

CBL Corporation Limited (In Liquidation) ('Company')

Company No. 3888838

7 June 2019 | 01148

1 Introduction

The liquidation of the Company commenced on 13 May 2019 at 10.12am when the High Court at Auckland appointed Neale Jackson and Brendon Gibson, Accredited Insolvency Practitioners, Joint and Several Liquidators in accordance with Section 241(2)(c) of the Companies Act 1993.

The Liquidators and KordaMentha are independent of the Company. The Liquidators' Declaration of Independence is attached as **Appendix A**.

2 Restrictions

This report has been prepared by us in accordance with and solely for the purposes of Section 255(2) of the Companies Act 1993.

In compiling this report, we have relied on the accuracy of all relevant information provided by the Company. We have not independently audited or verified that information and express no opinion on its accuracy, completeness or reliability.

We do not accept any liability whatsoever from this report.

All information contained in this report is for the confidential use of the parties to which it is provided in accordance with Section 255(2) of the Companies Act 1993 and is not to be disseminated or passed to any other person without prior written authority or in accordance with law.

We reserve the right (but will be under no obligation) to review this report and if we consider it necessary to revise the report in light of any information existing at the date of this report which becomes known to us after that date.

3 Background

The Company was incorporated on 18 June 2012. It is the ultimate parent company of the CBL Group of companies.

The Company is publicly listed. It listed on the New Zealand Stock Exchange ('NZX') and the Australian Stock Exchange ('ASX') on 12 October 2015.

The group includes a number of trading subsidiaries operating globally in the business of insurance and re-insurance services. The group was an integrated and international credit surety and financial risk insurer, with a focus on offshore construction and property industries. The group carried on business in New Zealand and offshore, generally through subsidiaries in local jurisdictions and throughout the UK, Europe and Australia. The group built up an international distribution network, establishing eight offices in four continents and writing business in 25 countries. Underwriting, accounting, treasury, claims and management were all run from the Company's head office in Auckland.

Two of the group's subsidiaries provided re-insurance and insurance. All re-insurance services were carried out by CBL Insurance Limited (In Liquidation) ('CBLI'). CBL Insurance Europe (In Administration) ('CBLIE') carried out the business of insurance in Europe. Both CBLI and CBLIE are under the control of other insolvency practitioners.

The Company was placed in Voluntary Administration ('VA') on 23 February 2018. During the VA period the Administrators commenced sale processes for some of the group's businesses.

An explanation of what happened in the VA can be found in the Administrators' final report, which is available at kordamentha.com or on the Companies Office website.



4 Distribution of reports

The High Court has approved the Liquidators distributing this report and future reports to:

1. Creditors, by sending each report to creditors by post or email (where permitted); and
2. Shareholders, by posting a copy of each report on the KordaMentha website (in addition to the reports being submitted to the Companies Office). Reports will not be sent directly to shareholders, to reduce costs in the liquidation.

The High Court order approving the distribution of reports to shareholders in this manner, and the related Court application, can be found in the CBL section of the KordaMentha website. Creditors should note that the High Court granted leave for any shareholder to apply to the Court within 15 working days of the date of this report to have the orders varied or set aside.

5 Statement of financial position as at the date of liquidation

It is not possible to provide a reliable summary of the Company's financial position at the date of liquidation. Its financial position depends on the position of its subsidiaries, some of which are subject to other insolvency processes.

5.1 Assets

We cannot reliably estimate the value of the Company's assets at the date of this report. The amount that can be recovered from the Company's subsidiaries is the key driver of the value of the Company's assets. At the date of this report we cannot reliably determine that value, primarily because two of the Company's largest subsidiaries are under the control of other insolvency officials.

5.2 Liabilities

5.2.1 Preferential Creditors

Based on claims filed during the VA, we estimate that the Company has preferential creditors of \$566,766. These claims will be assessed in the liquidation.

5.2.2 Secured Creditors

The Company owes \$6,617,438 to secured creditors.

5.2.3 Unsecured Creditors

Based on claims filed during the VA, we estimate that the Company has unsecured creditors of \$172,801,592. This includes intercompany liabilities of \$26,195,740.

