

5 March 2019

**TO ALL CREDITORS**

**ARROW INTERNATIONAL (NZ) LIMITED (ADMINISTRATORS APPOINTED) Company Number: 3383573**

**ARROW INTERNATIONAL GROUP LIMITED (ADMINISTRATORS APPOINTED) Company Number: 3383875**

**CONSTRUCTION LABOUR AND RESOURCES LIMITED (ADMINISTRATORS APPOINTED) Company Number: 2240072**

**(each a "Company" and together the "Companies")**

We, **Andrew Bethell** and **Andrew McKay** both Chartered Accountants and RITANZ Accredited Insolvency Practitioners of BDO Auckland, Level 4 BDO Centre, 4 Graham Street, Auckland and **Colin Gower**, RITANZ Accredited Insolvency Practitioner of BDO Christchurch Ltd, Level 4, 287/293 Durham Street North, Christchurch (together the "**Administrators**") were appointed joint administrators of the above-named Companies on 28 February 2019 pursuant to Section 239I of the Companies Act 1993 (the "**Act**").

For the purposes of sections 239F and 280 of the Act, we have obtained orders from the High Court for leave for us to act as joint and several administrators of each of the Companies and a copy of such orders are **enclosed** with this letter.

The Administrators now control the assets and operations of each of the Companies and are assessing the financial position of the Companies. The directors of each of the Companies have been requested to prepare a statement about the business, property, affairs and financial circumstances of each of the Companies as at the date of appointment.

Before setting out required formalities, we provide an update on two matters where we have received a large number of queries from creditors to date:

- Administrators have confirmed that retention funds of \$5.6m are held in a separate trust account which we are advised (and are in the process of confirming) is in full compliance with the Construction Contracts Amendment Act 2015.
- The Administrators are holding constructive discussions with project Principals on most sites with the objective of work starting again as soon as possible in order to achieve the best outcome for creditors. In the short time since appointment work has already recommenced on four sites and we are hopeful that many more will follow in the coming weeks. We thank Principals and subcontractors for their constructive approach with this process.

We raise the following matters regarding the administration.

## 1. First Meeting of Creditors

We are required to call a first meeting of creditors within eight working days of the appointment pursuant to Section 239AN of the Act. The purpose of this meeting is to provide creditors of each Company with an opportunity to:

- Appoint a Committee of Creditors; and
- Appoint an alternative Administrator, if they so desire.

In this regard, we enclose the following documents:

- (a) Notice of joint meeting of Creditors for each of the Companies. *Please note that the meeting commences at 2.30pm on Tuesday, 12 March 2019. You should arrive for registration at least 30 minutes prior to the meeting.*
- (b) Informal Claim Form for Voting Purposes (for each of the Companies).  
*A person is not entitled to vote at the meeting unless they provide particulars of the debt or claim to the Administrators before the meeting. **Please note this form is for voting purposes only.** All creditors must furnish full details of their claims for each Company in respect of which they are a creditor, indicating whether they rank as secured, preferential or unsecured, and whether they claim title to any goods supplied to the relevant Company or any lien over goods in their possession which are property of the relevant Company.*
- (c) Appointment of Proxy form (for each of the Companies). The form enables you to appoint a person to act on your behalf at the meeting.
- (d) Postal Voting form (for each of the Companies). This form enables you to cast your vote at the meeting by post.
- (e) Administrators Declaration of Independence, Relevant Relationships and Indemnities.

The Informal Claim Form for Voting Purposes and Proxy form and any Postal Voting Form for each relevant Company of which you are a creditor should be lodged with this office before the meeting and, in any event, no later than **2.30pm on Monday 11 March 2019**. Forms can be scanned and emailed to [arrowgroup.administrators@bdo.co.nz](mailto:arrowgroup.administrators@bdo.co.nz). Andrew Stuart of BDO Auckland, Level 4 BDO Centre, 4 Graham Street, Auckland is authorised to receive and count postal votes in relation to the joint creditors meeting for each of the Companies.

Notwithstanding that the first creditors meeting may be a joint meeting, voting for the motions will be conducted separately for each of the Companies.

## 2. Trading

At this stage, the Administrators intend continuing the trading of the Companies and draw your attention to the following:

### 2.1 Trading Accounts

The Act provides that the Administrators are personally liable for liabilities arising from services rendered, goods bought or property hired, leased, used or occupied during the administration. Please note that the Administrators do not accept liability for any goods purchased or services rendered without:

- (i) A purchase order authorised by one or more of the specified authorised signatories set out in the list accompanying this circular. Please note the authority limits; and
- (ii) A Tax Invoice. Where you do not provide a Tax Invoice, I may be required to deduct tax at the top marginal rate from any payment due and remit the amount to the Inland Revenue Department.

