



**Austin Computers Pty Ltd (In Liquidation) ACN 086 785 284
IIOR and ATF the Rong Family Trust ABN 69 780 893 412
(‘the Company’)**

Statutory Report by Liquidators

25 March 2025

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1 Introduction

Paul Pracilio and Lara Wiggins were appointed Liquidators of the Company pursuant to an order made in the Federal Court of Australia - Western Australia on 14 January 2025.

We refer to our initial report providing information for creditors dated 29 January 2025 in which we advised you of our appointment as Liquidators and your rights as a creditor in the liquidation.

This report is provided in accordance with Section 70-40 of the Insolvency Practice Rules (Corporations) 2016 and the Code of Professional Practice issued by the Australian Restructuring Insolvency and Turnaround Association ('ARITA'). The purpose of this report is to:

- provide you with an update on the progress of the liquidation; and
- advise you of the likelihood of a dividend being paid in the liquidation.

We will also be requesting that you consider our detailed remuneration report to approve our remuneration and internal disbursements by way of proposals.

We have relied on information provided from numerous sources to prepare this report, including:

- The Report on Company Activities and Property ('ROCAP') as submitted by the director, Zhan Shan Huang ('the Director'), for the Company as at 14 January 2025.
- Information from public sources, such as the Australian Securities and Investments Commission ('ASIC') and the Personal Property Securities Register ('PPSR').
- Discussions with the Company's Director, former advisors and other key stakeholders.

We note that we have only been in receipt of minimal books and records from the Director, which has restricted our ability to complete investigations.

Whilst we have no reason to doubt the accuracy of any information, we have not performed an audit and reserve the right to alter our conclusions, should the underlying data prove to be inaccurate or change materially from the date of this report.

If further information becomes available on the progress of the liquidation, we may distribute a further report to creditors.

2 Company background

2.1 Company information

A search of records maintained by ASIC indicates that the Company was incorporated in Western Australia on 23 March 1999 under the company name Sostat Pty Ltd. On 6 July 2010, the company changed its name to Austin Computers Pty Ltd. The Company's registered office and principal place of business is listed as Unit 3, 52 Frobisher Street, Osborne Park, WA 6017.

The Company's sole director and secretary is Zhan Shan Huang

The Director is also the sole shareholder of the Company. Details of his shareholdings are as follows:

Name	Class	Shares	Beneficially Held	Paid
Zhan Shan Huang	Ordinary shares	10	Yes	Yes

We understand that, since its incorporation, the Company has acted as Trustee for multiple trusts; however, more recently, the Company acted solely as trustee for the Rong Family Trust ('the Rong Trust'). More information in this respect can be found at section 4.2 of this report.

2.2 Company history

Our summary of the history of the Company, as set out below, has been based on:

- our communications with various advisors of the Company;
- documentation received from advisors of the Company and various third parties;
- publicly available information; and

- our communications with the Director.

The Company commenced trading in around 1996 as a computer and IT equipment retailer selling laptops, gaming computers and other accessories, with the business transferring to the Rong Trust in around 2000.

The business operated from seven physical locations across the suburbs of Perth and through a web-based online store.

During 2015, part of the business was sold to the Director's son who traded it through the Austin Computers Osborne Park Trust. We understand that this arrangement ceased within the year, with the Company taking back control of this part of the business.

Between 2016 to 2019, the Company was run with the assistance of the Director's relatives whilst the Director resided overseas and during this time franchises were opened across Australia with the Company acting as the franchisor and exclusive wholesaler to these franchisees. Franchises were opened in Sydney, Rockingham, Joondalup and Bibra Lake.

Between 2017 and 2019, the Australian Taxation Office ('the ATO') carried out an audit into the historic GST and income tax reporting of the Company which resulted in amended GST and income tax assessments plus shortfall penalties being issued, totalling approximately \$7.2 million. Further details in this respect can be found at section 3.2.2 of this report.

From early 2020, all franchise agreements were progressively terminated with the franchisees remaining indebted to the Company for large sums in relation to stock. The Company took back operations, centralising them in Western Australia through two stores in Osborne Park and Cannington. Please see section 4.3.1 for further details in relation to the franchisee debts.

The Director has advised that the Company formally ceased trading all operations on 31 December 2020 as operations shifted to Austin Computers Australia Pty Ltd ('Austin Australia') a related entity, and all employees were terminated with entitlements being paid in full. It is our understanding that at around the same time, the Company's stock was also sold to Austin Australia.

In July 2022, the Company's remaining assets, including the business trading name and website, were sold to Austin PC Pty Ltd ('Austin PC'), a company owned and directed by the Director's son. Austin PC continues to trade and does not form part of this liquidation.

The above transactions with Austin Australia and Austin PC form part of our statutory investigations into the affairs of the Company which are detailed further at section 5 of this report. Our investigations remain ongoing at this time.

2.3 Creditor profile

The Company's creditor position, based on the Director's ROCAP and information received to date is summarised below.

Type of creditor	Value (\$)	Refer to section
Secured creditors	\$1,100,000	2.3.1
Priority (employee) creditors	Nil	2.3.2
Unsecured creditors:		2.3.3
Australian Taxation Office	\$8,655,402	3.2.2
Other unsecured creditors	Uncertain	2.3.3

2.3.1 Secured creditors

All present and after acquired property ('All Pap')

Details of the Personal Property Security ('PPS') registrations of the secured creditors holding All Pap security over the Company as at the date of our appointment are provided in the table below with commentary thereafter:

PPS registrations	Date created	PPSR charge number	Collateral	Related party (Y/N)
Westpac Banking Corporation	30/01/2012	201112120595733	All Pap No Except	N
Huang, KaiHong	15/11/2024	202411150048386	All Pap No Except	Y
Huang, KaiHong	15/11/2024	202411150048386	All Pap No Except	Y
Landster Pty Ltd	30/11/2024	202411300021456	All Pap No Except	Y
Grandplan Investments Pty Ltd	30/11/2024	202411300021626	All Pap No Except	Y
Glenzen Pty. Limited	30/11/2024	202411300022215	All Pap No Except	Y
Chrychung Pty. Limited	30/11/2024	202411300022258	All Pap No Except	Y

Westpac Banking Corporation ('Westpac')

As at the date of our appointment, the Company held one loan facility and one bank account with Westpac. The loan facility is unsecured and relates to a credit card with a limit of \$20,000. The balance on the credit card as at our appointment was \$26, and the balance in the Company's bank account as at our appointment was also \$26. These balances have been offset against one another.

Westpac also holds a general security agreement in respect of the Company which secures a guarantee provided by the Company in favour of Landster Pty Ltd ('Landster'), a related entity. The current balance outstanding to Westpac from Landster is approximately \$777,400.

Huang, Kai Hong ('Kai Hong')

We understand that Kai Hong's registrations relate to a loan provided to the Company in 2019. The Director's ROCAP indicates there is currently \$1.1 million outstanding to Kai Hong in relation to this loan. Despite numerous requests, we have not been provided with documentation confirming the basis or the amount of the original loan.

Other

The remaining All Pap security registrations are held by entities related to the Company by way of common directors and/or relatives of the Director. We have not yet been provided with documentation confirming what these registrations relate to.

Specific securities

In addition to the All Pap registrations detailed above, the following PPS registrations against specific property appeared on the PPS Register as at the date of our appointment:

Collateral type	Number of registrations
Other goods	16
Accounts	5
Motor vehicles	3
General intangible	3
Negotiable instruments	1
Total	28

General

Upon appointment, we reached out to all secured parties to obtain details and backing documentation in relation to their registrations. Whilst we have received some documentation in relation to two of the All Pap registrations, being Westpac and Kai Hong, we have not received any documentation from the remaining secured parties, aside from confirmation from six parties with specific registrations that their registrations have now been discharged.

We note that several of the All Pap and other registrations were made within six months of the winding up order being made. Given the timing of these registrations, it is possible that they will be void or vest in the Company under Sections 588FL and 588FJ of the Corporations Act 2001 Cth. ('the Act'). In order to establish a view on the validity of these registrations, the full underlying security documentation would need to be reviewed.

Aside from Westpac and Kai Hong, we are not aware of any amounts owing by the Company to any other secured creditors.

2.3.2 Priority creditors

Under Section 556 of the Act, employees of the Company are afforded priority over the unsecured creditors in relation to any unpaid employment entitlements such as wages, annual leave, redundancy and pay in lieu of notice.

As far as we are aware, there are no priority creditors of the Company.

2.3.3 Unsecured creditors

To date, we have only been made aware of one unsecured creditor being the Australian Taxation Office ('ATO') for \$8,655,402. Further details in relation to the debt due to the ATO can be found at section 3.2.2 of this report.

We understand that certain beneficiaries of the Rong Trust may have a claim in relation to unpaid accumulated distributions. We are currently investigating this further to establish whether they are creditors of the Company. In any event, any claim they have would be limited to realisations of Rong Trust assets only.

3 Events leading up to liquidation

3.1 Historic trading

From enquiries made of the Director and the Company's former advisors, we understand that the business model employed by the Company was to operate at a low profit margin business by achieving high volume sales at competitive prices. We have been advised that the Company was profitable for several years under this model; however, it is our understanding that the Company's performance deteriorated following the end of the mining boom in Western Australia, and an increase in cheaper imports due to GST exemptions in around 2012.

We note that we have not viewed any accounts in relation to the Company's historic trading to substantiate the above.

3.2 Reasons for entering liquidation

3.2.1 Franchisee debts

As detailed above, franchise agreements were entered into during 2016 to 2019. These arrangements proved unsuccessful due to the franchisees failing to pay substantial amounts due to the Company as their wholesaler in relation to stock. The franchise agreements were therefore terminated following which the Company ceased to trade with the debts from the franchisees remaining outstanding. It is our understanding that the Company has not traded since the end of December 2020.

We understand that legal proceedings were commenced against at least one of the franchisees and are awaiting further information from the Company's advisors in this respect.

