of the $ANS tokens on the Gate.io platform are Gate.io and one Believe God Limited, a BVI-incorporated company "established" by Huang sometime in 2024.[165] Even if it were to be assumed that the $ANS token had indeed formed part of the "Star Protocol" brand and that its listing had been contemplated from the Business's inception, that did not answer the question as to why 143.52 ETH owned by the *Companies* had been used to discharge liabilities incurred by a third party (*ie*, Believe God Limited) *vis-à-vis* Gate.io. I therefore found that there was a legitimate and arguable case that Huang had misused the 143.52 ETH by spending it on the listing of the $ANS token, despite such a listing never having been approved by the Companies and/or the Founders. For substantially similar reasons, I also found that Zhuang's claim against Huang in respect of the alleged misuse of the "Star Protocol" brand to back the listing of the $ANS token without proper authorisation (see [56(e)] above) had a reasonable semblance of merit.

(5) Huang's alleged failure to keep proper accounts

99 Finally, Zhuang sought to pursue a claim on behalf of the Companies for Huang's alleged failure to keep proper accounts of the Companies' cryptocurrency assets, which were at all material times under Huang's sole custody, care and management (see [56(f)] above). In this regard, that Huang had failed to keep proper accounts in relation to the Companies' assets was not

165 HF–2 at paras 8(d)–8(e) and pp 408 and 413–427.

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disputed. Huang's argument, instead, was that any such failure on his part had not been deliberate, bearing in mind his lack of training or experience on matters pertaining to corporate finance (see [40] above).

100 In my judgment, there was a reasonable semblance of merit to the claim that Zhuang wishes to pursue against Huang on behalf of the Companies for the latter's failure to keep proper accounts. Having assumed responsibility to manage the Companies' assets on their behalf, Huang, as a director of the Companies, would have owed them a duty to exercise reasonable care, skill and diligence in the management of those assets. As the sole and voluntary custodian of those assets, he was uniquely positioned to prepare and provide the accounts that had been requested by Zhuang on various occasions. In so far as Huang claimed that he did not have the requisite training, experience and/or knowledge to prepare those accounts, that is, strictly speaking, irrelevant. That is because the standard of care to which the law holds a director is *objective* – namely, whether he has exercised the same degree of skill, care and diligence as a reasonable director in his position. The law expects a minimum objective standard of conduct, which "will not be lowered to accommodate any inadequacies in the individual's knowledge or experience" (*Lim Weng Kee v Public Prosecutor* [2002] 2 SLR(R) 848 at [28]; see also *Ho Yew Kong* at [136], citing *Prima Bulkship Pte Ltd v Lim Say Wan* [2017] 3 SLR 839 at [43]–[44]). Therefore, I found that the claim against Huang for his failure to keep proper accounts had a reasonable semblance of merit.

Conclusion

101 In sum, I found that the claims sought to be pursued by Zhuang in the name of the Companies had a reasonable semblance of merit and were not frivolous, vexatious or bound to be unsuccessful. I also accepted Zhuang's

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argument that the Companies stood to gain substantially in money or money's worth if the proposed action were to succeed (see [61] above). Substantial amounts of the Companies' assets remained unaccounted for and/or otherwise missing, and the claims against Huang – which I have found to be legitimate and arguable – may result in those assets being restored to the Companies (or at least accounted for). The quantum of the proposed claims amounts in total to at least 1,607.59 ETH (worth approximately US$5.5m as at 13 November 2025). This does not include the 950,000 USDT which Zhuang also seeks to recover on behalf of the Companies through the proposed claims.[166] On the other hand, given that the Companies are dormant and deadlocked at both the member and board levels, they are effectively paralysed and unable to move forward. The potential benefits that may accrue to the Companies from a successful suit against Huang therefore outweigh the inconvenience, expense and adverse effects that may be caused to the Companies. Granting leave to Zhuang to pursue the claims in the name of the Companies against Huang would be *prima facie* in the interests of the Companies as required under s 216A(3)(*c*) of the CA, and I so found.

