

28 June 2023

BRI Ferrier

TO THE CREDITOR AS ADDRESSED

Dear Sir/Madam

**SHANGRI-LA CONSTRUCTION PTY LTD (IN LIQUIDATION)
ACN 130 534 244 ("THE COMPANY")**

I refer to my appointment as Liquidator of the Company on 31 March 2023.

Please find enclosed the following documents for your information and completion:

Item	Description	Further Action Required by you
Report to Creditors under Insolvency Practice Rule 70-40 of the Corporations Act 2001	The purpose of this report is to detail my recoveries and investigations to date and advise whether a dividend is likely. For information with respect to the findings of my preliminary investigations, please refer to section 5 of the Report. For information with respect to the expected return to creditors, please refer to section 6 of the Report.	No
Remuneration Request Approval Report	This document details my retrospective and prospective time costs with respect to the administration of the Liquidation. This document is marked Annexure "A".	No
Formal Proof of Debt ("POD") Form	You must also provide information about what the company owes you and evidence to support your claim. If you have not done so already, please complete and return POD form via email info@brifvic.com.au with your supporting documents. This document is marked Annexure "B".	Yes Include supporting documentation
Proposals without a meeting form – Retrospective Remuneration Approval	This document must be returned to me by 4pm Wednesday, 26 July 2023 via email info@brifvic.com.au for your vote to count. This document is marked as Annexure "C".	Yes
Proposals without a meeting form – Prospective Remuneration Approval	This document must be returned to me by 4pm Wednesday, 26 July 2023 via email info@brifvic.com.au for your vote to count. The document is marked as Annexure "D".	Yes
Proposals without a meeting form – Disbursements with a potential profit element	This document must be returned to me by 4pm Wednesday, 26 July 2023 via email info@brifvic.com.au for your vote to count. This document is marked as Annexure "E".	Yes
Proposals without a meeting form – Early Destruction of books and records	This document must be returned to me by 4pm Wednesday, 26 July 2023 via email info@brifvic.com.au for your vote to count. This document is marked as Annexure "F".	Yes
Information sheet – Proposals without a meeting	This is an information sheet to assist you in understanding what a 'Proposal without a meeting' is. This document is marked as Annexure "G".	No

BRI Ferrier Victoria Pty Ltd ABN 18 638 454 029
Trading as BRI Ferrier

Level 10, 45 William Street Melbourne VIC 3000 PO Box 521 Collins Street West VIC 8007
T 03 9622 1800 info@brifvic.com.au www.briferrier.com.au

BRI Ferrier...throughout Australia & New Zealand

BRI Ferrier is an association of independent accounting firms. Each of the member firms is a separate and independent legal entity operating under the name "BRI Ferrier" or related names.

Liability limited by
a scheme approved
under Professional
Standards Legislation

Should you have any further queries in this matter, please contact this office on 03 9622 1800.

Yours faithfully

A handwritten signature in black ink, appearing to read 'David Coyne', written in a cursive style.

DAVID COYNE
Liquidator



Report to Creditors
Under Insolvency Practice Rule 70-40

Shangri-La Construction Pty Ltd
(In Liquidation)
ACN 130 534 244
("the Company")

28 June 2023

David Coyne
Liquidator

BRI Ferrier Victoria Pty Ltd ABN 18 638 454 029
Level 10, 45 William Street, Melbourne VIC 3000
PO Box 521, Collins Street West, VIC 8007
Phone (03) 9622 1800
Email: info@brifvic.com.au
Website: www.briferrier.com.au

TABLE OF CONTENTS

1	INTRODUCTION AND APPOINTMENT	4
2	CONDUCT OF THE ADMINISTRATION.....	4
2.1	Summary of Position	4
2.2	Tasks Undertaken by the Liquidator.....	5
3	COMPANY BACKGROUND	5
3.1	Company history.....	5
3.2	Explanation for Failure	6
3.3	Company Information	6
3.4	Financial History	8
3.5	Legal Proceedings.....	10
3.6	Company Records.....	10
4	PRE-APPOINTMENT SALE OF ASSETS.....	11
5	CURRENT POSITION	11
5.1	Assets.....	12
5.2	Liabilities.....	14
5.3	Receipts and Payments since appointment	17
6	INVESTIGATIONS AND INSOLVENT TRANSACTIONS.....	17
6.1	Voidable Transaction Claims	18
7	LIKELIHOOD OF A DIVIDEND BEING PAID IN THE LIQUIDATION	22
8	REMUNERATION OF THE LIQUIDATOR	22

ANNEXURES:

"A" – REMUNERATION REQUEST APPROVAL REPORT

"B" – FORMAL ROOF OF DEBT FORM

"C" – PROPOSALS WITHOUT MEETING FORM – RETROSPECTIVE REMUNERATAION

"D" – PROPOSALS WITHOUT MEETING FORM – PROSPECTIVE REMUNERATAION

"E" – PROPOSALS WITHOUT MEETING FORM – DISBURSEMENTS WITH PROFIT ELEMENT

"F" – PROPOSALS WITHOUT MEETING FORM – EARLY DESTRUCTION OF BOOKS AND RECORDS

"G" – INFORMATION SHEET – PROPOSALS WITHOUT A MEETING

1 INTRODUCTION AND APPOINTMENT

I was appointed Liquidator of the Company by a resolution of its members at a duly convened members' meeting held on 31 March 2023.

The purpose of this Report to Creditors under Insolvency Practice Rule 70-40 of the Corporations Act 2001 ("the Act") is to advise you of the following:

- The estimated amounts of Assets and Liabilities of the Company;
- The progress of the Liquidation, including:
 - i. inquiries that have been undertaken to date;
 - ii. possible further inquiries and/or recovery actions (if any);
- My opinion as to what happened to the business of the Company;
- The likelihood of a dividend being paid in the Liquidation once the affairs have been fully wound up; and
- My proposed remuneration with respect to administering the Liquidation.

This report should be read in conjunction with my report to creditors dated 11 April 2023. A copy of this report may be provided upon written request.

2 CONDUCT OF THE ADMINISTRATION

2.1 SUMMARY OF POSITION

- Subsequent to my appointment as Liquidator of the Company, the Director advised that the Company's assets were sold via an asset sale agreement dated 12 July 2021. Please refer to section 4 of this Report for further details regarding this transaction.
- Following my appointment as Liquidator, I wrote to the major banking institutions to take control of the Company's bank accounts.
- I also conducted a search of the Personal Property Securities Register ("PPSR") to determine whether any creditors held a registered security interest over the collateral of the Company. My enquiries have revealed one (1) secured creditor with a total of two (2) security interests registered against the Company. Please see section 5.2.1 of the Report for further details.
- Based on my investigations to date, the estimated realisable value of the Company's assets total at least \$18,758 and consist primarily of cash at bank. The details of the assets and the Liquidator's estimated realisable values are discussed below in section 5.1 of the Report.
- The Company's known liabilities total approximately \$13.6 million and primarily consist of unsecured debts relating to building defects claims. The details of the liabilities and the Liquidator's estimated realisable values are discussed below in section 5.2 of the Report.
- I have obtained a copy of the Company's financial statements. I have undertaken a preliminary investigation into the financial affairs of the Company. Please refer to section 3.4 of the Report for details.

- I have also investigated possible voidable transactions that can be recovered by a Liquidator, detailed in section 6 of the Report.
- An estimated outcome statement detailing the possible return to creditors is provided in section 7 of this Report.

2.2 TASKS UNDERTAKEN BY THE LIQUIDATOR

I have undertaken the following tasks in order to prepare this Report:

- Obtained a Report on Company's Activities and Property from the Company's Director;
- Obtained and examined the Company's financial records;
- Liaised with the Company's external accountants and bookkeeper to obtain financial records;
- Liaised with the Company's solicitors;
- Undertook review of VCAT proceedings on foot;
- Conducted a review of land title office records and shareholdings with respect to the Company and the Director;
- Issued initial correspondence to the Sheriff's Offices of Victoria requesting searches of their records regarding any warrants issued against the Company;
- Issued initial correspondence to VicRoads requesting a search of its records for any motor vehicles registered in the name of the Company;
- Conducted ASIC's Money Smart to determine whether there is any unclaimed money held in the name of the Company;
- Acquired control of the Company's bank account;
- Completed preliminary investigations with respect to the conduct of the Director and voidable transactions; and
- Prepared an analysis of the movements of the operating accounts of the Company to consider the likelihood of insolvent transactions (Insolvent Trading and Unfair Preference Review).

I note that the Company's Director has complied with my requests for information and assistance with respect to the Company's assets and my investigations to date.

3 COMPANY BACKGROUND

3.1 COMPANY HISTORY

Based on my enquiries to date and information provided by the Director, a summary of the Company's background is as follows:

- The Company was incorporated in Victoria on 8 April 2008.
- The Company's business operated as a residential builder.

- The Company appears to have ceased to trade in July 2021, subsequent to executing an asset sale agreement.
- The Company does not appear to have employed any staff as at my appointment.
- The Company was subject to a number of legal proceedings relating to construction defects and required external funding to meet its legal costs in defending the claims.
- On 31 March 2023, the Company's member resolved to appoint David Coyne as Liquidator of the Company at a meeting of members.

3.2 EXPLANATION FOR FAILURE

Directors' Explanation for Failure

The Company's Director attributed the failure of the Company primarily to:

- Poor economic circumstances due to the coronavirus pandemic.
- Ongoing legal matters.

Liquidator's Findings as to the Reasons for the Company's Failure

I consider the following reasons primarily attributed to the failure of the Company's business:

- Inadequate working capital.

