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## **NEON CAPITAL LIMITED**

**ACN 002 796 974**

### **NOTICE OF GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 10.30am (WST)  
**DATE:** 24 January 2017  
**PLACE:** Level 2  
160 St Georges Tce  
PERTH WA 6000

***The business of the Meeting affects your shareholding and your vote is important.***

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10.30am (WST) on 22 January 2017.***

**Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.**

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – DELISTING OF COMPANY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*"That the Company be removed from the official list of ASX in accordance with Listing Rule 17.11 on a date to be decided by ASX (being no earlier than one month after this Resolution is passed) and that the directors be authorised to do all things reasonably necessary to give effect to the delisting of the Company from the ASX."*

**Dated: 16 December 2016**

**By order of the Board**

**Ms Amanda Burgess  
Company Secretary & Chief Financial Officer**

#### Voting in person

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To vote in person, attend the Meeting at the time, date and place set out above.

#### Voting by proxy

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

**Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61(0)8 6144 4840.**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. RESOLUTION 1 – DELISTING OF COMPANY

#### 1.1 General

The Board, after due consideration, decided that it is in the best interests of the Company and all of its Shareholders that the Company be removed from the Official List.

This resolution is put to Shareholders, for the purpose of Listing Rule 17.11 to resolve that the Company be removed from the official list of ASX Limited (**ASX**).

On 14 December 2016 following receipt of an application for removal from the official list of ASX (**Official List**) from the Company pursuant to Listing Rule 17.11, ASX confirmed to the Company that, based solely on the information provided and, ASX would remove the Company from the Official List on a date to be decided by the ASX (**Removal Date**), subject to compliance with the following conditions:

- (a) the request for removal of the Company from the Official List be approved by an ordinary resolution of ordinary shareholders of the Company (**Approval**);
- (b) the removal shall not take place any earlier than one month after the date on which the resolution to approve the removal is passed.
- (c) the notice of general meeting seeking shareholder approval for the removal sets out:
  - (i) all information concerning the Company which:
    - (A) a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
    - (B) a reasonable person would expect to be disclosed; and
    - (C) has not been previously disclosed, including details of the Company's proposed activities going forward.
  - (ii) the timetable that will be followed for the removal.

In accordance with conditions (a) and (b) above, the Company seeks Approval for the removal of the Company from the Official List on a date to be decided by the ASX and advises that the removal will take place no earlier than one month after Resolution 1 is passed.

Subject to satisfaction of the above conditions, the Company expects to be removed from the Official List after market closes on 24 February 2017 (**Removal Date**).

#### 1.2 Background of the Company

On 8 April 2016 the Company's shares were reinstated to trading on the Official List of the ASX following its re-compliance with ASX Listing Rule 11.1.3 and Chapters 1

and 2 of the ASX Listing Rules. Since this date the Company has been trading as a listed investment company.

### 1.3 Advantages of and Reasons for Delisting

The primary reasons for the Board's decision are summarised below.

- (a) **Restrictions on investments:** The Board is of the view that it will be able to generate greater returns for its shareholders if the company is delisted. The Board believes that the ASX restrictions that it must comply with by virtue of being a Listed Investment Company, will not enable it to provide maximum value to shareholders as they limit some potential opportunities. The Board would like to advance opportunities for the benefit of shareholders that may not comply with the ASX's requirements for a Listed Investment Company such as NEN.

For example, the Company recently had to decline what it saw as an attractive investment, being the 100% acquisition of a gold exploration company due to an inability to satisfy these regulations without undertaking a full re-compliance with the ASX Listing Rules. Undertaking a re-compliance would not only preclude the Company from entering into the transaction, the Board did not believe such action would be in the best interests of shareholders.

In addition, at the time of pursuing the gold asset, the company had traded out of the majority of its positions as the Board believed the market had minimal upside and that its shareholders were better served with the funds in a bank deposit until a suitable investment arose.

As a result, the ASX informed the Company that it may not be in compliance with Listing Rule 12.3, as more than half of its total assets are in cash or cash equivalents. ASX therefore required Neon to invest at least half of its cash assets within 3 months or the ASX would consider suspending quotation of the Company's securities.

As a delisted entity, the company will be able to make its investments at times it believes will maximise returns, rather than having to comply with the timetable that ASX companies must abide by.

