

Deposit Power Limited (In Liquidation) (the 'Company')

Company No. 5413982

21 December 2018 | 10316

1 Introduction

Neale Jackson and Brendon James Gibson, Accredited Insolvency Practitioners, were appointed Joint and Several Liquidators of the abovenamed Company by a resolution of creditors on 18 December 2018 under Section 241(2)(d) of the Companies Act 1993 ('the Act').

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

This is our first report to creditors.

2 Restrictions

This report is not intended for general circulation, nor is it to be reproduced or used for any purpose other than that outlined above without our written permission in each specific instance. We do not assume any responsibility or liability for any losses occasioned to any party as a result of the circulation, publication, reproduction or use of this report contrary to the provisions of this paragraph.

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 4 August 2014 and is part of the CBL Corporation Limited (**CBLC**) group of companies. The Company was a non-trading dormant entity. We understand it has never traded.

The Administrators were appointed to the Company, CBLC, LBC Holdings New Zealand Limited, LBC Holdings Americas Limited, LBC Holdings Europe Limited, LBC Holdings Australasia Limited, LBC Treasury Company Limited, CBL Corporate Services, South British Funding Limited and LBC Holdings UK Limited (all Administrators Appointed) (together the 'Companies') on 23 February 2018. All ten Companies are New Zealand companies.

We applied to the Court in March 2018 under Section 239AT of the Act to extend the watershed meeting of Deposit Power and the other CBL group companies. On 23 March 2018 Justice Hinton granted leave to extend the convening period until 11 May 2018, and the watershed meeting date to 18 May 2018.

In May 2018 two of the directors of CBLC put forward a restructuring proposal. To provide time to consider the proposal we made a further application to the Court on 9 May 2018 under Section 239AT of the Act to extend the watershed meeting of Deposit Power and the other holding companies. On 10 May 2018 Justice Hinton granted leave to extend the convening period until 10 August 2018, and the watershed meeting date to 17 August 2018 so that the restructuring proposal could be developed.

An extension was not sought for CBLC and the Administrators convened and duly held the watershed meeting for CBLC on 18 May 2018. The Administrators adjourned the watershed meeting as it became apparent that, at that point in time, there would be a voting stalemate in relation to the resolutions required to be put forward (either placing the company into liquidation or handing control of the company back to its directors). Whilst the necessary 75% of creditors by value would have supported the resolution to put the company into liquidation at that point in time, a majority by number would not have been achieved which would have caused the liquidation resolution to fail. Related party creditors were a factor. The watershed meeting was adjourned to be held no later than 2 July 2018. In June 2018 the Court granted a further adjournment of the watershed meeting of CBLC to 17 August 2018. This aligned the watershed meeting date for CBLC with that of the subsidiaries.



As the restructuring proposal put forward by two of the directors may have had implications for Deposit Power and the other subsidiaries we sought further extensions of the convening period of their watershed meetings. On 27 July 2018 Justice Hinton granted leave to extend the convening period to 10 November 2018, and the watershed meetings date to 17 November 2018.

The watershed extension applications had aligned the dates of the watershed meetings with the expected resolution of the status of one of CBL's largest subsidiaries, CBL Insurance Ltd (CBLI). CBLI was in interim liquidation and a hearing to determine whether it would be permanently placed into liquidation was adjourned a number of times, necessitating deferral of the watershed meetings for the companies in administration.

The outcome for CBLI was a key consideration in assessing the potential options for the group, including the restructuring plan that was proposed by two of CBL's directors. The Administrators had been working to progress the restructuring plan which could have been implemented through a voluntary administration of CBLI, to avoid it being placed into liquidation.

The CBLI liquidation hearing date was subsequently timetabled to start on 12 November 2018 in the High Court, requiring a further extension of the watershed meeting convening period to 11 December 2018, and the meeting date to 18 December 2018.

In the Administrators' view a restructuring plan implemented through a voluntary administration offered the potential to deliver a better outcome for CBLI's creditors and creditors of the wider CBL group companies. Ultimately however two of CBLI's major creditors did not support voluntary administration, which is their right. CBLI was placed in liquidation on 12 November 2018.

