

The Insolvency Act 1986

**Administrator's progress report****2.24B**

Name of Company China Export Finance Limited	Company number 05046182
In the High Court of Justice, Chancery Division, Companies Court, London	<i>For court use only</i> 3497 of 2010

(a) Insert full name(s) and address(es) of administrators

We (a) Jason James Godefroy and Andrew Gordon Stoneman of MCR, 43-45 Portman Square, London, W1H 6LY,

Joint Administrators of the above Company attach a progress report for the period

From

To

(b) Insert date

(b) 26 October 2010

(b) 26 April 2011

Signed

Joint Administrator

Dated

4/5/11

**Contact Details:**

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if ..

MCR  
43-45 Portman Square  
London  
W1H 6LY

20 7487 7240



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06/05/2011  
COMPANIES HOUSE

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If you have completed and signed this form please send it to the Registrar of Companies at

Companies House, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff

**China Export Finance Limited  
(In Administration)**

**Joint Administrators' Progress and Final Report to Creditors  
for the period from 26 October 2010 to 26 April 2011  
pursuant to Rules 2.110 and 2.117(a) of the  
Insolvency Rules 1986 as amended**

**4 May 2011**

**Names of Joint Administrators:** Jason James Godefroy  
Andrew Gordon Stoneman

**Date of appointment:** 26 April 2010

**Date of report:** 4 May 2011

**Appointed by:** The Directors of the Company

**Court reference:** High Court of Justice 3497 of 2010

**MCR**  
**43-45 Portman Square**  
**London**  
**W1H 6LY**

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## DEFINITIONS

Administration	ADM
China Export Finance Limited	CEF and/or the Company
Creditors' Voluntary Liquidation	CVL
Insolvency Act 1986 / Insolvency Rules 1986 (as amended)	the Act / the Rules
MCR Business Consulting	MCR BC
Statement of Insolvency Practice 9	SIP9
Department of Business Innovation and Skills	DBIS
HSBC Bank Plc	HSBC
Bank Mandiri (Europe) Limited	Bank Mandiri
Statement of Affairs	SOA
Redundancy Payments Office	RPO
The Joint Administrators' Proposals	the Proposals
Tower 42, 6th Floor, 25 Old Broad Street, London, EC2N 1HQ	the Premises

## **1. INTRODUCTION**

- 1.1 Jason James Godefroy and Andrew Gordon Stoneman of MCR were appointed Joint Administrators of China Export Finance Limited ("CEF" and "the Company") on 26 April 2010 by the directors of the Company pursuant to Paragraph 22 of Schedule B1 to the Act.
- 1.2 The purpose of this report is to provide creditors with a final account of the progress of the Administration, in accordance with Rules 2.110 and 2.117A of the Rules.
- 1.3 This report should be read in conjunction with the earlier reports to creditors dated 3 June 2010 and 24 November 2010.

## **2. JOINT ADMINISTRATORS' REPORT AND STATEMENT OF PROPOSALS**

- 2.1 The Company was incorporated on 17 February 2004. Statutory information on the Company and a summary of its financial position is included within Appendix 1.
- 2.2 The purpose of the Administration was to achieve one of the following hierarchical objectives
- Rescuing the company as a going concern, or
  - Achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or
  - Realising property in order to make a distribution to one or more secured or preferential creditors.
- 2.3 As previously reported, in accordance with Paragraph 49(2) of the Act, the Joint Administrators did not believe the first objective referred to above was achievable as the Company ceased trading prior to the Joint Administrators' appointment
- 2.4 The Joint Administrators are of the view that the second objective was achieved as there are sufficient realisations to enable distributions to both the preferential and non-preferential creditors of the Company and a better result for the Company's creditors has been achieved.
- 2.5 The preferential creditors have now been paid in full and there are sufficient realisations to enable a distribution to the non-preferential creditors of the Company in the Liquidation.