3.2.2 ATO audit

In addition to the above, in 2017 a tax audit of the Company's affairs was commenced by the Deputy Commissioner of Taxation ('Commissioner' or 'ATO') to determine whether the Rong Trust:

- i. made a taxable supply of imported computer goods for the period 1 July 2013 to 30 June 2017;
- ii. claimed GST credits correctly based on eligible purchases in its activity statements for the period 1 July 2014 to 30 June 2017;
- iii. correctly reported all its income in its business activity statements ('BAS') and income tax returns for the periods 1 July 2013 to 30 June 2015; and
- iv. was liable to penalty for making a false or misleading statement

The audit was finalised in March 2019 finding, in the same order as the matters listed above, that the Rong Trust:

- i. had made taxable supplies of imported goods;
- ii. was not entitled to claim GST credits on these transactions as they were not considered to be creditable acquisitions;
- iii. did not report the correct amount of business income in its income tax returns and BAS; and
- iv. was liable to penalty amounts of \$3,916,548 as a result of the above

In May 2019, the Company lodged an objection to the Administrative Appeals Tribunal ('Tribunal') against the amended assessment of GST for certain quarters falling within the periods audited above as well as the associated shortfall penalties. Aside from the objection lodged in relation to the quarter ending 30 June 2014 ('June 2014 Quarter'), which was allowed, the Commissioner disallowed the objection for all other periods.

We understand the Company did not appeal the above objection decision.

The total debt due to the ATO, including general interest charges accrued to the date of our appointment, is as follows:

Account name	Type	Amount (\$)
Integrated Client Account 1	- Tax Office audit amended GST activity statements – 30 June 2014 to 30 June 2017 plus associated shortfall penalties and general interest charges - Original GST activity statements for the period 1 January 2019 onwards - Remission of shortfall penalties	4,753,997
Income tax account	Shortfall penalty relating to recklessness for Income Tax	3,901,405
Total		8,655,402

The Company was not in a position to pay the above debt, eventually leading to the ATO filing a winding up application with the Supreme Court of Western Australia ('the Court') in November 2024. At a hearing on 14 January 2025, the Company was placed into liquidation by the Court and Lara Wiggins and I were appointed as liquidators of the Company.

3.3 Historical Financial Statements

The Company's financial statements were last prepared to 30 June 2021. We have also viewed management accounts for the six months ended 31 December 2021 which have been included within the below summary. Please refer to Appendix A for detailed statements.

3.3.1 Income Statement

	Notes	Financial reports			Management accounts
		30-Jun-19	30-Jun-20	30-Jun-21	Jul-Dec 2021
		('FY19')	('FY20')	('FY21')	
		\$	\$	\$	\$
Trading Income	1	8,089,211	10,943,804	7,901,001	2,247,775
Less: Cost of Sales	2	7,148,467	10,392,816	7,973,814	-
Gross Profit		940,743	550,988	(72,813)	2,247,775
Add: Other Income	3	290,660	-	641,709	-
Less: Operating Expenses	4	931,418	1,138,293	43,634	59,604
Net Profit	5	299,985	(587,304)	525,262	2,188,172

Notes

- Revenue for the trading period between FY19 – FY21 remained consistent, with a spike appearing in FY20 due to what appears to be a one-off income amount of \$1.8 million.
The revenue of c.\$2 million reported during the six months to 31 December 2021, after the business had ceased trading, likely relates to the sale of stock to Austin Australia detailed at section 3.2.1 above; however, we have not been provided with sufficient records to verify this.
- Whilst costs of sales fluctuated between FY19 – FY21, they averaged at 95% of total sales, resulting in an average profit margin for these periods of 5%. This appears to be in line with the business model adopted by the Company as discussed at section 3.1 and with submissions made by the Company to the Tribunal in relation to the audit carried out by the ATO which is discussed at section 3.2.2.
- Other income appears to relate to one-off receipts from related trusts.
- The reduction in operating costs between FY20 and FY21 onwards, including no wages being reported during these periods, is in line with the Company ceasing to trade in December 2020.
The residual expenses reported in FY21 and during the six months to 31 December 2021 relate to legal expenses, land tax, motor vehicle expenses, utilities and other office expenses.
The slight spike in operating expenses in FY20 primarily relates to a significant increase in interest charged by the ATO, and in rent and other property related expenses.
- The Company reported a profit in both FY19 and FY21; however, upon adjusting for the one-off distributions from the related trusts the profit in FY19 would have reduced to approximately \$9,000 and the Company would have reported a loss for FY21 of \$116,370.
The Company was loss making in FY20. This was largely due to interest of \$545,400 charged by the ATO and an increase in property related expenses of \$112,800 when compared to FY19.

3.3.2 Statement of Financial Position

	Notes	Financial Reports			Management accounts
		FY19	FY20	FY21	Jul-Dec 2021
Cash at Bank		87,453	13,114	83,289	2,165
Current Assets	1	5,479,033	6,247,249	5,206,283	4,886,835
Fixed Assets	2	217,313	171,385	155,728	155,727
Non-current Assets	3	-	-	530,000	674,000
Total Assets		5,783,800	6,431,748	5,975,300	5,718,727
Current Liabilities	4	3,979,742	5,221,435	4,241,795	5,089,758
Non-Current Liabilities	5	1,804,118	1,797,673	1,795,605	1,795,605
Total Liabilities		5,783,860	7,019,108	6,037,400	6,885,363
Net Assets	6	-60	-587,360	-62,100	-1,166,636
Total Equity		-60	-587,364	-62,104	-1,166,636

Notes

1. Current assets include accounts receivable and loans to three related parties.
The accounts receivable balance fluctuated during the periods reviewed, increasing in FY21 by approximately \$1.7 million before reducing back down to \$1.4 million in the six months to 31 December 2021. This increase may relate to the sale of stock to Austin Australia; however, we have not been provided with sufficient records to investigate this further.
It is assumed that, aside from the \$1.7 million detailed above, the accounts receivable balance relates to the amounts outstanding from the franchisees in relation to stock.
It has been confirmed that the related party loans have now been repaid to the Company, and we have verified this within the Company's bank statements.
2. Fixed assets include furniture and fittings, motor vehicles, plant and equipment and property improvements.
The movement in fixed assets during the period reviewed is minimal.
As at 31 December 2021, the Company owned three vehicles, two of which were sold in April 2024. It is our understanding that the remaining fixed assets no longer belong to the Company or are of negligible realisable value.
3. Non-current assets consist of a loan to a related party. It has been confirmed by the Director that this loan has been repaid to the Company in full, which has been verified against the Company's bank statements.
4. Current liabilities include trade creditors, interest payable to the ATO, a Director's loan, other related party loans and other miscellaneous liabilities.
Current liabilities increased significantly between FY19 and FY20 largely due to:
 - the interest payable to the ATO doubling to \$1.2 million
 - the Director's loan increasing by \$350,000
 - Accounts payable increasing by \$280,000
 The increase in current liabilities between FY21 and 31 December 2021 relates to the trade payables balance recorded in FY20 being reinstated into the management accounts having been removed in full from the FY21 accounts. We understand from our discussions with the Company's advisors, that the Company's trade creditors were paid in full; therefore, it is possible that the inclusion of the trade payables figure in the period ending 31 December 2021 is an oversight within the management accounts.
5. Non-current liabilities relate to the loan to the Company from Kai Hong as detailed at section 2.3.
6. The Company reported a negative net asset position for the duration of the period reviewed; however, if adjusted to remove the Director's loan, the Company's net asset position would have been positive from FY19 to FY21.

4 Conduct of the liquidation

4.1 General

Given the nature of our appointment, being a court appointed liquidation, the information made available to us in relation to the Company's affairs has been limited.

As such, the initial phase of our appointment has been largely focused on making enquiries of the Director and any other parties that have had dealings with the Company to understand the history and background of the Company and its financial position as at the date of our appointment. We continue to gather information in this respect with a view to establishing what assets or recovery actions are available to us and whether there will be funds available to enable a distribution to the Company's creditors.

Our initial findings are set out below and we will keep creditors apprised of any subsequent progress made.

4.2 The Company as trustee

As previously advised, as at the date of our appointment, the Company acted as trustee for the Rong Trust.

In accordance with the Rong Trust deed, a copy of which has been obtained from the Company's former advisors, upon the Company entering into liquidation, it was automatically removed as corporate trustee of the Rong Trust, resulting in bare trustee arrangements applying. As bare trustee of the Rong Trust, the Company merely holds any trust property for the benefit of persons absolutely entitled to it. It does not have the power or authority to deal with the assets, aside from protecting them and transferring them to the holder of legal interest. To be able to sell and realise the assets of the Rong Trust, should any be identified through our investigations, we will need to make an application to court to request an appointment as receiver and manager over these assets. Once we have concluded our enquiries into the assets of the Company, we will form a view as to the commercial merit of making such an application based on the realisable value of the assets identified. Given the current uncertainty surrounding the asset position, the Liquidators are not contemplating an application to court at this stage.

During our review of the Company's affairs, it was identified that in addition to acting as trustee for the Rong Trust, the Company also acted as trustee for a number of other trusts ('Former Trusts') until around June 2010. Despite no longer acting as trustee for the Former Trusts, the Company's name remains on various documents relating to assets belonging to the

Former Trusts. As such, it has been necessary to carry out additional enquiries and investigations to establish the Company's interest, if any, in assets of the Former Trusts.

4.3 Report on Company Activities and Property ('ROCAP')

Directors are required to provide a Report on Company Activities and Property ('ROCAP') to us within 10 business days of the Company entering into liquidation. A ROCAP provides information on the financial position of the Company as at the date of our appointment.

A summary of the ROCAP as prepared by the Director and our estimated realisable value of the assets and estimated liabilities is detailed below:

	Directors	Liquidators	
	ROCAP	Value recovered to date	Estimated future recoveries
	\$	\$	\$
Report on Company Property and Activities			
Cash at bank	-	-	-
Debtors	1,620,000	-	uncertain
Inventory	-	-	uncertain
Motor vehicle	5,000	-	5,000
Total assets	1,625,000	-	uncertain
Secured creditors	1,100,000	-	-
Unsecured creditors	-	-	-
Total liabilities	1,100,000	-	-
Estimated surplus/(deficiency) subject to the costs of the Liquidation	525,000	-	uncertain

Please refer to sections 4.3.1 and 4.3.2 below for our comments in relation to the ROCAP.