The Company's creditors resolved to place the Company in liquidation on 18 December 2018.

CBL Corporate Services and South British Funding Limited creditors resolved to place these companies in liquidation on 18 December 2018.

LBC Holdings New Zealand Limited, LBC Holdings UK Limited, LBC Holdings Europe Limited, LBC Holdings Australasia Limited, LBC Treasury Company Limited creditors resolved that these companies execute deeds of company arrangement (**DOCAs**) that were tabled at the watershed meeting of those companies also held on 18 December.

CBL Corporation Limited remains in administration.

4 Statement of financial position as at the date of liquidation

As noted above the Company is dormant and has never traded. The Company had no assets or liabilities as at our appointment, however, the Company guarantees the indebtedness owing to the bank lenders to CBL Corporation Limited (Administrators appointed).

4.1 Liabilities

We summarise the creditor position of the Company in the context of liquidation below.

4.1.1 Preferential creditors

The Company had no staff and there were no sums owing to preferential creditors at the date of our appointment.

4.1.2 Secured creditors

There were no sums owing to secured creditors at the date of our appointment.

There were no registrations on the Personal Properties Securities Register against the Company.

4.1.3 Unsecured creditors

We have received creditor claims totalling \$145 million from the bank lenders to the CBL Group. They have guarantees from other group companies and are likely to receive repayments from those other companies as assets are sold. It is likely the bank group's claims against the Company will reduce as a result of these repayments.

5 Proposed conduct of the liquidation

The proposed conduct of the liquidation of the Company will involve:



- Pursuit of voidable transactions (if any).
- Recoveries from past and present officers of the Company for breaches of duty to the Company (if any). This may include where 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 to creditors in the statutory order.

6 Creditors' meeting

The Liquidator is not required to summons a meeting of creditors, pursuant to section 243(11) of the Act.

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.

7 Unsecured creditor's claim form

If your claim has changed or you have not submitted a claim form during the Company's voluntary administration, you will need to submit a new claim bringing the amount you are owed up to date at the date of liquidation. An unsecured creditor's claim form is enclosed for your convenience. We request that this be completed and returned to our office together with supporting documentation to register your claim in the liquidation.

We hereby fix 30 January 2018 as the date on or before which creditors of the Company are to make their claims and to establish any priority their claims may have under Section 312 of the Companies Act 1993, or to be excluded from the benefit of any distribution made before the debts are proved or, as the case may be, from objecting to the distribution.

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

Should you have any queries relating to these claim forms please contact Alistair McDermott.

8 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 actually spend working on the assignment.

KordaMentha's standard hourly rates, which will apply to this assignment, are as follows:

	General description of experience	Hourly rate
Partner	Extensive specialised experience and expertise across relevant engagement. Acts as the senior responsible person on client engagements. CA/Tertiary qualified.	\$625
Executive Director	Substantial professional experience in their specialised field. Tertiary qualified with appropriate professional accreditation.	\$575
Director	Substantial professional experience in their specialised field. Tertiary qualified with appropriate professional accreditation.	\$530
Associate Director	Established commercial and professional skills, and thorough technical knowledge. Tertiary qualified with appropriate professional accreditation.	\$450
Manager	Strong commercial and professional skills, and technical knowledge. Tertiary qualified with appropriate professional accreditation.	\$365
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.	\$225
Business Analyst	Graduate level personnel. Tertiary qualified.	\$150

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



9 Estimated date of completion of liquidation

We will provide an estimated date for the completion of the liquidation in our next report.

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

Yours faithfully

A handwritten signature in black ink, appearing to be 'NJ', with a long horizontal flourish extending to the right.

Neale Jackson
Joint and Several Liquidator



Appendix A

Deposit Power Limited (5413982)
South British Funding Limited (5481482)
CBL Corporate Services Limited (3755461)
(All 'In Liquidation') ('the Companies')

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 Companies in accordance with the law, the Code of Professional Conduct ('the Code') and the applicable professional standards;
- The Liquidators have determined that the assessment identified no real or potential risks to Independence;
- 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 the Companies on 23 February 2018.
 - Prior to 23 February 2018 the Liquidators had no prior discussions or involvement with the Companies or the Directors.
 - Between 23 February 2018 and 18 December 2018, the Liquidators were the Administrators of the Companies.
 - No matters were discussed prior that presented a conflict that would prevent the Liquidators from undertaking the appointment.
2. Relevant Relationships (excluding professional services to the Companies)
 - There are no relevant relationships between the Liquidators and the Companies.
3. Prior Professional Services to the Insolvent
 - No other professional services were provided prior to the appointment as Administrators.
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 Companies.

