

8 November 2018

## TO CREDITORS

**Ichor Constructions Pty Ltd (Administrators Appointed)**  
**A.C.N. 098 984 082 &**  
**Ichor Group Holdings Pty Ltd (Administrators Appointed)**  
**A.C.N. 605 988 592 (“the Companies”)**

I refer to the appointment of Michael Hogan and I as joint and several administrators of the Companies and the concurrent second meeting of creditors held on 7 November 2018 at 11:00am.

Pursuant to Section 75-140 (1)(b) of the *Insolvency Practice Rules*, we advise that following a deadlock on the resolution to wind up Ichor Constructions Pty Ltd and appoint Michael Hogan and I as joint and several liquidators, I adjourned the meetings for 14 days to allow creditors enough time to consider the appointment of an alternative liquidator.

Pursuant to regulation 5.6.75(4) of the *Corporations Regulations*, a circular to creditors and notice of the reconvened meeting will be issued to creditors shortly.

On 6 November 2018 at 4:30pm, we received a Consent to Act as Liquidator of Ichor Constructions Pty Ltd from Mr Bradd Morelli, of Jirsch Sutherland, along with a Declaration of Independence, Relevant Relationships and Indemnities (“DIRRI”). A copy of the Consent to Act and the DIRRI is attached to this notice. We have requested that Mr Morelli provide a fee estimate for the liquidation to be included in our circular to assist creditors in making an informed decision.

In our opinion, the appointment of any alternative liquidator would result in an unnecessary duplication of time and costs, which will affect the potential return to creditors. As administrators, we have undertaken substantial work, completing our interim investigations into the affairs of the Companies, obtaining data on projects / creditors positions, negotiations with stakeholders and identification of several recovery actions which we would pursue as liquidators. We are ready to proceed with those actions without delay, if the creditors resolve to wind up the Companies and we are appointed as liquidators.

Should you have any queries in relation to this matter, please do not hesitate to contact Angelo Cadiz of this office on (02) 8020 5856 or via email at [acadiz@hogansproawles.com.au](mailto:acadiz@hogansproawles.com.au).

Yours faithfully,

**Ichor Constructions Pty Ltd &**  
**Ichor Group Holdings Pty Ltd**

  
**Christian Sprowles**

Joint & Several Administrator

**Level 9, 60 Pitt Street, Sydney NSW 2000 | PO Box R181, Royal Exchange NSW 1225**

**Phone: 02 8020 5850 | Facsimile: 02 9251 9777 | [www.hogansproawles.com.au](http://www.hogansproawles.com.au)**

*Liability limited by a scheme approved under Professional Standards Legislation*

*Corporations Act 2001  
Subsection 60 (2)*

**CONSENT TO ACT AS LIQUIDATOR**

**RE: ICHOR CONSTRUCTIONS PTY LTD  
A.B.N.: 48 098 984 082  
("THE COMPANY")**

I, Bradd William Morelli, of Level 27, 259 George Street Sydney, NSW 2000, Liquidator, consent to be appointed to act as the Liquidator of Ichor Constructions Pty Ltd (A.B.N.: 48 098 984 082).

I am not aware of any conflict of interest or duty that would make it improper for me to act as Liquidator of the Company.

I am not aware of any relevant relationship mentioned in subsection 60 (2) of the Corporations Act 2001 of the Commonwealth.

The hourly rates currently charged in respect of work done as Liquidator by me, and by my partners and employees who may perform work in this liquidation, are set out below or in the Schedule which is attached to this Consent.

