Notice of annual general meeting and explanatory statement

(including special business in relation to the proposed acquisition of Sino-Excel Energy Pte Ltd)

Norwood Abbey Limited ABN 20 085 162 456

Date:	31 May 2011
Time:	2:30 p.m. (Perth time)
Location:	Minter Ellison, Level 49, Central Park, 152-158 St George's Terrace, Perth, Western Australia 6000

Action required by Shareholders

Step 1: Read the Notice of Meeting and the Explanatory Statement.

Step 2: Vote on the resolutions.

Your vote is important. You may vote by:

- attending and voting at the Meeting, or
- completing and returning the enclosed proxy form so as to be received by the share registry by no later than 2:30pm (Melbourne time) on 29 May 2011.

29 April 2011

Dear Shareholder

On 14 September 2009 the Company announced that it had agreed to acquire Sino-Excel Energy Pte Ltd (**Sino-Excel**) a Singaporean company which, through Henan DeBang Resources Development Co. Ltd (**DeBang**), a wholly-owned People's Republic of China (**PRC**) company, has entered into an Exclusive Technical Consultation and Services Agreement (**Technical Services Agreement**) in relation to the established coal trading business operated by Century Golden Eagle Energy Holdings Co Ltd (**Golden Eagle**) in the PRC.

As the Company is unable to directly acquire Golden Eagle due to PRC legal restrictions, the Technical Services Agreement is intended to allow the Company to obtain the economic benefit derived from Golden Eagle's coal trading business. If DeBang subsequently obtains its own coal trading licence in the PRC for its own acquisition and business expansion purposes, DeBang may seek to integrate Golden Eagle's coal trading business into its own operation if the Board believes it is financially and commercially beneficial to do so and subject to reaching agreement on terms with Golden Eagle. Under the Technical Services Agreement, DeBang is entitled to receive a payment calculated by reference to each tonne of coal traded by Golden Eagle. Following the acquisition of Sino-Excel, DeBang will meet certain personnel and other costs being transferred from Golden Eagle to DeBang. The net amount will represent net profit prior to corporate overheads of DeBang.

DeBang will pursue an application for a coal trading licence following completion of the Sino-Excel Acquisition, however there can be no guarantee that a licence will be granted and it is expected that the timeframe for approval cannot be predicted with any certainty. Irrespective of whether the licence is granted the Technical Services Agreement operates to deliver a revenue stream in the manner described above.

Sino-Excel also intends to examine appropriate opportunities to acquire other coal trading businesses and coal mining concessions in the PRC and the Asia Pacific region over time. Coal trading opportunities are expected to be progressed only if a coal trading licence is in place in DeBang.

The Company is also undertaking a public share offer at 51 cents (post the proposed 30:1 share consolidation) per Share to raise a minimum of $2.5 million and up to $7.5 million. The primary purpose of the Capital Raising is to raise working capital for the Company going forward and to demonstrate sufficient spread requirements to enable the Company to apply for re-quotation of its securities on ASX following completion of the Sino-Excel Acquisition. The Capital Raising will not proceed if the Sino-Excel Acquisition does not proceed (and vice versa). Similarly, the Capital Raising will not proceed if the Company is for any reason unable to obtain re-quotation of its Shares on ASX. In addition, certain creditors of the Company have agreed to acquire securities in satisfaction of amounts owing to them by the Company or its related bodies corporate.

A Meeting of Shareholders has been called for 31 May 2011 to approve the Sino-Excel Acquisition and other related resolutions. In addition, the Meeting will address the required business for the 2009 and 2010 annual general meetings.

Enclosed with this letter is a Notice of Meeting (**Notice of Meeting**) and an accompanying Explanatory Statement which details the Company's proposed:

(a) Sino-Excel Acquisition;

(b) Capital Raising;

(c) Share Consolidation; and

(d) change of name to Sino-Excel Energy Limited.

A table setting out the capital structure of the Company before and after the completion of the Capital Raising and Sino-Excel Acquisition and creditors settlements is set out in section 11.4 of the Explanatory Statement.

An Independent Expert's Report by Grant Thornton Corporate Finance Pty Limited on the fairness and reasonableness of the Sino-Excel Acquisition accompanies the Explanatory Statement. In summary, the Independent Expert has concluded that based on the likely advantages, disadvantage and other factors associated with the Sino-Excel Acquisition, the Sino-Excel Acquisition is fair and reasonable to the non-associated Shareholders. Please refer to section 11.14 for further information about the conclusions of the Independent Expert's Report. A full copy of the Independent Expert's Report is set out in Annexure A.

