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24 November 2014

Dear Shareholder

Non-Renounceable 1 for 10 Rights Issue to Shareholders

1 Rights Issue

ASF Group Limited ACN 008 924 570 (ASX: AFA) (the **Company**) announced a non-renounceable 1 for 10 rights issue on 21 November 2014 (**Offer**) and is pleased to provide further detailed information on the Offer.

The Offer is for new fully paid ordinary shares (**New Shares**) on the basis of one (1) New Share for every ten (10) existing shares held (**Entitlement**) by Eligible Shareholders (defined below) on the Record Date (defined below) (**Existing Shares**), at a price of \$0.18 per New Share (**Issue Price**).

Based on the current shares on issue in the Company, a total of 53,240,201 New Shares will be offered to raise up to \$9,583,236 (before the costs of the Offer).

The Issue Price represents a discount of approximately 14.29% to the last closing price of the Company's shares on the ASX prior to the announcement of the Offer.

The Offer is non-renounceable, meaning that Eligible Shareholders who do not take up their Entitlement will not be able to transfer or receive any value for those Entitlements, and their equity interest in the Company will be diluted.

2 Offer Document

The Offer is being conducted in accordance with section 708AA of the *Corporations Act 2001* (Cth) (the **Act**). Accordingly, the Company is not required to lodge a prospectus with ASX or ASIC or provide one to shareholders. The Company has prepared a document explaining the Offer in more detail (**Offer Document**).

The Offer Document was lodged with the ASX on 21 November 2014 and will be sent to Eligible Shareholders on or before 1 December 2014, together with an Application Form.

A Cleansing Notice and Appendix 3B were also lodged with the ASX on 21 November 2014.

All documents are available for inspection on the ASX website at www.asx.com.au and the Company's website at www.asfgroupltd.com.

3 Eligibility and Record Date

Holders of shares in the Company as at 7.00pm (Sydney time) on 27 November 2014 (**Record Date**) will be eligible to participate in the Offer (**Eligible Shareholders**).

4 Placement of Shortfall

A Shortfall will arise if, the applications for New Shares under the Offer received are less than the total number of New Shares offered (**Shortfall Shares**).

The Company will allow Eligible Shareholders, in addition to applying for all of their Entitlements, to apply for such further number of Shortfall Shares which the Eligible Shareholder may specify in the Acceptance Form.

In the event that there is no Shortfall, the Application Monies relating to the Shortfall will be returned to the Eligible Shareholder as soon as practicable following the Closing Date without interest.

In the event that applications from Eligible Shareholders to participate in the Shortfall exceed the number of Shortfall Shares, those applications will be scaled back in the discretion of the Directors.

No Shortfall Shares will be issued to any Eligible Shareholder or any third party if it results in an Eligible Shareholder increasing its shareholding to more than 20% of the Company's issued capital.

Notwithstanding any application received by the Company for Shortfall Shares from Eligible Shareholders, the Directors may at their complete and absolute discretion place the Shortfall Shares with any third party at not less than the issue price within 3 months of the Closing Date.

The Rights Issue is not being underwritten.

5 Use of proceeds from the Offer

The Company will use the proceeds raised under the Offer to:

- (a) fund investments in current portfolio assets, including engaging property development consultants;
- (b) investigate and advance business development opportunities for the Company, with the goal of creating value for shareholders; and
- (c) provide working capital to the Company generally.

6 Timetable

The current proposed timetable for the Offer is set out below. All dates are subject to change and accordingly are indicative only. The Company has the right to vary the dates of the Offer, without prior notice, subject to the Corporations Act and the ASX Listing Rules.

Event	Date
Announcement of Offer, lodgment Appendix 3B and Section 708AA cleansing notice released to ASX	21 November 2014
Notice to Shareholders containing information required by Listing Rules	24 November 2014
"Ex" Date	25 November 2014
Record Date to determine Entitlement to New Shares	27 November 2014
Despatch of Offer Document and Entitlement and Acceptance Form and announcement that despatch completed	1 December 2014
Last day to extend Offer Closing Date	11 December 2014
Closing Date	16 December 2014
Securities quoted on a deferred settlement basis	17 December 2014

ASX notified of Shortfall	18 December 2014
Issue of New Shares, despatch date of holding statements	22 December 2014
Trading commences for New Shares on a normal settlement basis	23 December 2014

7 Capital Structure

The effect of the Offer on the capital structure of the Company based on the current shares on issue is as follows:

- (a) the maximum number of New Shares that may be issued under the Offer is 53,240,201, raising a maximum of \$9,583,236; and
- (b) after completion of the Offer, the maximum number of issued shares in the Company will be 585,642,214.

This assumes that no other shares are issued prior to the completion of the Offer.

8 Participating in the Offer

The Board recommends the Offer to shareholders.

However, before making a decision whether to apply for New Shares, Eligible Shareholders should read the Offer Document carefully and in its entirety when they receive it.

For further information on your Entitlement, please contact your professional advisor or the Company's share registry, Boardroom Pty Limited by phone on 02 9290 9600 (from within Australia), +61 (2) 9290 9600 (from outside Australia).

Yours sincerely
ASF GROUP LIMITED



Min Yang
Chairman