

VELOQX RSC LIMITED IN LIQUIDATION

Joint Liquidators' second progress report

For the period from 12 December 2021 to 11 December 2022

9 February 2023

Contents

1	Executive summary	3
2	Strategy and progress of the liquidation to date	4
2.1	Strategy and progress to date	4
2.2	Asset realisations	5
2.3	Expenses	5
2.4	Schedule of expenses	5
3	Dividend prospects	6
3.1	Secured creditors	6
3.2	Preferential creditors	6
3.3	Unsecured creditors	6
4	Other matters	7
4.1	Further matters for investigation.....	7
5	Joint Liquidators' remuneration and category 2 expenses	8
5.1	Joint Liquidators' remuneration and category 2 expenses.....	8
6	Future strategy	9
6.1	Future conduct of the liquidation	9
6.2	Future reporting	9
	Appendix 1 – Statutory information	10
	Appendix 2 – Receipts and payments account	11
	Appendix 3 – Schedule of expenses	12
	Appendix 4 – Charging policy	13
	Appendix 5 – Glossary	17
	Appendix 6 – Notice: About this progress report	18

1 Executive summary

We, Benjamin Cairns and Richard Fleming, of Alvarez & Marsal Europe LLP (“A&M”) were appointed Joint Liquidators of Veloqx RSC Limited (“the Company”) with effect from 12 December 2020, in accordance with a winding up order of the Abu Dhabi Global Market Court of First Instance (“the ADGM Court”) made on 18 February 2021.

Previously, the shareholders resolved to place the Company into a Creditors’ Voluntary Liquidation (“CVL”) process on 12 December 2020. This process failed because the proposed liquidators declined to accept the appointment and consequently, the creditors’ meeting could not be held. The Company’s director then made an application to Court for a compulsory winding up order on 31 January 2021. The ADGM Court ordered the Company be wound up and we were appointed with effect from 12 December 2020, being the date of the shareholder’s resolution.

- This progress report covers the period from 12 December 2021 to 11 December 2022.
- We have realised cash amounting to \$92,355 previously held by the Abu Dhabi Global Market Court of First Instance (“the ADGM Court”) (Section 2 – Strategy and progress of the liquidation to date).
- We are not aware of any secured or preferential creditor claims against the Company (Section 3 – Dividend prospects).
- Based on current estimates, we do not anticipate that the unsecured creditors will receive a dividend (Section 3 – Dividend prospects).
- Please note you should read this progress report in conjunction with our previous progress report issued to the Company’s creditors and available on the Portal. Some amounts in this report are stated in Euros, US dollars and United Arab Emirates Dirham (“AED”) but have been converted to GBP in our tables and receipts and payments account. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Ben Cairns
Joint Liquidator

2 Strategy and progress of the liquidation to date

This section updates you on our strategy for the liquidation and on our progress to date. It follows the information provided in our previous progress report.

2.1 Strategy and progress to date

As previously reported, the Company's physical assets consisted of cash held by the ADGM Court, office furniture / IT equipment, bespoke audio equipment and two motor vehicles.

To date, the cash held by the ADGM Court has been recovered (see below).

Our agents, Hilco Appraisal Limited ("Hilco"), have canvassed its database of contacts to realise any value from the Company's other assets but there was no interest in the office furniture / IT equipment and the original supplier of the bespoke audio equipment had no interest in taking back the equipment nor could a 'special purchaser' be identified. A purchaser for the two motor vehicles was identified but the documentation and keys for the vehicles could not be located so there is little prospect of any value being realised for these assets. We continue to consider alternative options to realise the physical assets, including auction processes.

We had also been advised by the Director that the Company had been assigned a deposit for a high-performance motor vehicle (€200,000) by the Shareholder. When we contacted the manufacturer, Bugatti, we were advised that it had not consented to the assignment and therefore would not deal with us directly. We contacted the Shareholder to request assistance in obtaining a refund of the deposit from Bugatti but no response was received to our request. Whilst it is our intention to make a further request of the shareholder, we consider it unlikely that any realisations will be made from this source.

