

20 June 2017

TO CREDITORS AND SUPPLIERS

Dear Sir/Madam

Sydney Project Group Pty Ltd (Administrators Appointed) (Receivers & Managers Appointed)
ACN 155 827 295
ABN 18 155 827 295

S.E.T. Services Pty Ltd (Administrators Appointed) (Receivers & Managers Appointed)
ACN 151 314 439 ("the Companies")
ABN 48 151 314 439

Christian Sprowles and I were appointed joint and several administrators of the Companies on 16 June 2017 by a resolution passed by the director pursuant to Section 436A of the Corporations Act 2001. Shortly following, a receiver was appointed by the secured creditor over the Company.

We have commenced an assessment of the Companies' business, property, affairs and financial circumstances and are liaising with the receivers and managers in this regard.

An effect of our appointment is to place a moratorium on the payment of unsecured creditors' accounts in relation to trading and other debts incurred up to the date of our appointment, until creditors make a decision about the Companies' future. That decision will be made at a second meeting of creditors, to be called within 25/30 business days following our appointment unless an extension to this period is granted by applying to Court.

1. Suppliers

Please note that we will not accept liability for payment for any goods or services supplied without the authority of the administrators.

If there are any outstanding or uncompleted orders placed by the Companies prior to our appointment, please contact Angelo Cadiz of this office on (02) 8020 5856 or via email acadiz@hogansprowles.com.au to obtain written instructions concerning the order.

2. First Meeting of Creditors

We are required to convene a first meeting of creditors within 8 business days following our appointment. Accordingly, we enclose the following:

1. Form 529A - Notice of Meeting of Creditors to be held concurrently at **Conference Room 4, Radisson Blu Plaza Sydney, 27 O'Connell Street, NSW 2000** on **Wednesday, 28 June 2017 at 11:30AM** (the "first meeting").

2. Informal Proof of Debt for Voting Purposes.
3. Form 532 - Instrument of Proxy.
4. A Declaration of Independence / Indemnities & Relevant Relationships for the purposes of Section 436DA of the Act.
5. ASIC/ARITA Information Sheet.
6. Remuneration Proposal.

3. Entitlement to vote at Creditors Meeting

To enable the meeting to commence promptly, we request that creditors arrive at the meeting place no later than 10 minutes before the meeting. Please note that Regulation 5.6.23 of the Act provides that a creditor is not entitled to vote at a meeting unless their claim has been admitted by the Administrators or they have lodged with the Administrators, particulars of their debt or claim.

To enable you to vote at the first meeting the enclosed proof of debt form must be completed and returned to this office no later than 5:00pm on 27 June 2017. If you intend to appoint another person to act on your behalf at the meeting, or if you are a corporate creditor, return the enclosed proxy form with your Proof of Debt. If you are representing a company, please ensure the proxy is executed under the company's common seal or under the hand of an officer duly authorised, otherwise you will not be entitled to vote at the meeting.

4. Personal Properties and Securities Register ("PPSR")

If any creditor has a claim registered on the PPSR, we have already written to you separately and seek particulars of your claim.

5. Proceedings against the company

All proceedings against the Company or its property by creditors are stayed unless our consent or leave of the Court is obtained. The powers of the Company's Directors and other officers are suspended for the duration of the Administration.

6. Declaration of independence, relevant relationships and indemnities ("DIRRI")

In accordance with industry best practice we are required to make declarations as to:

- A. our independence generally;
- B. relationships, including
 - i. the circumstances of the appointment;
 - i. any relationships with the Insolvent and others within the previous 24 months;

- ii. any prior professional services for the Insolvent within the previous 24 months;
- iii. that there are no other relationships to declare; and

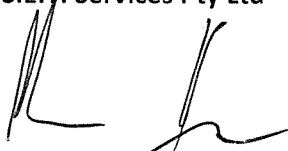
C. any indemnities given, or up-front payments made, to the Practitioners.

This declaration is made in respect of us and HoganSproles. A copy of the DIRRI has been attached to the circular.

Should you have any questions in relation to this matter, please contact Angelo Cadiz of this office on (02) 8020 5856 or via email at acadiz@hogansproles.com.au.

