



ASF GROUP LIMITED

ACN 008 924 570

Notice of General Meeting and Explanatory Memorandum

Date of meeting: 8 August 2014

Time of meeting: 10:30 am (AEST)

Place of meeting: Lachlan Room, Pullman Quay Grand Sydney Harbour 61 Macquarie Street,
Sydney NSW 2000

This is an important document.

If you are in any doubt as to how to act, you should consult your financial, legal or other professional adviser.

ASF GROUP LIMITED ACN 008 924 570

Important Notices

General

This Notice of Meeting is dated 8 July 2014.

This document is important. The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Meeting. You should read it in its entirety before making a decision on how to vote on the Resolutions to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form are part of this Notice of Meeting.

If you are in doubt as to what you should do, you should consult your legal, investment or other professional adviser.

Defined terms

Capitalised terms in the Notice of Meeting are defined either in the Glossary section or where the relevant term is first used.

ASX

A final copy of this Notice of Meeting has been lodged the ASX. Neither the ASX nor any of their respective officers takes any responsibility for the contents of this document.

Forward looking statements

Some of the statements appearing in this document may be in the nature of forward looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', 'consider', 'foresee', 'aim', 'will' and similar expressions are intended to identify forward-looking statements. Indications of and guidance on, future production, resources, reserves, sales, capital expenditure, earnings and financial position and performance are also forward-looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties many of which are outside the Company's control. Those risks and uncertainties include factors and risks specific to the Company such as (without limitation) the impact of inflation on operating, exploration and development costs, fluctuations in exchange rates, operational risks, risks associated with the exploration or developmental stage of projects, risks associated with the exploitation stage of projects, the imprecise nature of resource and reserve statements, access to and costs of infrastructure and transport, taxation and regulatory issues, changes in law and accounting policies, the fluctuating industry and commodity cycles, any reliance on third parties, any imposition of significant obligations under environmental regulations, the impact on competitiveness of the business resulting from carbon trading and carbon tax imposed by governments, any climate change impact (including regarding water allocation), any increased competition, any loss of key long term contracts, the adverse impact of wars, terrorism, political, economic or natural disasters, any inability to enforce legal rights, any native title claims, the ability to service or obtain funding, further exploration or new projects, loss of key personnel and delays in obtaining or inability to obtain any necessary government approvals, third party consents or exploration licences, impact of changes to interest rates, effect of new technologies, changes to government fiscal, monetary and regulatory policies.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected.

None of the Company nor any of their respective officers or any person named in this document or involved in the preparation of this document make any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, and you are cautioned not to place undue reliance on those statements.

The forward looking statements in this document reflect views held only as at the date of this document.

No financial product advice

This document does not constitute financial product or investment advice nor a recommendation in respect of the Shares. It has been prepared without taking into account the objectives, financial situation or needs of Shareholders or other persons. The Company is not licensed to provide financial product advice.

Before deciding how to vote or act, Shareholders and others should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances.

No internet site is part of this document

No internet site is part of this Notice of Meeting. The Company maintains an internet site (<http://www.asfgroupltd.com>). Any references in this document to this internet site is a textual reference only and does not form part of this document.

Chairman's letter

Dear Shareholder,

On behalf of the Directors of ASF Group Limited I am pleased to invite you to a General Meeting to be held on 8 August 2014. This meeting is being held in conjunction with a fully underwritten rights issue where ASF will raise approximately \$10,000,000 offering 1 Share for every 8 Shares held by eligible Shareholders. This will result in the Company being in a position to add further value to its existing investment portfolio creating greater opportunity for the Company.

The purpose of the General Meeting is to seek shareholder approval to:

- ratify the prior issue of Shares to Ruby Bridge Group Limited to refresh the Company's 15% placement capacity;
- issue Shares to Ruby Bridge Group Limited on the conversion of the Convertible Loan;
- refresh the ASF Share Plan in anticipation of issuing Shares under the ASF Share Plan; and
- issue Shares to the Directors of the Company in acknowledgement of their commitment to the Company's development and growth.

Further information regarding all Resolutions to be considered at this meeting is set out in the enclosed Explanatory Memorandum.