3.3 COMPANY INFORMATION

A summary of the information relating to the Company recorded in Australian Securities and Investments Commission ("ASIC") and the Australian Financial Services Authority ("AFSA") databases as at 31 March 2023 is recorded below:

Company Details

Company:	Shangri-La Construction Pty Ltd
Australian Company Number:	130 534 244
Date of Incorporation:	8 April 2008
Registered Office:	Level 7, 612-616 St Kilda Road Melbourne VIC 3004
Principal Place of Business:	Level 13, 600-602 St Kilda Road Melbourne VIC 3004
Number of Ordinary Shares:	862,051
Registered Security Interest Holders:	SMM No. 9 Pty. Ltd.
Current Land Title Interests:	N/A

Company Office Holders

Name	Role	Appointment Date	Cessation Date
Obaid Nageullah	Director	8 April 2008	Current
	Secretary	28 June 2013	Current

Larry Kestelman	Director	8 April 2008	28 June 2013
	Secretary	8 April 2008	28 June 2013
Leonid Komm	Director	8 April 2008	17 June 2008

Company Shareholders

Shareholding Entity	Shares Held	Ownership
SMM No. 9 Pty. Ltd.	862,051 Class A Shares	100%
SMM No. 9 Pty. Ltd.	862,051 Class B Shares	N/A

Directorship Searches

An ASIC search reveals that Mr Obaid Naquellah also currently holds the following roles:

Company	Role	Appointment Date	Cessation Date
Mirboo North No 2 Pty Ltd	Director	15 November 2013	Current
	Secretary	15 November 2013	Current
1126 North Road Pty. Ltd.	Director	2 September 2010	Current
Glenhuntly Estate Pty. Ltd.	Director	19 October 2011	Current
Cheltenham Management Pty Ltd	Director	22 June 2021	Current
	Secretary	22 June 2021	Current
Highett House Devco Pty Ltd	Director	8 July 2022	Current
	Secretary	8 July 2022	Current
Highett Management Pty Ltd	Director	28 January 2020	Current
	Secretary	28 January 2020	Current
Marcopolo Construct Pty Ltd	Director	27 April 2017	Current
	Secretary	27 April 2017	Current
Marcopolo Designs Pty Ltd	Director	31 July 2017	Current
	Secretary	31 July 2017	Current
Marcopolo Holdings Pty Ltd	Director	29 June 2017	Current
	Secretary	29 June 2017	Current
Marcopolo Property Pty Ltd	Director	27 March 2014	Current
	Secretary	27 March 2014	Current
Mirboo Estate Pty Ltd	Director	17 August 2020	Current
	Secretary	17 August 2020	Current
SMM No. 9 Pty. Ltd.	Director	3 February 2005	Current
	Secretary	3 February 2005	Current
1 Savile Place Pty Ltd	Director	1 May 2018	Current
	Secretary	1 May 2018	Current
109 Veldons Rd Pty Ltd	Director	5 September 2017	Current
	Secretary	5 September 2017	Current
31 Warland Rd Pty Ltd	Director	13 November 2017	Current
	Secretary	13 November 2017	Current
37 Prince St Pty Ltd	Director	18 November 2017	Current
	Secretary	18 November 2017	Current

3.4 FINANCIAL HISTORY

Set out below is a summary of the reported financial position and performance of the Company for the financial period ended 31 March 2023 and financial years ended ("FY") 30 June 2022, 30 June 2021 and 30 June 2020.

The summaries have been extracted from the Company's externally prepared financial statements.

I note that the financial statements have not been audited. I am therefore unable to express a view as to the accuracy or completeness of the Company's accounts, or whether the figures contained in the accounts represent the true operational and financial position of the Company.

Financial Performance

Income Statement Summary				
	31-Mar-23	FY 2022	FY 2021	FY 2020
Total Income	226,055	(195,265)	4,235,467	13,448,539
Less: Cost of Sales	522,145	1,225,852	4,414,453	11,090,704
Gross Profit	(296,090)	(1,421,117)	(178,986)	2,357,835
Other Income	73	305,516	862,642	655,048.00
Expenses				
Operating Expenses	(12,776)	34,407	1,344,003	1,578,881
Employment Expenses	-	4,021	892,464	494,525
Total Expenses	(12,776)	38,428	2,236,467	2,073,406
NET PROFIT/(LOSS)	(283,241)	(1,154,029)	(1,552,811)	939,477

Financial Position

Balance Sheet Summary	31-Mar-23	30-Jun-22	30-Jun-21	30-Jun-20
ASSETS				
Current Assets				
Cash & Cash Equivalents	10,451	29,041	30,522	2,409,249
Goods & services Tax	-	1,077	-	-
Provision for income tax	-	191,256	-	-
Rentention Money on Term Deposit	-	-	-	295,667
Client Retention Held	-	-	-	-
Accured Income	-	-	769,033	943,701
Trade Debtors	-	-	3,653	478,215
Related Party Debtors	-	-	354,912	753,216
Other Investments	1,147	1,159	1,159	1,158
Total Current Assets	11,598	222,533	1,159,279	4,881,206
Non-Current Assets				
Plant and Equipment	-	-	312,324	620,519
Total Non-Current Assets	-	-	312,324	620,519
TOTAL ASSETS	11,598	222,533	1,471,603	5,501,725
LIABILITIES				
Current Liabilities				
Rentention Money on Term Deposit	-	-	-	-
Related Party Creditors	374,567	280,648	-	1,422,154
Credit Cards	-	2,406	167,595	162,737
Hire purchase liability	-	-	-	101,554
Accrued expenses	-	-	-	(76,450)
Trade Creditors	-	-	188,392	705,759
Other Creditors	-	-	630	70,319
Payroll Liabilities	-	-	7,519	29,275
Subcontractors Rention Held	-	10,875	130,276	190,366
Employee Entitlements	-	-	3,309	66,248
Provision for income tax	-	-	69,711	218,043
Good and services tax	(8,330)	-	10,659	284,820
Total Current Liabilities	366,237	293,929	578,091	3,174,825
Non-Current Liabilities				
Total Non-Current Liabilities	-	-	-	-
TOTAL LIABILITIES	366,237	293,929	578,091	3,174,825
NET ASSETS	(354,639)	(71,396)	893,512	2,326,900

My comments in relation to the above summaries are as follows:

- ▲ The Company ceased to trade in July 2021 and its net losses may be attributed to legal expenses incurred. This corresponds to the substantial increase in the Company's related party creditors as it appears they are funding the legal matters.
- ▲ The reduction in the Company's plant and equipment for FY2022 can be attributed to the asset sale agreement executed in July 2021.
- ▲ The Company suffered a significant loss of revenue in FY2021 during the peak of the Covid-19 pandemic and associated restrictions to the construction industry.

3.5 LEGAL PROCEEDINGS

During the course of the Liquidation, I have been provided with the particulars of legal proceedings that the Company is subject to in the Victorian Civil and Administrative Tribunal ("VCAT"), County Court of Victoria and Supreme Court of Victoria.

I note that the VCAT proceedings relating to the Clyde Street property was discontinued subsequent to the date of my appointment as Liquidator. The VCAT will consider making orders dismissing the proceedings relating to the Neerim Road, Carnegie property at an administrative hearing to be heard in July 2023.

I advise that the State of Victoria are continuing proceedings in the Supreme Court with respect to combustible cladding rectification at the Dixon & Murray Street, Clayton property.

I advise that leave is being sought from the Supreme Court to progress two separate proceedings relating to emotional distress with respect to the Hawthorn Road, Caulfield property. I note that these proceedings will be heard in the County Court should leave be granted. The Company's pre-appointment insurer would be expected to be joined as a defendant in these proceedings.

I refer to the VCAT proceedings relating to the Willansby Avenue property and note that VCAT reached a decision that the final amount of damages owed by the Company to the owners was approximately \$9 million.

The VCAT decision also found that the Company's insurers were liable to pay the damages awarded as well as the Company's legal costs in defending the VCAT proceedings. The Company's records reveal that legal expenses of approximately \$900,000 were incurred with respect to the Williansby Avenue VCAT proceedings.

I advise that the insurers have appealed the VCAT decision in the Supreme Court of Victoria and this matter is ongoing.

I note that the Liquidation is without funds to continue the above legal proceedings. **Should any interested parties wish to assume the claims available to the Company or fund the continuation of the legal proceedings, please contact this office before Friday, 14 July 2023.**

3.6 COMPANY RECORDS

I have reviewed the Company's records and financial statements to consider and identify any limits to my investigations. I am required to report any material failure to maintain records in accordance with Section 286 of the Act. My review does not involve an audit or assurance review of the financial statements.

I have been able to take control of the records that we consider necessary to undertake my investigations and identify any material deficiencies in the completeness of the Company's records.

I note that I have not yet been provided with the management accounts of the Company. I note that this matter is ongoing.

I am satisfied that the Company has substantially complied with its obligations to maintain proper financial records pursuant to Section 286 of the Act for the following reasons:

- ▲ I have had access to account statements for the Company's bank accounts and financial statements; and

- It appears the Company maintained adequate systems for recording information that would enable true and fair financial statements to be prepared and audited.

4 PRE-APPOINTMENT SALE OF ASSETS

My preliminary investigations reveal that the Company executed a sale of asset agreement with SLC Bayside Pty Ltd (ACN 641 837 747), on 12 July 2021. I note that the Company's director is not an officer or shareholder of SLC Bayside Pty Ltd.

The Company's assets included office furniture, IT equipment, software licences and motor vehicles and were sold for \$146,890.

I have sighted the payments totalling \$146,890 in the Company's bank account on 13 June 2021 and 20 June 2021.

I note that a valuation of the Company's tangible assets was undertaken by a licensed auctioneer. The valuation discloses the Company's tangible assets had a fair market value of approximately \$130,890 and an auction value of approximately \$82,540 before realisation costs.

My preliminary investigations suggest that the pre-appointment sale of the Company's tangible assets is not an uncommercial transaction.

5 CURRENT POSITION

Subsequent to my appointment, a notice was served to the Company's Director to prepare a Report on Company Activities and Property ("ROCAP").

The ROCAP lists the Company's assets and liabilities as at 31 March 2023, which was the date of the Liquidation. The ROCAP does not take into account the Liquidator's fees and disbursements, which rank as a priority under Section 556 of the Act.