Dated this 6<sup>th</sup> day of Nov. 2018

.....  
**BRADD WILLIAM MORELLI  
LIQUIDATOR**

**REMUNERATION RATES  
EFFECTIVE 1 AUGUST 2018**

<b>Classification</b>	<b>Guide to level of Relevant Experience</b>	<b>Hourly Rate Amount GST Excl. (\$)</b>
Partners	Generally, in excess of 10 years of experience. May be a Registered Liquidator and/or Trustee. May be ARITA, CAANZ and/or CPA qualified. Brings specialist skills to the appointment.	645
Principals	More than 8 years of experience. May be ARITA, CAANZ and/or CPA qualified. May be a Registered Liquidator and/or Trustee. Well-developed technical and commercial skills. Answerable to the Appointee (if not acting as the actual Appointee), but otherwise responsible for all aspects of an appointment. Experienced at all levels and considered very competent. Controls staff and their training.	590
Senior Managers / Business Directors	More than 8 years of experience. May be ARITA, CAANZ and/or CPA qualified. Well-developed technical and commercial skills. Answerable to the Appointee but otherwise responsible for all aspects of an appointment. Experienced at all levels and considered very competent. Controls staff and their training.	555
Manager 1	More than 6 years of experience. May be ARITA, CAANZ and/or CPA qualified. Well-developed technical and commercial skills. Answerable to the Appointee but otherwise responsible for all aspects of an appointment. Will have had conduct of minor administrations. Controls staff and their training.	540
Manager 2	More than 5 years of experience. May be ARITA, CAANZ and/or CPA qualified. Well-developed technical and commercial skills. Will have had conduct of minor administrations. Controls a small to medium team of staff. Answerable to the Appointee.	505
Supervisor 1	Has 4 to 6 years of experience. May hold undergraduate degree and may be undertaking ARITA Advanced Certification course, CAANZ/CPA study. Will have had conduct of minor administrations and experience in control of one to three staff, assists planning and control of medium to larger administrations. Answerable to a Manager and/or an Appointee if applicable.	435
Supervisor 2	More than 4 years of experience. May hold undergraduate degree and may be undertaking ARITA Advanced Certification course, CAANZ/CPA study. Will have had conduct of minor administrations and experience in control of one to three staff, assists planning and control of medium administrations. Answerable to a Manager and/or an Appointee if applicable.	410
Senior 1	Has 2 to 4 years of experience. May hold undergraduate degree and may have commenced the ARITA Advanced Certification course. Assists planning and control of small to medium sized administrations as well as performing some of the more difficult work on larger administrations. Answerable to more senior staff.	390
Senior 2	Has 1 to 3 years of experience. May hold undergraduate degree and may have commenced the ARITA Advanced Certification course. Required to control the fieldwork on small administrations and is responsible for assisting complete fieldwork on medium sized administrations. Answerable to more senior staff.	370
Intermediate 1	Up to 2 years of experience. May be undertaking an undergraduate degree. Required to assist in day-to-day fieldwork under supervision of more senior staff. Answerable to more senior staff.	330
Intermediate 2	Up to 1 year experience. May be undertaking an undergraduate degree. Required to assist in day-to-day fieldwork under supervision of more senior staff. Answerable to more senior staff.	290
Graduates / Accountant	Trainee with less than 1 year of experience. May be undertaking an undergraduate degree. Required to assist in day-to-day fieldwork under supervision of more senior staff including books and records management. Answerable to more senior staff.	275
Administration / Clerical Staff – Senior	Appropriately experienced and undertakes support activities, including but not limited to word processing, maintaining the bookkeeping tasks including, receipts & payments and managing the cash book, preparing bank reconciliations and statutory lodgements for the ASIC and the ATO, accounts processing and books and records management. Answerable to Managers and/or more senior staff.	235
Administration / Clerical Staff – Junior	Appropriately experienced and undertakes support activities. Answerable to more senior staff. These staff may typically be local or foreign (outsourced) administrative contractors.	185
Cadets	Trainee, very little experience. Required to assist in day-to-day fieldwork under supervision of more senior staff including books and records management. Answerable to more senior staff.	115

**Notes:**

- The hourly rates are exclusive of GST.
- Remuneration is calculated on a time cost basis in accordance with the above rates and Jirsch Sutherland administers this time cost record via Core, a computerised software program.
- Staff members are classified in accordance with academic qualifications and/or relevant experience.
- Rates may be increased at 1 August each year at a rate of up to 5% (rounded up to the nearest \$5.00).
- The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.
- Any contingency arrangement/percentage of assets arrangement within the scope of the ARITA Code is not applicable as a standard charge; this requires a Creditors' resolution and/or Court approval.
- Disbursements are calculated on the following basis:

<b>Disbursements</b>	<b>Unit</b>	<b>Rate (\$ Ex. GST)</b>
Printing/Photocopying – Internal	Per Page	Nil
Printing/Photocopying – External	Per Page	Cost
ASIC/PPSR Search Requests	Per Search	Cost
Vehicle/Vessel Search Requests	Per Search	Cost
Land Title/Property Search Requests	Per Search	Cost
Other Statutory Searches	Per Search	Cost
Statutory Advertising: ASIC Insolvency Notices	N/A	Cost
Other Print Advertising	N/A	Cost
Vehicle Mileage Travel Costs	Per Kilometre	0.68
Postage	N/A	Cost
Couriers	N/A	Cost
Security Storage/Books & Records Storage/Destruction	N/A	Cost
All Other Expenses & Disbursements	N/A	Cost
Meeting Room (Only External)	N/A	Cost
Destruction of Books & Records	N/A	Cost
ASIC levies pursuant to Supervisory Cost Recovery Act 2017 – year one (creditor approval required)	N/A	500
ASIC levies pursuant to Supervisory Cost Recovery Act 2017 – year two and subsequent years (creditor approval required)	N/A	400

**DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND  
INDEMNITIES ("DIRRI")**

**ICHOR CONSTRUCTIONS PTY LTD  
(ADMINISTRATOR APPOINTED)  
A.C.N. 098 984 082  
("THE COMPANY")**

**BACKGROUND**

This disclosure document is required as Practitioners appointed to an insolvent Company need to make declarations as to:

- A. their independence generally;
- B. relationships, including:
  - i. the circumstances of the appointment;
  - ii. any relationships with the Company and relevant others within the previous 24 months;
  - iii. any prior professional services provided to the Company within the previous 24 months;
  - iv. that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of the Jirsch Sutherland Partnership, JSPAD Pty Ltd, JSPHR Pty Ltd, Adjuvo Australia Pty Ltd and Jirsch Sutherland Services Pty Ltd (collectively "JS").

Please note that JS trades as WA Insolvency Solutions in Western Australia. Further, in addition to [www.jirschsutherland.com.au](http://www.jirschsutherland.com.au), JS owns four (4) trading domain names being [www.mytaxdebt.com.au](http://www.mytaxdebt.com.au), [www.adjuvo.com.au](http://www.adjuvo.com.au), [www.corporateguardian.com.au](http://www.corporateguardian.com.au) and [www.wais.com.au](http://www.wais.com.au).

This DIRRI is being made in accordance with Sections 436DA and 60(1) of the *Corporations Act 2001* and Sections 6.4, 6.17.1 and 22.1 of the ARITA Code of Professional Practice.

**A. INDEPENDENCE**

I, Bradd William Morelli of Jirsch Sutherland, have undertaken a proper assessment of the risks to my independence prior to accepting the appointment as Liquidator of the Company in accordance with the law and applicable professional standards.

Subject to what is disclosed in this DIRRI, this assessment identified no real potential risks to my independence and I am not aware of any reasons that would prevent me from accepting this appointment.

I have directed a practice wide conflict search to be undertaken and I have not been advised by any partner or staff member of any existing or prior relationship with the Company.

## **B. DECLARATION OF RELEVANT RELATIONSHIPS**

### **i. Circumstances of Appointment**

On 5 November 2018, I received a phone call from Jason Li ("Mr Li") to schedule a meeting in relation to the Company. Mr Li is advising a creditor of the Company. On 6 November 2018, I had a meeting at my Sydney office with Mr Li and his client, Mr Alex Li of Fine Horse Constructions Pty Ltd. Fine Horse Constructions is a creditor of the Company. Also in attendance at the meeting was Mr Alex Li's wife and the Company's internal accountant.

At the meeting I discussed the options available for creditors in relation to the forthcoming meeting of creditors. I also provided my consent to act.