4.3.1 Assets

Cash at bank

As detailed at section 2.3.1, the Company held an account with Westpac with a balance of \$26 as at our appointment. The balance held has been offset against an outstanding credit card balance of the same value.

As far as we are aware, there are no further bank accounts held by the Company.

Debtors

The debtor balance consists of three debtors totalling \$1,620,000 as set out below:

Debtor	Amount \$
Panlyn Australia	600,000
Jezzor Computers	220,000
T&L Computers	800,000
Total	1,620,000

These amounts are outstanding from three former franchisees in relation to stock. We are continuing to liaise with the Director and the Company's former advisors to establish the recoverability of the debts given their age and the lack of backing documentation available.

We understand that legal proceedings were historically commenced against at least one of the franchisees and are awaiting further information from the Company's advisors in this respect.

Inventory

The Director's ROCAP indicated that the Company held inventory as at the date of our appointment; however, no value was attributed to it.

We have queried this with the Director who has since confirmed that the Company does not hold any inventory.

Motor vehicle

Further to our correspondence of 29 January 2025 whereby we notified creditors of three motor vehicles registered in the name of the Company, we have since established that two of these vehicles were sold in April 2024, with one vehicle remaining registered to the Company, as detailed below:

Motor vehicle	Purchase date	Vehicle expiry date	Dutiable value
Volkswagen 2012, Caddy, Panel Van, Automatic	31/07/2019	28/05/2025	\$5,000

We have made enquiries of both the Director and the Department of Transport to establish whether the remaining vehicle belongs to the Company in its own right, or to the Rong Trust. Based on the documentation provided, it appears that the vehicle is owned by the Company in its own right. As such we are able to sell the vehicle without making an application to court and have received an offer of \$5,000 from Austin PC to purchase the vehicle which we are currently exploring.

4.3.2 Liabilities

Secured creditors

The secured creditor debt relates to the loan provided to the Company in around May 2019 by Kai Hong. As discussed at section 2.3 above, as the security was registered on the PPSR within the six months prior to the Company being wound up, pending a review of the full underlying security agreement, which we are yet to be provided a copy of, the security may be deemed void or vest in the Company in accordance with the relevant provision of the Act.

Unsecured creditors

We are aware of one unsecured creditor as at the date of our appointment being the Australian Taxation Office ('ATO') which has not been included within the Director's ROCAP. We understand the debt to the ATO to be around \$8.7 million as at the date of our appointment; however, the ATO has not yet lodged a formal Proof of Debt form.

4.4 Other potential assets

During the course of our investigations, we have identified the following additional potential assets of the Company.

4.4.1 Subsidiary

The Company is the sole shareholder of Chinaus Education & Employment Services Pty Ltd ('Chinaus') IIOR and ATF the Shan Xi Trust ('Shan Xi Trust') which entered into liquidation on 5 December 2023.

We have been in regular correspondence with the liquidators of Chinaus who have established that Chinaus owns a number of properties as trustee of the Shan Xi Trust. The liquidators of Chinaus are seeking a court appointment as receivers and managers to allow the liquidators to deal with the assets of the trust. It is our understanding that if an appointment as receivers and managers is obtained, and the properties are subsequently sold, there may be sufficient funds following costs of the liquidation and distributions to the creditors of Chinaus, to enable a distribution to the Company as sole shareholder of Chinaus.

At present, we are unable to quantify any potential distribution to the Company as it will be dependent on the outcome of the court application to appoint the liquidators of Chinaus as receivers and managers to sell the properties. We are also investigating whether the shares in Chinaus are held by the Company in its own right or as trustee for the Rong Family Trust. We will update creditors on any material updates in this respect.

4.4.2 Property

A title search as at the date of our appointment identified a commercial property in Midland, Western Australia ('the Property') registered to the Company under its former name, Sostat Pty Ltd.

We have reached out to various parties in relation to the Property including the Director, the strata agent, the managing agent and the Company's former advisors to obtain further clarity around ownership of the Property. It is our understanding, from the information and documentation received from the above parties, that the Property was bought on behalf of a trust other than the Rong Trust ('Purchasing Trust') and that the title documents were not updated upon the Company ceasing to act as trustee for the Purchasing Trust. As such, it appears at present that the Company may not have any beneficial interest in the Property.

The Director has also more recently advised that the Property title being in the name of the Company is as a result of a procedural oversight, and the current trustee of the Purchasing Trust has applied for a caveat over the Property and lodged a vesting application with Landgate to reflect the true position.

We will continue to investigate the position to establish whether the Company holds any beneficial interest in the Property and will advise creditors of any change in this respect.

4.5 Employees

The Director has confirmed that there were no employees as at the date of our appointment, and that all former employees were paid their entitlements in full.

For completeness, shortly after our appointment, a notice to all former employees of the Company was published on the creditor page of the KordaMentha website, advising them of our appointment and giving them the opportunity to notify us of any outstanding entitlements due to them. We have not received any enquiries from former employees with regards to any outstanding entitlements.

Fair Entitlements Guarantee ('FEG') Scheme

Should it transpire that there are outstanding entitlements due to former employees of the Company, given the uncertainty around future estimated asset realisations, we consider it appropriate for eligible employees to lodge a claim for their outstanding entitlements through the FEG scheme. Should former employees require further details in this respect, please contact Joanne Nguyen of this office at jnguyen@kordamentha.com or on (08) 9220 9358.

4.6 Statutory compliance and other matters

The following statutory and other matters have been dealt with during the liquidation thus far:

- Contacting all known financial institutions regarding our appointment, making enquiries as to any accounts and/or credit cards held in the name of the Company and ensuring an immediate freeze on any accounts identified.
- Conducting searches of statutory registers to identify any motor vehicles and property held in the Company's name.
- Notifying creditors with security registered on the Personal Property Securities Register of our appointment and collating documentation in relation to securities held.
- Issuing initial circulars to all known creditors of our appointment.
- Issuing notice to any former employees of our appointment in the event they have unpaid entitlements.
- Corresponding with the Director with regards to completion of the ROCAP, delivery of books and records and general queries relating to the Company's affairs.
- Lodging notices of extension of time to complete the ROCAP with both ASIC and the Supreme Court of Western Australia.
- Notifying ASIC and the ATO of our appointment and publishing notice of our appointment on the ASIC Published Notices Website.
- Preparing and issuing a Freedom of Information request to the ATO to gain a further understanding of the nature of the ATO's legal actions against the Company and the history of the Company's tax position. This is discussed further at section 5.4.1 below.
- Liaising with the Company's former advisors with regards to the background and affairs of the Company.
- Notifying all utility providers of our appointment.
- Liaising with our insurance broker regarding any potential insurance requirements.
- Investigating the Company's affairs.
- Preparing this report.

5 Investigations and recovery actions

5.1 Overview

As liquidators, we are required to investigate the affairs of the Company. To date, we have conducted preliminary investigations. The purpose of these preliminary investigations is to identify matters which require more detailed review, as well as determining any causes of action and other potential sources of recovery, such as loan accounts, that might be available for the benefit of creditors of the Company.

We have also considered whether there are any transactions where money, property or other benefits may be recoverable as Liquidators under Part 5.7B of the Act. The preliminary investigations have focused on a number of areas pertaining to the following potential conduct including:

- The liability of the Director for insolvent trading
- Unfair preference payments
- Unreasonable director related transactions
- Uncommercial transactions
- Unfair loans

This section provides an update on investigations undertaken since our appointment.

In relation to any offences that may have been committed by the Director(s) of the Company, as discussed in this section of this report, we will be reporting these to ASIC under Section 533 of the Corporations Act 2001 ('the Act').

5.2 Approach and limitation to preliminary investigations

The opinions in this section are based on investigations undertaken by our office into the Company's affairs, business and financial position.

As mentioned above, our investigations to date have been limited to our own enquiries and have primarily been focused on identification of recoverable Company assets for the benefit of creditors. These investigations include:

- reviewing the limited books and records available to us
- discussions with the Director of the Company
- discussions with the Company's former solicitors and accountants
- searching publicly available databases, including ASIC and Office of State Revenue records
- conducting bank account, motor vehicle and property searches
- enquiries of other parties who have had dealings with the Company
- Freedom of Information ('FOI') request of the petitioning creditor, being the ATO

The information that we have obtained from the above parties has been limited which has in turn limited the scope of our investigations.

If creditors are aware of any additional information that may assist our investigations, they should contact this office in writing as soon as possible.

5.3 Offences under the Act by the director

5.3.1 Books and records

Failure to maintain books and records may be relied upon by the liquidators in an application for compensation for insolvent trading and other actions for recoveries pursuant to Division 2 of Part 5.7B of the Act.

We have received limited books and records of the Company from the Director and third parties to date. This has materially limited our ability to conduct sufficient investigations into the affairs of the Company or comment on the financial position of the Company. We do not expect to receive any further books and records as the Director has advised that the accounting software program subscriptions used by the Company were terminated following the Company ceasing to trade, and these records have now been deleted. We also understand that various records of the Company were erroneously disposed of by a former franchisee.

In our opinion, the Company has not maintained satisfactory books and records in accordance with Section 286 of the Act, for the following reasons:

- Under the Act, financial records of the Company must be retained for a period of seven years;
- Financial records include invoices, receipts, documents of prime entry and working papers amongst others;
- We understand that the company ceased to trade in December 2020, requiring financial records to be retained to at least December 2027;
- The Director has not been able to provide any historic financial records to us and has confirmed that there are no such records available.

We will be reporting the failure of the Company's Director to maintain and provide us with the Company's books and records to ASIC.

As the Company has been placed into liquidation and as referred to above, the absence of proper books and records gives rise to a presumption of insolvency pursuant to Section 588E of the Act. This in turn facilitates action being taken against directors of a company for insolvent trading.