Yours faithfully

**Sydney Project Group Pty Ltd &
S.E.T. Services Pty Ltd**



Michael Hogan
Joint Administrator

FORM 529A

subregulation 5.6.12 (6)

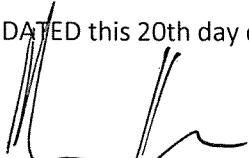
CORPORATIONS ACT 2001
Section 436E

**NOTICE OF FIRST MEETING OF
CREDITORS OF COMPANY UNDER ADMINISTRATION
SYDNEY PROJECT GROUP PTY LTD
(ADMINISTRATORS APPOINTED) (RECEIVERS & MANAGERS APPOINTED)
ACN 155 827 295**

1. On 16 June 2017 the company under section 436A appointed Christian Sprowles and Michael Hogan of HoganSprowles, Level 9, 60 Pitt Street, SYDNEY NSW 2000 as joint and several administrators of the company.
2. Notice is now given that a meeting of the creditors of the company will be held at Conference Room 4, Radisson Blu Plaza Sydney, 27 O'Connell Street, NSW 2000 on Wednesday, 28 June 2017 at 11:30AM.
3. The purpose of the meeting is to determine:
 - a. whether to appoint a committee of creditors; and
 - b. if so, who are to be the committee's members.
4. At the meeting, creditors may also, by resolution:
 - a. remove the Administrator from office; and
 - b. appoint someone else as Administrator of the company.
5. Attendance at this meeting is not compulsory. Creditors may attend and vote in person, by proxy or by attorney. The appointment of a proxy must be made in accordance with Form 532.

A specific proxy can be lodged showing approval or rejection of each resolution. Proxy forms or facsimiles thereof must be lodged with our office **by 5.00pm on the day prior to the meeting**. Where a facsimile copy of a proxy is sent, the original must be lodged with my office within 72 hours after receipt of the facsimile. An attorney of the creditor must show the instrument by which he or she is appointed to the Chairman of the meeting, prior to the commencement of the meeting.

DATED this 20th day of June 2017.

A handwritten signature in black ink, appearing to read 'Michael Hogan', written over the typed name and title.

Michael Hogan
Joint Administrator

Hogan Sprowles
Level 9,
60 Pitt Street
SYDNEY NSW 2000

Telephone: (02) 8020 5852

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

SYDNEY PROJECT GROUP PTY LTD
(ADMINISTRATORS APPOINTED) (RECEIVERS & MANAGERS APPOINTED)
ACN 155 827 295

Name of creditor:

Address of creditor:

.....

ABN:

Telephone number:

Amount of debt claimed: \$ (including GST \$.....)

Consideration for debt (i.e, the nature of goods or services supplied and the period during which they were supplied):

.....

.....

.....

Is the debt secured? YES/NO

If secured, give details of security including dates, etc:

.....

.....

.....

Other information:

.....

.....

.....
Signature of Creditor
(or person authorised by creditor)

.....
Dated

Notes:

Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):

- a. his or her claim has been admitted, wholly or in part, by the Administrator; or
- b. he or she has lodged with the Administrator particulars of the debt or claim, or if required, a formal proof of debt.

At meetings held under Section 436E and 439A, a secured creditor may vote for the whole of his or her debt without regard to the value of the security.

Proxies must be made available to the Administrator

FORM 532

Regulation 5.6.29

CORPORATIONS ACT 2001

APPOINTMENT OF PROXY
CREDITORS MEETING

SYDNEY PROJECT GROUP PTY LTD
(ADMINISTRATORS APPOINTED) (RECEIVERS & MANAGERS APPOINTED)
ACN 155 827 295

*I/*We (1).....
of.....
a creditor of Sydney Project Group Pty Ltd, appoint (2)
.....
or in his or her absence
as *my/our *general/special proxy to vote at the meeting of creditors to be held on 28 June 2017, or at any
adjournment of that meeting.(3)

DATED this day of 2017.

Signature
Name:
Position:
Telephone:

CERTIFICATE OF WITNESS

This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy.

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 or her before he or she signed or marked the instrument.

Dated:

Signature of Witness:

Description:

Place of Residence:

* Strike out if inapplicable

- (1) If a firm, strike out "I" and set out the full name of the firm.
- (2) Insert the name, address and description of the person appointed.
- (3) If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution.

FORM 529A

subregulation 5.6.12 (6)

CORPORATIONS ACT 2001
Section 436E

**NOTICE OF FIRST MEETING OF
CREDITORS OF COMPANY UNDER ADMINISTRATION
S.E.T. SERVICES PTY LTD
(ADMINISTRATORS APPOINTED) (RECEIVERS & MANAGERS APPOINTED)
ACN 151 314 439**

1. On 16 June 2017 the company under section 436A appointed Christian Sprowles and Michael Hogan of HoganSprowles, Level 9, 60 Pitt Street, SYDNEY NSW 2000 as joint and several administrators of the company.
2. Notice is now given that a meeting of the creditors of the company will be held at Conference Room 4, Radisson Blu Plaza Sydney, 27 O'Connell Street, NSW 2000 on Wednesday, 28 June 2017 at 11:30AM.
3. The purpose of the meeting is to determine:
 - a. whether to appoint a committee of creditors; and
 - b. if so, who are to be the committee's members.
4. At the meeting, creditors may also, by resolution:
 - a. remove the Administrator from office; and
 - b. appoint someone else as Administrator of the company.
5. Attendance at this meeting is not compulsory. Creditors may attend and vote in person, by proxy or by attorney. The appointment of a proxy must be made in accordance with Form 532.