Zhuang was acting in good faith in bringing the present application

102 I turn now to the question of whether Zhuang is acting in good faith as required under s 216A(3)(*b*) of the CA. The requirement that the applicant must have been acting in good faith relates to his conduct in commencing the derivative action, and "not good faith generally in all past conduct of the applicant" (*Carolyn Fong* at [79] and [75]; see also *Jian Li Investments* at [46]). Further, while the inquiry as to whether an applicant is acting in good faith is conceptually distinct from the inquiry as to whether the proposed claims appear

166 AWS at para 67.

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to be *prima facie* in the interests of the company, the court is entitled – though not bound – to infer an answer to the former based on its findings as to the latter (see *Petroships Investment Pte Ltd v Wealthplus Pte Ltd* [2015] SGHC 145 ("*Petroships*") at [72]–[74]; see also *Ma Wai Fong Kathryn v Trillion Investment Pte Ltd* [2020] 5 SLR 1374 ("*Kathryn Ma*") at [31]). Indeed, as the Court of Appeal noted in *Pang Yong Hock* at [20], the "best way" of demonstrating good faith is to "show a legitimate claim which the directors are unreasonably reluctant to pursue with the appropriate vigour or at all".

103 Having considered the evidence, and given the objective merits of the proposed claims that Zhuang wishes to pursue against Huang on behalf of the Companies, I accepted that Zhuang had a reasonable and honest belief that the Companies had a good cause of action to prosecute against Huang (see [69] above). After all, the Companies were effectively paralysed from bringing any kind of action against Huang given that the Founders – the effective controllers of the Companies – were at loggerheads. As I have noted at [54] in relation to Aster, the provisions of the Companies' constitutions (set out at [18] above) are such that a derivative action will be the only realistic means by which the Companies can vindicate their rights against Huang.

104 The principal argument advanced by Huang against Zhuang's *bona fides* was that Zhuang had brought the present application for a collateral purpose. Huang pointed to Zhuang's activities *vis-à-vis* XStar Identity and the "XStar" brand (set out at [42] above) and argued that, in bringing the present application, Zhuang was attempting to advance the interests of XStar Identity and the "XStar" brand by diverting Huang's time, efforts and resources away from the ongoing business operated by the Companies (see [64] above). Huang also argued that Zhuang, in pursuing this application, was acting in furtherance of a "personal vendetta" against Huang. These facts, Huang argued, pointed to the

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conclusion that the actions which Zhuang intends to pursue on behalf of the Companies are intended to serve Zhuang's "personal, not corporate, ends".[167]

105 Zhuang, in response, denied that XStar Identity is a competitor to the business of the Companies. He asserted that XStar Identity and its "XStar" brand are part of "an entirely separate project developed by [himself], funded with [his] own personal funds", and sells "a markedly different product".[168] He explained that he had set up XStar Identity following the breakdown in his relationship with Huang in March 2024, given that the Companies (and the Business) had been paralysed as a result of the extant deadlock at both the member and board levels.[169] Zhuang also denied Huang's allegations that he had: (a) induced and incited Web3 Investments's and Wangsan's employees to join XStar Identity; (b) instructed those employees to "misappropriate" intellectual property belonging to Web3 Investments for the benefit of XStar Identity; and (c) built and promoted the "XStar" brand by misusing the Companies' and/or Web3 Investments's assets and publicity channels.[170]

106 In my judgment, no wrongdoing has been conclusively established against Zhuang in relation to XStar Identity. The question as to whether the business of the Companies is in fact in competition (whether directly or indirectly) with that of XStar Identity was hotly contested by the parties.[171] This was a question of fact which I found inappropriate to resolve on the basis of affidavit evidence, without the benefit of cross-examination. Further, even if

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167 RWS at para 41.