The Resolutions to be considered at this General meeting are reflective of the Company's efforts to be in a position to capitalise on future investment opportunities. To that end the conversion of the Convertible Loan into Shares allows the Company to extinguish a significant amount of the Company's debt.

I look forward to your attendance at the General Meeting. If you are unable to attend the meeting in person, please complete, sign and return the enclosed proxy form by 10.30 am (Sydney time) on Wednesday 6 August 2014.

Yours sincerely



Min Yang
Chairman

Notice of General Meeting

Notice is given that a general meeting of the shareholders of the Company will be held at Lachlan Room, Pullman Quay Grand Sydney Harbour, 61 Macquarie Street, Sydney NSW 2000 on 8 August 2014 commencing at 10:30 am.

Capitalised terms in the Notice of Meeting are defined either in the Glossary section or where the relevant term is first used.

1 Agenda

Resolution 1 – Approval of Shares previously issued to Ruby Bridge Group Ltd

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

That for the purposes of ASX Listing Rule 7.4 and all other purposes, approval is given for ratification of the issue of 57,403,727 Shares to Ruby Bridge Group Ltd, a nominee of Star Diamond Developments Limited as described in the Explanatory Memorandum accompanying, and forming part of, this Notice of Meeting.

Resolution 2 – Conversion of Convertible Loan

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

That, for the purposes of Listing Rule 7.1 and for all other purposes, shareholders approve the issue of 17,490,411 Shares to Ruby Bridge Group Ltd, a nominee of Star Diamond Developments Limited, on the conversion of the Convertible Loan on the terms set out in the Explanatory Memorandum.

Resolution 3 – General Approval of issue of Shares under the ASF Share Plan

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

That for the purposes of ASX Listing Rule 7.2 (Exception 9), approval be given to the issue of Shares under the ASF Share Plan on the basis set out in the Explanatory Memorandum.

Resolution 4 – Approval for the issue of Shares to William Kuan under the ASF Share Plan

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

That for the purposes of ASX Listing Rule 10.14, the issue of 250,000 Shares to William Kuan, an executive Director of the Company, under the ASF Share Plan on the terms set out in the Explanatory Memorandum.

Resolution 5 – Approval for the issue of Shares to Nga Fong Lao

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the issue of 1,000,000 Shares to Nga Fong Lao on the terms and conditions described in the Explanatory Memorandum.

Resolution 6 - Approval for the issue of Shares to Sincere Investment Group Ltd

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the issue of 4,000,000 Shares to Sincere Investment Group Limited, a nominee of Min Yang, on the terms and conditions described in the Explanatory Memorandum.

Resolution 7 - Approval for the issue of Shares to Sincere Investment Group Ltd

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the issue of 300,000 Shares to Sincere Investment Group Limited, a nominee of David Fang, on the terms and conditions described in the Explanatory Memorandum.

Resolution 8 - Approval for the issue of shares to Wai Sang Ho

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the issue of 1,000,000 Shares to Wai Sang Ho, on the terms and conditions described in the Explanatory Memorandum.

Resolution 9 - Approval for the issue of shares to Xin Zhang

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the issue of 1,000,000 Shares to Xin Zhang, on the terms and conditions described in the Explanatory Memorandum.

Resolution 10 - Approval for the issue of shares to Gold Star Industry Ltd

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the issue of 2,500,000 Shares to Gold Star Industry Ltd, a nominee of Geoff Baker, on the terms and conditions described in the Explanatory Memorandum.

Resolution 11 - Approval for the issue of shares to Yong Jiang

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the issue of 300,000 Shares to Yong Jiang, on the terms and conditions described in the Explanatory Memorandum.

2 Voting Exclusion Statement

2.1 Resolution 1

The Company will disregard any votes cast on Resolution 1 by Ruby Bridge Group Ltd and any associates of Ruby Bridge Group Ltd.

However, the Company need not disregard a vote, if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2.2 Resolution 2

The Company will disregard any votes cast on Resolution 2 by Star Diamond Developments Limited and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 2 is passed and any associates of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2.3 Resolution 3

The Company will disregard any votes cast on Resolution 3 by:

- (a) any employee or Director of the Company or its subsidiaries; and
- (b) any associate of any employee or Director of the Company or its subsidiaries; and
- (c) as proxy by a member of the Key Management Personnel (as defined in section 9 of the Corporations Act 2001 (Cth)) or their Closely Related Parties Personnel (as defined in section 9 of the Corporations Act 2001 (Cth)).

