

CCM Industrial Pte Ltd  
(In Liquidation)  
UEN No. 200100378C

*Meeting of Creditors*



15 September 2014

# Introduction



# Introduction

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## Welcome to the meeting of creditors of CCM Industrial Pte Ltd (In Liquidation).

### **Purpose of the meeting**

■ The purpose of this meeting is:

- To provide a general update on the liquidation to date.
- To consider, and approve if thought fit, that a Committee of Inspection be appointed.

### **Housekeeping**

- Please ensure you have signed the attendance register if you are voting at the meeting, or alternatively the observers register if you are not voting. If you have not signed in, please report to the sign in desk located at the entrance immediately.
- Please turn off all mobile phones during the meeting. Further, no recording devices are permitted.
- Please hold all questions until the relevant time when the floor is open for questions.
- When asking a question, please wait for a microphone attendant before directing your question to the Chairman and please state your name and the creditor you are representing.



# Introduction

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## **Place of meeting**

- The Chairman declares that pursuant to Rule 116 of the Companies (Winding Up) Rules, the meeting has been convened at a place and time convenient to the majority of creditors.

## **Advertisement**

- The Chairman advises that pursuant to Rule 112 and 114 of the Companies (Winding Up) Rules the meeting has been advertised in the appropriate manner, being:
  - Via Form 55 with a stated deadline of 5 September 2014 for lodging of proof of debts
  - Advertised in The Gazette on Friday, 22 August 2014 and in The Business Times on Wednesday, 20 August 2014, both 7 days prior to the meeting.
  - Dispatched to each creditor and contributory, not less than 7 days before the date of the meeting.



## Voting process

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- Voting on the resolutions will be done by a poll, unless otherwise decided by the Chairperson.
- All creditors who signed the attendance register should have received one or two polling slips depending on the nature of their proxy. Creditors holding a **general proxy** should have **two** voting slips, if you are holding a **special proxy** you only require **one voting** slip for the nomination of COI members. Please make yourself known if you do not have the correct voting slips.
- The Chairman has the power to admit or reject a Proof of Debt for the purposes of voting, but his decision shall be subject to appeal to the Court. If in doubt whether a proof shall be admitted or rejected, the Chairman will mark it as objected to and allow the creditor to vote subject to the vote being declared invalid in the event of the objection being sustained.
- The acceptance or rejection of a Proof of Debt is solely for the purposes of voting at this meeting and does not crystallise the liabilities of the Company vis-a-vis its creditors for repayment of the debt claimed. Further, all rights are reserved in relation to any claims the Company has against any parties.
- The substantive adjudication of the claims against the Company for the purposes of determining the Company's liabilities will be completed in due course.
- The Chairman notes there were additional Proofs of Debt and proxy forms received after the stipulated 5 September 2014 deadline which have nevertheless been examined in the interest of giving all creditors of the Company an opportunity to vote in today's meeting.



## Voting process

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- For the purpose of voting, the Chairman will not make use of the special proxies when voting on nominations to the Committee of Inspection (if applicable).
- A resolution will be passed if a majority of creditors present, either personally or by proxy, both in number and value, vote in favour of the resolution.
- Due to the quantum of Proofs of Debts lodged each Proof of Debt will not be individually detailed, however the creditors that are present in person or via proxy will be outlined.



## Statement of Affairs

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- The Chairman will table the Statement of Affairs from the director, Mr. Liew Sen Keong, and from the former directors Ms. Chan Pui Yee and Mr. Chan Tien Chih.
- The Chairman notes the Statement of Affairs provided by the director, Mr. Liew Sen Keon does not contain any financial information as the director has noted he provided all information to the Liquidators.
- The former directors have also stated they did not have the information available to them to complete the Statement of Affairs.

# Company background



## Company background

**CCM was incorporated on 18 January 2001 and its primary business is construction and building works for both the private and public sectors with its major clients being land owners, property developers and government bodies.**