A summary of the Director's ROCAP, my respective comments and Estimated Realisable Values (ERV) is below.

Annotated ROCAP	ROCAP Valuation (\$)	Liquidator's Estimated Realisable Value (\$)	Notes
ASSETS			
Cash at Bank / Cash on Hand	18,758	18,758	5.1.1
Other Assets	-	Uncertain	5.1.2
Related Party Debtors	-	-	5.1.3
Total Assets	18,758	18,758	
LIABILITIES			
Secured Creditors	121,338	Uncertain	5.2.1
Priority Creditors			
Employee Entitlements	-	-	5.2.2
Unsecured Creditors			
Statutory Creditors	-	-	5.2.3
Trade Creditors	Uncertain	13,256,739	5.2.4
Related Party Creditors	374,597	Uncertain	5.2.5
	374,597	13,256,739	
Total Liabilities	495,935	13,256,739	
SURPLUS/DEFICIENCY	(477,177)	(13,237,982)	

5.1 ASSETS

5.1.1 Cash at Bank

The Director disclosed in his ROCAP that the Company held bank accounts but did not provide any details.

Following my appointment, I wrote to the major banks and requested that they undertake a search of their records to locate any accounts held in the name of the Company, and to impose a freeze on the accounts to prevent any outward payments.

Based on my enquiries and the responses received to date, I have identified the following bank accounts in the name of the Company held with the National Australia Bank ("NAB"):

Account Name	Balance	As at
Business Everyday Ac	\$18,768.89	31 March 2023
Business Cheque Acc 16	CLOSED	2 November 2022
Business Cheque Acc – Cheque Ac 14	CLOSED	2 November 2022
Bank Guarantee	CANCELLED	7 December 2021
NAB Qantas Business Signature - Credit Card	CLOSED	27 August 2021
Business Everyday Ac	CLOSED	7 May 2021
Bus Cash Maximiser 16	CLOSED	7 May 2021
Bus Cash Maximiser	CLOSED	7 May 2021
Business Everyday Ac - Cheque Ac 8	CLOSED	7 May 2021
Bus Cash Maximiser – Cash Maximiser Ac 1	CLOSED	7 May 2021
Bus Cash Maximiser – Cash Maximiser Ac 2	CLOSED	7 May 2021
Business Cheque Acc – Cheque Ac 2	CLOSED	7 May 2021

Bus Cash Maximiser – Cash Maximiser Ac 14	CLOSED	7 May 2021
Business Cheque Acc – Cheque Ac 15	CLOSED	7 May 2021
Bus Cash Maximiser – Cash Maximiser Ac 12	CLOSED	7 October 2020
Bus Cash Maximiser	CLOSED	21 September 2020
Business Everyday Ac	CLOSED	21 September 2020
Business Everyday Ac	CLOSED	21 September 2020
Bus Cash Maximiser	CLOSED	21 September 2020
Business Everyday Ac - Cheque Ac 4	CLOSED	21 September 2020
Bus Cash Maximiser - Cash Maximiser Ac 4	CLOSED	21 September 2020
Business Everyday Ac	CLOSED	21 September 2020
Bus Cash Maximiser	CLOSED	21 September 2020
Business Cheque Acc – Cheque Ac 12	CLOSED	21 September 2020
Business Cheque Acc – Cheque Ac 13	CLOSED	21 September 2020
NAB Term Deposit	CLOSED	31 August 2020
Bus Cash Maximiser – Cash Maximiser Ac 13	CLOSED	8 June 2020
NAB Term Deposit	CLOSED	7 May 2020
NAB Term Deposit	CLOSED	22 October 2019
Bus Cash Maximiser – Cash Maximiser Ac 8	CLOSED	20 May 2019
Bus Cash Maximiser – Cash Maximiser Ac 15	CLOSED	20 May 2019
NAB Term Deposit	CLOSED	25 October 2018
NAB Qantas Business Card - Credit Card	CLOSED	27 July 2018
Bus Cash Maximiser	CLOSED	22 January 2018
Business Everyday Ac	CLOSED	22 January 2018
Business Everyday Ac - Cheque Ac 9	CLOSED	22 January 2018
Bus Cash Maximiser	CLOSED	22 January 2018
Business Everyday Ac	CLOSED	22 January 2018
Business Cheque Acc – Cheque Ac 3	CLOSED	22 January 2018
Bus Cash Maximiser – Cash Maximiser Ac 3	CLOSED	22 January 2018
Bus Cash Maximiser – Cash Maximiser Ac 9	CLOSED	22 January 2018
NAB Qantas Business Card – Credit Card	CLOSED	27 October 2017
Business Everyday Ac	CLOSED	13 September 2017
Business Everyday Ac	CLOSED	13 September 2017
Bus Cash Maximiser	CLOSED	13 September 2017
Bus Cash Maximiser	CLOSED	13 September 2017
Business Everyday Ac - Cheque Ac 6	CLOSED	13 September 2017
Bus Cash Maximiser – Cash Maximiser Ac 6	CLOSED	13 September 2017
Business Everyday Ac – Cheque Ac 7	CLOSED	13 September 2017
Bus Cash Maximiser – Cash Maximiser Ac 11	CLOSED	13 September 2017
Bus Cash Maximiser – Cash Maximiser Ac 7	CLOSED	13 September 2017
Business Cheque Acc – Cheque Ac 10	CLOSED	13 September 2017
Business Cheque Acc – Cheque Ac 11	CLOSED	13 September 2017
Bus Cash Maximiser – Cash Maximiser Ac 10	CLOSED	13 September 2017
NAB Qantas Business Card - Credit Card	CLOSED	28 February 2017
NAB Qantas Business Card – Credit Card	CLOSED	28 September 2016
Business Cheque Acc	CLOSED	16 September 2015
Business Cheque Acc – Cheque Ac 5	CLOSED	16 September 2015
Bus Cash Maximiser – Cash Maximiser Ac 5	CLOSED	16 September 2015
Bus Cash Maximiser	CLOSED	16 September 2015
Bus Cash Maximiser	CLOSED	16 September 2015
Business Cheque Acc	CLOSED	16 September 2015

NAB Term Deposit	CLOSED	23 March 2015
------------------	--------	---------------

My preliminary investigations suggest each bank account relates to a construction project undertaken by the Company.

To date, I have received cash at bank of \$18,757 from the NAB after it deducted its fees with respect to remitting the balance to my Liquidator's Company bank account.

I note that these funds relate to a BAS refund which was disclosed in the director's ROCAP as being owed to the Company.

For the purposes of this Report, the Company's cash at bank totals \$18,758.

5.1.2 Other Assets

I refer to section 3.5 of this Report and refer to the Company's claim against its pre-appointment insurer in relation to the insurer indemnifying the Company's legal costs incurred with respect to the Williansby Avenue property.

The Company's records reveal that legal expenses of approximately \$900,000 and I advise that the insurers have appealed the VCAT decision in the Supreme Court of Victoria.

I advise that I have engaged solicitors in relation to these proceedings and that this matter is ongoing.

5.1.3 Related Party Debtors

The Directors' ROCAP does not disclose any outstanding related party debtors.

I note that the Company's externally prepared financial statements does not disclose any outstanding related party debtors as at the date of my appointment, being 31 March 2023.

My investigations have identified a related party debtor loan owed by Boutique Wembley Trust as at 30 June 2021 in the amount of \$290,209. I note that the corporate trustee appears to have been deregistered on 9 November 2022.

My investigations with respect to the status of the Boutique Wembley Trust, including whether a new corporate trustee was appointed, are ongoing.

For the purposes of this Report, the realisable value of the Company's related party debtors is nil.

5.2 LIABILITIES

5.2.1 Secured Creditors

AFSA is the current responsible authority for the operation of the PPSR, a comprehensive nationwide register designed to facilitate the registration of security interests in personal property, pursuant to the PPSA.

The most fundamental premise of the legislation is the requirement that secured creditors register their security interests in order to enforce same in the event of insolvency.

A review of the Company's comprehensive PPSR records, maintained by AFSA, revealed that the following security interests were granted by MPS and registered as at the date our appointment:

Secured party	Registration No.	Collateral Class	Created On
SMM No. 9 Pty. Ltd.	202212090054233	Account	09/12/2022
	202212090054246	Account	09/12/2022

Immediately upon my appointment, I wrote to the secured party and requested details of their security interests.

SMM No. 9 Pty. Ltd. ("SMM")

The PPSR reveals that SMM has registered a circulating security interest against the property of the Company and a non-circulating security interest against an income tax refund that the Company was due to receive.

I note that the Company's director is also an officer of SMM.

I have been provided with the loan agreement that grants SMM the right to register a security interest against the Company's property. I advise that SMM has submitted a claim totalling \$121,337 with respect to its debt subject to the security interests.

The income tax refund, totalling approximately \$191,000, appears to have been disbursed to the Company's creditors such as its solicitors.

My investigations with respect to the Company's circulating security interest are ongoing, in particular, my investigations regarding the quantum of the advance paid to the Company or at its direction by SMM.

For the purposes of this Report, SMM's claim is uncertain.

5.2.2 Priority Creditors

Creditors are advised that pursuant to Section 556 of the Act employees are afforded a priority over ordinary unsecured creditors of the Company for unpaid wages, superannuation contributions, annual leave, long service leave, pay in lieu of notice, and redundancy entitlements.

Furthermore, Section 556 of the Act states that related parties (including directors, shadow directors and their relatives) are only entitled to claim, as a priority, a maximum amount of \$2,000 in respect of unpaid wages and superannuation, and \$1,500 in respect of leave entitlements. In addition, redundancy entitlements of related parties are not entitled to rank as priority claims. Any amounts owed to related parties in excess of these statutory limits will rank equally with all other ordinary unsecured claims, and have been isolated as non-priority components.

The Director's ROCAP and the Company's books and records do not reveal any outstanding employee entitlements and it appears that the Company ceased to be an employing entity after July 2021.