I advise that Mr Jason Li refers work to Jirsch Sutherland from time to time. I advise that Jirsch Sutherland is not reliant on Mr Jason Li for referrals, either in terms of number or value. Further, I note that Mr Li has previously been engaged by me and by other partners of Jirsch Sutherland to provide legal services in relation to other matters. None of the prior dealings with Mr Li have been in respect of the Company.

I confirm that neither myself nor Jirsch Sutherland has charged for or received any payment for the above meeting.

I believe that any discussion held with creditors or their representatives do not affect my independence as:

- I am not prohibited by law or by the ARITA Code of Professional Practice from accepting the appointment. The Courts and the ARITA Code of Professional Practice specifically recognise the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or is an impediment to accepting the appointment. Further, the nature of the advice provided is such that it would not be subject to review and challenge during the course of the matter.
- I am independent. The advice provided prior to my appointment will not influence my ability to be able to fully comply with the statutory and fiduciary obligations associated with the work to be carried out on the matter in an objective and impartial manner.
- It is my view that a reasonable and informed third party would, based on the information available to me at the time, not form the view that a conflict arose.

I have provided no advice to the Company, its director/s or associated advisors prior to my appointment beyond that outlined in this DIRRI.

### **ii. Relevant Relationships (excluding Professional Services to the Insolvent)**

Other than what is disclosed at "*Circumstances of appointment and referral source*" above, within the twenty-four (24) months preceding my appointment, neither myself, my partners nor Jirsch Sutherland, have had any professional or personal relationships with the following:

Whom	Nature of relationship	Reason why not an impediment or conflict
<p><b>Company</b></p> <p>Ichor Constructions Pty Ltd</p> <p><b>Current Officeholders</b></p> <ul style="list-style-type: none"> <li>• Mr Con Filis</li> <li>• Mr Paul Stamatelatos</li> </ul> <p><b>Past Officeholder</b></p> <ul style="list-style-type: none"> <li>• Mr George Kandylas</li> <li>• Mr Homer Dapas</li> <li>• Mr George Frank Stavropoulos</li> <li>• Mr Malcolm Walton Cooper</li> </ul> <p><b>Current Shareholders</b></p> <ul style="list-style-type: none"> <li>• Ichor Group Holdings Pty. Ltd.</li> </ul> <p><b>Former Shareholders</b></p> <ul style="list-style-type: none"> <li>• Kandylas Holdings Pty Ltd</li> <li>• IC4 Investments Pty Ltd</li> <li>• Dapas Enterprises Pty Ltd</li> <li>• Mr George Kandylas</li> <li>• Ms Danielle Kandylas</li> <li>• Mr Homer Dapas</li> <li>• Ms Zoe Dapas</li> <li>• Mr George Frank Stavropoulos</li> </ul>	<p>Neither, myself nor Jirsch Sutherland, have ever formally acted for the Company, the current officeholders or current shareholders prior to the request for me to provide my consent to act.</p> <p>Please refer to my comments above in respect of my dealings in this matter.</p>	<p>As noted above, advice has been provided to the Company or its directors.</p> <p>I confirm that neither myself nor Jirsch Sutherland have charged for or received payment with regard to the provision of this advice.</p> <p>The Courts and the ARITA's code of the Professional Practice specifically recognise the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or is an impediment to accepting an appointment.</p>
<p><b>Current Security Interest Holders</b></p> <p>As attached</p>	<p>Jirsch Sutherland may have had previous dealings with some the Current Registered Security Interest Holders in respect to various other insolvency appointments.</p>	<p>I believe that such a relationship does not result in the conflict of interest or duty because:</p>

Whom	Nature of relationship	Reason why not an impediment or conflict
		Neither Jirsch Sutherland nor any employee thereof has undertaken a formal engagement for the registered security holders in respect of the Company or its directors or shareholders. Any dealings between Jirsch Sutherland and the current Registered Secured Interest Holder has not been in relation to the Company.

I am not aware of any other prior professional/personal relationships or prior engagements that should be disclosed.

**iii. Prior Professional Services to the Insolvent**

Neither I nor the firm have provided any professional services to the Company in the previous 24 months apart from that stated above.