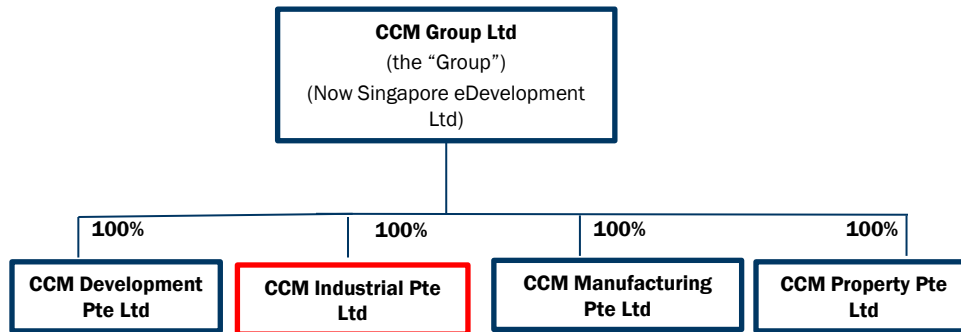
- Mark Sims Chadwick and Yit Chee Wah of FTI Consulting Pte Ltd were appointed Joint and Several Liquidators of the Company on 4 August 2014 pursuant to an Order of the High Court of the Republic of Singapore.
- The appointment of the Liquidators follows the Winding Up Application filed by Guan Chuan Engineering Pte Ltd on 16 April 2014.
- A summary of the Company immediately prior to my appointment is summarised below:

Item	Detail
Company name	CCM Industrial Pte Ltd (In Liquidation)
UEN Number	200100378C
Registered office	16 New Industrial Road #04-04. Hudson Technocentre Singapore 536204
Share capital	15,000,000 at \$1.00 per share
Shareholder(s)	Raymond Brother Builder Pte Ltd

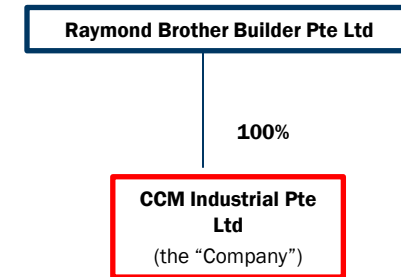
# Company background

The Company was acquired by CCM Group Ltd in 2010 and operated under the Group's umbrella until it was sold to Raymond Brother Builder Pte Ltd on 21 May 2014 for the nominal amount of S\$1.

## Old Structure



## New Structure



■ On 24 March 2010, CCM Group Ltd acquired 100% of the issued share capital of the Company for consideration of S\$3,569,162.

■ Directors:

- Mr. Liew Sen Keong
- Ms. Chan Pui Yee (resigned 1 February 2014)
- Mr. Chan Tien Chih (resigned 1 February 2014)

■ On 21 May 2014, the Company was sold to Raymond Brother Builder Pte Ltd for S\$1.

■ Director:

- Mr. Liew Sen Keong

# Financial snapshot

External auditors prepared the 31 December 2013 financial statements, however the accounts were never finalised as the directors did not sign the final accounts. The last known internal balance sheet prepared by the Company was as at 30 April 2014 however no supporting documentation is available.

	31-Dec-13	30-Apr-14	04-Aug-14	
<b>Assets</b>				
Cash and bank balances and deposits pledged	1,751,716	1,594,344	6,583	
Work-in-progress	3,330,646	13,102,686	Unknown	■ WIP relates to various projects on foot and will be discussed later in the presentation.
Trade and other receivables	24,261,297	4,215,086	6,133,592	
Prepaid operating expenses and membership fees	437,218	421,219	Unknown	
Property, plant and equipment	2,556,680	2,197,877	-	■ At the date of appointment, the Company's records indicated total receivables of \$6,133,592. The debtor balance and recovery actions will be discussed in further detail.
<b>Total assets</b>	<b>32,337,557</b>	<b>21,531,213</b>	<b>6,140,175</b>	
<b>Liabilities</b>				
Trade and other payables	29,794,425	23,807,996	29,025,347	■ The director has advised that all PPE was sold prior to the appointment or damaged in the June 2014 fire. We will address the PPE and recovery actions in further detail.
Accrued operating expenses	1,073,705	4,182,005	Unknown	
Loans and borrowings	6,198,317		-	
Hire purchase creditors		447,968	-	
Intercompany loans (net)		5,974,910	Unknown	■ The Company's records indicated a total creditor balance of S\$29,025,347.19, however to date we have received 245 proofs of debt totaling S\$49,340,447.
Provision for legal claim	3,000,000		-	
Contra and suspense account		3,364,315	Unknown	■ The Company had a number of motor vehicles under hire purchase agreements, these vehicles were sold prior to appointment and the liabilities were discharged.
GST Payable (Net off Output and Input Tax)		589,210	-	
<b>Total liabilities</b>	<b>40,066,447</b>	<b>38,366,404</b>	<b>29,025,347</b>	

■ Intercompany loans relate to amounts owing to entities within the former group. A proof of debt has been lodged by each of these entities and is reflected in the above detailed unsecured creditor figures.