Any persons who were employed by the Company or are aware of outstanding entitlements should contact this office immediately.

5.2.3 Statutory Claims

The Director's ROCAP does not list the Australian Taxation Office ("ATO") as a creditor.

I note that the ATO has not submitted a claim in the Liquidation.

Subsequent to my appointment, I wrote to the State Revenue Office of Victoria (“SRO”) requesting details of any outstanding payroll and/or land tax. The SRO has not yet provided a response.

For the purposes of this Report, I have attributed a value of nil with respect to the Company’s statutory liabilities.

5.2.4 Other Unsecured Creditors

The Company’s records disclose the following properties as having contingent claims against the Company with respect to building defects:

- ▲ Willansby Avenue, Brighton VIC
- ▲ Hawthorn Road, Caulfield VIC
- ▲ Maroona Road, Carnegie VIC
- ▲ Dixon Street & Murray Street, Clayton VIC
- ▲ Neerim Road, Carnegie VIC
- ▲ Box Hill Crescent, Mont Albert North VIC
- ▲ Clyde Street, Thornbury VIC
- ▲ Queensberry Street, Carlton VIC
- ▲ Barkly Street, West Footscray VIC
- ▲ Small Street, Hampton VIC

To date, I have received claims from owners and strata corporations totalling \$4,213,667 with respect to defects with respect to their properties.

I refer to section 3.5 of this Report and note that the damages claim of \$9,043,072 awarded with respect to the Williansby Avenue property will likely be a claim against the Company owed to the insurers or the owners depending on the outcome of the appeal.

As not all creditors have submitted Formal Proofs of Debt to this office, the total amount of creditor claims may change upon receipt of such claims.

I note that owners with defect claims may wish to consider lodging a claim with the Victorian Managed Insurance Authority in relation to defects. Customers wishing to lodge a claim may do so by following the below link:

<https://www.dbi.vmia.vic.gov.au/>

For the purposes of this Report, the Company’s trade creditors total at least \$13.2 million.

5.2.5 Related Party Creditors

The Director’s ROCAP reveals the following debts owed by the Company to related parties. The findings of my review of the Company’s records are provided below:

Related Party	Purpose	Amount
SMM No. 9 Pty. Ltd.	Loan	\$374,567

SMM No. 9 Pty. Ltd. ("SMM")

I have reviewed the Company's externally prepared financial statements and bank statements for the period 1 July 2021 to the date of my appointment.

The books and records of the Company as at 31 March 2023 reveals SMM is owed \$374,567 by the Company.

I note that the Company was owed \$64,703 by SMM as at 30 June 2021.

My investigations have not identified any payments from SMM to the Company, however, it appears the SMM debt relates to payments made to the Company's creditors, such as its solicitors, on its behalf.

SMM has submitted a total claim against the Company in the amount of \$398,829.

I advise that my investigations with respect to the quantum of SMM's claim against the Company are continuing.

5.3 RECEIPTS AND PAYMENTS SINCE APPOINTMENT

A summary of the Receipts and Payments for the period 31 March 2023 to 28 June 2023 is provided below.

Receipts	Gross Amount
Cash at Bank	18,757.59
Total (inc GST)	\$18,757.59
Payments	
Bank Charges	5.00
Total (inc GST)	\$5.00
Balance in Hand	\$18,752.59

Creditors are advised pursuant to IPS 70-10(2) of the Corporations Act 2001 that the Liquidator's account of receipts and payments can be inspected at the offices of BRI Ferrier, Level 10, 45 William Street, Melbourne VIC 3000 during business hours.

6 INVESTIGATIONS AND INSOLVENT TRANSACTIONS

In accordance with Section 533 of the Act, I am required to lodge a report to ASIC regarding whether a person who has taken part in the formation, promotion, administration, management or winding up of the Company may have misapplied or retained any money or property of the company or may have been guilty of any negligence, default, breach of duty or breach of trust in relation to the Company.

My investigations have involved:

- ▲ Correspondence with the Director and external accountants;
- ▲ Review of management reports extracted from the Company's accounting system;
- ▲ Review of records held by the Company;

- Review of publicly available documents regarding the Company, including records maintained by the ASIC, AFSA, the Victorian Land Titles Office, and VicRoads;
- Liaised with the Sheriff's Office in relation to any warrant issued against the Company;
- Conducted ASIC's Money Smart and State Revenue Office searches to determine whether there is any unclaimed money held in the name of the Company; and
- Review of information supplied by creditors of the Company.

My investigations pursuant to Section 533 of the Act are continuing, however, the findings of my preliminary investigations are set out below.

6.1 VOIDABLE TRANSACTION CLAIMS

6.1.1 Uncommercial Transactions / Unreasonable Director Related Transactions

A transaction of the company is an uncommercial transaction where a reasonable person in the company's circumstances would not have entered into the transaction having regard to the benefits flowing to the company, or the detriment suffered by the company, and the respective benefits flowing to other parties to the transaction from entering into the transaction.

To void an uncommercial transaction, a Liquidator must prove the following elements:

- a transaction was entered into;
- there was no benefit to, or there was a detriment to, the company by entering into the transaction;
- it occurred at a time when the company was insolvent; and
- the party suspected or should have suspected that the company was insolvent at the time of the transaction.

A transaction is considered to be an unreasonable director related transaction if it involves:

- a payment made by the company; or
- a conveyance, transfer or other disposition by the company of property of the company; or
- the issue of securities by the company; or
- the incurring by the company of an obligation to make such a payment, disposition or issue, including contingent obligations;

to a director, a shadow director or an associate of a director (or to a person on behalf of, or for the benefit of either), where a reasonable person would not have entered into the transaction having regard to the benefit of the Company entering into the transaction and/or the detriment to the Company arising from the transaction.

I have reviewed the Company's financial records, including bank account statements, for the period from 1 April 2021 to 31 March 2023. I note that my investigations have been limited as I have not yet been provided with the Company's management accounting records.

My preliminary investigations have identified forty-three (43) payments totalling approximately \$355,853 which appear to have been paid to related parties. My investigations with respect to the purpose and commerciality of these payments are ongoing.

My preliminary investigations have also identified a dividend distributed in cash totalling \$1.3 million in July 2020. I note that a number of legal proceedings were on foot when the dividend was declared, notably the Williansby Avenue proceedings. My investigations with respect to the detriment that this transaction may have caused the Company are ongoing.

6.1.2 Unfair Loans

A loan to the company may be deemed unfair if the interest on a loan, or the charges on a loan, were initially extortionate, or, subsequently became extortionate because of a variation to the loan. In considering whether interest and charges are extortionate, regard must be had to conditions available in the market generally and:

- the risk to which the lender was exposed,
- the value of any security undertaken in respect of the loan,
- the term of the loan,
- the repayment schedule, and
- the reasonableness of any subsequent variations to the loan.

My preliminary investigations did not identify any unfair loans.

6.1.3 Unfair Preferences

A Liquidator can seek repayment from creditors whose debts have been paid at a time when the company was insolvent, where that creditor has received more than they would have if the Company had been wound up and the creditor proved in the Liquidation.

The creditor may defend such a claim by proving that it received the subject payment in good faith, for valuable consideration, and without suspecting or having grounds to suspect that the company was insolvent.

In summary there are four (4) criterion of a preference payment, being:

1. The creditor and the Company must be both parties to the transaction;
2. The creditor received more than they would have if the transaction were set aside and the creditor were to prove for their debt in the winding up of the Company;
3. The creditor had knowledge of the Company's insolvency at the time the transaction was entered into; and
4. The Company was insolvent when the transaction was entered into.

Furthermore, only payments made within six months before the relation back date (in this case being 30 September 2022 to 31 March 2023) are normally recoverable. In any case, allowance must be made for the "ultimate effect" of the payment, so that, where the payment has secured further supply, the value of that supply is deducted from the payment to determine the net preferential effect.

My investigations have not identified any payments that may be deemed to be preferential.

6.1.4 Insolvent Trading

A Liquidator or creditor may pursue a claim against a director for the loss suffered by creditors resulting from the director allowing the company to incur a debt which is not later repaid, at a time when the company is insolvent, or when the director suspects, or should have suspected the insolvency.

A director can defend insolvent trading claims by showing that they had reasonable grounds to expect the debt would be paid, or that they relied on others who informed them that debts would be paid.

For general information about insolvent trading, please refer to the information sheet.

In deciding whether to commence an insolvent trading action against a director, a Liquidator needs to:

- ▲ gather evidence that supports the claim;
- ▲ have sufficient funds available to commence and prosecute an action to its conclusion; and
- ▲ be confident that in circumstances where judgment is obtained, the director have the wherewithal to satisfy such judgment.

In the case of *ASIC v Plymin* (46 ACSR 126 at 214-5) the Court identified the following widely cited indicators that may lead to a conclusion that a Company's insolvency may not be far off:

- a) a history of continuing losses
- b) liquidity ratios falling below one (1)
- c) overdue taxes
- d) a poor relationship with its present bank, including inability to borrow further funds
- e) inability to raise further funds from existing or new shareholders
- f) no access to alternative finance and an inability to raise further equity capital
- g) suppliers placing the Company on COD, or demanding special payments before resuming supply
- h) creditors remaining unpaid outside trading terms
- i) post-dated cheques being issued
- j) cheques being dishonoured
- k) special arrangements with selected creditors
- l) solicitors' letters, summonses, judgments or warrants being issued against the Company
- m) payments to creditors of rounded sums not reconcilable to specific invoices
- n) an inability to produce timely and accurate financial information to demonstrate its trading performance and financial position, and to make reliable forecasts.

Based on the above indicators, I note the following with respect to the Company's circumstances:

Working Capital Deficiencies

The table below outlines key indicators of the Company's Liquidity.

