

Our Ref: SSB_451953.0010-9-1-c1

4 September 2020

CIRCULAR TO CREDITORS

XPAND GROUP PTY LTD (IN LIQUIDATION) (“THE COMPANY OR XPAND”)

ACN 099 412 101

I refer to the appointment of John Park and I, Joanne Dunn, as Administrators of the Company on 5 August 2019 and subsequently Liquidators on 1 November 2019.

1. Executive Summary

The purpose of this correspondence is to:

- provide an update to creditors on the progress of the Liquidation; and
- to call a meeting of creditors to allow the Liquidators to compromise a debt due to the Company in accordance with Section 477(2A) of the Corporations Act 2001 (Cth) (**the Act**).

A digital meeting of creditors of the Company will be held at **10:00AM (AEST) on Friday, 25 September 2020**. Creditors are encouraged to carefully review **Section 4** of this Circular for instructions on how to attend the meeting given the current COVID-19 restrictions.

Contact details for general enquiries regarding the Liquidation are as follows.

Item	Details
Liquidators:	Joanne Dunn and John Park
Point of Contact:	Sam Baillie
Contact Phone Number:	+61 7 3225 4952
Contact Email:	Sam.Baillie@fticonsulting.com

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2. Update on Progress of Liquidation

Outlined below is a summary of key tasks completed since my previous report to creditors on 31 January 2020.

2.1. Collection of Outstanding Accounts

We ceased all operations of the Company and closed all trading accounts. All outstanding debts owing to the Company that were commercial to recover have been realised, with exception of the debt owing by Ensure Recruitment Pty Ltd (**Ensure**). Please refer to **Section 3** for further information.

2.2. Investigations and Recovery Actions

Set out below is an update with respect to my investigations into possible recovery actions.

2.2.1. Voidable Transactions

In April 2020 a claim was lodged with the Australian Taxation Office (**ATO**) for an unfair preference totalling \$2,330,951. We have briefed lawyers in relation to the claim and are currently awaiting the ATO's response.

We will provide further updates to creditors as the claim progresses.

2.2.2. Insolvent Trading Actions

We consider there is a potential insolvent trading claim against the Directors of the Company and are currently in the process of quantifying insolvent trading amounts. A successful claim against the Directors will be dependent on whether they have financial capacity to meet a claim.

We intend to provide a further update on a potential claim as matters progress.

2.2.3. Investigations into the Affairs of the Company

Section 533 of the Act requires a Liquidator to investigate any offences that may have been committed by the directors or person who took part in the formation, promotion, administration, management or winding up of a company and to lodge a report on his/her findings to ASIC. ASIC may then take steps to commence action against the Directors for offences committed.

On 1 May 2020 we lodged a report with ASIC and identified potential offences committed by the Company's Directors. We are working with ASIC on further matters with respect to the offences identified.

2.3. Likelihood of a Dividend

The likelihood of a dividend being paid to creditors will be dependent on the quantum of recoveries made from the unfair preference claim against the ATO and any potential insolvent trading claim.

3. Proposal to Compromise the Ensure Debt

The Company held an agreement with Ensure for XPAND to recruit and place candidates for their client. The Company would invoice and receive placement fees when candidates were successfully placed.

The agreement provides for a clawback of placement fees if the placed candidate did not pass a probationary period.

At the date of appointment, there were invoices outstanding for five (5) candidates previously placed by the Company totalling \$123,362.25 (**the Debt**). Despite both our and Ensure's efforts to confirm if the candidates passed probation with the client, we have been unable to verify and determine if the full debt is payable.

In order to settle the matter, Ensure has proposed an immediate payment upon acceptance of \$41,120 in full and final satisfaction of the debt.

Given the material uncertainty with respect to the full collection of the Debt, we consider acceptance of the offer is in the best interests of creditors as it represents more certainty on collection and will reduce ongoing costs being incurred in determining if the Debt is payable.

Pursuant to Section 477(2A) of the Act, we are unable to enter into agreements on behalf of the Company to compromise debts greater than \$100,000 without approval from either the creditors, a Committee of Inspection (if one is appointed) or the Court.

At the forthcoming meeting of creditors, the following resolution will be proposed, seeking the authority from creditors for the Liquidators to accept the offer of compromise received from Ensure:

"Pursuant to Section 477(2A) of the Corporations Act 2001 (Cth), the Liquidators of Xpand Group Pty Ltd (In Liquidation) ACN 099 412 101, be authorised to compromise a debt owed by Ensure Recruitment Pty Ltd ACN 134 602 707 and to accept immediate payment of \$41,120.00 in full and final settlement."

4. Digital Meeting of Creditors

A digital meeting of creditors of the Company will be held via Microsoft Teams Facilities at **10:00AM(AEST) on Friday, 25 September 2020**. Formal notice is **attached** to this circular.