A schedule of the estimated realisable value of the Company's assets is provided below with values shown in £GBP.

Assets	Estimated value (£)	Estimated realisable value (£)
Cash at appointment	68,133	68,133
Office furniture / IT equipment	nil	nil
Two motor vehicles	5,765	nil
Audio equipment	nil	nil
Vehicle deposit	183,150	nil
Total	257,048	68,133

Based on the details above, we do not anticipate making any further material realisations from the Company's assets as listed.

2.1.1 Leasehold property

The tenant proposed by the landlord for occupation of the Company's offices withdrew from the letting resulting in the lease surrender and landlord's conditional waiver of claim falling away. The landlord will therefore still have a claim in the liquidation for c.AED 3.6m (£700k)

unless an alternative letting is agreed and a further waiver of claim can be negotiated. We remain in dialogue with the landlord and anticipate that should another tenant be found, a similar agreement could be reached.

2.2 Asset realisations

Realisations during the period are set out in the attached receipts and payments account (Appendix 2).

Cash at bank

We have collected US\$92,355 into the liquidation account, in respect of funds held on behalf of the Company by the ADGM Court.

2.2.1 Investigations

We have reviewed the affairs of the Company to assess whether there are any claims / actions which can be taken against third parties to increase recoveries for creditors. There is nothing further to report at this stage. Please refer to Sections 4.1 and 6.1 for further information.

2.2.2 Exchange (Gain/Loss)

The receipts and payments account shows an exchange gain of £8,731.13 in the reporting period.

This is an accounting item which reflects the fact that the cash at bank was paid to us in USD. This item reflects the difference between the exchange rate at the date of the receipts and payments account.

2.3 Expenses

2.3.1 Payments

Other than the payment of a proportion of our fees incurred, we have not made any other significant payments during the period covered by this report.

2.4 Schedule of expenses

We have detailed the costs incurred during the period, whether paid or unpaid, in the schedule of expenses attached (Appendix 3).

Summaries of the most significant expenses which have been incurred in the period but have not yet been paid are provided below:

Post appointment legal fees

During the period covered by this report we have incurred legal costs of \$3,301.83, mainly in relation to advice on the surrender of the Company's lease and the viability of pursuing potential claims.

3 Dividend prospects

3.1 Secured creditors

We are not aware of any secured claims against the Company.

3.2 Preferential creditors

We are not aware of any preferential claims against the Company.

3.3 Unsecured creditors

Based on current estimates, we do not anticipate that the unsecured creditors will receive a dividend, because there will be insufficient assets available after settling the costs of the liquidation.

4 Other matters

4.1 Further matters for investigation

As Joint Liquidators, we have a duty to consider the conduct of those who have been directors of the Company at any time during the last three years. We also have a duty to consider whether any civil proceedings should be taken against the directors or others for the recovery of, or contributions to, the Company's assets.

Creditors are invited to provide information on any concerns regarding the way in which the Company's business has been conducted, and on potential recoveries for the estate. If you have any matters you wish to bring to our attention, please forward details to Ruth Turner at INS_VERSCCL@alvarezandmarsal.com or by post to Suite 3 Regency House, 91 Western Road, Brighton, BN1 2NW, UK.

If creditors provide sufficient information for further investigation, we will look to arrange a meeting of those creditors to explore matters further. Depending on the complexity of the issues raised, the likelihood that investigating these will lead to further recoveries, and the potential costs of investigating, it appears likely that further funding would be necessary to allow us to undertake such work. This can be discussed with those creditors, if required, at the appropriate time.

5 Joint Liquidators' remuneration and category 2 expenses

5.1 Joint Liquidators' remuneration and category 2 expenses

The Company's creditors have provided approval that:

- our remuneration be fixed by reference to the time properly given by us and the various grades of our staff in attending to matters arising in the liquidation in accordance with the charge-out rates provided at Appendix 3 to the progress report dated 11 February 2022; and
- Disbursements for services provided by Alvarez & Marsal Europe LLP ("A&M") will be charged in accordance with A&M's policy as set out in Appendix 3 to the progress report dated 11 February 2022.