A specific proxy can be lodged showing approval or rejection of each resolution. Proxy forms or facsimiles thereof must be lodged with our office **by 5.00pm on the day prior to the meeting**. Where a facsimile copy of a proxy is sent, the original must be lodged with my office within 72 hours after receipt of the facsimile. An attorney of the creditor must show the instrument by which he or she is appointed to the Chairman of the meeting, prior to the commencement of the meeting.

DATED this 20th day of June 2017.

A handwritten signature in black ink, appearing to read 'Michael Hogan', written over the printed name and title.

Michael Hogan
Joint Administrator

Hogan Sprowles
Level 9,
60 Pitt Street
SYDNEY NSW 2000

Telephone: (02) 8020 5852

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

S.E.T. SERVICES PTY LTD
(ADMINISTRATORS APPOINTED) (RECEIVERS & MANAGERS APPOINTED)
ACN 151 314 439

Name of creditor:

Address of creditor:

ABN:

Telephone number:

Amount of debt claimed: \$ (including GST \$.....)

Consideration for debt (i.e, the nature of goods or services supplied and the period during which they were supplied):

.....
.....
.....

Is the debt secured? YES/NO

If secured, give details of security including dates, etc:

.....
.....
.....

Other information:

.....
.....

Signature of Creditor
(or person authorised by creditor)

.....
Dated

Notes:

- Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):
- a. his or her claim has been admitted, wholly or in part, by the Administrator; or
 - b. he or she has lodged with the Administrator particulars of the debt or claim, or if required, a formal proof of debt.

At meetings held under Section 436E and 439A, a secured creditor may vote for the whole of his or her debt without regard to the value of the security.

Proxies must be made available to the Administrator

DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

SYDNEY PROJECT GROUP PTY LTD (ADMINISTRATORS APPOINTED)
ACN 155 827 295

S.E.T. SERVICES PTY LTD (ADMINISTRATORS APPOINTED)
ACN 151 314 439

(“THE COMPANIES”)

This document requires the Practitioner/s appointed to an insolvent entity to make declarations as to:

- A. their independence generally;
- B. relationships, including
 - i) the circumstances of the appointment;
 - ii) any relationships with the Companies Ltd and others within the previous 24 months;
 - iii) any prior professional services for the Companies within the previous 24 months;
 - iv) that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of ourselves, our partners and HoganSprowles Pty Ltd.

A. Independence

We, Michael Hogan and Christian Sprowles of HoganSprowles (“the Administrators”) have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Joint and Several Administrators of Sydney Project Group Pty Ltd & S.E.T. Services Pty Ltd in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

B. Declaration of Relationships

i) Circumstances of appointment

This appointment was referred to HoganSprowles by Michael Forrest (“Mr Forrest”) of William James Lawyers who is acting as the Companies lawyer. The reasons we believe that this referral does not result in a conflict of interest or duty are:

- Referral from business advisors including lawyers are common place and do not impact on our independence in carrying out our duties as Administrators of the Companies;
- This is the first referral from this source in the last two years, the fees from which are not a significant percentage of our business and accordingly, we are by no means dependent on referrals from this source.

On 14 June 2017, the Administrators met with the director of the Companies, Kenneth Lee (“Mr Lee”) and Mr Forrest, to outline and explain the process involved for the appointment of a voluntary administration. At the meeting Mr Lee provided the Administrators with background into the Companies financial situation. This was the first time the Administrators had met the director.

On 16 June 2017, the Administrators were contacted by Mr Forrest who informed them that Mr Lee had passed a resolution appointing them as voluntary administrators. The Administrators

subsequently attended the office of Mr Lee to discuss the appointment and to obtain further information on the Companies.

In our opinion, the meeting did not affect our independence for the following reasons:

- The ARITA (formerly IPA) Code of Professional Practice and the Courts recognises the need for practitioners to provide advice on the insolvency process and the options available and we do not consider that such advice results in a conflict or is an impediment to accepting the appointment; and
- The nature of the advice provided to the Company is such that it would not be subject to review and challenge during the course of the Administration; and
- The nature of the pre-appointment advice provided to the Company will not influence our ability to fully comply with the statutory and fiduciary obligations associated with the Administration of the Company in an objective and impartial manner.

