

3 April 2020

Company Announcements Office
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Subject: Legal Proceedings

Arowana International Limited (“AWN”) acknowledges it has been notified that legal proceedings have been filed today in the High Court of New Zealand, in relation to Intueri Education Group Ltd (“Intueri”).

The proceeding has been filed by Adina Thorn Lawyers, on behalf of certain persons who acquired an interest in Intueri shares during the course of its initial public offering (“IPO”) which commenced on 15 April 2014, and on the open market thereafter during the period from 23 May 2014 and prior to 1 June 2017.

The Statement of Claim includes allegations of misleading or deceptive conduct in relation to statements made in the Intueri Prospectus and associated Investment Statement (collectively, “Offer Documents”). The allegations of untrue statements primarily concern enrolment numbers and completion rates pertaining to the proposed acquisition of Quantum Education Group (“Quantum”) by Intueri upon IPO. The proceeding asserts AWN, among other parties, is liable for any resultant loss to the plaintiffs in its capacity as promoter of the IPO.

In relation to the substance of the allegations, AWN notes the following:

- The Offer Documents were subject to a detailed pre-vetting exercise by the Financial Markets Authority (“FMA”) and New Zealand Exchange (“NZX”) over a period exceeding a month, before they were approved for release. Neither the FMA nor the NZX reported any adverse findings. Furthermore, a group of experienced legal, accounting and investment banking advisers was engaged and formulated a comprehensive due diligence system under which a thorough due diligence process was carried out for the purpose of the preparation of the Offer Documents;
- The New Zealand education regulator, the Tertiary Education Commission (“TEC”), conducted multiple detailed reviews and periodic regulatory audits of Quantum, including in July 2013 and December 2013. The scope of these audits included the enrolment and

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retention practices which are the subject of this proceeding. No adverse findings were reported;

- Quantum, along with all other Private Training Establishments (“PTEs”) in New Zealand, was required to submit an annual Investment Plan for review and approval by the TEC. The TEC has the right to terminate funding if a PTE is deemed to be non-compliant with regulatory requirements. This never happened to Quantum prior to its acquisition by Intueri and in fact, Quantum was granted additional student places for over-delivery above its cap;
- AWN representatives, including its CEO Kevin Chin, met senior representatives of the TEC in a face to face meeting in Wellington, New Zealand in January 2014 to ask whether it had any concerns in relation to the potential acquisition of Quantum by Intueri, any regulatory issues or potential changes in relation to Quantum and also a potential IPO of Intueri to assist funding the acquisition. The TEC did not raise any concerns and were supportive of the transaction and IPO proceeding;
- Leading local industry experts in New Zealand were engaged in connection with the Offer Documents. These included a New Zealand education industry expert, who was previously a regulator who worked for the TEC, the largest law firm in New Zealand (who conducted legal due diligence) and a leading accounting firm in New Zealand (who conducted accounting due diligence);
- In response to press articles in New Zealand, the FMA investigated Intueri in 2015. The Serious Fraud Office of New Zealand also investigated Quantum over a period of 15 months from January 2016 to April 2017. Finally, the TEC commissioned an independent Big 4 accounting firm to perform a forensic investigation into Quantum and Intueri that concluded with the release of a TEC report in December 2017. No findings as to any illegality were made by any of these regulatory bodies;
- The liquidators of Intueri investigated its affairs and took no action; and
- It is alleged that prospective investors were misled, to the benefit of AWN and Kevin Chin. We note however, that AWN retained the maximum allowable shareholding possible subsequent to the IPO of 24.99%, notwithstanding that the IPO was oversubscribed. Further, Kevin Chin personally invested circa \$750,000 in the IPO, having been scaled back from an initial order of over \$1 million. Neither AWN nor Kevin Chin sold any shares post IPO.



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AWN intends to vigorously defend this proceeding and is considering other legal options in relation to certain public statements made by the plaintiffs' lawyers. It also understands that Kevin Chin has separately engaged legal counsel to file defamation proceedings against the plaintiffs' lawyers.

On behalf of the Board of AWN,



Cameron Fellows
Company Secretary