	3-Mar-23	30-Jun-22	30-Jun-21	30-Jun-20
Current Assets	\$11,598	\$222,533	\$1,159,279	\$4,881,206
Current Liabilities	\$366,237	\$293,929	\$578,091	\$3,174,825
Current Ratio	0.03	0.76	2.01	1.54
Working Capital	(\$354,639)	(\$71,396)	\$581,188	\$1,706,381

Working Capital represents a company's operating liquidity which is measured by deducting a company's current liabilities from its current assets. A negative Working Capital indicates that a company did not have sufficient current assets (for example, cash) to pay its short-term debts.

I note that the Company's financial reports reveal inadequate working capital from at least June 2022.

Continuous Trading

The Company reported continuous trading losses for the period from 1 July 2020 to the date of my appointment.

The losses suffered by the Company are detailed below:

Income Statement Summary				
	31-Mar-23	FY 2022	FY 2021	FY 2020
Total Income	226,055	(195,265)	4,235,467	13,448,539
Less: Cost of Sales	<u>522,145</u>	<u>1,225,852</u>	<u>4,414,453</u>	<u>11,090,704</u>
Gross Profit	(296,090)	(1,421,117)	(178,986)	2,357,835
Other Income				
	73	305,516	862,642	655,048
Expenses				
Operating Expenses	(12,776)	34,407	1,344,003	1,578,881
Employment Expenses	<u>0</u>	<u>4,021</u>	<u>892,464</u>	<u>494,525</u>
Total Expenses	(12,776)	38,428	2,236,467	2,073,406
NET PROFIT/(LOSS)	<u>(283,241)</u>	<u>(1,154,029)</u>	<u>(1,552,811)</u>	<u>939,477</u>

Summary

Based on the above, it appears that the Company has experienced financial difficulties from at least June 2021 and has incurred trade debts of approximately \$89,000.

I have undertaken searches of the Victorian Land Title Office database for real property in the name of the Company's director. My investigations have not identified any real property at this time.

My investigations with respect to defences that may be available with respect to an insolvent trading claim brought by the Company are ongoing.

6.1.5 Director Duties

Any breaches of director duties, including insolvent trading, will be reported to ASIC in accordance with Section 533 of the Act.

My investigations with respect to breaches of director duties are continuing.

6.1.6 Shadow Director / Associates

I refer to Section 9 of the Act and note that a director is defined as;

"Director" of a company or other body means:

(a) a person who:

(i) is appointed to the position of a Director; or

- (ii) is appointed to the position of an alternate Director and is acting in that capacity; regardless of the name that is given to their position; and*
- (b) unless the contrary intention appears, a person who is not validly appointed as a Director if:*
 - (i) they act in the position of a Director; or*
 - (ii) the Director of the company or body are accustomed to act in accordance with the person's instructions or wishes.*

My investigations have not identified any shadow directors.

7 LIKELIHOOD OF A DIVIDEND BEING PAID IN THE LIQUIDATION

The prospect of a dividend to creditors is uncertain at this time and will be dependent on the recovery of voidable transactions as well as claims available under the Company's pre-appointment insurance covers.

8 REMUNERATION OF THE LIQUIDATOR

A Remuneration Request Approval Report is enclosed as **Annexure "A"** for your consideration. I am unable to pay my remuneration without the approval of creditors (either by a proposal without a meeting, or by a meeting) or alternatively, by an application to the Court.

To participate in voting, please provide me with a Proof of Debt detailing your claim as a creditor. A Proof of Debt Form is enclosed as **Annexure "B"**. If you have previously provided a Proof of Debt and wish to supplement it, you may do so. Otherwise, creditors **are not required** to re-submit a Proof of Debt.

In the interests of keeping costs to a minimum, I am seeking approval of my remuneration by a proposal without a meeting. Proposal without meeting forms are enclosed for each resolution sought and are marked as **Annexure "C"**, **Annexure "D"**, **Annexure "E"** and **Annexure "F"**. The Proposal Without a Meeting forms must be returned to this office before **4.00PM AEST, Friday, 28 July 2023** for your vote to count.

Information about passing resolutions without a meeting and a proposal form is included with this Report as **Annexure "G"**.

Should you have any questions concerning this Report, please contact this office on (03) 9622 1800.

Yours faithfully



DAVID COYNE
Liquidator

Remuneration Request Approval Report

Shangri-La Construction Pty Ltd

(In Liquidation)

ACN 130 534 244

28 June 2023

David Coyne
Liquidator

BRI Ferrier Victoria Pty Ltd ABN 18 638 454 029
Level 10, 45 William Street, Melbourne VIC 3000
PO Box 521, Collins Street West VIC 8007

Phone (03) 9622 1800

Email: info@brifvic.com.au

Website: www.briferrier.com.au



TABLE OF CONTENTS

1	DECLARATION.....	3
2	EXECUTIVE SUMMARY	3
3	DESCRIPTION OF WORK COMPLETED / TO BE COMPLETED	4
	3.1 Remuneration for the period 31 March 2023 to 25 June 2023	4
4	CALCULATION OF REMUNERATION	5
	4.1 Remuneration for the period 26 June 2023 to Completion	7
5	STATEMENT OF REMUNERATION CLAIM	8
6	DISBURSEMENTS	9
7	LIKELY IMPACT ON DIVIDENDS.....	10
8	SUMMARY OF RECEIPTS AND PAYMENTS.....	11
9	QUERIES	11
10	INFORMATION SHEET	11
11	ADVICE TO CREDITORS.....	11
	11.1 Remuneration methods	11
	11.2 Method chosen.....	12
	11.3 Explanation of hourly rates	13

1 DECLARATION

I, David Coyne of BRI Ferrier, have undertaken a proper assessment of this remuneration claim for my appointment as Liquidator of Shangri-La Construction Pty Ltd in accordance with the law and applicable professional standards. I am satisfied that the remuneration claimed is in respect of necessary work, properly performed, in the conduct of the Liquidation.

I have reviewed the work in progress report for the Liquidation to ensure that remuneration and disbursements claimed are necessary and proper.

2 EXECUTIVE SUMMARY

To date, no remuneration has been approved or paid in this administration. This remuneration report details approval sought for the following fees:

This remuneration report details approval sought for the following fees:

Period	Amount (\$, ex GST)
Past remuneration and disbursements approved:	
<i>Total past remuneration and disbursements approved and drawn</i>	Nil

Current Remuneration Approval Sought	Rates to Apply	To Be Drawn	Amount (\$, ex GST)
Liquidation			
Resolution #1: 31 March 2023 to 25 June 2023	As provided in Remuneration Request Approval Report dated 28 June 2023	On a monthly basis or as required.	\$56,488.00
Resolution #2: 26 June 2023 to Completion	As provided in Remuneration Request Approval Report dated 28 June 2023	On a monthly basis or as required.	\$75,100.00

Resolution #3: Disbursements for the period commencement to completion	As provided in Remuneration Request Approval Report dated xx	On a monthly basis or as required.	\$500.00
Liquidation Total			\$132,088.00

This differs to the estimate of costs of \$30,000 to \$50,000 provided in the Initial Advice to Creditors dated 10 April 2023 of for the following reasons:

- Greater than expected time incurred and expected to be incurred attending to proceedings with respect to claims against Shangri-La Construction Pty Ltd.
- Greater than expected time incurred and expected to be incurred dealing with ongoing litigation relating to the pre-appointment insurance covers of Shangri-La Construction Pty Ltd.

I note that further remuneration approval requests may be made depending on the outcome of the proceedings against Shangri-La Construction Pty Ltd and its insurers.

3 DESCRIPTION OF WORK COMPLETED / TO BE COMPLETED

Resolution #1

Company	Shangri-La Construction Pty Ltd (In Liquidation)	Period From	31/03/2023	To	25/06/2023
Practitioner	David Coyne	Firm	BRI Ferrier		
Administration Type	Liquidation				

3.1 REMUNERATION FOR THE PERIOD 31 MARCH 2023 TO 25 JUNE 2023

Task Area	General Description	Includes
Assets	Assets subject to specific charges	Reviewed documentation relating to non-circulating security interest against income tax refund
2 hrs		
\$ 1,090	Other Assets	Corresponded with financial institutions regarding cash at bank Reviewed bank statements and ATO running balance statements with respect to GST refund

Task Area	General Description	Includes
Creditors 41.8 hrs \$ 16,420	Creditor Enquiries	Received and followed up creditor enquiries by telephone and email Maintained creditor enquiry register Reviewed and prepared correspondence to creditors and their representatives by email and post
	Retention of Title/Purchase Money Security Interest Claims	Searched the PPSR Reviewed validity of security interest claims
	Secured creditor reporting	Notified Security Interest-holders of appointment
	Creditor reports	Prepared First Report to Creditors and annexures Prepared Second Report to Creditors and annexures
	Dealing with proofs of debt	Receipted and filed Proofs when not related to a dividend
Investigation 81 hrs \$ 33,341	Conducting investigation	Collected company books and records Reviewed company's books and records Reviewed and prepared narrative of business nature and history Conducted and summarising statutory searches Prepared comparative financial statements Prepared deficiency statement Reviewed specific transactions and liaising with directors regarding certain transactions
	Litigation / Recoveries	Reviewed status of ongoing litigation Reviewed documentation relating to ongoing litigation Reviewed insurance policy documentation relating to indemnity for pre-appointment legal costs Liaised with solicitors regarding ongoing litigation
Administration 15.9 hrs \$ 5,637	Correspondence	Prepared general correspondence to stakeholders
	Document maintenance/file review/checklist	Filed documents Updated checklists
	Bank account administration	Prepared correspondence opening accounts Requested bank statements Prepared bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Forms	Prepared and lodged ASIC forms including 505, etc
	ATO and other statutory reporting	Notified ATO of appointment
Total 140.7 hrs	Total Cost	\$56,488 (plus GST)

4 CALCULATION OF REMUNERATION

The remuneration request is summarised by employee by area of activity on the following page.