5.3.2 General directors' duties

We have investigated whether there have been any pre-appointment contraventions of the following directors' fiduciary duties under the Act:

Director duties	Duty	Breach
Civil obligations		
Section 180 - Care and diligence	A director or other officer of a corporation must exercise their powers and discharge their duties with the degree of care and diligence that a reasonable person would exercise if they: - were a director or officer of a corporation in the corporation's circumstances; and - occupied the office held by, and had the same responsibilities within the corporation as, the director or officer.	The Director failed to ensure that the Company maintained and kept records in accordance with the requirements under the Act. Upon the Company ceasing to act as trustee for the Former Trusts, as detailed at section 4.2 of the report, the Director failed to ensure that the required formalities and documentation was completed to reflect the change. This has resulted in public records reflecting an inaccurate position in relation to the Company's affairs.
Section 181 - Good faith	A director or other officer of a corporation must exercise their powers and discharge their duties: - in good faith in the best interests of the corporation; and - for a proper purpose.	No contraventions identified to date - Investigations continuing
Section 182 - Use of position	(1) A director, secretary, other officer or employee of a corporation must not improperly use their position to: - gain an advantage for themselves or someone else; or - cause detriment to the corporation.	No contraventions identified to date - Investigations continuing
Criminal offences		
Section 184(1) - Good faith	A director or other officer of a corporation commits an offence if they: - are reckless; or - are dishonest; and fail to exercise their powers and discharge their duties: - in good faith in the best interests of the corporation; or - for a proper purpose.	No contraventions identified to date - Investigations continuing
Section 184(2) - Use of position	A director, other officer or employee of a corporation commits an offence if they use their position dishonestly: - with the intention of directly or indirectly gaining an advantage for themselves, or someone else, or causing detriment to the corporation; or - recklessly as to whether the use may result in themselves or someone else directly or indirectly gaining an advantage, or in causing detriment to the corporation.	No contraventions identified to date - Investigations continuing

The above contraventions to the Director's general duties will be reported to ASIC.

5.4 Recovery Actions

We have undertaken preliminary investigations into possible recovery actions in respect of voidable transactions and insolvent trading that may be available to us to pursue. The results of these preliminary investigations in respect of voidable transactions are detailed below.

5.4.1 Insolvent trading

Directors can be held personally liable for Company debts if it is determined that the Company was insolvent at the time those debts were incurred.

The Act provides that a liquidator may seek to recover compensation for such debts incurred from the directors of a company. In order to seek compensation, a liquidator would need to prove:

1. There were reasonable grounds for the directors to believe the Company was insolvent or would soon become insolvent, and
2. Debts were incurred by the company at or after that time

Our investigations into the Company's solvency are continuing; however, from the enquiries carried out to date, it appears from a high level that:

Financial statements

- The Company's trade creditors may have been paid in full during the FY21 and it has no current amounts outstanding to trade creditors.
- Prior to being paid in full, the trade creditor balance for FY19 and FY20 remained consistent, indicating that the Company did not encounter issues in paying its trade creditors as and when the debts fell due.
- Aside from an increase during FY21, as detailed at section 3.3.2, the Company's accounts receivable balance remained at a consistent level during the period reviewed, suggesting that, aside from the outstanding franchisee debts, the Company did not encounter any other issues in collecting debts.
- The Company maintained a current ratio of above 1 for the period FY19 – FY21 before ceasing to trade; however, its quick ratio, when adjusting for stock, was below 1 for FY19 and FY20.
- Whilst it recorded a net asset deficiency for the period FY19 – FY21, as can be seen at section 3.3.2, upon adjusting for Director related loans, the Company reported a positive net asset position for the period FY19 - FY21.
- The Company's profitability fluctuated during the period FY19 – FY21, reporting a loss in FY20 and FY21 after adjusting for a one-off receipt from the Austin Computers Osborne Park Trust as set out at section 3.3.1.

ATO

We were provided with limited information in respect of the Company's dealings with the ATO by the Director and as such submitted a FOI request to the ATO on 15 January 2025 requesting the following in relation to the period leading up to our appointment:

- Tax returns
- BAS lodgements
- Running balance account
- Documentation in relation to current or historic legal proceedings between the ATO and the Company

We recently received a response from the ATO and have been granted access to over 600 pages of documents which we are in the process of reviewing.

Based on the information we have reviewed to date, following the result of the audit in 2019, the Company continued to lodge quarterly activity statements until the end of the June 2024 quarter, with nil activity statements being lodged for all periods from January 2022. From 2019 onwards, the Company consistently met its quarterly BAS payment obligations until the December 2021 quarter when it did not pay a liability of approximately \$1,000; however, this was offset against input tax due to the Company during the following period.

Whilst the Company continued to lodge activity statements during 2021 reporting both output and input tax, the amounts reported were minimal. This aligns with our understanding that the Company ceased trading at the end of December 2020.

From the records reviewed to date, the Company does not appear to have met its obligations to lodge income tax returns beyond 2019.

Outcome

As detailed at section 5.3.1 it can be presumed that the Company was insolvent in any potential claim for insolvent trading by virtue of the fact that the Director failed to retain the Company's records in accordance with the Act. Whilst this presumption of insolvency applies, due to the lack of books and records made available to us, we have been unable to determine whether the Company traded whilst insolvent and, if so, the quantum of any potential claim for insolvent trading.

At this stage, based on the documentation reviewed to date, we do not expect there to be significant recoveries from any insolvent trading action. In any event, any claim for insolvent trading against the Director of the Company would need to be assessed on commercial grounds and be subject to any defences available to the Director as set out at Section 588H of the Act. In addition, the Director may have a significant unsecured claim against the Company in relation to his Director's loan position which would need to be assessed prior to taking any action.

5.4.2 Voidable transactions

We have undertaken investigations into possible recovery actions that may be available to us to pursue. The results of those investigations in respect of voidable transactions are detailed below:

Unfair preferences

Various provisions of the Act enable the Liquidator to recover certain payments that were made prior to the Company being wound up. These transactions are referred to as unfair preferences where creditors received from the Company, in relation to an unsecured debt owed to the creditor, a greater amount than the creditor would have received in relation to the debt in a winding up of the Company.

The elements a Liquidator would need to prove to successfully call back a preference payment include:

- a. The transactions must have occurred within the six months prior to the Company entering into liquidation
- b. The transaction must have occurred when the Company was insolvent
- c. The creditor who received the payment must have suspected, or had reason to suspect, the Company was insolvent at the time of the transaction

Given that the Company ceased to trade more than six months prior to our appointment, there are unlikely to be any preference claims to pursue. We note that transactions continued through the Company's bank account beyond the date that the Director has advised the Company ceased to trade. We are currently investigating these transactions; however, from our initial review, we do not believe they fall within the parameters of an unfair preference payment.

Unreasonable director related transactions

A transaction of a company is voidable as an unreasonable director-related transaction if the transaction, which includes a payment, transfer of property, issue of securities or incurrance of an obligation, is made by the company to a director of the company, a relative of a director, a relative of a spouse of a director or to a person on behalf of or for the benefit of a director and it may be expected that a reasonable person in the company's circumstance would not have entered into the transaction having regard to the benefits and detriment to the company of entering into the transaction. Any such transaction must have occurred during the four years prior to the date of the filing of the winding up application.

A preliminary review of the Company's records has identified several transactions through the Company's bank account that may meet the criteria of an unreasonable director related transaction. We are making further enquiries in relation to these transactions to better understand them and to establish whether a claim exists. If a claim does exist, we will assess whether it would be commercial to pursue before taking any action. We will update creditors on any progress made in this respect.

Uncommercial transactions

A transaction of a company is an uncommercial transaction if the following elements are established by the Liquidator:

- The transaction was entered into or was given effect to within two years of the filing of the winding up application of the company
- At the time the transaction was entered into, or when something was done to give effect to it, the company was insolvent or became so as a result of entering into or giving effect to the transaction
- A reasonable person in the company's circumstances would not have entered into the transaction, having regard to:
 - The benefits (if any) to the company of entering into the transaction.
 - The detriment to the company of entering into the transaction.
 - The respective benefits of other parties.

A preliminary review of the Company's records has identified various transactions that may meet the criteria of an uncommercial transaction. As with the unreasonable director related transactions, we are making further enquiries to gain a better understanding in relation to the transactions and establish whether a claim exists. If it appears claim exist, we will assess the commercial merits of pursuing those claims before taking any action.

Unfair loans

An unfair loan is a loan agreement where the consideration is considered to be excessive.

A preliminary review of the Company's records has identified one loan arrangement that may be considered to be an unfair loan. We are carrying out further investigations before finalising our opinion in this respect.

5.5 Further inquiries

The following further inquiries need to be undertaken to finalise our investigations and determine whether any offences have occurred, or any further inquiries or recovery actions should be taken:

- Review substantial documentation received from the ATO
- Enquiries with the Director regarding potential unreasonable director related transactions, uncommercial transactions and unfair loans
- Enquiries with various stakeholders in relation to potential uncommercial transactions and unfair loan.
- Other queries with third parties as information becomes available.

We will update creditors with any further findings in respect of the above investigations.

Given the lack of assets in this liquidation, it would be appreciated if any creditor would advise us if they would be willing to fund any recovery actions and required investigations.

6 Receipts and payments to date

There have been no receipts or payments in the liquidation to date.

7 Meeting of creditors/Proposals without meeting

To date, there have been no meetings of creditors held in the liquidation. If we receive a request for a meeting that complies with the guidelines set out in the initial information provided to you, we will hold a meeting of creditors. Otherwise, we do not intend to call a meeting of creditors at this time.

We are seeking approval of remuneration and internal disbursements by resolution by proposals without a meeting. These resolutions are listed in the remuneration report attached at Appendix C. Enclosed in the remuneration report at Annexure D are the proposal forms, which include the resolution for your approval, the reason for the proposal and the likely impact the resolution will have on creditors if it is passed. There is one form for each proposal and for your vote to count, you must send back the proposal form for the proposals you want to vote on by 16 April 2025. You must also have lodged a Proof of Debt or Claim Form ('Proof of Debt Form'). If you have not previously lodged one or you wish to amend your claim, you must lodge one with your proposal forms. A Proof of Debt Form is included at Appendix B. ARITA has provided an information sheet on proposals without meetings, which is included in the remuneration report at Annexure E.

