

Clarification on Unsolicited Circular

28 March 2018

The Administrators John Park, Quentin Olde and Joseph Hansell (“Administrators”) are the Administrators appointed to SurfStitch Group Limited (Administrators Appointed) and SurfStitch Holdings Pty Limited (Administrators Appointed) (together, “the Companies”).

On 26 March 2018 (at 8:15pm AEST), the Administrators became aware that Ms Abigail Cheadle, one of the proponents to a Deed of Company Arrangement (“DOCA”) proposal (“Cheadle Group”) had sent an unsolicited circular to creditors and shareholders of the Companies (“Cheadle Circular”).

The Cheadle Circular purports to summarise a DOCA proposal and gives the impression that proposal has been provided to the Administrators for consideration.

The Administrators note that:

- they have received only one proposal from the Cheadle Group, being the proposal (Cheadle Group Proposal) that was discussed in their Report to Creditors pursuant to Section 439A of the Corporations Act (Cth) 2001 dated 16 March 2018;
- the Cheadle Circular does not accurately summarise the terms of the Cheadle Group Proposal;
- the Cheadle Circular is unclear and potentially misleading;
- the Cheadle Circular does not specify the matters that a DOCA is required to specify and is not sufficiently clear. Accordingly, is not in a form that the Administrators could put to the Second Meeting of Creditors (“Second Meeting”); and
- at the time of this correspondence, they have not received any other proposal from the Cheadle Group.

The Administrators have prepared a supplementary report to help creditors understand the contents of the Cheadle Circular and to enable them to make an informed decision about the future of the Companies at the Second meetings. The supplementary report will be made available to creditors shortly.

ADMINISTRATORS’ OPINION

At this time, the Administrators’ opinion on the future of the Companies remains unchanged.

The Administrators consider that it is still in Creditors’ interests for the Companies to execute a Deed of Company Arrangement as per the terms of the EziBuy Proposal, as detailed in the Report to Creditors.

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