## **3. PROGRESS OF THE ADMINISTRATION**

- 3.1 The manner in which the affairs and business of the Company have been managed since the appointment of the Joint Administrators are set out below.

### **Sale of Business**

- 3.2 Following their appointment, the business and assets of the Company were marketed to interested parties with a view to achieving a going concern sale of the business and assets of the Company.
- 3.3 The Joint Administrators achieved a sale of certain assets of the Company to Credit Business Capital LLC ("CBC") on 25 May 2010. Further information regarding the sale was set out in the Joint Administrators' previous reports to creditors.

## **Book debts**

### Fun In Motion, Inc ("FIM")

- 3.4 As set out in the Proposals, the Joint Administrators instructed STA Corporation Inc ("STA") to collect the debt of US\$98,431 plus interest that is owed to the Company from FIM.
- 3.5 The sum of US\$9,000 was paid into the Company's bank account prior to the Joint Administrators' appointment
- 3.6 Since the Joint Administrators' appointment FIM has paid a further US\$15,000, being £14,062. Of this amount the Joint Administrators have received US\$11,250, being the net amount after commission of 25% due to STA
- 3.7 The subsequently appointed Joint Liquidators will continue to collect the outstanding debt of US\$74,431 plus interest.
- 3.8 The Joint Administrators' have been advised that FIM is in financial difficulty resulting in defaulting on recent repayment instalments to the Company. The Joint Administrators have instructed US solicitors, Teller Levit, to submit default notices and await a response from FIM. It is therefore uncertain whether this debt will be collected in full.

### Top Luxor ("TL")

- 3.9 As set out in the Proposals, a court stipulation between TL and the Company dated 10 March 2009 entitles the Company to receive a settlement amount of US\$240,000. The Joint Administrators instructed STA to collect this debt.
- 3.10 The sum of US\$68,500 was paid into the Company's bank account prior to the Joint Administrators' appointment
- 3.11 Since the Joint Administrators' appointment TL has paid a further US\$77,000, being £71,614. Of this amount the Joint Administrators have received US\$57,750, being the net amount after commission of 25% due to STA.
- 3.12 STA are continuing to collect the remaining balance of US\$94,500 (inclusive of interest).

### Xtraplus Corporation ("Xtraplus")

- 3.13 As set out in the Proposals, a settlement and compromise agreement between Xtraplus and the Company entitles the Company to receive the principal amount of US\$784,545 with an accruing interest at the rate of 10% per annum until the debt is repaid in full.
- 3.14 The sum of US\$50,000 was paid into the Company's bank account prior to the Joint Administrators' appointment.
- 3.15 Two payments of US\$15,000 were paid in May 2010 and two payments of US\$15,000 were paid in June 2010, totalling US\$60,000. These funds were offset by MMH in settlement of their outstanding fees in accordance with the terms of the settlement agreement.
- 3.16 Since June 2010 Xtraplus has paid a further US\$247,363, being £153,227. Of this amount the Joint Administrators have received US\$201,523, being the net amount after commission of 20% due to MMH.

- 3.17 MMH are continuing to collect the remaining balance of US\$427,182 (inclusive of interest)

**Cash at Bank**

- 3.18 The Company operated bank accounts with HSBC both in the UK and the US. The Joint Administrators have received £5,608. No further realisations will be made from this source.

**Rent Deposit**

- 3.19 As set out in the Proposals, the Company vacated its registered office and moved to the Premises on 18 March 2010. A rent deposit of £8,625 was paid in March 2010. At the date of the appointment the Company was in rent arrears of £27,171.

- 3.20 The landlord has applied the rent deposit to the arrears and therefore this amount will not be realised by the Joint Administrators.

**Other assets**

- 3.21 Bank interest of £66 has been received as at 26 April 2011.
- 3.22 An insurance refund of £9 has been received by the Joint Administrators.
- 3.23 Sundry refunds totalling £52 have been received.