5.1.1 Time costs

During the period we have incurred time costs of £31,834. These represent 82 hours at an average rate of £388 per hour.

5.1.2 Remuneration

During the period we have drawn remuneration of £25,000, of total time costs incurred of £56,707.

5.1.3 Additional information

Time spent and charging policy

We have attached at Appendix 4 an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by Alvarez & Marsal Europe LLP for the period of this report, together with a summary of the cumulative time costs to 11 December 2022. We have also attached our charging policy.

6 Future strategy

6.1 Future conduct of the liquidation

There are a number of outstanding matters in the liquidation which must be dealt with prior to closure. Such matters include, but are not limited to:

- Realising the Company's remaining assets (where possible);
- Assessing the appropriate approach in respect of investigations of the pre-appointment transactions of the Company and any potential claims arising therefrom, as the anticipated level of realisations from the Company's assets are likely to be insufficient to fund a detailed investigation/making claims in litigation;
- Dealing with relevant tax compliance; and
- Ensuring compliance with all statutory aspects of the liquidation process.

6.2 Future reporting

We will provide a further progress report within two months of 11 December 2023 or earlier if all matters in the liquidation have been concluded prior to that time.

Appendix 1 – Statutory information

Company information

Company name	Veloqx RSC Limited
Previous company names if applicable	None
Date of incorporation	20 February 2019
Company registration number	000001703
Present registered office	Regus, 34th & 35th Floor, Al Maqam Tower, Adgm Square, Al Maryah Island, Abu Dhabi, United Arab Emirates
Previous registered office	19th Floor, Al Khatem Tower, ADGM Square, Abu Dhabi, E-AZ, United Arab Emirates
Trading address	As above
Nature of business	Professional, scientific and technical activities

Liquidation information

Appointment	Pursuant to an order made by the ADGM Court on 18 February 2021 (ADGMCFI-2021-022)
Date of appointment	12 December 2020
Joint Liquidators	Benjamin Thom Cairns & Richard Dixon Fleming
Joint Liquidators' contact details	Regus, 34th & 35th Floor, Al Maqam Tower, Adgm Square, Al Maryah Island, Abu Dhabi, United Arab Emirates Email: INS_VERSCL@alvarezandmarsal.com
Functions	The functions of the Joint Liquidators are being exercised by them individually or together in accordance with Regulation 214, IR15

Appendix 2 – Receipts and payments account

**Veloqx RSC Limited
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments**

Statement of Affairs £	From 12/12/2021 To 11/12/2022 £	From 12/12/2020 To 11/12/2022 £
ASSET REALISATIONS		
Cash at Bank	68,133.47	68,133.47
	<u>68,133.47</u>	<u>68,133.47</u>
COST OF REALISATIONS		
Liquidator's Fees	25,000.00	25,000.00
Liquidator's Expenses	126.86	126.86
Bank Charges	15.08	15.08
Exchange (Gain)/Loss	(8,731.13)	(8,731.13)
	<u>(16,410.79)</u>	<u>(16,410.79)</u>
	<u>51,722.68</u>	<u>51,722.68</u>
REPRESENTED BY		
USD Current Account		51,722.68
		<u>51,722.68</u>

Notes

1. *Funds are held in a USD interest bearing current account.*
2. *The receipts and payments account is stated in GBP and converted at a rate of 1:1.23 as at 11 December 2022.*

Appendix 3 – Schedule of expenses

A3.1 Schedule of expenses

<u>Category</u>	<u>Incurred in the period (£)</u>
Joint Liquidators' disbursements	127.66
Legal fees	2,690.99
Total	2,818.65

A3.2 Requests for further information and right to challenge our remuneration and expenses

Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including the unsecured creditor making the request) or with the permission of the ADGM Court.

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to the ADGM Court within eight weeks of receiving this progress report.

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the ADGM Court.