Shangri-La Construction Pty Ltd (In Liquidation)
For the period 31 March 2023 to 25 June 2023

Name	Position	Charge Out Rate	Assets		Creditors		Investigations		Administration		Grand Total	
			Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)
David Coyne	Principal	650.00	0.60	390.00	8.40	5,460.00	24.70	16,055.00	3.50	2,275.00	37.20	24,180.00
JM	Manager	500.00	1.40	700.00	12.90	6,450.00	17.50	8,750.00	1.80	900.00	33.60	16,800.00
DSC	Senior Accountant	350.00	-	-	-	-	-	-	1.00	350.00	1.00	350.00
BS	Intermediate Accountant	220.00	-	-	19.50	4,290.00	23.20	5,104.00	6.20	1,364.00	48.90	10,758.00
ST	Intermediate Accountant	220.00	-	-	1.00	220.00	15.60	3,432.00	3.40	748.00	20.00	4,400.00
Grand Total			2.00	1,090.00	41.80	16,420.00	81.00	33,341.00	15.90	5,637.00	140.70	56,488.00
Average Hourly Rate			545.00		392.82		411.62		354.53		401.48	

Resolution #2

Company	Shangri-La Construction Pty Ltd (In Liquidation)	Period From	26/06/2023	To	Completion
Practitioner	David Coyne	Firm	BRI Ferrier		
Administration Type	Liquidation				

4.1 REMUNERATION FOR THE PERIOD 26 JUNE 2023 TO COMPLETION

Task Area	General Description	Includes
Creditors 37.50 hrs \$15,000	Creditor Enquiries	Receiving and following up creditor enquiries by telephone Maintaining creditor enquiry register Reviewing and preparing correspondence to creditors and their representatives by email and post
	Retention of Title/Purchase Money Security Interest Claims	Communicating with security interest holder
	Creditor reports	Preparing Second Report to Creditors and annexures, including Remuneration Approval Request Report
	Dealing with proofs of debt	Receipting and filing Proofs when not related to a dividend
Investigation 131 hours \$55,100	Conducting investigation	Reviewing company's books and records Reviewing specific transactions and liaising with directors regarding certain transactions Conducting further investigations with respect to voidable transactions Preparing investigation file Lodging investigation with the ASIC Preparing and lodging supplementary report if required
	Examinations	If required: Preparing brief to solicitor Liaising with solicitor(s) regarding examinations Attending examination Reviewing examination transcripts Liaising with solicitor(s) regarding outcome of examinations and further actions available

Task Area	General Description	Includes
	Litigation / Recoveries	Internal meetings to discuss status of litigation Preparing brief to solicitors Liaising with solicitors regarding recovery actions Attending to negotiations Attending to settlement matters
	ASIC reporting	Preparing statutory investigation reports Preparing affidavits seeking non lodgements assistance Liaising with ASIC
Administration 13.50 hrs \$5,000	Correspondence	Preparing general correspondence to stakeholders
	Document maintenance/file review/checklist	Filing of documents Undertaking file reviews Updating checklists
	Bank account administration	Preparing correspondence closing accounts Preparing bank account reconciliations Corresponding with bank regarding specific transfers
	ASIC Forms	Preparing and lodging ASIC forms including 505, etc Corresponding with ASIC regarding statutory forms
	ATO and other statutory reporting	Preparing BASs
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussing status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage
Total 182 hrs	Total Estimated Cost	\$75,100 (plus GST)

5 STATEMENT OF REMUNERATION CLAIM

I am seeking approval for the following resolutions from creditors:

Liquidator's Remuneration Resolution #1

"That the remuneration of the Liquidation from 31 March 2023 to 25 June 2023 is determined at a sum equal to the cost of time spent by the Liquidator and the Liquidator's partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 28 June 2023 such sum to be fixed at the amount of \$56,488, exclusive of GST, and that the Liquidator may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Liquidator

to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval.”

Liquidator’s Remuneration Resolution #2

“That the remuneration of the Liquidation from 26 June 2023 to completion of the Liquidation is determined at a sum equal to the cost of time spent by the Liquidator and the Liquidator’s partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 28 June 2023 such sum to be capped at the amount of \$75,100, exclusive of GST, and that the Liquidator may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Liquidator to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval.”

The total amount of remuneration sought with respect to this request is \$131,588.

If my time costs are less than the amount approved by creditors then I will only draw the lesser amount.

6 DISBURSEMENTS

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided service disbursement is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees. These are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis. We also intend to charge the ASIC Industry Funding levy, detailed below, as an internal disbursement.

The ASIC Industry Funding Model levy commenced on 1 July 2017. The levy is calculated per metric events including certain lodgements with ASIC and certain advertisements on the ASIC Public Notice Website (“PNW”). These include the following:

- Notice of meetings advertised on the PNW;
- Notice of intention to declare dividend on the PNW; and
- Notice of the outcome of a proposal to pass resolution without meeting lodged with ASIC.

In this Liquidation, I consider that we will incur the ASIC levy for the following metric events:

- New appointment for financial year ending 30 June 2023;
- Ongoing appointment for financial year ending 30 June 2024;
- Notice calling for formal proof of debt or claim; and
- Notice of intention to declare dividend on the PNW.

I will not be provided with an invoice for the exact amount of the fee for the year to 30 June 2023 until 2024.

My current best estimate based on indications from ASIC is the fee will be calculated on a basis of \$125 per event and we are seeking creditor approval to recover these costs as internal disbursements with a potential profit element in accordance with the recommendations from our professional body, the Australia Restructuring Insolvency and Turnaround Association.

I have undertaken a proper assessment of disbursements claimed for the Liquidation of Shangri-La Construction Pty Ltd, in accordance with the law and applicable professional standards. I am satisfied that the disbursements claimed are necessary and proper.

No disbursements have been drawn from the Liquidation to date.

I am not obliged to seek creditor approval for disbursements, but must account to creditors, this includes providing details of the basis of charging for these types of disbursements to creditors as part of the Remuneration Report.

In respect of internal disbursements, to the extent that these may be recovered at more than their cost, they may be considered as deriving a profit or advantage and must therefore be approved by creditors, a committee of inspection (if one is appointed), or by the Court prior to them being drawn.

Future disbursements with a potential profit element derived by my firm will be charged to the administration on the following basis, subject to creditors' approval:

Disbursements with a profit element	Rate (excl GST) (\$)
ASIC Industry Funding Levy	\$125 per event
Printing and Photocopying	\$0.25 per page

I am seeking the following resolution with respect to these disbursements:

Liquidators Disbursements Resolution #1

"That the disbursements potentially deriving a profit element of the Liquidation from 31 March 2023 to completion of the Liquidation are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 28 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Liquidator may draw disbursements on a monthly basis or as required."

If my internal disbursements are less than the amount approved by creditors then I will only draw the lesser amount.

I note that the drawing of disbursements will result in a reduction of funds available in the Liquidation.

7 LIKELY IMPACT ON DIVIDENDS

The Corporations Act 2001 sets the order for payment of claims against the company and it provides for remuneration of the Liquidator to be paid in priority to other claims. This ensures that when there are

sufficient funds, the Liquidator receives payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any available funds.

Based on:

- realisations to date,
- estimated future realisations,
- my estimated remuneration to complete the Liquidation and
- the estimated total of creditor claims based on the company's records and claims lodged now,

The prospect of a dividend to creditors is uncertain at this time and will be dependent on the recovery of voidable transactions as well as claims available under the Company's pre-appointment insurance covers.

8 SUMMARY OF RECEIPTS AND PAYMENTS

A summary of my receipts and payments have been provided in my Report to Creditors dated 28 June 2023.

9 QUERIES

The above information is provided to assist creditors in considering the appropriateness of the remuneration claims that are being made.

Creditors should contact Mr Joshua May of the Liquidator's office on 03 9622 1800 or by email at jmay@brifvic.com.au to seek further information concerning the remuneration claims if they need so.

10 INFORMATION SHEET

The ARITA has produced a document entitled "Creditor Information Sheet: Approving remuneration in external administrations" that can be downloaded from the ARITA website www.arita.com.au or alternatively a copy can be obtained from this office.

11 ADVICE TO CREDITORS

11.1 REMUNERATION METHODS

There are four basic methods that can be used to calculate the remuneration charged by an insolvency Practitioner. They are:

▲ Time based / hourly rates

This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.

▲ Fixed Fee

The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a Practitioner will finalise an administration for a fixed fee.

Percentage

The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.

Contingency

The practitioner's fee is structured to be contingent on a particular outcome being achieved.

11.2 METHOD CHOSEN

BRI Ferrier normally charges to use a Time Cost basis, because:

- It is often difficult to estimate accurately the likely cost of undertaking an appointment, as appointments differ in unforeseeable ways as to their factual or legal complexity;
- The Time Cost method reflects the opportunity cost to BRI Ferrier of the use of staff on a particular engagement
- The Time Cost method reflects the extent of work undertaken, reflecting in turn the nature of the appointment
- The Time Cost method can be applied equally to all aspects of an appointment, while percentage or contingent remuneration normally only reflect parts of an appointment, such as the recovery of assets. Our duties include activities, such as reporting to creditors and ASIC, that do not directly yield asset recovery, while contributing to the overall return to creditors.

Given the nature of this Liquidation, I propose that my remuneration be calculated on the time based / hourly rates method. In my opinion, this is the fairest method for the following reasons:

- I will only be paid for work done, subject to sufficient realisations of the Company assets or, if there are insufficient assets realised, to the indemnity provided to me (if any).
- It ensures creditors are only charged for work that is performed. My time is recorded and charged in six minute increments and staff are allocated to duties according to their relevant experience and qualifications.
- I am required to perform a number of tasks which do not relate to the realisation of assets, including responding to creditor enquiries, reporting to the ASIC, distributing funds in accordance with the provisions of the Corporations Act 2001.

I am unable to estimate with certainty the total amount of fees necessary to complete all tasks required in this administration. BRI Ferrier reviews its hourly rates every twelve months. The hourly rates quoted above remain current until 30 June 2023. At this time BRI Ferrier may increase the hourly rates charged for work performed past that date.