168 ZY–5 at paras 10(3) and 26(2).

169 ZY–5 at paras 26(1) and 26(4).

170 ZY–5 at para 26.

171 ZY–5 at para 26; HF–3 at paras 19 and 24–26; ZY–6 at paras 32 and 37–41; AFWS at paras 22–25; RFWS at paras 35–50.

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Huang's allegations against Zhuang *vis-à-vis* the poaching of employees and the "misappropriation" of intellectual property were true, those matters pertain to alleged wrongdoing against Web3 Investments and Wangsan, which are distinct legal entities from Aster and Openmeta. It is therefore difficult to see how those matters have a bearing on Zhuang's *bona fides* in relation to the present application, which, if allowed to proceed, would vindicate wrongs done against the Companies. Therefore, even assuming that the allegations of wrongdoing against Zhuang were true, I found them to be distinct and unrelated to Huang's breaches of duties which Zhuang was seeking to prosecute on behalf of the Companies through the present application (see *Carolyn Fong* at [79] and *Jian Li Investments* at [46]; see also [102] above).

107 In any event, even if Zhuang indeed had a collateral purpose of advancing and promoting XStar Identity and the "XStar" brand, the court should be slow to find that the application had not been brought in good faith so long as the Companies' and Zhuang's interests are aligned. As I have noted above at [70], the existence of a collateral purpose *per se* is insufficient to ground a finding that an applicant is not acting in good faith, unless such a collateral purpose is at odds with, or runs counter to, the company's interests (*Wavoo* at [69], citing *Kathryn Ma* at [31]). In my view, the pursuit of a derivative action to recover a relatively substantial amount of cryptocurrencies that had allegedly been lost, misused and/or otherwise misappropriated by Huang from wallets which he controlled on behalf of the Companies was, on its face, in the interests of the Companies. That was so even if Zhuang had the collateral purpose of advancing and promoting the interests of XStar Identity in bringing the present application, which in any event has not been made out at this stage of the proceedings. In any case, even if such an allegation were to be made out

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subsequently, it would remain open to Huang to take steps to pursue claims against Zhuang accordingly.

108 I was therefore satisfied that Zhuang was acting in good faith in bringing the present application as required under s 216A(3)(*b*) of the CA.

Conclusion

109 For the foregoing reasons, I granted an order in terms of prayers 1 and 2 of OA 183. Zhuang was granted leave to commence proceedings in the name and on behalf of the Companies against Huang in respect of his alleged "breaches of fiduciary and other duties owed by Huang to the [Companies] arising out of or in connection with Huang's position as a director, [CEO] and/or employee" of the Companies.[172] Zhuang was also authorised to have full charge and control over the conduct of such proceedings to be commenced against Huang, as well as any execution proceedings thereafter.[173]

110 Zhuang also prayed for Huang to pay the reasonable legal fees and disbursements incurred by him in connection with any proceedings that may be commenced as a result of the orders made herein.[174] I was not inclined to make such an order. In my judgment, the question of which party should bear the costs of the aforesaid proceedings would be best left to the court hearing them. I therefore made no order as to prayer 3 of OA 183.

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172 Originating Application No 183 of 2025 filed on 26 February 2025 ("OA 183") at para 1.

173 OA 183 at para 2.

174 OA 183 at para 3.

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111 On the issue of costs, counsel for Zhuang indicated that disbursements of $7,520.30 had been incurred for this application. He sought $50,000 in costs inclusive of the $7,520.30 in disbursements. Counsel for Huang proposed a sum of $20,000, inclusive of disbursements. In my judgment, the legal issues that arose in this case, while involved, were not particularly complex. Nonetheless, the factual issues were not entirely straightforward and required a fair amount of review and argument. In the circumstances, I was of the view that costs of $25,000 (all-in) should be paid by Huang to Zhuang, and I so ordered.

Sushil Nair
Justice of the Court of Appeal

Yeo Alexander Lawrence Han Tiong, Yeoh Tze Ning and Pek Yu Chin (Allen & Gledhill LLP) for the applicant;
The first and second respondents absent and unrepresented;
Tng Sheng Rong, Zheng Yirong and Tan Kay Shin (Rajah & Tann Singapore LLP) for the third respondent.

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