



CL ASSET HOLDINGS LIMITED
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27 May 2010

Ms Lux Wigneswaran
Adviser, Issuers (Sydney)
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

By Facsimile: (02) 9241 7620

Dear Lux,

RE: Appendix 4C Query

I refer to your letter dated 25 May 2010 in relation to the Company's Appendix 4C for the quarter ended 31 March 2010.

I respond to each of the questions in your letter as follows:

- 1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?*

In the month of March 2010 the Company purchased and paid for trading stock in the amount of approximately \$2.6 million for export. As of 31 March 2010 there were outstanding receivables totalling \$0.9 million. Hence the Company reported a negative net operating cash flow for the March quarter of \$765,000. In early April 2010 80% of outstanding receivables were collected resulting in positive operating cash flows for the Company in the month immediately following the quarter ended 31 March 2010.

As of today the Company's cash at bank and deposits at call increased from the amount at the end of the March quarter of \$973,000 to approximately \$2 million. The Company has sufficient cash to fund its on-going activities.

- 2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?*

The Company's wholly owned subsidiary, Asset Trading Group Pty Ltd "ATG", is expanding its sales efforts of ICT hardware into other countries of Asia and Northern America. Due to the dynamic nature of the underlying export business, the Company expects that in the future it may have negative operating cash flows similar to that reported in the Appendix 4C for the last quarter but it should be only temporary.

The Company has adopted prudent liquidity risk management program to maintain sufficient cash to meet obligations when due.

3. *What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?*

The Company monitors the performance and funding requirements of each operating segments closely. In order to have the necessary funding for its expanding export business, the Company continues to work towards the sale of its land and property holdings in order to increase liquidity.

4. *Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?*

The Company can confirm that it is in compliance with the listing rules, including listing rule 3.1.

5. *Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.*

The Company is in compliance with listing rule 12.2. The Company has substantial assets and negligible liabilities. In particular, as of today the Company:

- a. Has cash at bank and deposits at call of approximately \$2 million;
- b. Has financial assets in the form of loan receivables of approximately \$7 million;
- c. Has land and buildings and inventories in the amount of approximately \$8.5 million;
- d. Has no borrowings.

Yours truly,



Henry Kam
Company Secretary



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25 May 2010

Mr Henry Kam
Company Secretary
CL Asset Holdings Limited
Level 2
28-34 Clark Street
Crows Nest NSW 2065

By Email

Dear Henry,

CL Asset Holdings Limited (the "Company")

I refer to the Company's Quarterly Report in the form of Appendix 4C for the period ended 31 March 2010, released to ASX Limited ("ASX") on 28 April 2010 (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Receipts from product sales and related debtors of \$5,073,000.
2. Negative net operating cash flows for the quarter of \$765,000.
3. Cash at end of quarter of \$973,000.

In light of the information contained in the Appendix 4C please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

Australian Securities Exchange

Australian Stock Exchange
Sydney Futures Exchange

Australian Clearing House
SFE Clearing Corporation

ASX Settlement and Transfer Corporation
Austraclear

5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response may be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me by email to luxmy.wigneswaran@asx.com.au or on facsimile number (02) 9241 7620. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **9.30 a.m. AEST on Friday, 28 May 2010**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries, please do not hesitate to contact me.

Yours sincerely,

(sent electronically without signature)

Lux Wigneswaran
Adviser, Issuers (Sydney)