■ The Inland Revenue Authority of Singapore ("IRAS") have lodged a Proof of Debt in the amount of \$2,101,774 in relation to outstanding GST.



## Tasks undertaken since appointment

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- Since the Liquidators' appointment on 4 August 2014 the following tasks have been undertaken:
  - Notified all stakeholders, including officers of the Company, both past and present.
  - Undertaken preliminary investigations into the affairs and dealings of the Company.
  - Identified assets and potential claims the Company may have.
  - Liaised with legal advisers in relation to the legal matters on foot.
  - Attended to collection of books and records of the Company.
  - Attended to freezing of Company bank accounts.
  - Notified and liaised with all unsecured creditors of the Company, including calling for Proofs of Debt.
  - Attended to the termination of various service agreements.

## Summary of major projects

## Housing and Development Board – Boon Lay Drive

**CCM was engaged as the main contractor for the proposed new erection of a public housing development, comprising of 6 blocks of 17-storey residential buildings (a total of 491 units) and 1 block of 6-storey multistorey car parks with community facilities at Boon Lay Drive.**

Contract terms	Details
Employer	Housing and Development Board (“HDB”)
Contract value	S\$68,165,000
Contract start date	5 September 2011
Contract period	27 months with completion due 4 December 2013
Project location	Boon Lay Drive
Current legal issues	No active legal matters

- The Company issued a letter of demand to HDB on 1 July 2014 demanding payment of S\$2,806,785.93.
- HDB has subsequently responded disputing the amount, claiming S\$18,740.06 is owed to the Company.
- The basis of both the Company’s claim and HDB’s claim are to be reviewed with a view of engaging in negotiations with HDB. We understand the final phase of work is yet to be completed on the project.

## The Viridian – Jalan Ampas

**CCM was engaged as the main contractor for the proposed new erection of an apartment development at 6 Jalan Ampas.**

Contract terms	Details
Employer	Orion-One Residential Pte Ltd
Contract value	\$32,365,000
Contract start date	15 October 2011
Contract period	24 months with completion due 14 October 2013
Project location	6 Jalan Ampas
Current legal issues	No active legal matters

- The Company records indicate an amount is owing from the Employer of S\$2,918,079.29
- Orion-One Residential Pte Ltd has issued a proof of debt with a counter-claim against the Company for S\$7,206,890.49.
- The basis of both the Company's claim and Orion-One Residential Pte Ltd's counter-claim are to be further reviewed and substantiated.

## Eon Shenton at 70 Shenton Way

**CCM was engaged as the main contractor for the proposed erection of a 32 storey commercial building, comprising of shops of 1<sup>st</sup> storey, 2 basement of car park, 4 storey car park podium, offices, residential flats (total of 132 units) and 3 storeys of sky terrace.**

Contract terms	Details
Employer	70 Shenton Pte Ltd
Contract value	S\$94,565,000
Contract start date	1 October 2012
Contract period	39 months with completion due 31 December 2015
Project location	70 Shenton Way
Current legal issues	<p>On 7 July 2014, CCM lodged an adjudication application against 70 Shenton Pte Ltd for the sum of S\$8,230,099.71.</p> <p>On 13 August 2014, the adjudication application was dismissed, largely due to issues with the payment claim served on the employer.</p>

■ Given the outcome of the Adjudication Determination on 12 August 2014 the Liquidators are reviewing their options in relation to further recovery options.



## Tuas Bay Drive

**CCM was engaged as the main contractor for the proposed erection of a 4-storey single-user warehouse development with an ancillary office on the second to fourth mezzanine floors.**

Contract terms	Details
Employer	Pan Asia Logistics Investments Pte Ltd
Contract value	S\$41,865,000
Contract start date	15 July 2012
Contract period	16 months with completion due 15 November 2013
Project location	Tuas Bay Drive
Legal issues	<p>CCM was granted an ex parte injunction on 6 May 2014 to restrain Pan Asia from calling on their performance bond. On 21 August 2014 Justice Vinodh Coomaraswamy ordered the injunction be set aside.</p> <p>Pan Asia Logistics Investments Pte Ltd has filed an application to set aside an adjudication determination in the Company's favour for the amount of S\$1,808,476.54</p>

■ The Pre-Trial Conference for this matter is scheduled for 7 October 2014, cLegal will attend on the Company's behalf.

■ The Liquidators' next steps will depend solely on the outcome of the hearing and Pan Asia Logistics Investments Pte Ltd's subsequent actions.