8 Cost of the liquidation

As previously advised in our Initial Report to Creditors dated 29 January 2025, we have estimated that our total remuneration for the liquidation will be approximately \$75,000 to \$100,000 (GST exclusive). We will only get paid if there are sufficient asset recoveries to meet our remuneration. If there are asset recoveries, remuneration greater than \$5,000 will need to be approved by creditors.

In this liquidation, we are seeking approval of our remuneration on a time basis in accordance with the schedule titled KordaMentha Rates – National RST – FY2025 contained in the remuneration report. We are also seeking approval of our internal disbursements. We propose to have our remuneration and internal disbursements approved by creditors by resolution by way of proposals without a meeting. Enclosed as Appendix C is our remuneration report. As outlined in our remuneration report we have incurred fees of \$78,695 for the period 14 January 2025 to 9 March 2025 which we are seeking approval of. Proposal documents are contained in our remuneration report at Annexure D. Based on our current estimate of asset recoveries, we do not expect to have our remuneration paid in full.

9 Disbursements

Enclosed in our remuneration report at Annexure B and C are summaries of disbursements incurred to date. Disbursements have been categorised as follows:

Externally provided professional services – these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.

Externally provided non-professional disbursements – these are recovered at cost. Examples of externally provided professional service disbursements are travel, accommodation, search fees and lodgement fees.

Internal disbursements – these are recovered on a reasonable commercial basis. These disbursements are generally charged at cost, though some may be charged at a rate which recoups both variable and fixed costs. Examples of internal disbursements include printing and postage costs, travel allowance and data room hosting. Internal disbursements will only be paid once approved.

Details of my disbursement policy are included in the schedule titled KordaMentha Rates – National RST – FY2025, previously provided to creditors.

In accordance with Section 60-20 of Schedule 2 of the Act, we are seeking approval by resolution by way of proposal without a meeting to pay the internal disbursements calculated in accordance with the schedule titled KordaMentha Rates – National RST – FY2025. These disbursements have been incurred as detailed in our remuneration report at Annexure B.

10 Likelihood of a dividend

The Act specifies the order for payment of claims against a company and it provides for the remuneration and disbursements of a liquidator to be paid in priority to other claims. This ensures that when there are sufficient funds, the liquidator receives payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any available funds. Even if creditors approve a liquidator's remuneration, this does not guarantee the liquidator will be paid, as they are only paid if sufficient assets are recovered.

The likelihood of a dividend being paid to creditors and the amount of any dividend will be affected by a number of factors, including:

- The size and complexity of the administration
- The amount ultimately realised for the Company's assets and the costs of realising those assets
- The statutory priority of certain claims and costs
- The value of various classes of claims including secured, priority and unsecured creditor claims
- The volume of enquiries by creditors and other stakeholders

At this stage of the liquidation, it is unlikely that a dividend will be paid to any class of creditors.

If a dividend is going to be paid, you will be contacted before that happens and, if you have not already done so, you will be asked to lodge a proof of debt or be given the opportunity to alter any proof of debt that you have previously lodged. This formalises your claim in the liquidation and is used to determine all claims against the Company.

11 What happens next?

The following matters still need to be completed and further inquiries made prior to the finalisation of the liquidation:

- Submission of books and records/further books and records by the Director
- Realisation of any identified assets/the remaining assets
- Payment of the expenses incurred during the liquidation
- Approval and payment of the Liquidators' remuneration and internal disbursements, should funding permit
- Finalise investigations and report to ASIC
- Pursue any recovery actions that have reasonable prospects of success if there are funds available or funding is received
- Distribution to creditors, if applicable
- Other administrative requirements.

We will continue to progress the Liquidation. However, completion may be delayed if any of the following occur:

- Further delays in receiving the books and records
- A delay in realisation of any assets
- Recovery actions are pursued
- ASIC commences investigations or proceedings against an officer of the Company
- There are unclaimed monies from any dividend.

12 Further information available to creditors

ARITA provides information to assist creditors with understanding liquidations and insolvency. This information is available from ARITA's website at www.arita.com.au.

ASIC provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at www.asic.gov.au/insolvencyinfosheets.

If you need to update your contact details or bank account details, you will find a form on KordaMentha's website www.kordamentha.com in the [Creditor section](#).

Creditors requiring further information regarding the liquidation can contact Joanne Nguyen on (08) 9220 9358 or by email at jnguyen@kordamentha.com.

Dated: 25 March 2025



Paul Pracilio
Liquidator

KordaMentha
Level 44
108 St Georges Terrace
Perth WA 6000

Tel: +61 8 9220 9333
Fax: (08) 9220 9399



Lara Wiggins
Liquidator

Appendix A Historical financial statements

A.1 Income Statement

	Financial reports			Management accounts
	30-Jun-19	30-Jun-20	30-Jun-21	Jul-Dec 2021
	\$	\$	\$	\$
Trading Income				
FBT Employee Contribution	35,390	18,900	6,909	-
Franchise fee 2% sale	230,257	251,739	247,018	55,807
Interest income	364	36	2	-
Other Revenue	207,331	1,812,399	692	-
Sales	7,615,870	8,860,730	7,646,380	2,191,968
Total Trading Income	8,089,211	10,943,804	7,901,001	2,247,775
Less: cost of sales	-	-	-	-
Bad Debt	-25,450	357,744	-	-
Purchases	7,158,369	10,992,146	5,350,228	-
Stock	-	-987,327	2,621,894	-
Transport Costs	15,548	30,253	1,692	-
Total Cost of Sales	7,148,467	10,392,816	7,973,814	-
Gross Profit	940,743	550,988	-72,813	2,247,775
Other Income	-	-	-	-
Distribution - Austin Computers Osborne Park Trust	-	-	641,709	-
Distribution - H S Property Trust	290,660	-	-	-
Total Other Income	290,660	-	641,709	-
Operating Expenses		-		
Consulting & Accounting	66,373	22,205	32,840	40
Depreciation Expenses	35,001	24,212	18,494	4,959
Fines & Penalties	-	511	124	-
Insurance	9,156	10,340	7,474	4,164
Interest	803	3,367	271	-
Interest Charged ATO	225,047	545,403	-208,283	-
Land Tax	1,854	5,765	5,574	13,960
Legal expenses	38,327	2,111	17,070	22,679
Mastercard	-	11,020	7,592	3,121
Motor Vehicle Expenses	11,260	5,818	2,024	3,303
Office Expenses	16,962	10,075	5,445	3,783
Other Operating Expenses	157,863	151,268	-2,391	1,398
Rent and Other Property Expenses	47,153	159,916	129,606	2,047
Staff Expenses	1,569	702	244	-
Superannuation	3,341	59,977	25,000	-
Travel	17,567	7,673	1,241	-
Utilities	103,132	52,146	1,309	123
Wages and Salaries	35,167	65,784	-	-
Distribution to Zhan Shan Huang (Director)	160,843	-	-	-
Total Operating Expenses	770,575	1,138,293	43,634	59,604
Net Profit	299,985	-587,304	525,262	2,188,172

*We note that the amount may differ to the financial reports due to rounding methods used. These amounts are not material to our analysis.

A.3 Statement of Financial Position

	Financial Reports			Management accounts
	FY19	FY20	FY21	Jul-Dec 2021
	\$	\$	\$	\$
Assets				
Cash at Bank - Related-party	8,429	-10,416	-10,416	-
Cash at Bank - Austin Computers	67,716	22,638	92,813	804
Other Banking Platforms	11,308	892	892	1,361
Total Bank	87,453	13,114	83,289	2,165
Current Assets				
Accounts Receivable	1,156,857	991,858	2,671,852	1,371,019
GST	59,612	-	-	-152,992
Related-party Loans Receivable	2,627,998	2,633,497	2,533,497	3,667,873
Franchisee Debtors	-	-	934	934
Stock on Hand	1,634,567	2,621,894	-	0
Total Current Assets	5,479,033	6,247,249	5,206,283	4,886,835
Fixed Assets				
Furniture & Fittings	87,724	74,185	63,062	63,062
Goodwill	4,538	4,538	4,538	4,538
Motor Vehicle	35,775	9,348	7,237	7,237
Plant & Equipment	34,805	30,447	29,627	29,627
Property Improvements	54,473	52,867	51,264	51,264
Total Fixed Assets	217,313	171,385	155,728	155,727
Non-current Assets				
Loan - Grandplan	-	-	530,000	674,000
Total Non-current Assets	-	-	530,000	674,000
Total Assets	5,783,800	6,431,748	5,975,300	5,718,727
Liabilities				
Current Liabilities				
Visa cards	19,246	55,553	36,283	36,283
Accounts Payable	1,264,026	1,545,105	-	1,545,105
Related-party Loans	1,112,722	1,139,853	1,518,603	1,150,269
GST	-	-16,267	156,432	-
Interest Payable - ATO GIC	699,410	1,244,813	1,036,530	1,036,530
Other Loans	67,485	67,485	67,485	67,485
Director Loan	784,863	1,133,832	1,315,490	1,141,885
Franchisee Loan	9,705	-	-	-
Mastercards	5,126	5,126	5,670	6,430
PAYG Withholdings Payable	14,551	18,937	78,304	78,304
Other Current Liabilities	-	-469	-469	-
Superannuation Payable	2,607	6,211	6,211	6,211
Wages Payable	-	21,256	21,256	21,256
Total Current Liabilities	3,979,742	5,221,435	4,241,795	5,089,758
Non-Current Liabilities				
Secured Creditor Loan	1,804,118	1,797,673	1,795,605	1,795,605
Total Non-Current Liabilities	1,804,118	1,797,673	1,795,605	1,795,605
Total Liabilities	5,783,860	7,019,108	6,037,400	6,885,363
Net Assets	-60	-587,360	-62,100	-1,166,636
Equity				
Current Year Earnings	299,985	-587,304	525,260	2,188,172
Retained Earnings	-300,065	-80	-587,384	-3,354,828
Settlement sum	20	20	20	20
Total Equity	-60	-587,364	-62,104	-1,166,636

Appendix B Proof of Debt form



Form 535 – Formal proof of debt or claim (General form)
Austin Computers Pty Ltd (In Liquidation) ACN 086 785 284
IIOR and ATF the Rong Family Trust ABN 69 780 893 412
(‘the Company’)

To: The Liquidators of Austin Computers Pty Ltd (In Liquidation) – IIOR and ATF the Rong Family Trust
 ABN 69 780 893 412 (‘the Company’)

1. This is to state that the Company was on 14 January 2025, and still is, justly and truly indebted:

To _____
(name of creditor)

Of _____
(address of creditor)

ABN _____

For \$ _____ GST Amount: \$ _____
(amount owed to creditor, include cents, GST inclusive)

Particulars of the debt are:

Date	Consideration	Amount (\$)	Remarks
<i>(insert date when debt arose)</i>	<i>(state how the debt arose and attach supporting invoices and statements of account)</i>	<i>(GST inclusive amount)</i>	<i>(include details of voucher substantiating payment)</i>

(If debt is held due to an assignment of debt, provide evidence of the transfer and the consideration paid for assignment of the debt.)