2.4 Resolution 4

The Company will disregard any votes cast on Resolution 4 by William Kuan or any of his associates or any person who may obtain a benefit if this resolution is passed other than in their capacity as a Shareholder.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2.5 Resolution 5

The Company will disregard any votes cast on Resolution 5 by Nga Fong Lao or any of his associates or any person who may obtain a benefit if this resolution is passed other than in their capacity as a Shareholder.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2.6 **Resolution 6**

The Company will disregard any votes cast on Resolution 6 by Min Yang and Sincere Investment Group Ltd or any of their associates or any person who may obtain a benefit if this resolution is passed other than in their capacity as a Shareholder.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2.7 **Resolution 7**

The Company will disregard any votes cast on Resolution 7 by David Fang and Sincere Investment Group Ltd or any of their associates or any person who may obtain a benefit if this resolution is passed other than in their capacity as a Shareholder.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2.8 **Resolution 8**

The Company will disregard any votes cast on Resolution 8 by Wai Sang Ho or any of his associates or any person who may obtain a benefit if this resolution is passed other than in their capacity as a Shareholder.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2.9 **Resolution 9**

The Company will disregard any votes cast on Resolution 9 by Xin Zhang or any of his associates or any person who may obtain a benefit if this resolution is passed other than in their capacity as a Shareholder.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2.10 **Resolution 10**

The Company will disregard any votes cast on Resolution 10 by Geoff Baker and Gold Star Industry Ltd or any of their associates or any person who may obtain a benefit if this resolution is passed other than in their capacity as a Shareholder.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2.11 Resolution 11

The Company will disregard any votes cast on Resolution 11 by Yong Jiang or any of his associates or any person who may obtain a benefit if this resolution is passed other than in their capacity as a Shareholder.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3 Proxy and voting instructions

3.1 Voting in person

A Shareholder that is an individual may attend and vote in person at the meeting. If you wish to attend the meeting, please bring the enclosed proxy form to the meeting to assist in registering your attendance and number of votes. Please arrive 15 minutes prior to the start of the meeting to facilitate this registration process.

A Shareholder that is a corporation may appoint an individual to act as its representative to vote at the meeting in accordance with the requirements of section 250D of the Corporations Act. The appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission, together with any authority under which it is signed. A form of the certificate may be obtained from the Company's Share Registry or at www.boardroomlimited.com.au.

3.2 Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by 10.30am on 6 August 2014 in accordance with the instructions set out on the Proxy Form.

Sections 250BB and 250BC of the Corporations Act apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this General Meeting. Broadly, the changes mean that:

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

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and

- (c) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- (b) the appointed proxy is not the chair of the meeting; and
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting;
 - (ii) the proxy does not vote on the resolution,

chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

A Proxy Form accompanies this Notice of Meeting.

Voting Intentions

If you wish to direct your proxy how to vote on any or all of the Resolutions, place a mark "X" in the "For", "Against" or "Abstain" box. If you do not direct your proxy how to vote, your proxy may vote as he, she or it sees fit. If you mark the abstain box, you are directing your proxy not to vote on your behalf in respect of that Resolution and your votes will not be included on a show of hands or on a poll.

Please refer to the Proxy Form that accompanies this Notice of Meeting for instructions on its completion and lodgement.

Directions to Chairperson of Meeting

If the Chairperson of the Meeting is appointed, or is taken to be appointed, as a proxy, the shareholder can direct the Chairperson to vote "For", "Against" or "Abstain" from voting on the Resolutions by marking the appropriate box on the Proxy Form.

However, if the Chairperson of the meeting is a proxy and the relevant Shareholder does not provide a voting direction in respect of the Resolutions on the proxy form, the relevant Shareholder's proxy will be taken as a direction to the Chairperson of the meeting to vote in accordance with the Chairperson's stated voting intentions, which is to vote in favour of the Resolutions. Please note that you will be taken to authorise the Chairperson to exercise the proxy even if the relevant resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel or the Chairperson has an interest in the outcome of the Resolution.