**iv. No other Relevant Relationships to Disclose**

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has security over the whole or substantially whole of the property of the Company that should be disclosed, apart from those stated above.

**C. INDEMNITIES AND UP-FRONT PAYMENTS**

I have not been indemnified by any party in relation to this Administration, other than any indemnities that I may be entitled to under statute, and I have not received any up-front payments in respect of my remuneration or disbursements.

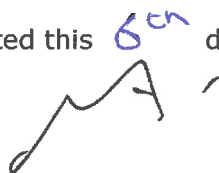
I have not received any other indemnities or upfront payments.

**Independence**

My independence is a serious matter. Not only should someone in my position be independent in fact but must also be seen and perceived as being independent. An insolvency practitioner must not accept an appointment or continue to act under an existing appointment if a reasonable and informed third party, on the information available, might reasonably form the opinion that an insolvency practitioner might not bring an independent mind to the conduct of the liquidation and thus might not be impartial or may in fact act with bias.

In this respect, I welcome any enquiries from all stakeholders as to my independence.

Dated this 6<sup>th</sup> day of November 2018




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**Bradd William Morelli**



Notes:

1. *If circumstances change, or new information is identified, I am required under the Corporations Act 2001 and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors within the next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors.*
1. *Pursuant to Section 436DA of the Corporations Act 2001 I am required to make a replacement declaration of relevant relationships if:
  - i. *The declaration becomes out-of-date; or*
  - i. *I become aware of an error in the declaration.*I am also required to table a copy of any replacement declaration at the next meeting of the company's creditors.*
2. *Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.*

## **Schedule of Security Interest Holders**

The Company has fifty nine (59) securities registered against the assets of the Company, by the following security interest holders:

National Australia Bank Limited  
Coates Hire Operations Pty Ltd  
Valiant Commercial Furniture Pty Ltd  
ATF Services Pty Ltd  
Ausco Modular Pty Ltd  
Access Hardware Pty Ltd  
Access Hardware (TAS) Pty Ltd  
Acrow Formwork and Scaffolding Pty Ltd  
Force Corp Pty Ltd  
Druin Pty Ltd  
All A.V. Pty Ltd  
SFL/Piletech (EA) Pty Ltd  
SFL/Piletech (WA) Pty Ltd  
Fuji Xerox Finance Limited  
Fuji Xeros Austrlaia Pty Ltd  
FAB Floors Pty Ltd  
Winning Appliances Pty Ltd  
James L Williams (NSW) Pty Ltd  
Clifton Brick Manufacturers Pty Ltd  
J Hallett & Son Pty Ltd  
Nubrik (NRT) Pty Ltd  
Action Access Hire Pty Ltd  
Australian Access Hire Pty Ltd  
Walmay Architectural Products Pty Ltd  
Onesteel Trading Pty Ltd  
Onesteel Reinforcing Pty Ltd  
Onesteel Recycling Pty Ltd  
Atco Structures & Logistics Pty Ltd  
Sitemax Group Pty Ltd  
Controlworks NSW Pty Ltd ATF the Trustee for Controlworks NSW Unit Trust  
Controlworks Pty Ltd  
Norfolk Blinds Pty Ltd ATF The Trustee for Norfolk Trust  
Schneider Electric (Australia) Pty Ltd  
Schneider Electric IT Australia Pty Ltd  
Schneider Electric Buildings Australia Pty Ltd  
Altro Holdings Pty Ltd  
Mesh & Bar Pty Ltd  
Corinthian Industries (Australia) Pty Ltd  
Stegbar Pty Ltd  
Aneeta Window Systems (VIC) Pty Ltd  
Access Rentals Australia Pty Ltd  
Tilt Trays Australia Pty Ltd  
Generators Australia Pty Ltd  
The Good uys Discount Warehouses (Australia) Pty Ltd  
Boral Limited  
Allen Taylor & Company Ltd  
Allens Asphalt Pty Ltd  
Active Crane Hire Pty Ltd  
Thorn Australia Pty Ltd  
Online Concrete Cutting Services Pty Ltd  
KPAXX Pty Ltd  
Southern Hospitality Australia Pty Ltd