2. To my knowledge or belief, the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following:
(Insert particulars of all securities held. If the securities are on the property of the Company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form.)

Date	Drawer	Acceptor	Amount (\$)	Due date
------	--------	----------	-------------	----------

3. This proof of debt may be used for the purposes of voting at any meeting, a proposal without a meeting or for distribution to creditors unless a further proof of debt is submitted by me.

Execution:

- ☐ I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied. *(select if applicable)*
- ☐ I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied. *(select if applicable)*
- ☐ I am a related creditor of the Company. *(select if applicable)*

Signature _____

Name _____ Date _____

Address _____

Email _____

Phone _____ Fax _____

KordaMentha's privacy policy can be found at www.kordamentha.com/governance/privacy-policy.

Appendix C Remuneration Report





Austin Computers Pty Ltd (In Liquidation) ACN 086 785 284
IIR and ATF the Rong Family Trust ABN 69 780 893 412
(‘the Company’)

Report by the Liquidators
Remuneration Approval Report

25 March 2025

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List of Annexures

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Annexure B	Resolutions and supporting information
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Annexure D	Proposals
Annexure E	ARITA information sheet

Glossary

Term	Definition
ARITA	Australian Restructuring Insolvency & Turnaround Association
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
Act	Corporations Act 2001
Proof of Debt Form	Proof of Debt or Claim Form
Proxy Form	Appointment of Proxy Form
the Company	Austin Computers Australia Pty Ltd (In Liquidation)
Liquidators	Paul Pracilio and Lara Wiggins

1 Summary

This report provides you with the information you need to be able to make an informed decision regarding the approval of our remuneration, along with internal disbursements, for undertaking the liquidation of the Company.

1.1 Current approval request

We are asking creditors to approve the following remuneration and internal disbursements:

	Remuneration Amount (Ex GST) \$	Internal Disbursements Amount (Ex GST) \$
Liquidation (14 January 2025 to 9 March 2025)	78,695	216

1.2 Commentary on previous estimate

Remuneration

In our initial remuneration notice, we provided an estimate of total remuneration to be approximately \$75,000 to \$100,000 (excluding GST), funds permitting. At this stage our estimate does not need to be revised. This remuneration request is within the estimate.

Internal disbursements

We have not previously provided an estimate of internal disbursements. As previously advised in our initial remuneration notice, we are not required to seek creditor approval for disbursements paid to third parties but must account to creditors. However, we are required to obtain creditor's consent for payment of internal disbursements in which we are seeking approval for in this report.

Future approvals

We are not seeking any approval for future remuneration and internal disbursements at this stage. We may seek approval from creditors for any remuneration and internal disbursements incurred beyond 9 March 2025 at a later date, in which case a further remuneration report to creditors on the time spent and tasks undertaken and additional internal disbursements, along with a general report on the progress of the liquidation, will be issued. At this stage, we do not anticipate that our future remuneration will exceed the estimate of our total remuneration detailed above; however, should additional work be necessary beyond what is contemplated, details will be provided within any future remuneration report issued to creditors when seeking creditors' approval. Matters that may affect the progress of the liquidation and increase the remuneration and internal disbursements incurred include:

- Further investigations beyond those contemplated
- Pursuing potential recovery actions identified
- Time spent on a supplementary report under s533 of the Act if requested by ASIC
- Any other matters.

2 Declaration

We have undertaken an assessment of these remuneration and internal disbursement claims in accordance with the law and applicable professional standards. We are satisfied that the remuneration and internal disbursements claimed are necessary and proper.

We have reviewed the work in progress report for the liquidation to ensure that remuneration is only being claimed for necessary and proper work performed and no adjustment was necessary.

3 Remuneration

The remuneration we are asking creditors to approve is as follows:

Remuneration type	Period of remuneration	Amount (ex GST)	Applicable rates (ex GST)	When it will be drawn
Work we have already done	14 January 2025 to 9 March 2025.	\$78,695	KordaMentha Rates – National RST – FY2025 – Annexure A	Immediately after approval or as required

Annexure B provides details of the work already done as well as a breakdown of time spent by staff members on each major task. It also includes details of future work to be completed.

As outlined in our report, based on our current estimate of asset recoveries, we do not expect to have our approved remuneration paid in full.

4 Disbursements

4.1 External disbursements

We are not required to seek approval for costs paid to third parties or for disbursements where we are recovering a cost incurred by KordaMentha on behalf of the liquidators, but we must provide details to creditors. Please refer to 'Appointee Disbursements' in the attached summary of receipts and payments in Annexure B and Annexure C for disbursements incurred, which may or may not have yet been reimbursed to KordaMentha.

4.2 Internal disbursements

We are required to obtain creditors' consent for the payment of a disbursement where we, or a related entity of ourselves, may directly or indirectly obtain a profit.

Details of the KordaMentha disbursement policy are included in Annexure B. The internal disbursements claims have been calculated at the rates as set out in this schedule.

For internal disbursements we have already incurred, they will be drawn immediately after approval or as required.

The internal disbursements we are asking creditors to approve are as follows:

Internal disbursements type	Period of internal disbursements	Amount (ex GST)
Internal disbursements we have already incurred	14 January 2025 to 9 March 2025	\$216

Details of internal disbursements already incurred are included in Annexure B of this report.

5 Likely impact on creditors

The Act specifies the order for payment of claims against a company and it provides for the remuneration and disbursements of an external administrator to be paid in priority to other claims. This ensures that when there are sufficient funds, the external administrator receives payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any available funds. Even if creditors approve an external administrator's remuneration, this does not guarantee the external administrator will be paid, as they are only paid if sufficient assets are recovered.

Any dividend payable to creditors will ultimately be impacted by the realisations from assets achieved in the external administration and the value of creditor claims admitted to participate in any dividend, including any claims by priority creditors such as employees.

At this stage, it is not expected there will be sufficient funds to pay a dividend to unsecured creditors. Should the position change and a dividend is to be declared, any creditor whose claim has not yet been admitted will be asked to submit a proof of debt.

6 Contact details and further information

6.1 The privacy of your information

We may collect personal information either from you, the Company or otherwise in connection with the amount owed to you by the Company. KordaMentha takes all reasonable steps to protect the personal information we hold about you from misuse and loss and from unauthorised access, modification or disclosure. From time to time, we may need to disclose personal information regarding you to a third party, such as a regulatory body. Except for certain disclosures required by the Act, such disclosures will be made on a confidential basis and, where possible, will require the third party to comply with appropriate privacy obligations.

If you would like to access or change the personal information KordaMentha holds about you, you can contact the contact person detailed in this letter at KordaMentha and request the relevant change or access. To action any change or access request, we will need to verify your identity and comply with our other procedures which are in place to prevent unauthorised access to personal information. If you have a complaint in relation to the privacy of your information, please contact privacy@kordamentha.com. Our privacy policy can be found on the KordaMentha website at www.kordamentha.com/governance/privacy-policy.

6.2 Sources of information

You can access information which may assist you on the following websites:

- ARTIA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for 'INFO 85').

Supporting documentation for our remuneration and internal disbursement claims may be viewed if requested, provided sufficient notice is given.

If you have any queries or need any assistance with understanding the information in this report, please contact Joanne Nguyen on (08) 9220 9358 or by email at jnguyen@kordamentha.com.

Dated: 25 March 2025



Paul Pracilio
Liquidator

KordaMentha
Level 44
108 St Georges Terrace
Perth WA 6000

Annexure A Schedule of KordaMentha rates

KordaMentha Rates – National RST – FY2025 and a guide to staff experience

KordaMentha rates

National

Applicable from 1 July 2024

FY 2025

Classification	\$ per hour*
Partner/Executive Director/Principal Appointee	850
Director	795
Associate Director	750
Manager	650
Associate	550
Executive Analyst	495
Analyst	450
Administration	200

*Exclusive of GST



KordaMentha disbursement policy

Disbursements incurred from third party suppliers are charged at the cost invoiced except for ASIC charges when only an estimated amount is known or the future storage and destruction of books and records, which is charged at the actual rate at the time of the resolution. KordaMentha does not add any margin to disbursements incurred through third parties. There are no charges for internal KordaMentha disbursements, such as internal photocopy use, telephone calls or facsimiles, except for bulk printing and postage that is performed internally, which are calculated on a variable cost recovery basis.

In relation to any employee allowances, being kilometre allowance and reasonable travel allowance, the rate of the allowance set by KordaMentha is at or below the rate set by the Australian Taxation Office.

If a KordaMentha data room is utilised, the fee will be based on the duration and size of the data room. Certain services provided by Forensic Technology may require the processing of electronically stored information into specialist review platforms. Where these specific Forensic Technology resources are utilised, the fee will be based on units (e.g. number of laptops), size (e.g. per gigabyte) and/or period of time (e.g. period of hosting).

GST is applied to disbursements as required by law.