Whilst the Company does not have any specific investments in mind at this stage, it anticipates that its investments will include, but not be limited to, listed and unlisted securities; debentures, stocks or bonds; currencies and commodities; secured and unsecured loans; interests in a managed investment scheme; and derivatives with the flexibility to allocate capital to the most attractive asset class in a given economic cycle. It is intended that such investments will be concentrated in the resources and technology sectors however the overarching factor that will govern the investment focus will be to areas that the Board perceives as undervalued. In addition, the investments may result in the Company taking a controlling or management role.

- (b) **(Lack of Liquidity):** As at the date of this letter, the Company had approximately 3,862 members holding 52,201,221 shares but, despite this, there has been a significant lack of liquidity in trading in the Company's shares on ASX, as evidenced the following statistics.

Month (2016)	Number of Trades	Number of Shares Traded	Value of Shares Traded	% Buy-back Volume*
April	143	1,578,615	\$464,625	0%
May	165	693,665	\$176,018	0%
June	254	1,451,965	\$370,311	0%
July	115	901,279	\$230,271	0%
August	59	833,921	\$210,727	0%
September	95	889,363	\$220,725	0%
October	79	933,179	\$221,851	0%
November	200	2,334,012	\$527,069	0%

\* On market buy-back commenced on 4 May 2016. This number represents the proportion of the number of shares traded which relate to the buy-back.

Recent trading history shows only little volume trading in the Company's shares on ASX, and even less if the volumes relating to the Company's on market buy-back are excluded.

- (c) **(Disproportionate Impact on Price):** As only small numbers of the Company's shares are being traded, this has on occasion had a disproportionate impact on the Share price. A low value trade or a trade in a small number of Company shares could have a marked impact on the official reported market price, and there is a risk that a trade of only a few Company shares could cause the reported price to change significantly as some recent trades have proved. This potential volatility could make it difficult for investors to make an accurate assessment of the actual value of their Company shares and increase exposure to a person effecting trades with the intention of manipulating the reported price.
- (d) **(Disproportionate value):** in addition to paragraph (c) above, the directors of the Company consider that the prices at which its securities are trading on ASX are materially lower than the underlying value of its net assets and the entity is intending to provide its shareholders with an increased buyback facility to liquidate their holdings at a price closer to their net asset value;
- (e) **(ASX and Related Costs):** Maintaining an ASX listing adds additional costs to the Company's business. The Board estimates that costs attributable to the Company's ASX listing were in excess of \$201,000 for the 2015 calendar year and as at the date of this letter were \$156,350. In addition, there are indirect costs associated with the need to devote management time attending to matters relating to the listing which could be directed elsewhere if the Company was unlisted.

## 1.4 Effect of the Delisting

If Resolution 1 is passed, the Company will be removed from the Official List on the Removal Date. The timetable of the indicative dates for the delisting process is as follows:

General Meeting	24 January 2017
Suspension Date (after market closes)	24 February 2017
Removal Date (after market closes)	24 February 2017

The Company reserves the right to amend the timetable of the indicative dates with notice.

The Company's shares can continue to be traded on the ASX until official quotation of the Company's shares is suspended (**Suspension Date**). This will give Shareholders an opportunity to seek to trade their shares on ASX to exit the Company before the Removal Date if they do not wish to remain Shareholders in the Company.

Any shareholder who remains registered on the Company's CHESS sub-register as at 5.00pm (WST) on the Removal Date will be moved to issuer sponsored and will be issued share certificates reflecting their shareholding.

## 1.5 Disadvantages

The Board recognises that there are various disadvantages of delisting which need to be taken into account.

### (a) Inability to trade the Company's shares

If the Company is unlisted, shareholders will no longer have the ability to buy and sell shares on the ASX. This means that there will no longer be a readily accessible market and mechanism to buy and sell the Company's shares. Shares will only be able to be sold by way of private transaction (see section 1.6 for further details). There will be difficulties finding a buyer for shares if shareholders wish to sell them.

There are also restrictions under the Corporations Act on a potential buyer's ability to make unsolicited offers to buy shares from a shareholder (section 1019C and following). These requirements for example, impose an obligation on a potential purchaser in an unlisted context to provide a fair estimate of the value of the shares and an explanation of the basis on which that estimate was made.

