

22 July 2015

Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Via ASX Online

NOTICE OF GENERAL MEETING

Please find attached a Notice of General Meeting and Explanatory Memorandum being despatched to shareholders of CTI Logistics Limited (ASX:CLX) today.

The meeting is being called for the shareholders of CLX to consider, and if thought fit to pass, a special resolution under section 260B of the Corporations Act 2001 for the provision of financial assistance. This approval is required as a result of the recent acquisition of Logico Operations Group Ltd on 10 June 2015.

Yours faithfully



David A Mellor
COMPANY SECRETARY

NOTICE OF GENERAL MEETING

CTI LOGISTICS LIMITED ABN 69 008 778 925

Notice is hereby given that the **General Meeting** of the members of CTI Logistics Limited ("CTI", "the Company") will be held at 1 Drummond Place, West Perth, Western Australia at **4:00 pm on Friday, 21 August 2015**.
(Parking is available in the CTI car park.)

SPECIAL BUSINESS

1. FINANCIAL ASSISTANCE

To consider and if thought fit, pass the following special resolution:

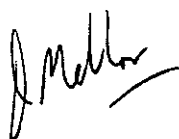
"That, for the purposes of section 260A and section 260B(2) of the *Corporations Act 2001* (Cth) and for all other purposes, approval is given for the provision of financial assistance by:

- (a) Logico Operations Group Limited ACN 153 063 382 ("**Logico**"); and
- (b) G.M. Kane & Sons Pty Ltd ACN 000 408 800 ("**GMK Logistics**"), being a wholly owned subsidiary of Logico, (the "**Acquired Companies**")

to assist the acquisition by the Company of all of the issued shares in Logico (the **Acquisition**), and all elements of that transaction and any other transactions that may constitute financial assistance by the Acquired Companies for the purposes of section 260A of the *Corporations Act 2001* (Cth) in connection with the Acquisition, as described in the Explanatory Statement accompanying and forming part of this Notice of General Meeting".

A Proxy Form accompanies this Notice of General Meeting.

By order of the Board.



D A Mellor
SECRETARY
22 July 2015

- NOTE:**
- A member of the Company entitled to attend and vote is entitled to appoint not more than two Proxies to attend the General Meeting and vote on his/her behalf. Where more than one Proxy is appointed, each Proxy must be appointed to represent a specified proportion of the member's voting rights. If the appointments do not specify the proportion of votes that each Proxy may exercise, each Proxy may exercise half the votes (fractions disregarded). A Proxy need not be a member of the Company.
 - To be effective, the Proxy Form must be properly completed and signed by the member or his attorney duly authorised in writing or, if the member is a body corporate, either in any manner permitted by the Corporations Law or under the hand of an officer or attorney duly authorised in writing by the member.
 - The Proxy Form and any Power of Attorney under which it is signed or a notarially certified copy thereof, or a facsimile transmission copy thereof must be received by the Company at its registered office not less than 48 hours before the time of the General Meeting.

How the Chairman will vote undirected proxies

If the Chairman of the General Meeting is appointed, or is taken to be appointed, as a Proxy but the appointment does not give directions on how to vote on a resolution, then the Chairman intends to exercise the relevant shareholder's votes in favour of the relevant resolution (subject to the other provisions of this Notice, including the voting exclusions noted above).

If you do not want the Chairman to exercise the Proxy in accordance with the Chairman's stated intentions on the resolution, you should give directions on how to vote on the resolution by marking the appropriate box of the Proxy Form.

Directing your Proxy how to vote

If a shareholder appoints a Proxy, the shareholder can direct the Proxy how to vote by following the instructions on the Proxy Form. Shareholders are encouraged to direct the Proxy how to vote on the resolution at the meeting.

Determination of voting entitlements

The directors have determined in accordance with Regulation 7.11.37 of the Corporation Regulations 2001 that, for the purposes of attending and voting at the meeting, shares will be taken to be held by the registered holders at 4pm (WST) on Wednesday, 19 August 2015.

CTI LOGISTICS LIMITED
ACN 008 778 925

EXPLANATORY STATEMENT

This explanatory statement has been prepared for the information of shareholders in CTI Logistics Limited ACN 008 778 925 ("CTI", "the Company") in connection with the business to be conducted at the General Meeting of shareholders in the Company to be held on 21 August 2015 ("Meeting").

This explanatory statement should be read in conjunction with the accompanying Notice of General Meeting ("Notice").

Special Resolution 1 – Financial Assistance

Approval is sought by special resolution, which requires at least 75% of the votes that are cast on the resolution to be in favour of the resolution.

Item 1 seeks the approval of CTI shareholders, pursuant to section 260B(2) of the Corporations Act 2001 (Cth) (the "Corporations Act"), for financial assistance which is to be provided by:

- (a) Logico Operations Group Limited ACN 153 063 382 ("Logico"); and
- (b) G.M. Kane & Sons Pty Ltd ACN 000 408 800 ("GMK Logistics"), being a wholly owned subsidiary of Logico,

(together the "Acquired Companies" and each an "Acquired Company")

to assist the acquisition by the Company of all of the issued shares in Logico (the "Logico Shares").