KordaMentha disbursement internal rates and allowances applicable from 1 July 2024

Description	Charge*
Envelopes	\$0.10 to \$0.62 per envelope (varies due to size)
Printing (internal print runs)	\$0.06 per page
Travel Reimbursement	\$0.60 per kilometre
Meal per diem, etc.	Up to \$92.70 per day per staff member (unless other arrangements made)
Storage and destruction of books and records of the entity and the external administration	Storage - \$3.24 per box per annum Cost of box establishment - \$7.16 per box Destruction - \$6.12 per box
RelativityOne fee	To be determined by size and complexity

**Exclusive of GST, reviewed annually on 1 July. Postage is based on standard weight – amounts above that will be at cost.*

KordaMentha classifications

Classification	Guide to level of experience
Partner/Executive Director/ Principal Appointee	Specialist skills brought to the engagement. Includes Registered Liquidator/Trustee and their Partners. Generally in excess of 10 years' experience.
Director	More than eight years' experience and more than three years as a Manager. Answerable to the Partner or Executive Director, but otherwise responsible for all aspects of an engagement. Controls staffing and their training.
Associate Director	Five to eight years' experience with well-developed technical and commercial skills. Will have conduct of minor engagements and experience in control of a small to medium team of staff. Assists with the planning and control of medium to large engagements.
Manager	Four to six years' experience. Will have had conduct of minor engagements and experience in control of one to three staff. Assists with the planning control of medium to large engagements.
Associate	Two to four years' experience. Assists planning and control of small to medium engagements as well as performing some of the more difficult tasks on larger engagements.
Executive Analyst	One to three years' experience. Required to control the tasks on small engagements and is responsible for assisting tasks on medium to large engagements.
Analyst	Undergraduate or graduate with up to two years' experience. Required to assist in day-to-day tasks under supervision of more senior staff.
Administration	Appropriate skills, including books and records management.

Annexure B Resolutions and supporting information

Resolutions

Resolution 1 – Work we have already done

‘That the remuneration of the Liquidators for the period 14 January 2025 to 9 March 2025 in the amount of \$78,695, excluding GST, calculated on the basis of time spent by the Liquidators and KordaMentha staff as detailed in the Remuneration Approval Report to creditors dated 25 March 2025, is approved for payment immediately or as required.’

Resolution 2 – Internal disbursements we have already incurred

‘That the internal disbursements of the Liquidators, including those paid to staff, for the period 14 January 2025 to 9 March 2025 in the amount of \$216 excluding GST, calculated at the rates as detailed in the Remuneration Approval Report to creditors dated 25 March 2025 are approved for payment immediately or as required.’

Remuneration by task area

The basis of calculating the remuneration claims is summarised below. The following pages include a table setting out the time charged to each major task area by staff members working on the liquidation for the period 14 January 2025 to 9 March 2025 and the remuneration associated with that time, which is the basis of Resolution 1.

Resolution	Period	Task areas					
		Total \$	Assets \$	Creditors \$	Employees \$	Statutory compliance \$	Administration and risk mitigation \$
1	14 January 2025 to 9 March 2025	78,695	3,765	4,845	-	60,170	9,915
Total		78,695	3,765	4,845	-	60,170	9,915

Details of work

		Resolution 1
		Work already done
Period		14 January 2025 to 9 March 2025
Total Amount (ex GST)		\$78,695
Task area	Assets	4.5 hours \$3,765
Plant and equipment	• Review of asset listing	✓
	• Asset identification	✓
Real property	• Liaising with valuers, agents and strata agents	✓
	• Property review	✓
Assets subject to specific charges	• Liaising with security interest holders	✓
Debtors (pre and post appointment)	• Review and assessment of debtors' ledgers	✓
Other Assets	• Identification of other assets	✓
Task area	Creditors	8.3 hours \$4,845
Creditor enquiries	• Receive and respond to creditor enquiries via mail, email and facsimile	✓
Security interest claims	• Conduct PPRS search and review of results	✓
	• Correspondence with creditors re PMSI claim	✓
Secured creditor	• Correspondence with secured creditor, including notification of appointment and update reports	✓
Reports to creditors	• Preparation of initial correspondence to creditors	✓
	• Preparation of reports to creditors	✓
Proposals to creditors	• Preparation of proposal notices and voting forms	✓
	• Distribution of proposals to all known creditors	✓
Proofs of debts	• Correspondence with ATO re proofs of debt	✓
Task area	Statutory compliance	103.4 hours \$60,170
Books and records	• Receipt of books and records	✓
	• Administration in relation to storage	✓
ASIC	• Notifications to ASIC	✓
	• Preparation and lodgement of ASIC forms, including administration returns	✓
ATO and other statutory reporting	• Notification of appointment	✓
	• Correspondence with ATO	✓
Federal Court of Western Australia	• Statutory lodgement via e-courts portal	✓
Directors	• Correspondence and meetings with directors	✓
	• Requests for ROCAP and books and records	✓
Investigation	• Collection and review of books and records	✓
	• Review and preparation of company nature and history	✓
	• Conduct and summarise statutory searches	✓
	• Preparation of comparative financial statements and deficiency statements	✓
	• Review of specific transactions and liaising with directors re transactions	✓
	• Preparation of investigation file	✓
	• Preparation of statutory investigation report and lodgement with ASIC	✓

		Resolution 1
		Work already done
Period		14 January 2025 to 9 March 2025
Task area	Administration and risk mitigation	15.2 hours \$9,915
Correspondence	• Liaising with solicitors re. appointment	✓
Planning/review	• Engagement planning	✓
	• Discussions re status of administration, strategy and outstanding issues	✓
Document maintenance, file review, checklist	• Review of administration – during first month, then 6 monthly	✓
	• Filing of documents	✓
	• Update of work programs	✓
	• File review	✓
Insurance	• Identification of potential issues requiring attention of insurance specialists	✓
	• Correspondence with insurance brokers re initial and ongoing insurance requirements	✓
Bank account administration	• Opening and closing accounts	✓
General administration	• Risk assessment	✓
	• Set up of client	✓
	• Processing in relation to client accounting	✓
	• Word processing	✓
Remuneration	• Recording of time, including details	✓
	• Preparation of remuneration schedules	✓

Internal Disbursements

		Resolution 2
		Disbursements already incurred (approve actual amount)
Period		14 January 2025 to 9 March 2025
Amount (ex GST)		\$216
Disbursement type	Basis	
Envelopes	\$0.10 to \$0.62 per envelope (varies due to size)	\$ -
Printing (internal print runs)	6 cents per page	\$ -
ASIC Charges for appointments and notifiable events	2 appointees and 2 notifiable event(s) at \$100.00 per event	\$200
Travel reimbursement	\$0.60 per kilometre	\$ -
Meals per diem	\$92.07 per day per staff member	\$ -
Storage and destruction of books and records	Storage - \$3.24 per box per annum – 1 box Cost of box establishment - \$6.68 per box – 1 box Destruction - \$5.65 per box – 1 box	\$16
RelativityOne fee (Note: only one of Data hosting, Repository workspace, Cold storage or data processing cost will be charged at any one time)	Data hosting - \$20.00 per GB per month – xx GB for xx months Repository workspace - \$10.00 per GB per months – xx GB for xx months Cold storage - \$5.00 per GB per month – xx GB for xx months Data processing \$10.00 per GB – xx GB	\$ -
Dataroom fee (varies based on MB size)	Calculation based on MB size and length of plan	\$ -

Note: the disbursement charges above are exclusive of GST

ASIC charges a levy on the following metrics:

- A charge per appointee per company for being appointed as a Voluntary Administrator, Deed Administrator or Liquidator
- A charge per appointee per company if you are still appointed on 1 July each year
- A charge for each notice of meeting
- A charge for advertising for formal proofs of debt
- A charge for advertising an intention to declare a dividend
- A charge for lodgement of an executed deed of company arrangement.

It is difficult to predict how long an administration will continue for, how many meetings will be held, how many dividends will be declared (e.g. a priority dividend to creditors, an interim dividend to unsecured creditors, a final dividend to unsecured creditors). We will only charge an internal disbursement for a levy if it is incurred. This may mean that the actual amount charged will be lower than the capped amount, but if it was to exceed the capped amount, we would need further creditor approval.

Austin Computers Pty Ltd (In Liquidation) ACN 086 785 284
IIOR and ATF the Rong Family Trust ABN 69 780 893 412
Remuneration summary by person
For the period 14 January 2025 to 9 March 2025

Name	Title	Standard rate	ADMINISTRATION & RISK MITIGATION		STATUTORY COMPLIANCE		ASSETS		TRADING		CREDITORS		EMPLOYEES		TOTAL	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Lara Wiggins	Partner	850	-	-	0.4	340	-	-	-	-	-	-	-	-	0.4	340
Sam Woods	Partner	850	-	-	-	-	1.0	850	-	-	-	-	-	-	1.0	850
Paul Pracilio	Executive Director	850	5.9	5,015	4.1	3,485	2.9	2,465	-	-	-	-	-	-	12.9	10,965
Virginia Bullock	Associate Director	750	1.6	1,200	15.2	11,400	0.6	450	-	-	1.4	1,050	-	-	18.8	14,100
Joanne Nguyen	Associate	550	2.5	1,375	73.3	40,315	-	-	-	-	6.9	3,795	-	-	82.7	45,485
Jacob Boon	Analyst	450	3.5	1,575	9.7	4,365	-	-	-	-	-	-	-	-	13.2	5,940
Ivy Lee	Client Admin Support	750	0.3	225	-	-	-	-	-	-	-	-	-	-	0.3	225
Dominic Tse	Client Admin Support	650	0.1	65	-	-	-	-	-	-	-	-	-	-	0.1	65
Damien Rosario	Client Admin Support	450	0.3	135	-	-	-	-	-	-	-	-	-	-	0.3	135
Indra Permana	Client Accounting Administrator	450	0.5	225	0.3	135	-	-	-	-	-	-	-	-	0.8	360
Jingjing Li	Client Accounting Administrator	450	-	-	0.2	90	-	-	-	-	-	-	-	-	0.2	90
Jerilynn Frame	Admin Support	200	-	-	0.2	40	-	-	-	-	-	-	-	-	0.2	40
Marsha Garrison	Admin Support	200	0.2	40	-	-	-	-	-	-	-	-	-	-	0.2	40
Jules Pangan	Admin Support	200	0.3	60	-	-	-	-	-	-	-	-	-	-	0.3	60
Total remuneration			15.2	9,915	103.4	60,170	4.5	3,765	-	-	8.3	4,845	-	-	131.4	78,695

Annexure C Liquidators' external disbursements

Externally provided disbursements paid or incurred during the period 14 January 2025 to 9 March 2025	Basis	Actual \$ (excluding GST)
Externally provided non-professional disbursements		
Travel	At cost	17.87
Staff meals	At cost	26.52
Search fees	At cost	184.66
Total – Externally provided non-professional disbursements		211.18
Total external disbursements		211.18

Annexure D Proposals



25 March 2025

NOTICE OF PROPOSAL TO CREDITORS

Austin Computers Pty Ltd (In Liquidation) – IIOR and ATF the Rong Family Trust ABN 69 780 893 412 ACN 086785284 ('the Company')

Proposal for creditor approval

'That the remuneration of the Liquidators for the period 14 January 2025 to 9 March 2025 in the amount of \$78,695, excluding GST, calculated on the basis of time spent by the Liquidators and KordaMentha staff as detailed in the Remuneration Approval Report to creditors dated 25 March 2025, is approved for payment immediately or as required.'