If you appoint the Chairperson of the meeting as your proxy and you want to direct the votes in respect of your Shares on the Resolutions, you should direct the Chairperson how to vote by marking the relevant box ("For", "Against" or "Abstain") in the Proxy Form.

Voting Entitlement

For the purposes of determining voting entitlements at the General Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at 7.00 pm (Sydney time) on 6 August 2014 on the Company's register of members. Transactions registered after that time will, therefore, be disregarded in determining entitlements to attend and vote at the Meeting.

Dated: 8 July 2014

By order of the Board

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

William Kuan
Company secretary

1 Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting and should be read in conjunction with, and forms part of, the Notice of Meeting to which it accompanies.

1.1 Introduction

This Explanatory Memorandum accompanies and forms part of the Notice of Meeting of ASF Group Limited and it is intended to provide Shareholders with information to assist them in assessing the merits of the Resolutions contained in the business to be conducted at the Meeting to be held on 8 August 2014.

A glossary of defined terms used in the Notice of Meeting and this Explanatory Memorandum is set out at in the Glossary which appears the end of this Explanatory Memorandum.

The Directors recommend that Shareholders read the Explanatory Memorandum before making any decisions in relation to the Resolutions set out in the Notice of Meeting.

If any Shareholder is in doubt as to how they should vote, they should seek advice from their legal, financial or other professional adviser prior to voting.

1.2 Resolution 1: Approval of Shares previously issued to Ruby Bridge Group Ltd

On 23 August 2012 the Company entered into a Convertible Loan Agreement with Star Diamond under which Star Diamond issued a convertible loan facility of \$7,000,000 to the Company (**Convertible Loan**). Since then, the Convertible Loan has been subsequently amended and extended and, following the conversions described below, the current outstanding principal amount of the Convertible Loan is \$3,000,000 (plus accrued interest). Details of all amendments of the Convertible Loan have been announced by the Company on the ASX website.

The terms of the Convertible Loan provide the Company with the entitlement to elect to repay the loaned amount by conversion of one or a combination of shares in the Company or its subsidiaries/associates or repay in cash at any time.

On 18 December 2013, the Company repaid to Star Diamond a principal amount of \$3 million by way of cash in the amount of \$500,000 and the issuance or transfer of the total value of \$2.5 million of fully paid ordinary shares in the Company's subsidiaries and investment.

Further, the Company elected to exercise its right to convert part of the loan amount to Shares on the following dates and in the following amounts:

- 30 December 2013 – convert a principal amount of \$4,000,000 to 36,363,636 Shares; and
- 20 January 2014 – convert a principal amount of \$1,000,000 together with outstanding accrued interest of \$1,314,410 to 21,040,091 Shares.

(together the **Converted Shares**).

The Converted Shares were issued to Ruby Bridge Group Limited, a nominee of Star Diamond Developments Limited.

ASX Listing Rule 7.1 imposes a limit on the number of equity securities (including ordinary shares) that a company can issue or agree to issue without shareholder approval. Generally, a company may not, without shareholder approval, issue in any 12 month period, a number of equity securities which is more than 15% of the number of fully paid ordinary shares on issue 12 months before the issue. The Company issued the Converted Shares within its placement capacity under ASX Listing Rule 7.1. Resolution 1 seeks to ratify the issue of the Converted Shares to Ruby Bridge Group Limited.

The number of equity securities that may be issued by a company under ASX Listing Rule 7.1 without shareholder approval is not impacted by equity securities which are issued under an exception contained in ASX Listing Rule 7.2 or which have received shareholder approval. ASX Listing Rule 7.4 provides that an issue by a company of equity securities made without

shareholder approval under ASX Listing Rule 7.1 is treated as having been made with approval, if the issue did not breach ASX Listing Rule 7.1 when made and the company's shareholders subsequently approve it.

The Board has decided to seek shareholder approval under ASX Listing Rule 7.4 in respect of the issue of the Converted Shares. The Company confirms that the issue of the Converted Shares, at the time of issue, did not breach ASX Listing Rule 7.1.

In accordance with ASX Listing Rule 7.5 the following details are provided in respect of the Shares issued to Ruby Bridge Group Ltd:

Number of Shares issued	57,403,727
Date of issue	30 December 2013 – 36,363,636 Shares 20 January 2014 – 21,040,091 Shares
Issue price	\$0.11 per Share
The terms of issue	The Shares issued were fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
Names of Allottee	Ruby Bridge Group Ltd
Use of funds raised	No funds were raised from the issue

The Board recommends that Shareholders who are eligible to do so vote in favour of this resolution.