Background

Under the agreement entitled 'Logico Share Sale and Purchase Agreement' dated 10 June 2015 between the Company and the persons named in schedules 2 and 3 of that document as 'Founding Shareholders' and 'Guarantors' ("Share Purchase Agreement"), the Company acquired the Logico Shares (the "Acquisition"). The Acquisition occurred on 10 June 2015.

In order to assist in funding the purchase price for the Acquisition, the Company (as "Borrower") entered into a letter of offer with the Company's bank (the "Lenders"), under which the Lenders agreed to provide financial accommodation (the "Acquisition Facilities") to the Borrower in relation to the Acquisition (the "Facility Agreement").

The Lenders also provide other financial accommodation to the Borrower and certain of its subsidiaries under the Facility Agreement (together with the Acquisition Facilities, the "Facilities").

The Company and certain other subsidiaries of the Company have entered into an unlimited guarantee and indemnity which provides for a guarantee and indemnity in favour of the Lenders of all amounts (the "Guaranteed Money") owing under or in relation to the Facilities (the "Existing Guarantee"). The Company and certain other subsidiaries of the Company have also entered into general security agreement in respect of the Company and the subsidiaries' all present and after-acquired property to secure their respective obligations under the Existing Guarantee (the "Existing General Security Agreement"). It is a requirement of the Facility Agreement that, subject to certain conditions, each Acquired Company provides an unlimited guarantee and indemnity in favour of the Lender of the Guaranteed Money (the "New Guarantee") and a general security agreement in respect of all its present and after-acquired property to secure its obligations under the New Guarantee (the "New General Security Agreement") no later than 14 September 2015.

In addition to giving the New Guarantee and New General Security Agreement, each Acquired Company may, or may be required to:

- (a) execute, or accede to, any document ancillary to, or in connection with, the Facilities (and including subordination, priority and other intercreditor deeds entered into, among others, by the Company), any new facilities agreement and any guarantee, indemnity or security interest given in connection with the Facilities, any new facilities agreement and any related document (the "Facility Documents");
- (b) make available directly or indirectly its cash flows or other resources in order to enable the Company and its subsidiaries (together the "Group") to comply with their obligations under the Facility Documents; and
- (c) provide additional support (which may include incurring additional obligations, giving new guarantees) in connection with the Facility Documents, including in connection with any refinancing of amounts owing under or in respect of the Facility Documents.

Entry into the New Guarantee, New General Security Agreement, Facility Documents and any of the other transactions listed or contemplated above (together, the "Financial Assistance") will have the effect of each Acquired Company financially assisting in the acquisition of its own shares or the shares of the holding company of the relevant Acquired Company for the purposes of section 260A of the Corporations Act.

Why shareholder approval is required

Under section 260A(1) of the Corporations Act, a company may financially assist a person to acquire shares in it or its holding company only in certain limited circumstances, including where the assistance is approved by shareholders under section 260B of the Corporations Act.

While the Corporations Act does not define what is meant by "financially assist", it is generally accepted that the effect of the Acquired Companies entering into the New Guarantee, New General Security Agreement and Facility Documents in order to enable the Company to draw down the Acquisition Facility to pay for the Logico Shares will fall within the broad scope of the term.

Under section 260B(1) of the Corporations Act, shareholder approval must be given by the shareholders of each of the Acquired Companies at a general meeting by either:

- (a) a special resolution, with no votes being cast in favour of the resolution by the person acquiring the shares (or units of shares) or by their associates; or
- (b) a resolution agreed to, at a general meeting, by all ordinary shareholders.

In addition, because the Acquired Companies became subsidiaries of a listed holding corporation (being CTI) immediately after the Acquisition, the Financial Assistance must also be approved by a special resolution passed at a general meeting of the Company under section 260B(2) of the Corporations Act.

The giving of the Financial Assistance has been, or will be, approved by a unanimous resolution of each of the Acquired Companies in accordance with section 260B(1) of the Corporations Act. Accordingly, it is proposed that the Financial Assistance now be approved by special resolution of the shareholders of the Company.

The Corporations Act requires that the Company must include with the Notice of General Meeting a statement setting out all the information known to the Company that is material to the decision on how to vote on the resolution, unless it would be unreasonable to require the Company to do so because the Company has previously disclosed the information to its shareholders. This explanatory statement is issued by the Company to satisfy that requirement.

Reasons for the proposed Financial Assistance

The reasons for the giving of the Financial Assistance described above are to enable the Company to invest in the Acquired Companies and to enable the Company to comply with its obligations under the Facility Agreement.

Effect of the Financial Assistance

The Company and certain of its subsidiaries are already parties to the Existing General Security Agreement and have given the Existing Guarantee to secure the amounts due under the Facility Documents, so the giving of the Financial Assistance is unlikely to adversely affect the Company or the Acquired Companies, except that the operations of the Acquired Companies will be restricted by the terms of the New General Security Agreement and the New Guarantee, including the representations and

undertakings given by them under, and the other provisions of, the New General Security Agreement and the New Guarantee.