Reasons for the proposal and the likely impact it will have on creditors if it is passed

Section 60-10 of Schedule 2 of the Corporations Act entitles an external administrator of a company to receive remuneration for necessary work properly performed by the external administrator in relation to the external administration in accordance with a remuneration determination. A remuneration determination may be made by a resolution of creditors, as well as by a committee of inspection (if one is established) or by the Court.

Please refer to the remuneration report available on KordaMentha's website at <http://www.kordamentha.com/Creditors> for information as to how the remuneration has been incurred and calculated.

Section 556 of the Corporations Act specifies the order of priority that debts are to be paid from the realised assets of a company. An external administrator's remuneration is paid prior to any dividend distribution to creditors. Any dividend payable to creditors will ultimately be impacted by the realisations achieved in the liquidation and the value of creditor claims admitted to participate in any dividend.

Vote on proposal

Creditors have the option of approving, not approving or objecting to the proposal being resolved without a meeting of creditors. Please select the appropriate Yes, No or Object box referred to below:

Yes ☐ I approve the proposal

No ☐ I do not approve the proposal

Object ☐ I object to the proposal being resolved without a meeting of creditors

Your claim against the Company must be admitted for the purposes of voting in the liquidation for your vote to count. Please select the option that applies:

☐ I have previously submitted a proof of debt form and supporting documents

☐ I enclose a proof of debt form and supporting documents with this proposal form

Creditor details

Name of creditor: _____

ACN/ABN (if applicable): _____

☐ I am not a related creditor of the Company.

☐ I am a related creditor of the Company

Details of the relationship: _____

Address: _____

Phone: _____

Email: _____

Name of creditor/authorised person: _____

Signature: _____

Date: _____

Return of documents by 16 April 2025

Please complete this document and return with any supporting documents by no later than 5:00 PM AWST on 16 April 2025 for your vote to be counted, by email to Joanne Nguyen at jnguyen@kordamentha.com. If you have any questions, please call (08) 9220 9358 on (08) 9220 9358.

Completed forms may also be sent by post attention to Joanne Nguyen at KordaMentha, PO Box 3185, East Perth WA 6892, although you should ensure this is sent with sufficient time to arrive by the date the vote closes, which we cannot guarantee.

25 March 2025

NOTICE OF PROPOSAL TO CREDITORS

Austin Computers Pty Ltd (In Liquidation) – IIOR and ATF the Rong Family Trust ABN 69 780 893 412 ACN 086785284 ('the Company')

Proposal for creditor approval

'That the internal disbursements of the Liquidators, including those paid to staff, for the period 14 January 2025 to 9 March 2025 in the amount of \$216 excluding GST, calculated at the rates as detailed in the Remuneration Approval Report to creditors dated 25 March 2025 are approved for payment immediately or as required.'

Reasons for the proposal and the likely impact it will have on creditors if it is passed

Section 60-20 of Schedule 2 of the Corporations Act prohibits an external administrator (or a related entity, which could include an employee of an external administrator) deriving a profit or advantage from the external administration of the company. This has been interpreted to include 'internal disbursements' which are disbursements not provided by an external third party at cost. This may include, in relation to the liquidation of the Company, KordaMentha staff per diem or travel allowances, dataroom hosting and costs incurred in large mail distributions to creditors conducted internally. Creditors may approve the payment of these internal disbursements.

Please refer to the disbursement schedule included in the remuneration report for information as to how the disbursements have been calculated.

These internal disbursements have only been incurred where considered necessary in relation to the conduct of the liquidation, including the realisation of a company's assets and carrying out statutory duties. Where it was beneficial for these services to be provided externally, an external provider was used. The rates used by KordaMentha for staff per diem and travel allowances are at or less than the rates set by the Australian Taxation Office.

Section 556 of the Corporations Act specifies the order of priority that debts are to be paid from the realised assets of a company. An external administrator's disbursements are paid prior to any dividend distribution to creditors. Any dividend payable to creditors will ultimately be impacted by the realisations achieved in the liquidation and the value of creditor claims admitted to participate in any dividend.

Vote on proposal

Creditors have the option of approving, not approving or objecting to the proposal being resolved without a meeting of creditors. Please select the appropriate Yes, No or Object box referred to below:

Yes ☐ I approve the proposal

No ☐ I do not approve the proposal

Object ☐ I object to the proposal being resolved without a meeting of creditors

Your claim against the Company must be admitted for the purposes of voting in the liquidation for your vote to count. Please select the option that applies:

- ☐ I have previously submitted a proof of debt form and supporting documents
- ☐ I enclose a proof of debt form and supporting documents with this proposal form

Creditor details

Name of creditor: _____

ACN/ABN (if applicable): _____

☐ I am not a related creditor of the Company.

☐ I am a related creditor of the Company

Details of the relationship: _____

Address: _____

Phone: _____ Email: _____

Name of creditor/authorised person: _____

Signature: _____ Date: _____

Return of documents by 16 April 2025

Please complete this document and return with any supporting documents by no later than 5:00 PM AWST on 16 April 2025 for your vote to be counted, by email to Joanne Nguyen at jnguyen@kordamentha.com. If you have any questions, please call (08) 9220 9358 on (08) 9220 9358.

Completed forms may also be sent by post attention to Joanne Nguyen at KordaMentha, PO Box 3185, East Perth WA 6892, although you should ensure this is sent with sufficient time to arrive by the date the vote closes, which we cannot guarantee.

Annexure E ARITA information sheet



Information sheet: Proposals without meetings

You may be a creditor in a liquidation, voluntary administration or deed of company arrangement (collectively referred to as an external administration).

You have been asked by the liquidator, voluntary administrator or deed administrator (collectively referred to as an external administrator) to consider passing a proposal without a meeting.

This information sheet is to assist you with understanding what a proposal without a meeting is and what your rights as a creditor are.

What is a proposal without a meeting?

Meetings of creditors were previously the only way that external administrators could obtain the views of the body of creditors. However, meetings can be very expensive to hold.

A proposal without a meeting is a cost effective way for the external administrator to obtain the consent of creditors to a particular course of action.

What types of proposals can be put to creditors?

The external administrator is able to put a range of proposals to creditors by giving notice in writing to the creditors. There is a restriction under the law that each notice can only contain a single proposal. However, the external administrator can send more than one notice at any single time.

What information must the notice contain?

The notice must:

- include a statement of the reasons for the proposal and the likely impact it will have on creditors if it is passed
- invite the creditor to either:
 - vote yes or no to the proposal, or
 - object to the proposal being resolved without a meeting, and
- specify a period of at least 15 business days for replies to be received by the external administrator.

If you wish to vote or object, you will also need to lodge a Proof of Debt (POD) to substantiate your claim in the external administration. The external administrator will provide you with a POD to complete. You should ensure that you also provide documentation to support your claim.

If you have already lodged a POD in this external administration, you do not need to lodge another one.

The external administrator must also provide you with enough information for you to be able to make an informed decision on how to cast your vote on the proposal. With some types of proposals, the law or ARITA's Code of Professional Practice sets requirements for the information that you must be provided.

For example, if the external administrator is asking you to approve remuneration, you will be provided with a Remuneration Approval Report, which will provide you with detailed information about how the external administrator's remuneration for undertaking the external administration has been calculated.

What are your options if you are asked to vote on a proposal without a meeting?

You can choose to vote yes, no or object to the proposal being resolved without a meeting.

How is a resolution passed?

A resolution will be passed if more than 50% in number and 50% in value (of those creditors who did vote) voted in favour of the proposal, but only so long as not more than 25% in value objected to the proposal being resolved without a meeting.

What happens if the proposal doesn't pass?

If the proposal doesn't pass and an objection is not received, the external administrator can choose to amend the proposal and ask creditors to consider it again or the external administrator can choose to hold a meeting of creditors to consider the proposal.

The external administrator may also be able to go to Court to seek approval.

What happens if I object to the proposal being resolved without a meeting?

If more than 25% in value of creditors responding to the proposal object to the proposal being resolved without a meeting, the proposal will not pass even if the required majority vote yes. The external administrator will also be unable to put the proposal to creditors again without a meeting.

You should be aware that if you choose to object, there will be additional costs associated with convening a meeting of creditors or the external administrator seeking the approval of the Court. This cost will normally be paid from the available assets in the external administration.

This is an important power and you should ensure that it is used appropriately.

Where can I get more information?

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding external administrations and insolvency.

This information is available from ARITA's website at artia.com.au/creditors.

ASIC also provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at asic.gov.au (search for "insolvency information sheets").

**For more information, go to www.arita.com.au/creditors.
Specific queries should be directed to the external administrator's office.**