### (b) Removal of ASX Listing Rules Protection

The ASX Listing Rules will cease to apply to the Company once delisted and shareholders will not have the benefit of protections inherent in the ASX Listing Rules. These include restrictions relating to:

- (i) disclosures on issuing of shares and other securities (Listing Rule 3);
- (ii) ASX corporate governance principles (Listing Rule 4); and
- (iii) making significant changes to the nature or scale of the Company's activities (Listing Rule 11).

However, shareholders will continue to have the protections applicable to public companies under the Corporations Act.

(c) **Restriction on Public Capital Raising**

If the Company is unlisted, there are limitations on the Company's ability to raise funds quickly and simply. Although this is in the first instance a Company concern, if the Company is unable to raise funds under certain circumstances, this may impact on the Company and in turn affect the value of shares in the Company or price at which capital may be raised.

(d) **Loss of value from listing**

There is an inherent value in an entity that is listed. This is because the process of becoming listed has certain costs associated with it. If the Company delists, shareholders will lose this inherent value in being listed. However it is difficult to ascertain the value inherent in being listed.

**1.6 Exit Mechanism**

If Shareholders approve this Resolution to de-list the Company, there will be no redemption or other facilities which will replace the Company's ASX listing. However, Shareholders will continue to be entitled to sell and transfer their shares off-market to a willing third party purchaser in accordance with the Company's Constitution both before and after the Removal Date. However, such a third party market may not be liquid and Shareholders are personally responsible for sourcing potential purchasers.

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**4. ENQUIRIES**

Shareholders are required to contact the Company Secretary on (+ 61 8) 6144 4840 if they have any queries in respect of the matters set out in these documents.

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## GLOSSARY

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**\$** means Australian dollars.

**Approval** means approval of Resolution 1 of this Notice of Meeting by the Shareholders.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Company** means Neon Capital Ltd (ACN 002 796 974).

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Official List** means the official list of ASX.

**Removal Date** means the date to be decided by ASX, on which the Company expects to be removed from the Official List, expected to be after market closes on 24 February 2017.

**Resolution** means the resolution set out in the Notice of Meeting.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**Suspension Date** means the effective date of suspension in trading of the Company's securities on ASX, expected to be after market closes on 24 February 2017.

**WST** means Western Standard Time as observed in Perth, Western Australia.



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# NEON CAPITAL LTD

ACN: 002 796 974

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**SHARE REGISTRY:**  
 Security Transfer Australia Pty Ltd  
**All Correspondence to:**  
 PO Box 52  
 Collins Street West VIC 8007  
 Suite 913, Exchange Tower  
 530 Little Collins Street  
 Melbourne VIC 3000  
 T: 1300 992 916 F: +61 8 9315 2233  
 E: registrar@securitytransfer.com.au  
 W: www.securitytransfer.com.au

Code:

NEN

Holder Number:

## PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

**VOTE  
ONLINE**

Lodge your proxy vote securely at [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

### SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

The meeting chairperson

**OR**

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the General Meeting of the Company to be held at 10:30am WST on Tuesday 24 January 2017 at Level 2, 160 St Georges Tce, PERTH WA 6000 and at any adjournment of that meeting.

### SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

#### RESOLUTION

1. Delisting of Company

**For**      **Against**      **Abstain\***

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. \* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Sole Director & Sole Company Secretary

Security Holder 2

Director

Security Holder 3

Director/Company Secretary

**Proxies must be received by Security Transfer Australia Pty Ltd no later than 10:30am WST on Sunday 22 January 2017.**

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My/Our contact details in case of enquiries are:

Name:

Number:

(  )

### 1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

### 2. APPOINTMENT OF A PROXY

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

### 3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

### 4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

### 5. SIGNING INSTRUCTIONS

**Individual:** where the holding is in one name, the Shareholder must sign.

**Joint Holding:** where the holding is in more than one name, all of the Shareholders must sign.

**Power of Attorney:** to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

### 6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Australia Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

#### Security Transfer Australia Pty Ltd

**Online** [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

**Postal Address** PO BOX 52  
Collins Street West VIC 8007

**Street Address** Suite 913, Exchange Tower  
530 Little Collins Street  
Melbourne VIC 3000

**Telephone** 1300 992 916

**Facsimile** +61 8 9315 2233

**Email** [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)

### PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