The full text of the relevant rules can be provided on request by writing to Ruth Turner at INS_VERSCL@alvarezandmarsal.com.

Appendix 4 – Charging policy

Joint Liquidators' charging policy

The time charged to the liquidation is by reference to the time properly given by us and our staff in attending to matters arising in the liquidation. This includes work undertaken in respect of tax, VAT and investigations from A&M in-house specialists.

Our policy is to delegate tasks in the liquidation to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this liquidation. Time is charged by reference to actual work carried out on the liquidation, using a minimum time unit of six minutes.

All staff who have worked on the liquidation, including cashiers and secretarial staff, have charged time directly to the liquidation and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the liquidation but is reflected in the general level of charge-out rates.

Charge-out rates (£/hour) for: Restructuring

Grade	From 12 December 2020
Managing Director	675
Senior Director	635
Director	595
Associate Director	535
Senior Associate	455
Associate	335
Analyst	225
Support	165

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the liquidation. In our next statutory report, we will inform creditors of any material amendments to these rates.

Policy for the recovery of disbursements

Where funds permit the office holders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such disbursements are defined as follows:

- *Category 1 disbursements*: These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.
- *Category 2 disbursements* : These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Disbursements within category 2 expenses charged by A&M include mileage at a rate of 45p per mile. When carrying an A&M passenger, no additional cost per passenger will be charged.

We have the authority to pay disbursements falling within category 1 and 2 disbursements without the need for any prior approval from the creditors of the Company.

Disbursements falling within category 1 expenses:

Nature of disbursement	Amounts incurred in the period (£)	Amounts paid in the period (£)
Company searches	0.80	0.80
Postage costs	126.86	126.86
Total	127.66	127.66

Disbursements falling within category 2 expenses:

No disbursements falling within category 2 expenses have been incurred or paid during the period.

Our time cost summary in accordance with SIP 9

Please refer to the tables below for a detailed breakdown and narrative of our time costs from 12 December 2021 to 11 December 2022 in accordance with SIP 9.

Classification of work function	Total hours	Total time cost (£)	Average hourly rate (£)
Engagement control	12.2	4,502	369
Appointment and risk	0.1	54	535
Reports, decision making and remuneration	49.1	19,504	397
Correspondence and statutory filing	8.6	2,717	316
Investigations	1.0	535	535
Asset realisations	8.1	3,156	390
Cashiering	2.7	1,261	467
Claims and distributions	0.2	107	535
Total	82.0	31,834	388
Brought forward time (12 December 2020 to 11 December 2021)	55.3	24,873	450
Carried forward time (12 December 2020 to 11 December 2022)	137.3	56,707	413