## R&R projects

**CCM was engaged by two local town councils to complete repairs and redecoration works to housing developments.**

Terms	Chong Pang	Bishan
Employer	Sembawang-Nee Soon Town Council	Bishan-Toa Payoh Town Council
Contract value	S\$3,495,000	S\$1,704,804
Project details	General repair and improvement works, repair and improvement works to market and hawker centre, upgrade of dustbin compound,	Repairs and redecoration works to 19 blocks (Blocks 201 to Block 219) at Bishan Street 23. Works included general repairs and painting works, repairs and improvements within and outside the building, repairs and improvements to the bin compound.
Contract start date	16 July 2012	22 October 2013
Contract period	14 months, due for completion 15 September 2013	12 months, due for completion 21 October 2013
Next steps	The Council has called for tenders and quotes to complete the defect works.  On receipt of the same the Company's final position will be determined.	Liaise with the town council in relation to any defect liabilities outstanding.

## Other assets and matters

## Other assets: debtors

**The Company's records indicated debtors of S\$6,133,592.80 on appointment, however, investigations to date suggest the accuracy and veracity of the debtor balance is questionable.**

■ All debtors were notified of the Liquidators' appointment immediately and payment of their outstanding balance as per the Company's records was requested. The below table summarises the debtor responses received to date:

	Number of debtors	Value of debtors	Comments
Paid pre-appointment	6	S\$404,214.57	This relates to amounts paid to the Company pre-appointment which were subsequently utilised by the Company
Paid post-appointment	4	S\$3,243.62	This relates to amounts paid directly to the Liquidator
Disputed/Creditor	15	S\$1,968,573.84	We are working to review the debtor balances in dispute and verifying debtor claims against the Company's records
No response received	55	S\$3,757,560.77	67% of this balance is comprised of five debtors
<b>Total</b>	<b>80</b>	<b>S\$6,133,592.80</b>	

■ Investigations have been inhibited due to the incomplete records of the Company, however based on responses received to date and the application of the set-off rule, the estimated best case potential debtor balance is S\$2,450,256.

■ Debtors who have not responded to our requests or dispute the amount owing are being followed up.

## Other assets: fixed assets

**As discussed previously the Company historically carried a large number and value of fixed assets. On the Liquidators' appointment the Company advised that there were no fixed assets available for the benefit of the Liquidation.**

■ As at 31 December 2013 the Company's fixed asset balance comprised of:

Asset category	Net carrying value	Comments
Motor vehicles (19 vehicles on fixed asset register)	S\$742,365	All motor vehicles were sold prior to appointment with the funds utilised by the Company.
Yard equipment	S\$396,983	The Company has been unable to advise the location of various pieces of yard equipment (monitoring systems, ECM treatment systems etc.). It is not unusual for project employers to retain such assets on termination of the contract.
Office equipment and furniture	S\$595,206	Equipment was largely damaged in the June 2014 fire. We have recovered a number of computers however they will have minimal value.
Dormitory equipment	S\$561,055	Dormitory equipment was damaged in the June 2014 fire and the dormitory itself was attached to the Company's previous leased premises. Due to significant "make good costs" the Company was forced to leave the dormitory when the lease was not renewed.
Plant equipment	S\$261,071	Largely spare parts and machinery. The location of this equipment is unable to be verified and similar to yard equipment recovery from Employer sites is unlikely to occur.
<b>Total</b>	<b>S\$2,556,680</b>	



## Other assets: fixed assets

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- The internal balance sheet prepared at 30 April 2014 does not provide a break down of fixed assets by category, however the net carrying value of property, plant and equipment was S\$2,197,877.24.
- In November 2013, 5 tower cranes with an aggregate carrying value of \$2,127,550 were sold and the Company's liability with Standard Chartered Bank was extinguished in this regard.
- Investigations are being undertaken in relation to assets sold prior to appointment to ascertain whether the funds were appropriately applied to the Company's account and whether the transactions were valid and not void under the Companies Act (Chapter 50).
- Investigations are continuing to verify the existence and ownership of the fixed assets.
- The Liquidator is continuing investigations into void transactions/transfer of assets.



## Potential recoveries

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**To date, an amount of S\$24,244.37 has been recovered in the Liquidation. Further recoveries to date have been limited by the lack of records available, however the Liquidators continue to pursue further recoveries for the benefit of creditors.**

■ The Company's bank accounts have a total balance of S\$56,702.61 which will be recovered.

■ To date, S\$24,244.37 has been recovered from debtors and a refund from mediation.