11.3 EXPLANATION OF HOURLY RATES

The rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

HOURLY RATES		
Title	Description	Rate (excl GST)
Principal / Appointee	A Registered Liquidator. A senior accountant with over 10 years' experience. Leads the team carrying out and controls all aspects of an appointment.	\$650
Director	An accountant with more than 10 years' experience. May be a Registered Liquidator. Fully qualified and able to control all aspects of an appointment. May have specialist industry knowledge or skills. Assists with all facets of appointment.	\$570
Senior Manager	An accountant with more than 7 years' experience. Qualified and answerable to the Team Leader. Self-sufficient in completing and planning all aspects of large appointments.	\$530
Manager	An accountant with at least 6 years' experience. Typically qualified with well-developed technical and commercial skills, and studying or has completed specialised study in Insolvency and Reconstruction. Controls and plans all aspects of medium to larger appointments, reporting to the Team Leader.	\$500
Supervisor	An accountant with more than 4 years' experience. Typically qualified with sound knowledge of insolvency principles and developing commercial skill. Assists to plan and control specific tasks on medium to larger appointments. Often undertaking post qualification study specialising in Insolvency and Reconstruction.	\$400
Senior 1	An accountant with more than 2 years' experience. Typically a graduate undertaking study leading to professional qualification as a Chartered Accountant or CPA. Able to complete work on appointments with limited supervision.	\$350
Senior 2	An accountant with less than 2 years' experience. Typically a graduate who has commenced study leading to professional qualifications. Able to complete many tasks on medium to large appointments under supervision.	\$300
Intermediate 1	An accountant with less than 2 years' experience. Typically a graduate and commencing study for qualifications. Able to complete multiple tasks on smaller to medium appointments under supervision.	\$250
Intermediate 2	An accountant with less than 1 years' experience. A trainee undertaking degree with an accountancy major. Assists in the appointment under supervision.	\$220
Senior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$200
Junior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$150

11.3.1 Notes

- ▲ The abovementioned hourly rates are exclusive of GST.
- ▲ The above staff descriptions are intended a general guide only to the experience and qualifications of staff engaged in the external administration.
- ▲ Time is recorded and charged to the administration in six-minute increments.

Annexure "B"
FORM 535
CORPORATIONS ACT 2001

ACN 130 534 244

Subregulation 5.6.49(2)

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Liquidator of Shangri-La Construction Pty Ltd (In Liquidation)

1. This is to state that the company was, on 31 March 2023 ⁽¹⁾ and still is, justly and truly indebted to⁽²⁾ (full name):

.....
(‘Creditor’)

.....
of (full address)

for \$ dollars and cents.

Particulars of the debt are:

Date	Consideration ⁽³⁾ state how the debt arose	Amount \$	GST included \$	Remarks ⁽⁴⁾ include details of voucher substantiating payment

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any manner of satisfaction or security for the sum or any part of it except for the following:

Insert particulars of all securities held. Where the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a schedule in the following form:

Date	Drawer	Acceptor	Amount \$ c	Due Date

☐

I am **not** a related creditor of the Company ⁽⁵⁾

☐

I am a related creditor of the Company ⁽⁵⁾

relationship:

If the form is being used for the purpose of voting at a meeting:

Is the debt you are claiming assigned to you?

No ☐ Yes ☐

If yes, attach written evidence of the debt, the assignment and consideration given.

☐ Attached

If yes, what value of consideration did you give for the assignment (eg, what amount did you pay for the debt?) \$

3A.^{(6)*} I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

3B.^{(6)*} I am the creditor's agent authorised to make this statement in writing. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

DATED this day of 2023

Signature of Signatory

NAME IN BLOCK LETTERS

Occupation

Address

See Directions overleaf for the completion of this form

OFFICE USE ONLY

POD No:		ADMIT (Voting / Dividend) - Ordinary	\$
Date Received:	/ /	ADMIT (Voting / Dividend) – Preferential	\$
Entered into CORE IPS:		Reject (Voting / Dividend)	\$
Amount per ROCAP	\$	Object or H/Over for Consideration	\$
Reason for Admitting / Rejection			
PREP BY/AUTHORISED		TOTAL PROOF	\$
DATE AUTHORISED / /			

Proof of Debt Form Directions

- * Strike out whichever is inapplicable.
- (1) Insert date of Court Order in winding up by the Court, or date of resolution to wind up, if a voluntary winding up.
- (2) Insert full name and address (including ABN) of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor.
- (3) Under "Consideration" state how the debt arose, for example "goods sold and delivered to the company between the dates of", "moneys advanced in respect of the Bill of Exchange".
- (4) Under "Remarks" include details of vouchers substantiating payment.
- (5) Related Party / Entity: Director, relative of Director, related company, beneficiary of a related trust.
- (6) If the Creditor is a natural person and this proof is made by the Creditor personally. In other cases, if, for example, you are the director of a corporate Creditor or the solicitor or accountant of the Creditor, you sign this form as the Creditor's authorised agent (delete item 3A). If you are an authorised employee of the Creditor (credit manager etc), delete item 3B.

Annexures

- A. If space provided for a particular purpose in a form is insufficient to contain all the required information in relation to a particular item, the information must be set out in an annexure.
- B. An annexure to a form must:
 - (a) have an identifying mark;
 - (b) and be endorsed with the words:
 - i) "This is the annexure of *(insert number of pages)* pages marked *(insert an identifying mark)* referred to in the *(insert description of form)* signed by me/us and dated *(insert date of signing)*; and
 - (c) be signed by each person signing the form to which the document is annexed.
- C. The pages in an annexure must be numbered consecutively.
- D. If a form has a document annexed the following particulars of the annexure must be written on the form:
 - (a) the identifying mark; and
 - (b) the number of pages.
- E. A reference to an annexure includes a document that is with a form.

NOTICE OF PROPOSAL TO CREDITORS

Dated: 28 June 2023

Voting Poll Closes: 26 July 2023

SHANGRI-LA CONSTRUCTION PTY LTD
(IN LIQUIDATION)
ACN 130 534 244 ("THE COMPANY")

Proposal No. 1 for creditor approval

"That the remuneration of the Liquidation from 31 March 2023 to 25 June 2023 is determined at a sum equal to the cost of time spent by the Liquidator and the Liquidator's partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 28 June 2023 such sum to be fixed at the amount of \$56,488, exclusive of GST, and that the Liquidator may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Liquidator to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."

Vote on the Proposal No. 1

Please select the appropriate Yes, No or Object box referred to below with a ☒ to indicate your preferred position.

- Yes ☐ I approve the proposal
- No ☐ I do not approve the proposal
- Object ☐ I object to the proposal being resolved without a meeting of creditors

For your vote to count, your claim against the Company must have been admitted for the purposes of voting by the Joint and Several Liquidators. Please select the option that applies to you:

- ☐ I have previously submitted a proof of debt form and supporting documents
- ☐ I have **enclosed** a proof of debt form and supporting documents with this proposal form
- ☐ I am **not** a related creditor of the Company
- ☐ I am a related creditor of the Company*

relationship: _____

*eg Director, relative of Director, related company, beneficiary of a related trust.

Reasons for the proposal and the likely impact it will have on creditors if it is passed

- A Liquidator is entitled to be fairly remunerated for undertaking statutory and other duties, including reporting obligations in acting as a liquidator.
- I am unable to pay my remuneration without the approval of the Committee of Inspection (if one has been appointed), Creditors, or the Court.
- Approval by Creditors is efficient and timely, and is less costly than an application to the Court.
- Approval of my remuneration will allow me to progress further investigations in a timely manner to ensure the prospect of any dividends can be maximised.
- The drawing of remuneration will reduce the funds available in the Liquidation.

Creditor details

Name of creditor

Address

ABN (if applicable)

Contact number

Email address

**Name of creditor /
authorised person:** _____

Signature: _____

Date: _____

For your vote to count, you **must complete** this document and return it together with any **supporting documents** by no later than **4.00PM AEST on Wednesday, 26 July 2023**, by email to Joshua May at info@brifvic.com.au. Should you have any queries in relation to this matter, please contact Joshua May on (03) 9622 1800.

BRI FERRIER
PO Box 521
Collins Street West VIC 8007

NOTICE OF PROPOSAL TO CREDITORS

Dated: 28 June 2023

Voting Poll Closes: 26 July 2023

SHANGRI-LA CONSTRUCTION PTY LTD
(IN LIQUIDATION)
ACN 130 534 244 ("THE COMPANY")

Proposal No. 2 for creditor approval

"That the remuneration of the Liquidation from 26 June 2023 to completion of the Liquidation is determined at a sum equal to the cost of time spent by the Liquidator and the Liquidator's partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 28 June 2023 such sum to be capped at the amount of \$75,100, exclusive of GST, and that the Liquidator may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Liquidator to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."

Vote on the Proposal No. 2

Please select the appropriate Yes, No or Object box referred to below with a ☒ to indicate your preferred position.

- Yes ☐ I approve the proposal
- No ☐ I do not approve the proposal
- Object ☐ I object to the proposal being resolved without a meeting of creditors

For your vote to count, your claim against the Company must have been admitted for the purposes of voting by the Joint and Several Liquidators. Please select the option that applies to you:

- ☐ I have previously submitted a proof of debt form and supporting documents
- ☐ I have **enclosed** a proof of debt form and supporting documents with this proposal form
- ☐ I am **not** a related creditor of the Company
- ☐ I am a related creditor of the Company*

relationship: _____

*eg Director, relative of Director, related company, beneficiary of a related trust.

Reasons for the proposal and the likely impact it will have on creditors if it is passed

- A Liquidator is entitled to be fairly remunerated for undertaking statutory and other duties, including reporting obligations in acting as a liquidator.
- I am unable to pay my remuneration without the approval of the Committee of Inspection (if one has been appointed), Creditors, or the Court.
- Approval by Creditors is efficient and timely, and is less costly than an application to the Court.
- Approval of my remuneration will allow me to progress further investigations in a timely manner to ensure the prospect of any dividends can be maximised.
- The drawing of remuneration will reduce the funds available in the Liquidation.