The New Guarantee to be given by the Acquired Companies will be on the same terms as the Existing Guarantee already given by the Company in respect of the Guaranteed Money.

The substantial effect of the Financial Assistance on the Acquired Companies will be that each of them will have guaranteed all amounts payable under the Facility Documents and given security over all of their assets to secure such guarantee.

The principal advantage to the Company (and, indirectly, the Acquired Companies) is to ensure that:

- (a) The Company and other members of the Group will comply with their obligations under the Facility Agreement;
- (b) the Borrower will continue to have the benefit of the Facilities; and
- (c) each relevant Group member will continue to have the benefit of each other facility provided to the Group under the Facility Agreement.

As the Company is already liable for any amounts due under the Facility Documents, the directors of the Company do not believe there are any disadvantages to the Company in approving the giving of financial assistance by the Acquired Companies.

On the other hand, the disadvantages of the Financial Assistance for the Acquired Companies include that:

- (a) they will become liable for all amounts outstanding under the Facility Documents;
- (b) if an event of a default (howsoever defined) was to occur under a Facility Document, the Lender may require immediate repayment of all amounts outstanding and enforce the New Guarantee or the New General Security Agreement (or both) given by the Acquired Companies and it is possible that such enforcement could materially prejudice the interests of the Acquired Companies or their shareholders; and
- (c) their operations and ability to independently obtain finance from other sources may be restricted by the undertakings, representations and warranties given under, and the other provisions of, the New General Security Agreement and the New Guarantee.

The directors of the Company have considered the giving of the Financial Assistance and are of the opinion that there are reasonable grounds to believe that it is in the best interests and for the commercial benefit of the Company and each Acquired Company.

Notice to ASIC

A copy of the Notice of Meeting and this explanatory statement was lodged with the ASIC before being sent to the shareholders of the Company, as required by section 260B(5) of the Corporations Act.

Disclosure

The directors of the Company consider that this explanatory statement contains all information known to the Company that would be material to the decision of the Company's shareholders on how to vote on the financial assistance resolution set out in Item 1, other than information which would be unreasonable to include because it had previously been disclosed to shareholders.

Directors' Recommendation

The Board recommends that shareholders vote in favour of the Special Resolution in Item 1.
The Chairman of the Meeting intends to vote any undirected proxies in favour of the Special Resolution in Item 1.

PROXY FORM

CTI LOGISTICS LIMITED

ABN 69 008 778 925

Registered Office: 1 Drummond Place
West Perth, Western Australia 6005
Facsimile: (08) 9227 8000

The Secretary
CTI Logistics Limited
1 Drummond Place
WEST PERTH WA 6005

I/We

of

being a member/members of CTI Logistics Limited

hereby appoint.....

or failing him/her, the Chairman of the Meeting as my/our Proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at 1 Drummond Place, West Perth, Western Australia on Friday, 21 August 2015 at 4:00 pm and at any adjournment thereof.

If two Proxies are being appointed the proportion of my/our voting rights that each Proxy is appointed to represent is as set out above.

If you wish to direct your Proxy how to vote in respect of the proposed resolution, you should tick the appropriate box below. Otherwise your Proxy may vote as he/she thinks fit **(subject to the provisions of the Notice of General Meeting and the voting restrictions contained therein)** or abstain from voting.

The Chairman of the Meeting intends to vote all undirected proxies in favour of the resolution: If the Chairman of the Meeting is (or becomes) your Proxy you can direct the Chairman to vote for or against or abstain from voting by marking the appropriate box below.

SPECIAL RESOLUTION

FOR AGAINST ABSTAIN

1. To approve financial assistance relating to recent acquisition of
Logico Operations Group Limited and its subsidiary G.M. Kane & Sons Pty Ltd

☐☐☐

Signed this..... day of.....2015

Signature of member(s)

- NOTE:**
- * A member of the Company entitled to attend and vote is entitled to appoint not more than two Proxies to attend the General Meeting and vote on his/her behalf. Where more than one Proxy is appointed, each Proxy must be appointed to represent a specified proportion of the member's voting rights. If the appointments do not specify the proportion of votes that each Proxy may exercise, each Proxy may exercise half the votes (fractions disregarded). A Proxy need not be a member of the Company.
 - * To be effective, the Proxy Form must be properly completed and signed by the member or his attorney duly authorised in writing or, if the member is a body corporate, either in any manner permitted by the Corporations Law or under the hand of an officer or attorney duly authorised in writing by the member.
 - * The Proxy Form and any Power of Attorney under which it is signed or a notarially certified copy thereof, or a facsimile transmission copy thereof must be received by the Company at its registered office not less than 48 hours before the time of the General Meeting.
 - * Proxies lodged in favour of the Chairman which do not contain a direction on how to vote will be exercised by the Chairman in favour of the resolution (subject to the provisions of the Notice of General Meeting and the voting restrictions contained therein).
 - * The directors have determined in accordance with Regulation 7.11.37 of the Corporation Regulations 2001 that, for the purposes of attending and voting at the meeting, shares will be taken to be held by the registered holders at 4pm (WST) on Wednesday, 19 August 2015.