

**HODLNAUT PTE. LTD.
(IN LIQUIDATION)
(REG. NO. 201911850K)**

5 September 2024

BY EMAIL

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20th Circular (Liquidation)

**HODLNAUT PTE. LTD. (IN LIQUIDATION) (THE “COMPANY”)
UPDATES ON LIQUIDATION STATUS**

Dear Sir / Madam,

The Liquidators have received various queries from creditors regarding the liquidation of the Company, including on the current status of the liquidation, the timeline for completing the liquidation process and the establishment of a Committee of Inspection (“**COI**”).

For ease of reference and in the interests of efficiency, we are writing to all known creditors in response to these queries to provide a summary of the current status of the liquidation and the next steps which the Liquidators are taking in connection with the Authorisation Application and the Directions Application (defined and discussed further below) to progress matters as expeditiously as possible. For further information, please refer to the Liquidators’ 12th Circular dated 13 May 2024 (“**12th Circular**”), the 16th Circular dated 26 July 2024 and the 19th Circular dated 29 August 2024. We also provide further information to address the queries in relation to the establishment of a COI.

In addition, we have published a further updated Frequently Asked Questions at [Customer FAQs on Directions Application and Status of Liquidation](#), in response to the above queries.

Unless otherwise defined, we have adopted the abbreviations used in the Liquidators’ previous circulars to creditors.

Current status of the liquidation

In our 12th Circular, we notified creditors that the Liquidators have: (i) conducted a thorough forensic analysis of all the Company’s recoverable documents, data and records and (ii) reviewed all of the information provided by the Directors and former employees of the Company to determine the following two following fundamental questions:

- a. Question 1: Of the Digital Assets belonging to the Hodlnaut Group, which assets belong to the Company (“**Q1**”); and
- b. Question 2: Of the Users of the Hodlnaut Group, which Users are creditors of the Company (“**Q2**”)?

It is crucial that the above questions are resolved so that the Liquidators can establish the full extent of the Company’s assets and liabilities, before we can proceed with the next stages of the liquidation, including the distribution of available assets to the Company’s creditors.

In view of the above, the Liquidators have filed an application (the “**Authorisation Application**”) on 5 July 2024, seeking the Court’s authorisation to commence an application for a direction that

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the Liquidators are entitled to proceed with the administration of the liquidation of the Company on the basis that (a) all of the Digital Assets which belong to the Hodlnaut Group are assets of the Company, and (b) all of the Users of the Hodlnaut Group are creditors of the Company (the “**Directions Application**”).

The Authorisation Application has been scheduled to be heard on 17 September 2024.

Next steps and timing

The timeline of the next stages of the liquidation will be dependent on the Court’s decision in relation to the Authorisation Application at the scheduled hearing on 17 September 2024. If the Court grants the Authorisation Application, the Liquidators will proceed to file the Directions Application with the Court to determine both Q1 and Q2 as soon as possible thereafter.

The Directions Application would then need to be heard and determined by the Court (if the Authorisation Application is granted). The timing of the hearing of the Directions Application will be dependent on, amongst other things, the Court’s schedule.

Establishment of a committee of inspection

In accordance with Section 150 of the Insolvency, Restructuring and Dissolution Act, 2018 (“**IRDA**”), a liquidator appointed in a compulsory winding up may summon a meeting of creditors for the purposes of determining: (i) whether or not the creditors require the appointment of a COI to act with the liquidator; and (ii) if so, who are to be the members of a COI.

A COI is a consultative body consisting of between 3 and 5 creditors, appointed to represent the interests of creditors as a whole. The main functions of a COI include monitoring the progress of the liquidation, assisting the liquidator with discharging their duties and reviewing the liquidator’s remuneration and expenses.

Under normal circumstances, the Liquidators would have convened a meeting of creditors under Section 150 of IRDA as soon as possible following the commencement of the liquidation. However, given that a COI must comprise creditors of the Company, the issues relating to Q2 (explained above) need to first be resolved so that the Company’s creditors can be identified before the Liquidators can convene a meeting of creditors to establish a COI. Any steps taken to try and establish a COI prematurely before Q2 has been resolved may potentially unfairly exclude certain Users and would not be in line with the Liquidators’ duties, which are owed to the general body of creditors as a whole in administering the estate of the Company.

As soon as the question of which Users of the Hodlnaut Group are creditors of the Company has been determined by the Court, the Liquidators will proceed with convening a meeting of creditors under Section 150 of IRDA to establish a COI.

The Liquidators will continue to keep all creditors apprised of any further material developments.

For avoidance of doubt, nothing herein shall be construed as an admission by the Liquidators and/or the Company of any outstanding sums which may be due and owing by the Company to you.

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Meanwhile, if you have any queries in relation to the above, please email us at hodlnaut@sg.ey.com.

Yours faithfully,



Aaron Loh Cheng Lee
Liquidator
For and on behalf of
Hodlnaut Pte. Ltd.
(In Liquidation)