**4. STATEMENT OF PRE-ADMINISTRATION COSTS**

- 4.1 MCR BC incurred time costs in the preparation of an information memorandum for a re-financing opportunity in January 2010. MCR BC received a fee of £10,000 plus VAT which was paid by the Company.
- 4.2 MCR BC incurred further time costs with regard to a potential pre-packaged Administration sale and have received a fee of £5,000 plus VAT directly from Bank Mandiri.
- 4.3 The Joint Administrators incurred costs of £6,866 prior to the appointment date. These costs were in relation to preparing the documentation for the Company to go into Administration. A breakdown of pre-appointment time costs is attached at Appendix 5.
- 4.4 The Joint Administrations' remuneration of £6,866 has been paid in respect of pre-appointment time costs incurred. Approval of pre-appointment fees was obtained at the meeting of creditors on 29 June 2010. A copy of the approved proposals is at Appendix 3 and Form 2.23B, Notice of the result of a meeting of creditors can be found at Appendix 6.
- 4.5 The Joint Administrators' solicitors, Squire Sanders and Dempsey, incurred pre-appointment time costs of £12,516. The Joint Administrators paid these pre-appointment costs in full, following the approval of the resolution set out at Appendix 3, at the meeting of creditors on 29 June 2010.

## 5. JOINT ADMINISTRATORS' COSTS AND EXPENSES

- 5.1 In accordance with Rule 2.106 of the Rules the Joint Administrators' remuneration was approved at the creditors' meeting held on 29 June 2010. The basis of remuneration was fixed on the basis of time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration.
- 5.2 The time costs charged in the period by MCR are as analysed at Appendix 5
- 5.3 The Joint Administrators' time costs for the period 26 April 2010 to 26 April 2011 total £134,624. A detailed schedule of these time costs is set out at Appendix 5 in accordance with SIP9
- 5.4 To date remuneration of £120,492 has been drawn. Details of payments are shown on the receipts and payments account at Appendix 4. No further remuneration will be drawn in the Administration.
- 5.4 Information regarding the fees of administrators called a Creditors' guide to Administrators' fees can be found on our website at [www.mcr.uk.com](http://www.mcr.uk.com). Should you require a copy, please contact this office.
- 5.5 The Joint Administrators have incurred the following expenses in dealing with the administration of the Company'

Account	Explanation	Paid in period (£)	Incurred but not paid (£)
Accountancy costs	Costs incurred in relation to the preparation of employee P45's	227	
Joint Administrators' remuneration	Joint Administrators' remuneration in accordance with the Proposals	90,000	38,625
Joint Administrators' disbursements	Joint Administrators' disbursements in accordance with the Proposals	687	
Placing Company into Administration	Costs related to the pre-appointment period	6,866	
Debt Collection – MMH	Debt collection commission charged at a rate of 20% on Xtraplus collections	28,413	
Debt Collection - STA	Debt collection commission charged at a rate of 25% on Top Luxor and Fun in Motion collections	14,421	
Agents/Valuers fees – floating	Fees incurred as a result of Hilco Appraisal UK Limited's evaluation of assets	3,093	
Legal fees – pre appointment	All legal matters in respect of the pre-appointment period	12,516	
Legal fees – floating	All legal matters in respect of the Administration	11,447	
Menzies re tax	Costs incurred relation to tax advice and CT600 preparation	1,650	275
Stationary & Postage	Accurate Mailing Services Limited - Expenses incurred in relation to correspondence sent to creditors	622	
Storage Costs	Total Data Management – Costs for the storage of the Company's books and records	3,679	
Re-Direction of Mail	Royal Mail - Expenses incurred in respect of redirecting the Company's mail to Joint Administrators' offices	104	
Statutory Advertising	Courts Advertising Limited - Advertising appointment in accordance with statutory requirements	151	
Bank Charges	Bank charges incurred in the Administration period	109	
Menzies re employment	Costs incurred relation to employee advice	500	

- 5 6 Any secured creditor, or any unsecured creditor (with the support of at least 10% in value of the creditors or the permission of the court), may apply to the court on the grounds that the remuneration or basis fixed for the Joint Administrators' remuneration or the expenses incurred by the Joint Administrator are considered to be excessive. This application must be made no later than 8 weeks after receipt of the progress report, where the charging of the remuneration or the incurring of expenses in question occurs.