SIP 9 narrative for the period from 12 December 2021 to 11 December 2022

Type of work	Narrative description of work	Why was/is this work necessary?	What, if any, financial benefit will the work provide to creditors?
Engagement control	<ul style="list-style-type: none"> ▪ Monitoring and reviewing the liquidation strategy ▪ Briefing our staff on the liquidation strategy and matters in relation to various work-streams ▪ Regular case management and reviewing of process ▪ Reviewing and authorising junior staff correspondence and other work ▪ Dealing with queries arising during the appointment ▪ Reviewing matters affecting the outcome of the liquidation ▪ Allocating and managing staff/case resourcing and budgeting exercises and reviews ▪ Complying with Internal filing and information recording practices, including documenting strategy decisions 	<ul style="list-style-type: none"> ▪ To ensure appropriate oversight, decision making and overall control of the liquidation, which will help to progress the case efficiently, maximising asset realisations and minimising costs 	<ul style="list-style-type: none"> ▪ Minimising the costs of the liquidation will maximise the funds available for distribution to creditors
Reports, decision making & remuneration	<ul style="list-style-type: none"> ▪ Preparing statutory receipts and payments accounts ▪ Drafting and publishing our first progress report ▪ Ensuring compliance with all statutory obligations within the relevant timescales ▪ Preparing for the creditors' meeting by correspondence ▪ Reviewing time costs to date and producing analysis of time incurred which is compliant with SIP 9 ▪ Seeking approval of the basis of remuneration from the relevant parties 	<ul style="list-style-type: none"> ▪ To comply with statutory requirements and to ensure that creditors are advised of the progress of the liquidation 	<ul style="list-style-type: none"> ▪ No direct financial benefit
Correspondence & statutory filing	<ul style="list-style-type: none"> ▪ Providing statutory notifications of ongoing matters to the ADGM Court, creditors and other stakeholders ▪ Dealing with creditor queries ▪ Responding to request for the formation of a Creditors' Committee 	<ul style="list-style-type: none"> ▪ To comply with statutory requirements and protect Company assets 	<ul style="list-style-type: none"> ▪ No direct financial benefit
Investigations	<ul style="list-style-type: none"> ▪ Reviewing company records 	<ul style="list-style-type: none"> ▪ To comply with statutory requirements and to pursue any potential asset recoveries for the estate 	<ul style="list-style-type: none"> ▪ Maximising asset realisations may increase the dividend prospects for creditors
Asset realisations	<ul style="list-style-type: none"> ▪ Liaising with agents regarding the potential value and sale of assets ▪ Reviewing the inter-company debtor position between the Company and other group companies 	<ul style="list-style-type: none"> ▪ To realise the value of the Company's business and assets 	<ul style="list-style-type: none"> ▪ Realisation of assets and minimising the costs/liabilities may

SIP 9 narrative for the period from 12 December 2021 to 11 December 2022

Type of work	Narrative description of work	Why was/is this work necessary?	What, if any, financial benefit will the work provide to creditors?
Cashiering	<ul style="list-style-type: none"> ▪ Maintaining liquidation bank account ▪ Preparing and processing vouchers for the payment of post-appointment invoices ▪ Reconciling post-appointment bank accounts to internal systems ▪ Ensuring compliance with appropriate risk management procedures in respect of receipts and payments 	<ul style="list-style-type: none"> ▪ To effectively manage funds, receive asset realisations and discharge the costs of the liquidation 	<p>increase the dividend prospects for creditors</p> <ul style="list-style-type: none"> ▪ Receipt of bank interest maximises asset realisations which may increase the dividend prospects for creditors

Appendix 5 – Glossary

Any references in this progress report to sections and rules are to Sections and Rules in IR15.

Defined Terms	Definition
ADGM	Abu Dhabi Global Market
ADGM Court	Abu Dhabi Global Market Court of First Instance
AED	United Arab Emirates Dirham
A&M	Alvarez & Marsal Europe LLP
Company	Veloqx RSC Limited in Liquidation
CVL	Creditors' Voluntary Liquidation
Director	Mr Imran Ellahi
DLA	DLA Piper Middle East LLP
Hilco	Hilco Appraisal Limited
IR15	The ADGM Insolvency Regulations 2015
Joint Liquidators/we/our/us	Benjamin Cairns and Richard Fleming
Shareholder	Mr Kin Kan Samathur Li

Appendix 6 – Notice: About this progress report

This progress report has been prepared by Benjamin Cairns and Richard Fleming, the Joint Liquidators of Veloqx RSC Limited in Liquidation ('the Company'), solely to comply with their statutory duty to report to creditors under the ADGM Insolvency Regulations 2015 (and subsequent amendments) on the progress of the liquidation, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purposes, or in any other context.

This progress report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

Any estimated outcomes for creditors included in this progress report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this progress report for any purpose or in any context other than under the Insolvency Regulations 2015 does so at their own risk. To the fullest extent permitted by law, the Joint Liquidators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

Benjamin Cairns and Richard Fleming are authorised to act as insolvency practitioners by the ADGM Insolvency Practitioners Register.

We are bound by the Insolvency Code of Ethics.

The Joint Liquidators act as agents for the Company without personal liability. The appointments of the Joint Liquidators are personal to them and, to the fullest extent permitted by law, A&M does not assume any responsibility and will not accept any liability to any person in respect of this progress report or the conduct of the liquidation.