1.3 Resolution 2: Conversion of Convertible Loan

The Company has elected to convert all of the amounts outstanding under Convertible Loan to Shares.

As at the date of this Meeting, the outstanding principal amount of the Convertible Loan is \$3,000,000 (plus accrued interest of \$148,273.98), giving a total amount owing of \$3,148,273.98.

Resolution 2 seeks Shareholder approval for the purposes of Listing Rule 7.1 and for all other purposes, for the Company to convert the outstanding amounts under Convertible Loan into Shares. A summary of ASX Listing Rule 7.1 is set out above in Resolution 1.

The following information is provided in accordance with Listing Rule 7.3:

Maximum number of securities issued	17,490,411
Date of issue	8 August 2014
Issue Price	\$0.18 per Share
Names of Allottee	Ruby Bridge Group Ltd
Terms of issue	The Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares
Intended use of funds	No funds will be raised from this issue

The Board recommends that Shareholders who are eligible to do so vote in favour of this resolution.

1.4 Resolution 3: General approval of issue of Shares under the ASF Share Plan

(a) Background to ASF Share Plan

The issuing of performance rights is a recognised practice in Australia as part of the remuneration of senior executives.

The ASF Share Plan was approved by the Shareholders at the 2007 annual general meeting of the Company.

In relation to employee incentive schemes such as the ASF Share Plan, ASX Listing Rule 7.2 (Exception 9) provides an exception to the requirement to obtain shareholder approval each time securities are issued under the ASF Share Plan. For this exception to apply however, the ASX Listing Rules require shareholder approval in respect of any issues under the ASF Share Plan to be "refreshed" every 3 years, which is the reason for the inclusion of Resolution 3.

A summary of the ASF Share Plan is set out below:

(b) Summary of the ASF Share Plan:

- (i) The Board may in its sole discretion invite any director, executive, manager or employee to apply for shares or rights in the Company pursuant to the ASF Share Plan. These shares or rights will be issued on such terms and conditions prescribed by the Board in accordance with the terms of the ASF Share Plan.
- (ii) The Company may not invite participation in the ASF Share Plan other than in accordance with the requirements of the Corporations Act or by fulfilling the conditions and requirements of an applicable exemption from the Corporations Act.
- (iii) Once the Directors have determined the terms of issue of shares, number of shares or rights and the class of members who are eligible for those shares, then staff executives or Directors, depending on eligibility may apply for the shares according to those terms. A "member" extends to any Director, executive, manager or employee of the Company.
- (iv) The company may reject any application where the Member has received a termination of his or her engagement with the Company e.g. he or she is dismissed as an employee.
- (v) Shares or Rights will be subject to such escrow requirement as may be imposed by the ASX, but otherwise listing of shares will be subject to policy adopted by the Directors.
- (vi) There are the other provisions concerning the keeping of registers, issue of certificates or holding statements and application procedures etc as are normally used with administering such incentive share plans.
- (vii) The ASF Share Plan may be amended by the Board subject to the ASX Listing Rules, the Corporations Act and all other applicable laws.
- (viii) The ASF Share Plan will be administered by the Board or an administrator appointed by the Board. The Board may make such rules for the conduct of the plan as it thinks fit.
- (ix) Any shareholder requiring a copy of the full terms of the ASF Share Plan will be sent one free on request to the Company Secretary.

(x) The Directors and their associates are excluded from voting on this Ordinary Resolution. Accordingly, the Directors make no recommendation in relation to this Ordinary Resolution.

(c) ASX Listing Rule 7.1

ASX Listing Rule 7.2 (Exception 9) provides an exception to the requirement to obtain shareholder approval under ASX Listing Rule 7.1 each time securities are issued under for employee incentive schemes, such as the ASF Share Plan. For this exception to apply, the ASX Listing Rules require Shareholder approval in respect of any issues under the ASF Share Plan to be “refreshed” every 3 years.

There have been no securities issued under the ASF Share Plan in the past 3 years in accordance with ASX Listing Rule 7.2 Exception 9.

