

22 February 2024

## CIRCULAR TO SHAREHOLDERS

Dear Shareholders

### **BIZPAY GROUP LIMITED (ADMINISTRATORS APPOINTED) (RECEIVERS AND MANAGERS APPOINTED) ACN 633 797 627 / ABN 69 633 797 627 (“THE COMPANY”)**

We provide below a brief update on the Administration.

As you are aware, on 23 November 2023 we, Jonathon Keenan and Peter Krejci of BRI Ferrier, were appointed Joint and Several Voluntary Administrators of the Company. On 29 November 2023, BP Fiduciary Pty Ltd, the Company’s secured creditor, appointed David Mutton and Simon Cathro as Receivers and Managers (“the R&M”) of the Company.

Shareholders may recall that the second meeting of creditors, held on 22 December 2023, was adjourned to allow time to explore an option to restructure via a Deed of Company Arrangement (“DOCA”). Over the past two months we have engaged in substantial discussions with a number of parties who had expressed interest in proposing a DOCA, including a number of shareholders. Ultimately, we received only one (1) DOCA proposal from Denver Heng Li, Matthew Hill and Anthony Murphy (“Proponents”).

We issued our supplementary second report to creditors on 21 February 2024. That report provided creditors with an update on our investigations and our analysis of the proposed DOCA. We have recommended that creditors accept the DOCA proposal, on the basis that we estimate it improves the outcome for creditors when compared to the Company being wound up in liquidation.

The DOCA proposal is conditional on all (100%) of the shares on issue by the Company being transferred to or held by the Proponents or their nominee(s). As explained below, that process can occur through a Court supervised compulsory transfer process for the shareholders that do not consent to their shares being transferred. The DOCA proposal is that such transfers occur without consideration being paid to the transferor shareholders, and is proposed on the basis that the Company has a negative net equity position and therefore any prior value in the existing shares has already reduced to nil. Having reviewed the financial position of the Company, the Administrators consider there are strong grounds to support that view, and as explained below, that approach is proposed to be tested and verified by an independent expert. The supporting reasons, include without limitation, that:

- Our preliminary investigations have concluded that the Company is clearly insolvent, and we estimate there will be nil return to shareholders in a Liquidation scenario. Given those factors, and on the basis of the Company’s financial position currently known to us, we consider the shares do not hold any value in a Liquidation scenario. The DOCA proposal that the proposed transfer of

Novabrif Pty Ltd Trading as BRI Ferrier ABN 61 643 013 610  
Chartered Accountants  
Level 26, 25 Bligh Street NSW 2000 GPO Box 7079, Sydney NSW 2001  
T 02 8263 2333 E [info@brifnsw.com.au](mailto:info@brifnsw.com.au) W [www.briferrier.com.au](http://www.briferrier.com.au)

**BRI Ferrier... throughout Australia and New Zealand.**

Liability limited by a scheme approved under Professional Standards Legislation  
BRI Ferrier is an association of independent accounting firms.  
Each of the member firms is a separate and independent entity operating under the name ‘BRI Ferrier’ or related names.

shares occur for no consideration does not appear to unfairly prejudice the existing shareholders, since there is no alternative scenario on offer under which shareholders would receive anything for their shares.

- ▲ Creditors and shareholders have been provided multiple opportunities to submit DOCA proposals to restructure the Company's affairs. Only one (1) DOCA proposal has been forthcoming. We consider it unrealistic for anyone to expect a DOCA proposal to have been formulated by any shareholder or by any third party that could have resulted in the creditors being paid in full, with funds remaining for shareholders to receive a distribution, given the large amounts outstanding to both secured and unsecured creditors (as detailed in our reports to creditors available on ASIC).
- ▲ It appears that the DOCA proposal is likely to improve the outcomes for unsecured creditors relative to the likely nil return in a liquidation scenario. It is therefore a proposal that is able to be put to creditors with our recommendation, but since creditors' claims will not be paid out in full, there will be no funds available to pay shareholders.

In terms of implementing the DOCA, the Deed Administrators would need to make an application to Court under section 444GA of the Act to seek orders to have the shares transferred to the Proponents or their nominee (assuming there are shareholders who do not consent to their shares being transferred for nil value). We have sought advice on the contemplated application. We believe that it appears achievable. Shareholders will be provided notice of the Court application at the relevant time, and it will be open to any shareholder to apply to Court to be heard should they wish to oppose the application. However, as mentioned above, it is difficult for us to envisage how any shareholder is unfairly prejudiced, in circumstances where on current calculations the shares they hold are worthless and there are no competing offers which would result in any distribution to shareholders. We note that the DOCA makes funds available for the Court application to be made.

The Proponents will need to seek a waiver from Australian Securities and Investments Commission ("ASIC") in respect of exemptions from the takeover provisions under section 606 of the Act and other modifications necessary for them to acquire a relevant interest in 100% of the shares of the Company. There is substantial precedent for ASIC granting such waivers for insolvent companies. An independent expert is required to provide a report on the proposed transaction and the existing share values. We note that the DOCA makes funds available to the Deed Administrators to assist with the ASIC application, and that they will be involved in that application given it is a necessary step to be satisfied under the DOCA Proposal.

Finally, assuming the Court grants the orders pursuant to section 444GA of the Act, the existing shares will be transferred to the Proponents under the DOCA, which will effectively trigger a loss for the existing shareholders on their investments. Shareholders are urged to seek and rely on their own tax advice in respect of the share transfer transaction, should it proceed. The timing of the share transfer is subject to the Court's availability and with completing a number of steps required (such as notifications to shareholders and the expert's report) before the Court application can proceed. We estimate that this may take at least 3-4 months after execution of the DOCA.

The resumption of the adjourned **second meeting of creditors** will be held at **11:00AM AEDT on Thursday, 29 February 2024**. The meeting will be held in our offices, with virtual meeting technology also available.

If you believe you are a creditor of the Company, you can download the report from our website <https://briferrier.com.au/about-us/current-matters/bizpay-group-limited>. Please note that to

participate in the creditors meeting you will need to lodge a proof of debt form evidencing your creditor claim. Shareholders do not have an automatic right, merely by virtue of being shareholders, to attend the meeting of creditors.

Should you have any queries, please contact Mr Frane Babic of this office on 02 8263 2302 or by email to [fbabic@brifnsw.com.au](mailto:fbabic@brifnsw.com.au).

Yours faithfully

**BIZPAY GROUP LIMITED (ADMINISTRATORS APPOINTED) (RECEIVERS AND MANAGERS APPOINTED)**

A handwritten signature in black ink, appearing to read 'Jonathon Keenan', written in a cursive style.

**JONATHON KEENAN**

Joint and Several Voluntary Administrator