Since the proposed acquisition of Sino-Excel represents a significant change in the nature and scale of the Company's business, the ASX has requested the Company to seek reinstatement of quotation of the Company's shares on the ASX (by complying with ASX Listing Rule 11.1.3 and meeting the requirements in Chapters 1 and 2 of the ASX Listing Rules) following completion of the proposed transaction. At this stage, the ASX has made no comment on whether the Company's application for re-admission will be successful and will only do so upon the Company's compliance with the relevant provisions in the ASX Listing Rules. Should the ASX approve the Company's application for re-admission, it is intended that Shares will resume trading by the end of May 2011.

The Meeting of the Company is to be held at Minter Ellison, Level 49, Central Park, 152-158 St George's Terrace, Perth, Western Australia 6000 at 2:30 p.m. (Perth time) on 31 May 2011.

The Sino-Excel Acquisition is not without risk. Some key risks include the following:

- the Norwood Group's profitability and ability to operate its business effectively are dependent on Golden Eagle's fulfilment of its obligations under the Technical Services Agreement;
- substantially all of the Company's revenues, costs and assets will be located in the PRC and key contracts that underpin the Sino-Excel Acquisition are governed by PRC laws. The PRC legal system has inherent uncertainties and therefore, the legal protections available to the Company may be limited;
- the Norwood Group's business and financial performance are susceptible to fluctuations in coal demand and prices; and
- the Norwood group will be highly reliant on the key personnel who have developed the Golden Eagle coal trading business.

The material risks are set out in greater detail in section 11.20 of the Explanatory Statement.

The Directors are pleased to be in a position to present this opportunity to the Shareholders and unanimously recommend the proposed transaction and encourage eligible Shareholders to vote in favour of all resolutions set out in the accompanying Notice of Meeting.

You are urged to consider carefully the Notice of Meeting and the accompanying Explanatory Statement before determining how you wish to vote on the resolutions before you.

If you cannot attend the Meeting, please complete the proxy form and return it (see the proxy form for details) as soon as possible and in any event by no later than 2:30p.m. (Perth time) on 29 May 2011.

Yours sincerely

Spencer Chan Kum Ee
Chairman

Key dates

Date of this Notice of Meeting and Explanatory Statement	29 April 2011
Latest time and date for lodgement of completed proxy form for the Meeting	2:30 pm (Perth time) on 29 May 2011
Time and date for determining eligibility to vote at the Meeting	7 p.m. (Perth time) on 29 May 2011
Time and date of the Meeting	2:30 p.m. (Perth time) on 31 May 2011

Important notices

General

The Notice of Meeting and Explanatory Statement are dated 29 April 2011.

This document is important. You should read it in its entirety before making a decision on how to vote on the Resolutions to be considered at the General Meeting. A proxy form for the Meeting is enclosed. 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 and Explanatory Statement are defined either in the Glossary in Section 3 or where the relevant term is first used.

Responsibility

The Notice of Meeting and Explanatory Statement have been prepared by the Company under the direction and oversight of its Directors.

Grant Thornton Corporate Finance Pty Limited has prepared the Independent Expert's Report in relation to the Sino-Excel Acquisition. The full report is set out in Annexure A. The Company and its related bodies corporate do not assume any responsibility for the accuracy and completeness of the Independent Expert's Report, except to the extent any inaccuracy or incompleteness in that document arises directly from the inaccuracy or incompleteness of information given to the Independent Expert by the Company.

Information in relation to Sino-Excel, DeBang and the GE Group has been extracted or adapted from publicly available information or third party sources with consent. The Company does not accept responsibility for any errors, omissions or misstatements in Section 11 that are attributable to errors, omissions or misstatements in publicly available information or third party sources or otherwise. The Company does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

ASIC and ASX

A draft of this Explanatory Statement was provided to ASIC for its review in connection with Resolution 8. ASIC has provided comments on that draft, in so far as the draft constitutes the proposed explanatory statement for Resolution 8.

Neither ASIC, 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.

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, any of its 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. The Company has no obligation to disseminate after the date of this document any updates or revisions to any such statements to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any of those statements are based unless it is required so under the Corporations Act to update or correct this document or pursuant to its continuous disclosure obligations under ASX Listing Rules and the Corporations Act.

No financial product advice

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

No other material information

Except as set out in this Explanatory Statement, in the opinion of the Directors, there is no other information material to the making of a decision on how to vote in relation to the Resolution, being information that is within the knowledge of any Director or of any related body corporate of the Company which has not been previously disclosed to Shareholders.