Creditor details

Name of creditor

Address

ABN (if applicable)

Contact number

Email address

**Name of creditor /
authorised person:** _____

Signature: _____

Date: _____

For your vote to count, you **must complete** this document and return it together with any **supporting documents** by no later than **4.00PM AEST on Wednesday, 26 July 2023**, by email to Joshua May at info@brifvic.com.au. Should you have any queries in relation to this matter, please contact Joshua May on (03) 9622 1800.

BRI FERRIER
PO Box 521
Collins Street West VIC 8007

NOTICE OF PROPOSAL TO CREDITORS**Dated: 28 June 2023****Voting Poll Closes: 26 July 2023**

**SHANGRI-LA CONSTRUCTION PTY LTD
(IN LIQUIDATION)
ACN 130 534 244 ("THE COMPANY")****Disbursements**

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided service disbursement is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees. These are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis. I also intend to charge the ASIC Industry Funding levy, detailed below, as an internal disbursement.

The ASIC Industry Funding Model levy commenced on 1 July 2017. The levy is calculated per metric events including certain lodgements with ASIC and certain advertisements on the ASIC Public Notice Website ("PNW"). These include the following:

- Notice of meetings advertised on the PNW;
- Notice of intention to declare dividend on the PNW; and
- Notice of the outcome of a proposal to pass resolution without meeting lodged with ASIC.

In this Liquidation, I consider that I will incur the ASIC levy for the following metric events:

- New appointment for financial year ending 30 June 2022;
- Ongoing appointment for financial year ending 30 June 2023;
- Notice calling for formal proof of debt or claim.

I will not be provided with an invoice for the exact amount of the fee for the year to 30 June 2022 until 2023.

My current best estimate is the fee will be calculated on a basis of \$125 per event and I am seeking creditor approval to recover these costs as internal disbursements with a potential profit element in accordance with the recommendations from my professional body, the Australia Restructuring Insolvency and Turnaround Association.

In respect of Internal disbursements, to the extent that these may be recovered at more than their cost, they may be considered as deriving a profit or advantage and must therefore be approved by creditors, a committee of inspection (if one is appointed), or by the Court prior to them being drawn.

Future disbursements with a potential profit element derived by my firm will be charged to the administration on the following basis, subject to creditor approval:

Disbursements with a profit element	Rate (excl GST) (\$)
ASIC Industry Funding Levy	\$125 per event
Printing and Photocopying	\$0.25 per page

Proposal No. 3 for creditor approval

“That the disbursements potentially deriving a profit element of the Liquidation from 31 March 2023 to completion of the Liquidation are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 28 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Liquidator may draw disbursements on a monthly basis or as required.”

Vote on the Proposal No. 3

Please select the appropriate Yes, No or Object box referred to below with a ☒ to indicate your preferred position.

- Yes ☐ I approve the proposal
- No ☐ I do not approve the proposal
- Object ☐ I object to the proposal being resolved without a meeting of creditors

For your vote to count, your claim against the Company must have been admitted for the purposes of voting by the Joint and Several Liquidators. Please select the option that applies to you:

- ☐ I have previously submitted a proof of debt form and supporting documents
- ☐ I have **enclosed** a proof of debt form and supporting documents with this proposal form
- ☐ I am **not** a related creditor of the Company
- ☐ I am a related creditor of the Company*

relationship: _____

*eg Director, relative of Director, related company, beneficiary of a related trust.

Reasons for the proposal and the likely impact it will have on creditors if it is passed

- A Liquidator is entitled to be fairly remunerated for undertaking statutory and other duties, including reporting obligations in acting as a liquidator.
- I am unable to pay my disbursements without the approval of the Committee of Inspection (if one has been appointed), Creditors, or the Court.
- Approval by Creditors is efficient and timely, and is less costly than an application to the Court.
- Approval of my disbursements will allow us to progress further investigations in a timely manner to ensure the prospect of any dividends can be maximised.
- The drawing of disbursements will result in a reduction of funds available in the Liquidation.

Creditor details

Name of creditor

Address

ABN (if applicable)

Contact number

Email address

Name of creditor /
authorised person:

Signature:

Date:

For your vote to count, you **must complete** this document and return it together with any **supporting documents** by no later than **4.00PM AEST** on **Wednesday, 26 July 2023**, by email to Joshua May at info@brifvic.com.au. Should you have any queries in relation to this matter, please contact Joshua May on (03) 9622 1800.

BRI FERRIER
PO Box 521
Collins Street West VIC 8007

NOTICE OF PROPOSAL TO CREDITORS

Dated: 28 June 2023

Voting Poll Closes: 26 July 2023

SHANGRI-LA CONSTRUCTION PTY LTD
(IN LIQUIDATION)
ACN 130 534 244 ("THE COMPANY")

Proposal No. 4 for creditor approval

"That subject to obtaining the approval of the Australian Securities and Investments Commission under Insolvency Practice Schedule (Corporations) 70-35(3), the books and records of the company and of the liquidation be disposed of by the liquidator 6 months after the dissolution of the company or earlier at the discretion of the Australian Securities and Investments Commission."

Vote on the Proposal No. 4

Please select the appropriate Yes, No or Object box referred to below with a ☒ to indicate your preferred position.

- Yes ☐ I approve the proposal
- No ☐ I do not approve the proposal
- Object ☐ I object to the proposal being resolved without a meeting of creditors

For your vote to count, your claim against the Company must have been admitted for the purposes of voting by the Joint and Several Liquidators. Please select the option that applies to you:

- ☐ I have previously submitted a proof of debt form and supporting documents
- ☐ I have **enclosed** a proof of debt form and supporting documents with this proposal form
- ☐ I am **not** a related creditor of the Company
- ☐ I am a related creditor of the Company*

relationship: _____

*eg Director, relative of Director, related company, beneficiary of a related trust.

Reasons for the proposal and the likely impact it will have on creditors if it is passed

- Without creditor approval for early destruction, the Company and Liquidator's books and records must be kept for five (5) years from the end of the external administration.
- This requirement results in additional costs being borne by the Liquidation
- The passing of this resolution will not have an impact on creditors.

Creditor details

Name of creditor

Address

ABN (if applicable)

Contact number

Email address

**Name of creditor /
authorised person:** _____

Signature: _____

Date: _____

For your vote to count, you **must complete** this document and return it together with any **supporting documents** by no later than **4.00PM AEST on Wednesday, 26 July 2023**, by email to Joshua May at info@brifvic.com.au. Should you have any queries in relation to this matter, please contact Joshua May on (03) 9622 1800.

BRI FERRIER
PO Box 521
Collins Street West VIC 8007

Information sheet: Proposals without meetings

You may be a creditor in a liquidation, voluntary administration or deed of company arrangement (collectively referred to as an external administration).

You have been asked by the liquidator, voluntary administrator or deed administrator (collectively referred to as an external administrator) to consider passing a proposal without a meeting.

This information sheet is to assist you with understanding what a proposal without a meeting is and what your rights as a creditor are.

What is a proposal without a meeting?

Meetings of creditors were previously the only way that external administrators could obtain the views of the body of creditors. However, meetings can be very expensive to hold.

A proposal without a meeting is a cost effective way for the external administrator to obtain the consent of creditors to a particular course of action.

What types of proposals can be put to creditors?

The external administrator is able to put a range of proposals to creditors by giving notice in writing to the creditors. There is a restriction under the law that each notice can only contain a single proposal. However, the external administrator can send more than one notice at any single time.

What information must the notice contain?

The notice must:

- include a statement of the reasons for the proposal and the likely impact it will have on creditors if it is passed
- invite the creditor to either:
 - vote yes or no to the proposal, or
 - object to the proposal being resolved without a meeting, and
- specify a period of at least 15 business days for replies to be received by the external administrator.

If you wish to vote or object, you will also need to lodge a Proof of Debt (POD) to substantiate your claim in the external administration. The external administrator will provide you with a POD to complete. You should ensure that you also provide documentation to support your claim.

If you have already lodged a POD in this external administration, you do not need to lodge another one.

The external administrator must also provide you with enough information for you to be able to make an informed decision on how to cast your vote on the proposal. With some types of proposals, the law or ARITA's Code of Professional Practice sets requirements for the information that you must be provided.

For example, if the external administrator is asking you to approve remuneration, you will be provided with a Remuneration Approval Report, which will provide you with detailed information about how the external administrator's remuneration for undertaking the external administration has been calculated.

What are your options if you are asked to vote on a proposal without a meeting?

You can choose to vote yes, no or object to the proposal being resolved without a meeting.

How is a resolution passed?

A resolution will be passed if more than 50% in number and 50% in value (of those creditors who did vote) voted in favour of the proposal, but only so long as not more than 25% in value objected to the proposal being resolved without a meeting.

What happens if the proposal doesn't pass?

If the proposal doesn't pass and an objection is not received, the external administrator can choose to amend the proposal and ask creditors to consider it again or the external administrator can choose to hold a meeting of creditors to consider the proposal.

The external administrator may also be able to go to Court to seek approval.

What happens if I object to the proposal being resolved without a meeting?

If more than 25% in value of creditors responding to the proposal object to the proposal being resolved without a meeting, the proposal will not pass even if the required majority vote yes. The external administrator will also be unable to put the proposal to creditors again without a meeting.

You should be aware that if you choose to object, there will be additional costs associated with convening a meeting of creditors or the external administrator seeking the approval of the Court. This cost will normally be paid from the available assets in the external administration.

This is an important power and you should ensure that it is used appropriately.

Where can I get more information?

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding external administrations and insolvency.

This information is available from ARITA's website at artia.com.au/creditors.

ASIC also provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at asic.gov.au (search for "insolvency information sheets").

**For more information, go to www.arita.com.au/creditors.
Specific queries should be directed to the external administrator's office.**