IN THE GENERAL DIVISION OF
THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

[2024] SGHC 98

Originating Application No 170 of 2024 and Summons No 486 of 2024

In the matter of Part 7 of the
Insolvency, Restructuring and
Dissolution Act 2018

And

In the matter of Section 91 of the
Insolvency, Restructuring and
Dissolution Act 2018

And

In the matter of Boldtek Holdings
Limited

Boldtek Holdings Limited

… *Applicant*

EX TEMPORE JUDGMENT

[Insolvency Law — Judicial management — Judicial management order]
[Insolvency Law — Judicial management — Appointment of judicial manager]

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Re Boldtek Holdings Ltd

[2024] SGHC 98

General Division of the High Court — Originating Application No 170 of 2024 (Summons No 486 of 2024)
Goh Yihan J
8 April 2024

8 April 2024

Goh Yihan J:

1 In HC/OA 170/2024 ("OA 170"), the applicant, Boldtek Holdings Limited ("Boldtek"), is applying for a judicial management order (the "JM Order") pursuant to Part 7 of the Insolvency, Restructuring and Dissolution Act 2018 (2020 Rev Ed) (the "IRDA"). Concurrently with OA 170, Boldtek is applying in HC/SUM 486/2024 ("SUM 486") for an interim judicial management order pursuant to s 92 of the IRDA in the event that the court reserves its decision in relation to OA 170. There has not been any objection to either OA 170 or SUM 486 as of the date of today's hearing.

2 Having heard counsel for Boldtek and considered the documents, I allow OA 170. It follows that there is no need to grant an interim judicial management order in SUM 486 and I make no order as to that application. I now provide the brief reasons for my decision.

Background facts

3 I turn first to the background facts for OA 170. Boldtek is a public company limited by shares. It was incorporated on 5 October 2012.[1] Its shares have been listed on the Catalist of the Singapore Exchange since 18 January 2013.[2] However, trading of these shares was halted on 12 January 2023. This halt was converted into a voluntary suspension on 16 January 2023.[3]

4 Boldtek is the holding company of a group of subsidiaries (the "Group"). The Group has business interests in general building, precast manufacturing, properties development, and investment in both Singapore and Malaysia. One of its key subsidiaries is Logistics Construction Pte Ltd ("Logistics"). Logistics has been placed under judicial management since 4 March 2024. Another of Boldtek's key subsidiaries is Boldtek Projects Pte Ltd ("BPPL"). BPPL's primary business is in construction and renovation. It has various registrations with the Building and Construction Authority. This includes a registration under the Construction Workhead CW01 (General Building), with a grading of C1. This allows BPPL to participate in public sector construction tenders of up to $5,000,000.[4]

5 The Group's business was affected by the COVID-19 pandemic. In particular, Logistics's troubles also affected Boldtek. This is because Boldtek acts as the corporate guarantor for Logistics in relation to bank facilities and performance bonds. Also, the problems with Logistics's restructuring led some creditors to threaten legal actions against Boldtek. Among the creditors who

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1 Affidavit of Phua Lam Soon dated 20 February 2024 ("PLS's affidavit") at para 8.

2 PLS's affidavit at para 9.

3 PLS's affidavit at para 9.

4 PLS's affidavit at para 12.

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have made demands against Boldtek is RHB Bank Berhad ("RHB"). RHB issued a letter of demand against Boldtek on 2 August 2023 for the recall of the entire banking facilities granted to Boldtek.[5] RHB followed up with a statutory demand on 6 September 2023.[6]

6 Despite these demands, Boldtek continued restructuring without the protection of a moratorium. Boldtek believed that the negative publicity associated with a restructuring proceeding would affect the operations of subsidiaries within the Group.[7] Around 21 December 2023, Boldtek appointed Ms Ellyn Tan Huixian of Mazars Consulting Pte Ltd ("Mazars") as its financial advisor.[8] Following this, Boldtek entered into discussions with a potential white knight for the provision of a convertible loan of up to $2,000,000. Mazars also sent a proposed restructuring plan to Boldtek's key financial creditors. By this plan, the relevant creditor will receive 100% of the relevant claim by December 2027.[9] Mazars further conducted a liquidation analysis of Boldtek. By this analysis, which was based on certain assumptions, it is anticipated that unsecured creditors would recover much less than what they would receive with the proposed restructuring plan.

7 However, Boldtek's restructuring efforts came to a halt when it was served with RHB's winding up application on 1 February 2024.[10] This is HC/CWU 33/2024 ("CWU 33"). In CWU 33, RHB relies on Boldtek's failure

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5 PLS's affidavit at para 20(a).

6 PLS's affidavit at para 20(a).

7 PLS's affidavit at para 21.

8 PLS's affidavit at para 22.

9 PLS's affidavit at para 25(b).

10 PLS's affidavit at para 29.

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to pay the amount under the statutory demand it had issued. Following CWU 33, the potential white knight withdrew its proposed investment.[11]

8 It is under these circumstances that Boldtek now seeks a judicial management order in OA 170.

My decision: OA 170 is allowed

9 I allow Boldtek's application in OA 170 to be placed under judicial management for the following reasons.

Boldtek is unable to pay its debts

10 First, I am satisfied that Boldtek is unable to pay its debts. In this regard, Boldtek is facing numerous claims that amount to $6,606,432.40. While Boldtek's unaudited condensed interim financial statements for the six months and full year ended 30 June 2023 (the "Statements") show a total current assets value of $20,139,000,[12] and a total current liabilities value of $18,886,000,[13] this does not mean that Boldtek's current assets exceed its current liabilities. This is because the total current assets value includes an amount of $15.5m that is owing from Logistics.[14] Given Logistics's financial problems, it is unlikely that this amount can be fully recovered. The remaining assets of some $4.6m comprise amounts owing from Boldtek's other subsidiaries.[15] As for the total current liabilities value, this includes a term loan of around $980,000 from RHB to Boldtek but does not include the corporate guarantees that Boldtek has