Approval is sought under Exception 9 to ASX Listing Rule 7.2 so that any issue under the ASF Share Plan in the next 3 years (including the Shares proposed to be issued to Directors in Resolutions 4 to 11 and otherwise in accordance with the ASF Share Plan) is disregarded in determining in the future whether the Company has reached that annual placement capacity under ASX Listing Rule 7.1.

Accordingly, shareholders of the Company are asked at this meeting to approve the issue of securities under the ASF Share Plan in accordance with Exception 9 of ASX Listing Rule 7.2.

Each of the Directors has an interest in the outcome of this resolution. For those reasons, the Directors will not be making recommendations as to voting on this resolution.

(d) Shares to be issued under the ASF Share Plan

The aggregate number of Shares to be issued under the ASF Share Plan is 2,200,000 Shares (inclusive of 250,000 Shares to be issued to William Kuan under Resolution 4). The Shares to be issued under the ASF Share Plan will be subject to an escrow period of 12 months from the date of issue.

1.5 **Resolution 4: Issue of Shares to William Kuan under the ASF Share Plan**

In accordance with the ASX Listing Rules, shareholders of the Company are asked to approve the issue of Shares under the ASF Share Plan to William Kuan, an executive director of the Company.

The ASX Listing Rules require the Company to obtain the approval of shareholders to the issue of Shares to a Director under the ASF Share Plan.

(a) ASX Listing Rule 10.14

ASX Listing Rule 10.14 requires the Company to obtain Shareholder approval by ordinary resolution prior to the issue of under an employee incentive scheme to a director.

In order to issue the Shares to William Kuan as a Director, the Company must obtain prior Shareholder approval pursuant to ASX Listing Rule 10.14.

Shareholders should note that the issue of Shares to William Kuan will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1 as the Shares are being issued under an employee incentive scheme approved within the last 3 years.

ASX Listing Rule 10.15 sets out a number of matters which must be included in the notice of meeting convened to consider shareholder approval under ASX Listing Rule 10.14.

(b) Requirements of ASX Listing Rule 10.15

For the purposes of ASX Listing Rule 10.15, the following information is provided to Shareholders in relation to Resolution 4. This information is as follows:

(i) the maximum number of Shares the Company will issue to William Kuan is 250,000 Shares;

- (ii) the Shares will be issued for nil cash consideration and will rank equally with all other Shares on issue;
- (iii) no persons to which ASX Listing Rule 10.14 applies have received Shares under the ASF Share Plan since the last approval under ASX Listing Rule 10.14;
- (iv) all of the current Directors entitled to participate in the ASF Share Plan;
- (v) no loan will be provided by the Company in connection with the issue of Shares to William Kuan;
- (vi) the Shares will be issued as soon as possible after the date of this Meeting but in any event no later than 12 months after the date of this Meeting;
- (vii) The Shares to be issued to William Kuan will be subject to an escrow period of 12 months from the date of issue; and
- (viii) the purpose of the issue of Shares to William Kuan is to give him an incentive to continue to provide dedicated and ongoing commitment and effort to the Company. The Board considers the grant of the Shares to be reasonable in the circumstances given the Company's size and stage of development and the necessity to attract and retain the highest calibre of professionals to the role of executive Director whilst maintaining the Company's cash reserves.

1.6 **Resolutions 5 to 11: Approval of issue of Shares to Directors (other than William Kuan)**

Resolutions 5 to 11 seek Shareholder approval in accordance with Listing Rule 10.11 and for all other purposes for the issue of 10,100,000 Shares to the Directors (or their nominees) other than William Kuan in the amounts set out in the table below.

It is proposed that the Shares be issued to allow the Company to adequately compensate each of Nga Fong Lao, Min Yang, David Fang, Wai Sang Ho, Geoff Baker, Xin Zhang and Yong Jiang for their commitment to the Company and to incentivise them to retain their positions with the Company and to continue to contribute to the Company's development and growth.

The number of Shares proposed to be issued to each of Nga Fong Lao, Min Yang, David Fang, Wai Sang Ho, Geoff Baker, Xin Zhang and Yong Jiang is set out in Column 3 of the table below. These numbers were determined by the Directors as being reasonable in all of the circumstances, with each proposed recipient Director removing him or herself from any Board discussions regarding how many Shares are proposed to be issued to that particular Director.