Important information concerning impact of COVID-19 pandemic on conduct of creditor meetings

Presently, the Australian Government and other relevant government authorities have implemented restrictions on the number of people gathering in the one location and are recommending 'social distancing' where possible in order to limit the spread of the COVID-19.

With this in mind, and in accordance with Section 75-35 of the Insolvency Practice Rules (Corporations) 2016, a determination has been made by the Liquidators to utilise teleconference facilities to conduct the forthcoming meeting of creditors.

The meeting will be facilitated using Microsoft Teams and can be accessed via either telephone or computer.

All creditors that intend on attending the upcoming meeting are required to provide the completed Forms (as below) via email to Sam Baillie at Sam.Baillie@fticonsulting.com by no later than **12:00PM (AEST) on Thursday, 24 September 2020**.

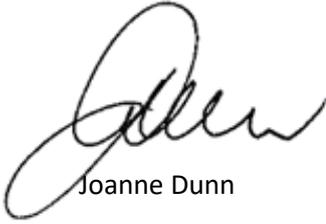
Form	Information	Who should complete
Registration Form	<p>This form is required to be completed should you wish to attend the creditors meeting, and vote at the meeting.</p> <p>Creditors will receive their individual meeting registration details and the link to the video conference once you have registered, and you have also submitted the below relevant forms.</p>	All creditors attending the meeting.
Proxy	<p>This form is required to be completed for each creditors meeting.</p> <p>A special proxy can be lodged showing approval or rejection of each resolution.</p>	<p>Non-individual creditors (companies, trusts, etc.) who want to be represented must appoint an individual to act on its behalf by executing a proxy form.</p> <p>Individuals may choose to appoint a proxy/representative to vote on their behalf by executing a proxy form. If an individual is attending in person a proxy form is not required.</p>
POD	<p>This form is required to register your claim against the Company. In order to vote at the meeting, a creditor needs to have a complete proof of debt to register a claim. Documents to substantiate your claim (e.g. invoices) must also be provided.</p>	All creditors.

All meeting documents such as the Meeting Registration Form, Appointment of Proxy Form and Proof of Debt Form are **attached** to this circular.

Creditors who have previously submitted a proof of debt are not required to lodge another, unless they wish to update their claim.

Please contact Sam Baillie on (07) 3225 4952 or by email at Sam.Baillie@fticonsulting.com if you have any queries in relation to this correspondence.

Yours faithfully

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

Joanne Dunn

Liquidator

Xpand Group Pty Ltd (In Liquidation) ACN 099 412 101 ("the Company")

Notice of Meeting of Creditors

NOTICE IS HEREBY GIVEN that a meeting of creditors of the Company will be held as follows:

Date: Friday, 25 September 2020
Meeting Time: 10:00AM (AEST)
Video Conference: Details to be provided upon your registration to attend.

AGENDA

The purpose of the meeting is to:

1. Consider authorising the Liquidators to compromise debts greater than the prescribed amount in accordance with Section 477(2A) of the Act; and
2. Discuss any other business properly brought before the meeting.

Creditors wishing to vote at the meeting:

- Who will not be attending in person or are a company, must complete and return the Appointment of Proxy Form; and
- Must complete and return a Proof of Debt Form if not already done so, by no later than **12:00PM (AEST) on Thursday, 24 September 2020** to Sam.Baillie@fticonsulting.com.

Dated 4 September 2020


Joanne Dunn
Liquidator

APPOINTMENT OF PROXY
XPAND GROUP PTY LTD (IN LIQUIDATION)
ACN 099 412 101 (“THE COMPANY”)

I/We (name)

.....

of (address)

.....

a creditor of the Company, appoint (add name and address of proxy)

.....

or in his/her absence (add alternate proxy)

as my / our proxy, to vote at the second meeting of creditors to be held at **10:00AM (AEST)** on **Friday, 25 September 2020** via video conference only or at any adjournment of that meeting.

Option 1: If appointed as a general proxy, as he/she determines on my/our behalf.

AND/OR Option 2:

If appointed as a special proxy for some or all resolutions, specifically in the manner set out below (**please tick**).

Resolution	For	Against	Abstain
1 Pursuant to Section 477(2A) of the Corporations Act 2001 (Cth), the Liquidators of Xpand Group Pty Ltd (In Liquidation) ACN 099 412 101, be authorised to compromise a debt owed by Ensure Recruitment Pty Ltd ACN 134 602 707 and to accept immediate payment of \$41,120.00 in full and final settlement.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Dated:

.....
Name and signature of authorised person

.....
Name and signature of authorised person

CERTIFICATE OF WITNESS – only complete if the person given the proxy is blind or incapable of writing.

I, of
certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him before he attached his signature or mark to the instrument.