## **6. INVESTIGATIONS**

- 6 1 The Joint Administrators have a statutory obligation to file a report with the DBIS regarding the conduct of all directors of the Company that served in the three years prior to the Administration. The content of this report is confidential and was submitted to the Insolvency Practitioners Compliance Unit on 22 October 2010.
- 6 2 Notwithstanding the above, the Joint Administrators' investigations into the Company's affairs remain ongoing. The Joint Administrators cannot, at this stage, detail the nature of these investigations as it may hamper any further action that may be required. However, should any of the Company's creditors have information concerning the Company's affairs that they would like to bring to the Joint Administrators' attention, please contact this office.

## **7. DIVIDEND PROSPECTS /PRESCRIBED PART**

### **Secured Creditors**

#### Bank Mandiri

- 7.1 According to Companies House the Company granted the following charges to Bank Mandiri:
- Deed of Assignment (of collection account) created on 15 December 2006;
  - Assignment and charge created on 15 December 2006; and
  - Deed of Assignment created on 30 April 2008.
- 7 2 All of the above charges remained outstanding at the date of the Joint Administrators' appointment, however none of the above charges were qualifying floating charges for the purpose of the prescribed part, which therefore does not apply.
- 7 3 At the date of the Joint Administrators' appointment, Bank Mandiri had been paid in full and were holding a surplus totalling £3,036. This has been received by the Joint Administrators.

### **Preferential Creditors**

- 7 4 According to the directors statement of affairs estimated preferential creditors totalled US\$69,951, being approximately £45,000 at the date of appointment
- 7.5 A dividend of 100p in the £ was paid to the preferential creditors of the Company, totalling £55,580 on 9 February 2011.
- 7.6 An element of the preferential claim was subrogated to the Secretary of State following payment by the Redundancy Payments Office ("RPO") to employees that paid tax in the UK. The dividend paid to the RPO in respect of their subrogated preferential claim totalled £10,488.

### **Prescribed Part**

- 7.7 Pursuant to Section 176A of the Act where a floating charge is created after 15 September 2003 a prescribed part of the Company's net property shall be made available to non-preferential unsecured creditors
- 7.8 There were no qualifying floating charge holders at the date of the Joint Administrators' appointment and therefore the prescribed part does not apply

### **Non-Preferential Creditors**

- 7.9 The Joint Administrators received a signed SOA from the directors on 4 December 2010, a copy of which can be found at Appendix 2. The SOA details non-preferential claims totalling US\$2,130,482.
- 7.10 Based on current information, it is likely that there will be sufficient realisations to enable a distribution to be made to non-preferential creditors, however the quantum and timing of any distribution remains uncertain at this stage.
- 7.11 To date, the Joint Administrators have received non-preferential claims totalling £1,964,727.
- 7.12 Creditors should complete the proof of debt form attached at Appendix 8 and return it to this office, together with full supporting documentation, if they have not done so already.**

## **8. CREDITORS' MEETING**

- 8.1 As you will be aware, a meeting of creditors was held on 29 June 2010, where there was a quorum of creditors.
- 8.2 The purpose of the meeting was to consider the Joint Administrators' Proposals dated 3 June 2010 and to consider whether to establish a committee of creditors
- 8.3 At the meeting the Proposals were approved and no committee was formed. Form 2.23B, being a notice of the outcome of the creditors' meeting, is attached at Appendix 6.

## **9. EC REGULATION**

- 9.1 It is the Joint Administrators' opinion that the EC Regulation applies and these proceedings are main proceedings as defined in Article 3 of the EC Regulation. The centre of main interest of the Company is in England

## **10. JOINT ADMINISTRATORS' PROPOSALS**

- 10.1 The Proposals were approved without modification at the meeting of creditors on 29 June 2010. A copy of the Proposals is attached at Appendix 3.