Unsecured creditors need to file claims in the liquidation, so claims can be assessed.

Attached at **Appendix B** is a list of known creditors.

6 Proposed conduct of the liquidation

The proposed conduct of the liquidation involves the Liquidators continuing with the sale processes for some of the Company's assets. The liquidation of the Company will also involve:

- Investigations into voidable transactions (if any).
- Investigations into the events that resulted in the Company becoming insolvent and the conduct of past and present officers of the Company. This may include whether the directors have traded recklessly or incurred obligations without reasonable grounds to believe that they would be able to perform the obligation when required to do so.
- Payment of any proceeds.

Should any creditors have any information or any matter that they feel warrants an investigation, please advise us in writing.



7 Creditors' meeting

The Liquidator proposes pursuant to Section 245 of the Companies Act 1993 to dispense with the meeting of creditors. This decision has been made on the basis that it would add unnecessary costs to the liquidation.

However, if creditors wish to have a meeting then written notice should be sent to the Liquidators' offices within 10 working days of receiving this notice.

Please note that, pursuant to Section 314 of the Act, creditors are advised that at any time in the course of the liquidation, the Liquidators will, at the request in writing of any creditor or shareholder, call a meeting of creditors for the purpose of appointing a Liquidation Committee.

8 Unsecured creditor's claim form

An unsecured creditor's claim form is enclosed. We request that creditors complete this form and return it to our office, together with supporting documentation, to register a claim.

Creditors who filed a claim in the Company's VA need to file a new claim now. Creditors should update the amount of their claim to the amount they were owed at the date of liquidation.

If you believe that you hold a security for your claim, please contact us for the appropriate form.

9 Liquidators' remuneration

The Liquidators will be paid for their work by charging fees on an hourly basis, according to the number of hours they and their staff spend working on the assignment.

The High Court has approved the hourly rates that the Liquidators can charge for this assignment. Those rates are attached to this report at Appendix C. The relevant High Court order can be found in the CBL section of the KordaMentha website. In respect of this Court order, creditors should note that:

1. The Court order provides that any creditor may apply within 15 working days of the date of this report to have the order varied or set aside.
2. Section 284(1)(e) of the Companies Act provides a process by which creditors (and other specified people) can apply to Court for a review of the Liquidators' remuneration.

The Liquidators will provide creditors with a detailed account of their fees in subsequent reports.

10 Estimated date of completion of liquidation

The nature of the events surrounding the CBL group and its insolvency mean that the liquidation is likely to be long and complex. It is too early to assess the date by which the liquidation will be finished.

Should you have any queries regarding the liquidation of the Company, please do not hesitate to contact Alistair McDermott of this office.

Yours faithfully



Neale Jackson
Joint and Several Liquidator



Appendix A

CBL Corporation Limited (In Liquidation) (‘the Company’)

Declaration of Independence

In accordance with the Code of Professional Conduct of the Restructuring, Insolvency and Turnaround Association of New Zealand

Declaration of Independence

- Neale Jackson and Brendon James Gibson, Joint Liquidators and Accredited Insolvency Practitioners, confirm they have undertaken a proper assessment of the risks to Independence associated with their appointment over the Company in accordance with the law, the Code of Professional Conduct (‘the Code’) and the applicable professional standards;
- The Liquidators have evaluated the significance of any real or potential risk to Independence and taken such action as is necessary to preserve their Independence; and
- In all cases, the Liquidators are not otherwise aware of any impediments to taking the appointment.

Declaration of Relationships

1. Circumstances of Appointment
 - The Liquidators were appointed Voluntary Administrators of CBL Corporation Limited (In Liquidation) and nine related companies on 23 February 2018.
 - On 13 May 2019, the Court appointed Neale Jackson and Brendon Gibson to act as liquidators of the Company (pursuant to s241 (2)(c) of the Companies Act 1993).
2. Relevant Relationships (excluding professional services to the Company)
 - ANZ Bank New Zealand Ltd (‘ANZ’) is a secured creditor of the Company. The Liquidators have a continuing business relationship with ANZ. The Liquidators do not believe their relationship with ANZ compromises their ability to properly discharge their duties as the Company’s liquidators. The High Court ordered that the Liquidators may be appointed despite this continuing business relationship. The relevant High Court order and the related Court Application can be found in the CBL section of the KordaMentha website.
 - The Liquidators did not identify any other relevant relationships (personally or via KordaMentha).
3. Prior Professional Services to the Insolvent
 - None other than those disclosed elsewhere in this Declaration.
4. No Other Relevant Relationships to Disclose
 - There are no other relevant relationships that the Liquidators should disclose.