Subject to Shareholder approval, the Directors have formed the view that, in the case of each of the Directors, it is appropriate to issue the number of Shares set out next to that Directors name in Column 3 of the table below because the issue would be reasonable in the circumstances having regard to the present circumstances of the Company and the following considerations:

- (a) competition in the markets in which the Company operates for experienced company directors and the importance of each of Nga Fong Lao, Min Yang, David Fang, Wai Sang Ho, Geoff Baker, Xin Zhang and Yong Jiang to the future development and growth of the Company;
- (b) issuing the Shares would be a cost-effective mechanism for the Company to reward each of Nga Fong Lao, Min Yang, David Fang, Wai Sang Ho, Geoff Baker, Xin Zhang and Yong Jiang for their efforts and encourage them to remain involved in the Company's affairs going forward;
- (c) there do not appear to be any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Shares upon the terms proposed.

The table below provides a summary of the number of Shares each of Nga Fong Lao, Min Yang, David Fang, Wai Sang Ho, Geoff Baker, Xin Zhang and Yong Jiang (or their nominees, as applicable) will be issued pursuant to Resolutions 5 to 11:

Resolution number	Director	Number of Shares proposed to be issued	Consideration for Shares
Resolution 5	Nga Fong Lao	1,000,000	Nil
Resolution 6	Sincere Investments Group Limited as nominee of Min Yang	4,000,000	Nil
Resolution 7	Sincere Investments Group Limited as nominee of David Fang	300,000	Nil
Resolution 8	Wai Sang Ho	1,000,000	Nil
Resolution 9	Xin Zhang	1,000,000	Nil
Resolution 10	Gold Star Industry Ltd as nominee of Geoff Baker	2,500,000	Nil
Resolution 11	Yong Jiang	300,000	Nil

Sincere Investment Group Limited – Resolutions 6 and 7

Under Resolutions 6 and 7, approval is sought for the issue of Shares to Sincere Investments Group Limited as nominee of Min Yang and David Fang, respectively.

Min Yang and David Fang are engaged by Sincere Investments Group Ltd to provide consulting services to ASF Group Limited. Min Yang and David Fang have no legal or beneficial interest in Sincere Investments Group Ltd.

Gold Star Industry Pty Ltd – Resolution 10

Under Resolution 10 approval is sought for the issue of Shares to Gold Star Industry Ltd, a nominee of Geoff Baker.

Geoff Baker has a beneficial interest in Gold Star Industry Ltd.

1.7 ASX Listing Rules

ASX Listing Rule 10.11 requires a listed company to obtain Shareholder approval prior to the issue of securities to a related party. As Directors of the Company, each of Nga Fong Lao, Min Yang, David Fang, Wai Sang Ho, Geoff Baker, Xin Zhang and Yong Jiang are related parties of the Company. Accordingly, Shareholder approval is required under ASX Listing Rule 10.11 for the issue of the Shares under Resolutions 5 to 11.

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting for a proposed approval under Listing Rule 10.11. The following information is provided to

Shareholders for the purposes of Listing Rule 10.13 to allow them to assess the proposed issue of Shares under Resolution 5 to 11:

- (a) the Shares will be issued to the parties set out in Column 2 of the table above, being either Directors or nominees of Directors (other than William Kuan), for incentive and remuneration purposes.
- (b) the maximum total number of Shares to be issued under Resolutions 5 to 11 is 10,100,000, in the amounts to each of Nga Fong Lao, Min Yang, David Fang, Wai Sang Ho, Geoff Baker, Xin Zhang and Yong Jiang (or their nominees) as set out next to their name in Column 3 in the table above;
- (c) the Shares will be issued no later than one month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the Shares to be issued with a deemed issue price of \$0.18 per Share and will rank equally with all other Shares on issue in the Company;
- (e) the Shares to be issued to these Directors will be subject to an escrow period of 12 months from the date of issue.
- (f) In respect to Resolutions 6, 7 and 10, the relationship between the relevant Directors and their nominees is set out above in Section 1.6 of the Explanatory Memorandum; and
- (g) there will be no funds raised from the issue of the Shares (which will be issued for nil consideration).