## **11. END OF ADMINISTRATION**

- 11.1 Following the approval of the Proposals at the meeting of creditors held on 29 June 2010, the Joint Administrators have now taken the appropriate steps to place the Company into Creditors' Voluntary Liquidation, to enable a distribution to be made to the non-preferential creditors of the Company
- 11.2 In accordance with Rule 2.117A(1), a copy of Form 2.34B was sent to the Registrar of Companies on 20 April 2011. A copy is attached at Appendix 7.
- 11.3 Form 2.34B was filed by the Registrar on 26 April 2011. Therefore on that date Jason Godefroy and Andrew Stoneman were appointed the Joint Liquidators of the Company and the Administration came to an end.

## **12. FURTHER INFORMATION**

- 12.1 In accordance with Rule 2.48A of the Rules, secured creditors and unsecured creditors (with the concurrence of at least 5% in value of total claims) may make a request in writing to the Joint Liquidator for further information about the remuneration or expenses set out in this progress report. This should be done within 21 days receipt of this report

## **13. OTHER MATTERS**

- 13.1 If you require further information or assistance, please do not hesitate to contact my colleague, Camilla Chia.

For and on behalf of  
China Export Finance Limited

  
**Andrew Stoneman**  
Joint Administrator

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The affairs, business and property of the Company are being managed by the Joint Administrators, Jason Godefroy and Andrew Stoneman, who act as agents of the Company and without personal liability. Both are licensed by the Insolvency Practitioners Association.

## **Appendix 1**

### **Statutory Information**

## STATUTORY INFORMATION

<b>Date of incorporation</b>	17 February 2004
<b>Registered number</b>	05046182
<b>Company directors</b>	Mark Alan Holyoake, 20 Porchester Terrace, London, W2 3TL  Karl Walid Alomar, 39 St Mary Abbots Terrace London, W14 8NX
<b>Company Secretary</b>	E L Services Limited
<b>Shareholders</b>	China Export Finance Holdings Limited (100%)
<b>Trading address</b>	Tower 42 6th Floor 25 Old Broad Street London EC2N 1HQ
<b>Registered Office</b>	Current.  43-45 Portman Square London W1H 6LY  Former  4 <sup>th</sup> Floor 1 Knightsbridge London SW1X 7LX
<b>Any Other Trading Names</b>	N/A

<b>Financial information</b>	<b>Year Ended 30 June 09 (Draft) US\$</b>	<b>Year Ended 30 June 08 (Audited) US\$</b>	<b>Year Ended 30 June 07 (Audited) US\$</b>
<u>Profit and Loss - Extract</u>			
Turnover	126,498,569	87,071,140	6,831,598
Gross profit	4,818,059	2,677,599	207,310
Operating profit / (loss)	813,372	(602,972)	(2,524,124)
Retained profit / (loss)	(181,810)	(1,126,991)	(2,463,046)
<u>Balance Sheet - Extract</u>			
Fixed Assets	680,812	634,845	301,308
Current Assets	36,364,328	33,667,378	6,541,305
Current Liabilities	(40,464,104)	(37,539,377)	(8,952,776)
Total Assets less Current Liabilities	(4,099,776)	(3,237,154)	(2,110,163)
Creditors: Amounts falling due > 1 year	-	-	(2,000,000)
Net Assets	<b>(3,418,964)</b>	<b>(3,237,154)</b>	<b>(4,110,163)</b>
Capital and Reserves			
Called up Share capital	4	4	4
Profit and Loss Account	(5,418,968)	(5,237,158)	(4,110,167)
Perpetual Loan	2,000,000	2,000,000	-
	<b>(3,418,964)</b>	<b>(3,237,154)</b>	<b>(4,110,163)</b>

**Appendix 2**  
**The directors' Statement of Affairs**