Please open a new account in the name of each relevant Company with the notation '(Administrators Appointed)' after the company name, addressed to the relevant Company's premises and charge future authorised orders to that account. Accounts will be paid in accordance with your usual terms of credit, or other credit terms agreed between you and the Administrators, provided the supply of goods or services has been properly authorised and the invoice value is the amount specified on the authorised order. Invoices submitted for amounts exceeding the authorised amount will only be paid to the amount authorised.

If there are any outstanding or unfulfilled orders placed by a Company prior to the appointment, including those under which there are goods in transit, please contact Andrew Stuart of this office on DDI (09) 366 8084 to obtain written confirmation that the order should proceed.

If you are currently a customer of a Company and also a creditor, please note that any goods or services supplied to you after the date of the appointment must be paid for by you. You cannot off set an amount due to a Company, for goods or services supplied after the appointment, against a pre-appointment account owed to you by a Company. Supply will not proceed until you confirm in writing that payment will be made in accordance with agreed credit terms.

You may be aware that payment of unsecured creditors' accounts as at **28 February 2019** is postponed pending the outcome of the second meeting of creditors (see section 5 below).

## **2.2 Consignment of Stock, Retention of Title and Liens**

If you supplied consignment stock to any of the Companies, leased property to any of the Companies or believe you provided stock or equipment subject to a purchase money security interest or a 'Retention of Title' clause to any of the Companies, please contact Daniel Matene of this office as a matter of urgency via email at [Daniel.matene@bdo.co.nz](mailto:Daniel.matene@bdo.co.nz).

If you claim a security interest over any of the assets of the Companies, you are asked to set out details of your claim in writing to the Administrators' immediately.

## **2.3 Contracts/Agreements**

The Administrators expressly refrain from personally adopting any of the contracts of the Companies existing at the date of the appointment. All contracts are currently under review. The Administrators will advise the status of contracts as soon as practicable; that is, whether or not they remain on foot.

## **2.4 Property Used but Not Owned by a Company**

In accordance with section 239ADI of the Act, the Administrators' liability under hire purchase or lease agreements arises only in respect of rent and other payments due under an agreement accruing after seven days from the Administrators' appointment, for so long as the administration continues and the relevant Company continues to use, occupy or possess the property. Further, pursuant to section 239ABD of the Act, the lessor or owner of property in a Company's control is not entitled to take possession of such property without leave of the Court or the Administrators' written consent.

We will write separately to known lease and hire purchase creditors regarding such assets. If you do not receive our letter, please contact this office via email at [arrowgroup.administrators@bdo.co.nz](mailto:arrowgroup.administrators@bdo.co.nz).

## **3. Legal Proceedings**

The appointment of Administrators stays a proceeding in a court against any of the Companies. You cannot commence or continue a proceeding against any of the Companies without the consent of the Administrators or with the leave of the Court.

## **4. Employees**

We have written separately to employees regarding the appointment. If you are an employee, the administrators have included in your creditors' claim form (attached), for the purposes of voting at the first creditors meeting, the amount that is stated in the payroll records of the relevant Company as owing to you as an employee. If you disagree with the amount listed on the creditors claim form, you should submit a creditors' claim form for the revised amount claimed. The administrators reserve all rights to further scrutinise claims for the purpose of a distribution or call for new claims to be filed.

## **5. Report to Creditors and Second Meeting of Creditors**

The Administrators will prepare a report to creditors of each of the Companies under section 239AU of the Act which will include details on the business, property, affairs and financial circumstances of the Companies.

A second "watershed" joint meeting of creditors of each of the Companies will be held on or before 4<sup>th</sup> April 2019 unless the Court extends this date. It is at this meeting that creditors of each of the Companies will consider the Administrators' report and consider resolutions regarding the future of each of the Companies.

## **6. Administrators' Remuneration**

For the purposes of the administration of the Companies, the Administrators intend that their remuneration be fixed on the basis of time spent by them, and their staff of an appropriate level having regard to the nature and complexity of the work, and calculated by reference to hourly rates.

## **7. Electronic Notification**

You may elect to receive future notices or other documents, including circulars and reports regarding the administration, via email. Should you wish to do so, please email [arrowgroup.administrators@bdo.co.nz](mailto:arrowgroup.administrators@bdo.co.nz) with the following information:

- The person to whom matters regarding the administration should be directed.
- The full name of the creditor entity.
- The email address at which the creditor is to receive future correspondence.

## **Further Information**

For further information concerning the voluntary administration process and BDO, you may wish to visit our website at [www.bdo.nz](http://www.bdo.nz) . Queries regarding the administration should be directed to [arrowgroup.administrators@bdo.co.nz](mailto:arrowgroup.administrators@bdo.co.nz) .

Yours faithfully



**Andrew Bethell**

**Administrator**