■ The Liquidators have identified further potential recoveries in the form of:

- Legal matters currently on foot.
- Project related claims lodged with various Employers (discussed previously).
- Debtors of the Company (discussed previously).
- Funds allegedly paid due to garnishee orders which may be disputed.
- The sale of assets which may give rise to void transactions.

■ At this stage, an estimated value of the above recoveries is uncertain.

■ The Liquidators are continuing investigations into the above potential recoveries.



# Questions

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**The Chairman will now take questions from creditors.**

■ When asking a question:

- Please wait for a microphone attendant before directing your question to the Chairman.
- Please state your name and the creditor you are representing.



# Committee of Inspection



## Role of the Committee of Inspection (“COI”)

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- Pursuant to the provisions of the Companies Act (“the Act”), the Liquidators are required to seek directions from the COI and further validation from the Court for significant matters concerning the administration of the liquidation.
  
- Members of the COI are generally drawn from the Company’s creditors and/or contributories of the Company. The primary functions of the COI include:
  - Acting in a consultative role to the Liquidator regarding the Liquidator’s strategic decision making and intentions.
  
  - Acting as a “general sounding board” to the Liquidator.
  
  - Approving the payment of the Liquidator's remuneration and the disbursements and expenses (including legal fees, agent fees and other similar costs) incurred.
  
- The members of the COI act in the interests of the general body of creditors and not in their own interests and they will not be paid for acting as members of the COI (other than reimbursement for reasonable travel expenses which will be paid as an expense of the liquidation of the Company, subject to the realisation of assets).



## Role of the Committee of Inspection (“COI”)

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- Members of the COI (and the Liquidator) may call a meeting of the COI as and when necessary and at shorter notice as compared to calling a full meeting of creditors.
- Given the current legal issues on hand, the Liquidators consider it prudent to establish a COI so that consultation can occur at short notice if required.
- Should the proposed resolution in relation to the formation of a COI be passed a meeting of the COI will be convened immediately following this meeting to seek the following resolutions:
  - That the powers of the Liquidator pursuant to Section 272(1) of the Act be approved.
  - That the Company continue to engage cLegal and/or any other law firm that the Liquidators deem fit.
  - That the Liquidator be authorised to open a bank account in the name of the Company.

**It is the Liquidators’ believe it is in the interest of the creditors to appoint a COI of no more than three (3) members.**



## Resolution

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***Resolution: “That a Committee of Inspection be appointed”***

- All creditors holding a general proxy are now required to complete Polling Form 1 by :
  - Inserting their name
  - Inserting the name of the creditor they represent
  - Voting in favour or against forming the COI or abstaining from the vote.
- After completing Polling Form 1, please raise your hand so the form can be collected.
- The results of the Poll will now be shown.

# Nominations to Committee of Inspection

■ The below nominations for the COI have been received prior to the meeting:

Nominee	Creditor represented
Richard Chong Kok Ann	Cityline Signcrafts
Alarcon Erano F	Foo Heng Construction Pte Ltd
Jonathan Wee Teck Guan	Guthrie Engineering (S) Pte Ltd
Loh Chin Poh	System Foundation Pte Ltd
Yeoh Seng Boon	TopBuild Construction Pte Ltd
Lee Kai Guan	Singbuild Pte Ltd
Tan Siew Fun	Pan Asia Logistics Investment Pte Ltd
Sien Lup Chew	Singapore eDevelopment Limited
Sien Lup Chew	CCM Development Pte Ltd
Sien Lup Chew	Singapore Construction Pte Ltd
Chen Su Qiong	Chen Su Qiong
Pwi Poh Yong	Hong Huang Building Construction Pte Ltd

■ Should any additional creditors wish to put forward a nomination please make yourself known to the meeting.

■ Should any creditor object to any of the nominations please make yourself known and provide the reasons why you object to same.



## Nominations to Committee of Inspection

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- All creditors, whether holding a general or special proxy, are asked to elect three (3) nominees for the committee using the voting slips provided by placing a 'tick' next to the three nominees they wish to elect.
- After completing Polling Form 2 please raise your hand so the form can be collected.
- The results of the Poll will now be shown.

## Closure of meeting



## Closure of meeting

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**Thank you for your attendance.**

**Any further queries may be directed to the Liquidators' office at the below contact details:**

FTI Consulting (Singapore) Pte Ltd  
8 Shenton Way  
#12-02, AXA Tower  
Singapore 068811

Tel: +65 6831 7820

Fax: +65 6831 7859

■ Can all Committee of Inspection Members please stay back after the meeting.



# Critical Thinking at the Critical Time™