Approval under ASX Listing Rule 7.1 is not required if the same issue is approved by Shareholders pursuant to ASX Listing Rule 10.11 (as provided for by ASX Listing Rule 7.2, exception 14).

2 Glossary

In the Notice of Meeting, unless the contrary intention appears or the context requires otherwise:

\$ means Australian dollars. All amounts in this Notice of Meeting are in Australian dollars unless otherwise indicated.

ASF Share Plan means the ASF Share Plan adopted by the Shareholders at the annual general meeting of the Company held on 8 November 2007.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the official listing rules of the ASX.

Board means the board of Directors of the Company.

Business Day has the same meaning as that given in ASX Listing Rules.

Chairperson means the person appointed as the chairperson of the Company for the purposes of the Meeting.

Company means ASF Group Limited ACN 008 924 570.

Constitution means the current constitution of the Company.

Converted Shares has the meaning set out in Section 1.2 of the Explanatory Memorandum.

Convertible Loan has the meaning set out in Section 1.2 of the Explanatory Memorandum.

Corporations Act means the Corporations Act 2001 (Cth) and associated regulations.

Director means a director of the Company and Directors has a corresponding meaning.

Explanatory Memorandum means this explanatory memorandum that forms part of this Notice of Meeting.

General Meeting and **Meeting** means the Extraordinary General Meeting the subject of this Notice.

Key Management Personnel as defined in section 9 of the Corporations Act 2001 (Cth).

Notice or **Notice of Meeting** means this notice of meeting and explanatory memorandum for the Meeting.

Proxy Form means the proxy form attached to and forming part of this Notice of Meeting.

Resolution means a resolution referred to in the Notice of Meeting.

Rights has the same meaning as set out in the ASF Share Plan.

Share means an ordinary share in the capital of the Company and **Shares** has a corresponding meaning.

Shareholder means a person who is registered in the Company's register of members as a holder of Shares and Shareholders has a corresponding meaning.

Share Registry means Boardroom Pty Limited.

All Correspondence to:

 **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

Level 7, 207 Kent Street,
Sydney NSW 2000 Australia

 **By Fax:** +61 2 9290 9655

 **Online:** www.boardroomlimited.com.au

 **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:30AM (AEST) WEDNESDAY 6 AUGUST 2014**

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the 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 your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.


Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.


Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**


STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:30am (AEST) on Wednesday, 6 August 2014**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

 **By Fax** + 61 2 9290 9655

 **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

 **In Person** Level 7, 207 Kent Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Your Address
 This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **ASF Group Limited** and entitled to attend and vote hereby appoint

the **Chairman of the Meeting (mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting as my/our proxy at the **General Meeting of ASF Group Limited to be held at Lachlan Room, Pullman Quay Grand Sydney Harbour, 61 Macquarie Street, Sydney NSW 2000 on Friday, 8 August 2014 at 10:30am (AEST)** and at any adjournment of that meeting, to act 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.

Chairman to vote undirected proxies in favour: The Chairman of the Meeting intends to vote undirected proxies in favour of all Resolutions. If the Chairman of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote, please place a mark in the box:

It is the Chairman's intention to vote undirected proxies in favour of all Resolutions. By marking this box, you acknowledge that the Chairman may exercise your proxy even if she has an interest in the outcome of the resolutions and that votes cast by her other than as proxy holder will be disregarded of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will not cast your votes on the Resolutions and your votes will not be counted in calculating the required majority if a poll is called on the Resolution.

STEP 2 VOTING DIRECTIONS

* 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 vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Approval of Shares previously issued to Ruby Bridge Group Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Conversion of Convertible Loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	General Approval of issue of Shares under the ASF Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval for the issue of Shares to William Kuan under the ASF Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval for the issue of Shares to Nga Fong Lao	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval for the issue of Shares to Sincere Investment Group Ltd, a nominee of Min Yang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval for the issue of Shares to Sincere Investment Group Ltd, a nominee of David Fang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval for the issue of Shares to Wai Sang Ho	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Approval for the issue of Shares to Xin Zhang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Approval for the issue of Shares to Gold Star Industry Ltd, a nominee of Geoff Baker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Approval for the issue of Shares to Yong Jiang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SHAREHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2014