We have provided no other information or advice to the Company or its Director prior to our appointment beyond that outlined in this DIRRI.

ii) Relevant Relationships (excluding Professional Services to the Insolvent)

Neither we, nor our firm, have, or have had within the preceding 24 months, any relationships with the Company, an associate of the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has security over the whole or substantially whole of the Company's property.

There are no other prior professional or personal relationships that should be disclosed.

iii) Prior Professional Services to the Insolvent

Neither we, nor our Firm, have provided any professional services to the Company in the previous 24 months.

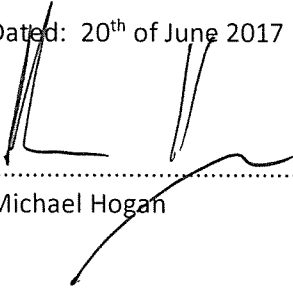
iv) No other relevant relationships to disclose

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Company, an associate of the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has security over the whole or substantially whole of the Company's property that should be disclosed.

C. Indemnities and up-front payments

We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute and we have not received any up-front payments in respect of our remuneration or disbursements.

Dated: 20th of June 2017



.....
Michael Hogan



.....
Christian Spowles

Note:

1. If circumstances change, or new information is identified, I am/we are required under the Corporations Act and the IPA Code of Professional Practice to update this Declaration and provide a copy to creditors with my/our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors.
1. Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.



ASIC/ARITA Information sheet for

Insolvency information for directors, employees, creditors and shareholders

ASIC has 11 insolvency information sheets to assist you if you're affected by a company's insolvency and have little or no knowledge of what's involved.

These plain language information sheets give directors, employees, creditors and shareholders a basic understanding of the three most common company insolvency procedures—liquidation, voluntary administration and receivership. There is an information sheet on the independence of external administrators and one that explains the process for approving the fees of external administrators. A glossary of commonly used insolvency terms is also provided.

The Australian Restructuring Insolvency & Turnaround Association (ARITA), the leading professional organisation in Australia for insolvency practitioners, endorses these publications and encourages its members to make their availability known to affected people.

List of information sheets

- INFO 41 Insolvency: a glossary of terms
- INFO 74 Voluntary administration: a guide for creditors
- INFO 75 Voluntary administration: a guide for employees
- INFO 45 Liquidation: a guide for creditors
- INFO 46 Liquidation: a guide for employees
- INFO 54 Receivership: a guide for creditors
- INFO 55 Receivership: a guide for employees
- INFO 43 Insolvency: a guide for shareholders
- INFO 42 Insolvency: a guide for directors
- INFO 84 Independence of external administrators: a guide for creditors
- INFO 85 Approving fees: a guide for creditors

Getting copies of the information sheets

To get copies of the information sheets, visit ASIC's website at www.asic.gov.au/insolvencyinfosheets. The information sheets are also available from the ARITA website at www.arita.com.au. The ARITA website also contains the ARITA's Code of Professional Practice for Insolvency Professionals, which applies to ARITA members.

Important note: The information sheets contain a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. These documents may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.

Remuneration Proposal

Remuneration Methods

There are four basic methods that can be used to calculate the remuneration charged by an insolvency Practitioner. They are:

- 1. Time based / hourly rates**
This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.
- 2. Fixed Fee**
The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a Practitioner will finalise an administration for a fixed fee.
- 3. Percentage**
The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.
- 4. Contingency**
The practitioner's fee is structured to be contingent on a particular outcome being achieved.

Method chosen

Given the nature of the administrations we propose that our remuneration be calculated on Time based / hourly rates.

The amount of work required and the recoveries from Company assets are at this stage not known to us and accordingly the time based / hourly rates basis best allows us to accurately determine how much work has been completed in each of the Administrations and remunerate accordingly.

We estimate that an Administration of the Companies could cost circa \$500,000 plus GST, disbursements and legal fees. However, it is subject to the following variables which may have a significant effect on this estimate and that we are unable to determine until we have commenced the Administrations.

Explanation of Hourly Rates

The rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.



Schedule of rates as @ 1 April 2017

Private & Confidential

*HoganSprowles
Rate \$/Hour
(excluding GST)*

Partner	495
Director	445
Senior Manager	390
Manager	350
Supervisor	330
Senior Analyst 1	290
Senior Analyst 2	280
Analyst 1	240
Analyst 2	180
Graduate	165
Undergraduate	150
Senior Bookkeeper	150
Bookkeeper	140
PA	120
Administration	95