11 PLS's affidavit at para 30.

12 PLS's affidavit at para 35 and p 217.

13 PLS's affidavit at para 35 and p 217.

14 PLS's affidavit at para 35.

15 PLS's affidavit at para 36.

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extended in respect of Logistics's liabilities.[16] Moreover, the outstanding amounts owing to non-trade creditors are about $19,199,000.[17]

11 Thus, based on, among others, these facts, Boldtek submits that its true current assets value is around $4.6m, while its current liabilities is significantly higher, at about $23.6m. I accept these figures. As such, I am satisfied, on the basis of the cashflow test, that Boldtek is unable to pay its debts.

There is a real prospect that one or more of the purposes of judicial management would be achieved

12 Next, I am satisfied that there is a real prospect that one or more of the purposes of judicial management would be achieved with the making of the judicial management order. In this regard, I begin by considering the purposes of judicial management, which are set out in s 89(1) of the IRDA:

> **Purpose of judicial management and judicial manager**
>
> **89.**—(1) The judicial manager of a company must perform the judicial manager's functions to achieve one or more of the following purposes of judicial management:
>
> (*a*) the survival of the company, or the whole or part of its undertaking, as a going concern;
>
> (*b*) the approval under section 210 of the Companies Act 1967 or section 71 of a compromise or an arrangement between the company and any such persons as are mentioned in the applicable section;
>
> (*c*) a more advantageous realisation of the company's assets or property than on a winding up.

16 PLS's affidavit at para 37.

17 PLS's affidavit at para 38.

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This must be read with s 91(1)(*b*) of the IRDA, where the court considers whether "the making of the order would be likely to achieve one or more of the purposes of judicial management mentioned in section 89(1)".

13 Applying the "real prospect" standard, I find that the judicial management order sought would have a real prospect of allowing Boldtek to survive with the whole or part of its undertaking, as a going concern, or in achieving a more advantageous realisation of the Boldtek's assets than on a winding up. I elaborate on these below.

14 First, there is a real prospect that the making of the judicial management order might result in Boldtek's survival, or the whole or part of its undertaking, as a going concern. This is because judicial management would likely result in the preservation of Boldtek's significant assets, such as its interest in BPPL. I accept that Boldtek's restructuring would be supported by BPPL as the primary operating subsidiary. In this regard, BPPL's audited financial statements for the financial year ended 30 June 2023 show that its prospects are on an uptrend. For instance, BPPL's revenue increased by $656,662 from $1,306,846 in the financial year ended 30 June 2022 to $1,963,508 in the financial year ended 30 June 2023.[18] Also, BPPL has an existing order book of $12,928,660.30 as of 16 February 2024.[19] Apart from BPPL, Boldtek also has an 40% interest in NNB8 Development Pte Ltd ("NNB8"), which it holds through its subsidiary NNB Global.[20] NNB8 is involved in property development. It is currently

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18 PLS's affidavit at para 45 and p 246.

19 PLS's affidavit at para 47.

20 PLS's affidavit at para 48.

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involved in a residential property at Geylang, of which 80% of units have been sold.[21]

15 Second, there is also a real prospect that the making of the judicial management order will achieve a more advantageous realisation of Boldtek's assets than on a winding up. This is because the judicial managers can retain Boldtek's interests in BPPL and NNB88 for the long-term and distribute any surplus cash from these subsidiaries to service Boldtek's restructured liabilities. Even if these interests are sold, the judicial managers would be able to hold them for a longer period of time. Indeed, the liquidation analysis mentioned above points to the vastly superior position for creditors in relation to the proposed restructuring plan as compared to a liquidation. While that analysis was based on a white knight investment that does not exist anymore, it is also based on BPPL's income. Moreover, there has since been another investor to provide further working capital for BPPL.

16 Accordingly, I am satisfied that the making of a judicial management order would have a real prospect in achieving one or more of the purposes of judicial management mentioned in s 89(1) of the IRDA. I also note that there has been no objection to Boldtek's application for a judicial management order.

The appointment of Boldtek's proposed judicial managers are appropriate

17 As for the choice of a judicial manager, it is clear that a court will consider three factors when making the appointment, namely: (a) the choice of the largest creditor; (b) the independence or perceived independence of the

[21] PLS's affidavit at para 49.

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nominees; and (c) the skill and expertise of the judicial managers (see the High Court decision of *Re Hodlnaut Pte Ltd* [2023] 4 SLR 862 at [11]–[12]).

18 On the facts, I am satisfied that Boldtek's proposed judicial managers are appropriate based on these factors. Indeed, the proposed judicial managers have experience in working with construction companies such as Boldtek.

Conclusion

19 For the reasons above, I allow Boldtek's application for a judicial management order and grant an order in terms of OA 170. It follows that I do not need to decide SUM 486 and I make no order in respect of that application.

Goh Yihan
Judge of the High Court

Lee Lieyong Sean and Matthew Tan Jun Ye
(Aquinas Law Alliance LLP) for the applicant;
Tham Xue Yi Fiona (Shook Lin & Bok LLP) for RHB Bank Berhad;
Jo Tay Yu Xi (Allen & Gledhill LLP) for Berkshire Hathaway Speciality Insurance;
Lye Yu Min (Rajah & Tann Singapore LLP) for Oversea-Chinese Banking Corporation Limited;
Ng Min Hui for Civil Aviation Authority of Singapore in person.

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