Dated: 18 December 2018



Neale Jackson
 Joint Liquidator



Brendon Gibson
 Joint Liquidator



Appendix B

Deposit Power Limited (In Liquidation)

Creditors Name & Address Listing

Creditor	Address		
ANZ Bank NZ Limited	ANZ Centre	23-29 Albert St	Auckland
ANZ Banking Group Limited	Level 5	100 Queen St	Melbourne
Bank of China (New Zealand) Limited	Level 11	188 Quay St	Auckland
Industrial and Commercial Bank of China (New Zealand) Limited	Level 17	205 Queen St	Auckland



UNSECURED CREDITOR'S CLAIM

Section 304(1) Companies Act 1993

<p>Name and postal address of creditor in full:</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>Email:</p> <p>Telephone Number: (.....).....</p> <p>My Reference is (if applicable):</p>	<p>* Any personal information collected is for the purpose of administering the liquidation in accordance with the Companies Act 1993.</p> <p>The information will be used and retained by KordaMentha, PO Box 982, Auckland and will be released to other parties only with your authorisation or in compliance with the Privacy Act 1993.</p> <p>Under Section 304(1) of the Companies Act 1993 any claim by an unsecured creditor against a company in liquidation must be made in this prescribed form and must</p> <p>(a) Contain full particulars of the claim; and</p> <p>(b) Identify any documents that evidence or substantiate the claim.</p> <p>You may have access to and request correction of any personal information.</p> <p>(* Not applicable, if creditor is not an individual within the meaning of the Privacy Act 1993.)</p>
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Name of Company in liquidation:

Deposit Power Limited (In Liquidation)

I,

[If claim is made on behalf of creditor, specify relationship to creditor and authority] claim that the Company was at the date it was put into liquidation indebted to the abovenamed creditor for the sum of [Amount in words and figures]:

..... \$.....

[Omit whichever does not apply] I hold no security interest in any of the assets of the Company; or

I am surrendering my security and I am claiming as an unsecured creditor; or

I am claiming as a preferential creditor.

Full particulars of the claim are set out, and any supporting documents that substantiate the claim are identified, on the reverse of this form.

(The liquidator may require the production of a document under section 304(1)(b) of the Companies Act 1993. You are not required to attach any supporting documents at this stage, but you may attach them now, if you think it would expedite the processing of the claim.)

Signed Date:

I have / have not also lodged a secured creditor's claim pursuant to the Personal Property Securities Register or other register.

WARNING— It is an offence under Section 304(6) of the Companies Act 1993 to—

Make, or authorise the making of, a claim that is false or misleading in a material particular knowing it to be false or misleading; or

Omit, or authorise the omission, from a claim of any matter knowing that the omission makes the claim false or misleading in a material particular.

<p>Received (Date Stamp)</p>	<p>Reserved For Office Use:</p> <p>Claim admitted for voting purposes: Signed: <input type="text"/> Dated: / / <input type="text"/></p> <p>Claim rejected for voting purposes: Signed: <input type="text"/> Dated: / / <input type="text"/></p> <p>Claim rejected for payment: Signed: <input type="text"/> Dated: / / <input type="text"/></p> <p><u>Claim admitted for payment:</u></p> <p>Preferential Claim for: <input type="text"/> \$ <input type="text"/> Ordinary Claim for: <input type="text"/> \$ <input type="text"/> Deferred Claim for: <input type="text"/> \$ <input type="text"/></p> <p>Signed Liquidator: <input type="text"/> Dated: / / <input type="text"/></p> <p>Note: If the decision to admit or reject a claim is amended, regulation 8 of the Companies Act 1993 Liquidation Regulations 1994 requires that it be recorded in writing.</p>
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