Dated: Signature of witness:

Description: Place of residence:

NOTICE OF ATTENDANCE - MEETING REGISTRATION FORM

MEETING OF CREDITORS

**XPAND GROUP PTY LTD (IN LIQUIDATION)
ACN 099 412 101 ('the Company')**

Attendance

Attendance at this meeting is not compulsory.

Should you wish to attend the meeting and you would like to vote, you **must** complete the following registration details and return to my office **by 12:00PM (AEST) Thursday, 24 September 2020** to Sam.Baillie@fticonsulting.com:

Name of Creditor:	
Contact name:	
Position:	
Email Address:	
Contact number:	

Signature of Creditor (or person authorised by creditor)

Once you have returned this completed form, you will be provided by email with a link to the meeting and your own unique identifier. Please ensure you have the unique identifier with you at the meeting as this is required in order to register your vote.

Please also ensure you have lodged a Proof of Debt Form and Proxy Form (if applicable), otherwise you may only be an observer at the meeting and you will be unable to vote.

FORM 535 – FORMAL PROOF OF DEBT OR CLAIM

subregulation 5.6.49(2)
Corporations Act 2001

RUBICOR COMPANIES (IN LIQUIDATION)
(SEE BELOW LIST OF COMPANIES)

To the Liquidators of the Companies

1. Select one (1) company ("the Company"):

Please tick only ONE company that you are a creditor of					
Company	ACN	Tick only ONE	Company	ACN	Tick only ONE
Rubicor Group Limited	110 913 365		SMF Recruitment Pty Ltd	100 099 536	
Rubicor Workforce Pty Ltd	083 202 939		Skillsearch Contracting Pty Ltd	086 121 173	
Choice HR (Logistics) Pty Ltd	069 532 618		Rubicor CRS Pty Ltd	120 804 140	
Xpand Group Pty Ltd	099 412 101		Dolman Pty Ltd	089 642 071	
Rubicor Technical Pty Ltd	072 493 693		Rubicor SW Personnel Pty Ltd	127 285 732	
Rubicor Professional Pty Ltd	113 350 244		James Gall & Associates Pty Ltd	113 784 277	
Rubicor Gov Pty Ltd	008 617 114		Dolman F-Lex Pty Ltd	103 803 809	
Locher & Associates Pty Ltd	096 051 375		Locher Holdings Pty Ltd	096 022 490	
Rubicor (T1) Pty Ltd	136 000 309		Dolman Group Pty Limited	063 891 430	
Careers Unlimited Pty Ltd	075 304 737		Rubicor Services (Aus) Pty Ltd	128 917 466	
Choice HR (Liverpool) Pty Ltd	100 867 123		The Australian Personnel Consortium Pty Ltd	069 034 475	
Choice HR (Maitland) Pty Ltd	095 133 403		ACN 072 437 364 Pty Ltd	072 437 364	
Choice HR (Newcastle) Pty Ltd	094 333 696		A.C.N. 101 254 022 Pty Ltd	101 254 022	
Choice HR (Parramatta) Pty Ltd	100 867 098		135 999 709 Pty Ltd	135 999 709	
Choice HR (Penrith) Pty Ltd	100 867 105		Cadden Crowe (Victoria) Pty Limited	089 844 995	
Choice HR Pty Ltd	003 248 584		Cadden Crowe (Queensland) Pty Ltd	085 267 189	
CIT Professionals Pty Ltd	062 134 650		Rubicor Workforce (WA) Pty Ltd	060 292 051	
Rubicor Gemteq Pty Ltd	129 246 260				

*If you are a creditor of more than ONE Company, you MUST complete a new Formal Proof of Debt form for the other Company/s.

2. This is to state that the Company was on 5 August 2019, and still is, justly and truly indebted to: _____

(full name, ABN and address of the creditor and, if applicable, the creditor's partners) for _____ dollars and _____ cents

Particulars of the debt are:

Date	Consideration (state how the debt arose)	Amount (\$/c)	Remarks (include details of voucher substantiating payment)
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3. 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 (\$/c)	Due Date
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Signed by (select correct option):

- I am the creditor personally.
- 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.
- I am the creditor's agent authorised in writing to make this statement in writing. I know the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Signature: _____ Dated: _____

Name: _____ Occupation*: _____

Address: _____

** If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor*

RECEIVE REPORTS BY EMAIL	Yes	No
Do you wish to receive all future reports and correspondence from our office via email?	<input type="checkbox"/>	<input type="checkbox"/>
Email:.....		

If being used for the purpose of voting at a meeting:

- a) Is the debt you are claiming assigned to you? No Yes
- b) If yes, attach written evidence of the debt, the assignment and consideration given. Attached
- c) If yes, what value of consideration did you give for the assignment (eg, what amount did you pay for the debt?) \$ _____
- d) If yes, are you a related party creditor of the Company? No Yes
(If you are unsure contact the Liquidators)