Declaration of Indemnities and Upfront Payments

The Liquidators disclose:

- The Liquidators did not receive an indemnity or upfront payment from any party in relation to the liquidation of the Company.

Dated: 7 June 2019



Neale Jackson
Joint Liquidator



Brendon Gibson
Joint Liquidator



Appendix B

List of creditors

Creditor	Address
Acumen Republic	Po Box 24-144 Manners Street, Wellington 6142
ANZ Bank NZ Ltd	23-29 Albert Street, Auckland, 1010, New Zealand
ANZ Banking Group Ltd	100 Queen Street, Melbourne, Victoria 3000
Bank of China (New Zealand) Limited	205 Queen Street, Auckland, New Zealand
Carden Mulholland	
CBL Corporate Services Ltd	KordaMentha, PO Box 962, Auckland 1140
CBL Insurance Ltd	McGrathNicol, PO Box 106-733, Auckland 1143
CMS Cameron McKenna LLP (France)	2 Rue Ancelle, 92522 Neuilly-sur-Seine Cedex, France
CMS Cameron McKenna LLP (UK)	Cannon Place, 78 Cannon Street, London, UK
Computershare Investor Services Limited	Private Bag 92119, Auckland 1142
Deloitte Limited	Private bag 115-033 Auckland, 1140
Financial Markets Authority	2 Takutai Square, Britomart, Auckland
First NZ Capital	23-29 Albert Street, Auckland
Forsyth Barr	Level 21, 157 Lambton Quay, Wellington
Greenpark Holdings Limited	Po Box 3710, Shortland St, Auckland 1140
Industrial and Commercial Bank of China (New Zealand) Limited	188 Quay Street, Auckland, New Zealand
Jennah Wootten	
KPMG Luxembourg	39 Avenue John F. Kennedy, L-1855, Luxembourg
Mark Christer	
Michael Parrott	
NZX Limited	PO Box 2959, Wellington 6140
Odgers Berndtson	Level 1, 124 Walker Street, North Sydney, NSW 2060
Orient Capital PTY Limited	680 George St, Sydney NSW 2000
Peter Harris	
PSPIB/CPPIB Waiheke Inc	Po Box 5346, Wellesley St Auckland 1141
Senescall Akers Limited	Level 5, 3-13 Shortland St, Auckland
SZC Consulting	Bourbon Court, Nightingales Corner, Bucks, HP79QS UK

Appendix C

Liquidators' Remuneration

The High Court approved the following hourly rates for this liquidation.

	General description of experience	Hourly rate (GST exc.)
Partner	Extensive specialised experience and expertise across relevant engagement. Acts as the senior responsible person on client engagements. CA/Tertiary qualified.	\$640
Executive Director	Substantial professional experience in their specialised field. Tertiary qualified with appropriate professional accreditation.	\$585
Director	Substantial professional experience in their specialised field. Tertiary qualified with appropriate professional accreditation.	\$545
Associate Director	Established commercial and professional skills, and thorough technical knowledge. Tertiary qualified with appropriate professional accreditation.	\$475
Manager	Strong commercial and professional skills, and technical knowledge. Tertiary qualified with appropriate professional accreditation.	\$400
Executive Analyst	Day to day experience, relevant commercial and professional skills, some experience with similar engagements and certain technical knowledge. Tertiary qualified, likely with appropriate professional accreditation.	\$300
Senior Business Analyst	Day to day experience of commercial and professional skills, and technical knowledge. Tertiary qualified, likely with appropriate professional accreditation.	\$280
Business Analyst	Graduate level personnel. Tertiary qualified.	\$250
Administrative Staff		\$90