

Acesian Star, Takenaka proceeding for arbitration over T4 dispute



News Stories



Thu, Jun 7, 5:50 AM [Back](#)

Nisha Ramchandani/The Business Times

Acesian Star - a wholly-owned subsidiary of Catalist-listed Acesian Partners - and Japanese firm Takenaka Corp are proceeding for arbitration over a long-drawn out payment dispute relating to Changi Airport's Terminal 4.

Meanwhile, a writ of summons has been filed in the High Court by judicial manager KordaMentha and Acesian Star against Acesian Partners, Acesian Engineering, Active Building Technologies (ABT) and four employees, relating to certain payments that were made to the companies.

In a filing on the Singapore Exchange (SGX) on Tuesday night, Acesian Partners said: "The defendants are disputing the claims made by the plaintiffs as they believe there are no merits to the claims made in the suit. The defendants intend to seek legal advice and vigorously defend those claims."

Back in October 2014, Acesian Star was engaged by the T4 project's main contractor Takenaka as the sub-contractor for air-conditioning and mechanical ventilation works in a contract worth some S\$24.4 million. In August 2015, Acesian Star was awarded a second sub-contract for air conditioning and mechanical ventilation system services related to Terminal 1's expansion.

However, with the T4 project underway, a dispute arose between the two companies with respect to payments due under that contract.

On Nov 9, 2016, Acesian Partners announced that Acesian Star had been terminated from the T1 project for having sub-contracted work out to its subsidiary, ABT. It later announced

that this was due to not getting prior written consent from Takenaka to bring ABT onboard. Acesian Partners stated in a January 2018 SGX filing that this was "unjustified".

Acesian Star was also terminated from the T4 project by Takenaka in November 2016 after the former made an application for judicial management. In January 2017, it was announced that Acesian Star was placed under judicial management, with Deloitte & Touche appointed to the role of judicial manager.

In an SGX announcement dated May 16, 2017, Acesian Star alleged that while it was paid S\$25 million by Takenaka for the T4 sub-contract, the total contract value had swelled to S\$47 million owing to changes to the original scope of the work by Takenaka. Acesian Star also maintained in the May 2017 announcement it paid out S\$26 million to its suppliers, subcontractors and towards T4-related project costs, and had "suffered a significant loss" in both projects.

For its part, Takenaka had claimed against Acesian Star for back charges and liquidated damages in relation to the works for the T4 project, and in February last year, it filed a proof of debt of some S\$27 million for both the T4 and T1 subcontracts. However, this was later rejected by the judicial managers from Deloitte.

When contacted by BT for comment, Deloitte said: "The cross-claims between the company and Takenaka have been submitted to arbitration and are subject to the determination of the Tribunal therein. In the interests of confidentiality, we are not at liberty to disclose any further information in this regard."

An additional judicial manager, KordaMentha, was later proposed by Takenaka, and the High Court granted the appointment of KordaMentha as an additional judicial manager in October last year.

Meanwhile, Acesian Star was unable to pay a group of creditors - including sub-contractors - for works rendered on T4. In August 2017, the majority of creditors voted in favour of a proposed scheme of arrangement.

ABT currently owes local firm Unitex Engineering an outstanding sum of over S\$1.5 million for works carried out for the T1 expansion. In January this year, Unitex was granted a final garnishee order by the Court to seek its debts, but it has only received a sum of over S\$43,360 thus far.

Acesian Star and Takenaka are proceeding for arbitration at the Singapore International Arbitration Centre over the T4 payment dispute.

Takenaka is being represented by BlackOak LLC and Pinsent Masons MPillay, while Acesian Star is represented by cLegal and Sim Chong.