The Company will issue a supplementary document to the Explanatory Statement if it becomes aware of any of the following between the date this Explanatory Statement is lodged with ASIC and provided to ASX and the date the general meeting is held:

(a) a material statement in the Explanatory Statement is false or misleading in a material aspect;

(b) a material omission from this Explanatory Statement;

(c) a significant change affecting a matter included in this Explanatory Statement; or

(d) a significant new matter has arisen and it would have been required to be included in this Explanatory Statement if it had arisen before the date this Explanatory Statement is lodged with ASIC and provided to ASX.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, the Company may circulate and publish any supplementary document by:

(a) making an announcement to ASX;

(b) placing an advertisement in daily newspapers (as defined in the Corporations Act) ordinarily published in Australia;

(c) posting the supplementary document to Shareholders at their registered address as shown on the Company's register of Shareholders; or

(d) posting a statement on the Company's corporate website, as the Company in its sole and absolute discretion considers appropriate.

Authorisation

This Explanatory Statement has been approved by a resolution passed by the Directors of the Company.

Norwood Abbey Limited

Notice of Meeting

Notice is given that a Meeting of Shareholders will be held at Minter Ellison, Level 49, Central Park, 152-158 St George's Terrace, Perth, Western Australia 6000 at 2:30 p.m. (Perth time) on 31 May 2011.

The business to be considered at the Meeting is set out below. Information on the resolutions to which the business relates is contained in the Explanatory Statement.

Other than as where expressly stated otherwise, all numbers of Shares in the Notice of Meeting and the Explanatory Statement are expressed on a post-consolidation basis as if Resolution 7 had been passed.

1. Ordinary business

1.1 Financial statements and reports – 2009

To receive and consider:

- the financial report;
- the directors' report; and
- the auditor's report

for the financial year ended 30 June 2009.

1.2 Resolution 1 – Remuneration report - 2009

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

"That the remuneration report as set out in the Annual Report for the financial year ended 30 June 2009 be adopted."

Note: the vote on this resolution is advisory only and does not bind the Company or its Directors.

1.3 Financial statements and reports - 2010

To receive and consider:

- the financial report;
- the directors' report; and
- the auditor's report

for the financial year ended 30 June 2010.

1.4 Resolution 2 – Remuneration report - 2010

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

"That the remuneration report as set out in the Annual Report for the financial year ended 30 June 2010 be adopted."

Note: the vote on this resolution is advisory only and does not bind the Company or its directors.

1.5 Resolution 3 – Appointment of Director (Rohan Boman)

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

"That Rohan Boman, having been appointed a Director by the Board on 4 November 2009, being eligible and having signified his candidature for office, be elected as a Director."

1.6 Resolution 4 – Appointment of Director (Spencer Chan Kum Ee)

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

"That Spencer Chan Kum Ee, having been appointed a Director by the Board on 29 September 2009, being eligible and having signified his candidature for office, be elected as a Director."

1.7 Resolution 5 – Appointment of Director (Leo Peng)

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

"That Leo Peng, having been appointed a Director by the Board on 26 September 2009, being eligible and having signified his candidature for office, be elected as a Director."

1.8 Resolution 6 – Appointment of Director (Wong Chin Hong)

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

"That Wong Chin Hong, having been appointed a Director by the Board on 3 December 2010, being eligible and having signified his candidature for office, be elected as a Director."

2. Special business

2.1 Resolution 7 – Consolidation of Shares

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

"That in accordance with section 254H(1) of the Corporations Act and with immediate effect, the issued capital of the Company be consolidated on the basis that every 30 ordinary shares in the capital of the Company be consolidated into one ordinary share, on the terms and conditions described in the Explanatory Statement."

2.2 Resolution 8 – Issue of Shares to Sino-Excel Vendors

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

"Subject to the satisfaction or waiver of the Conditions Precedent, that, for the purposes of Item 7 of section 611 of the Corporations Act and for all other purposes, approval is given to the issue of:

(a) 117,647,059 Shares to the Sino-Excel Vendors; and

(b) an additional number of Shares up to a maximum of 117,647,059 Shares to the Sino-Excel Vendors, subject to the achievement of agreed profit targets for the year ended 31 December 2011,

and which will result in the Sino-Excel Vendors acquiring a relevant interest in voting shares in the Company which will result in their voting power in the Company exceeding 20%, on the terms and conditions described in the Explanatory Statement."

Voting exclusion

The Sino-Excel Vendors are not currently Shareholders. However, the Company will disregard any votes cast on this Resolution by the Sino-Excel Vendors (to the extent that the Sino-Excel Vendors are Shareholders at the relevant voting time) and any associate of the Sino-Excel Vendors who is a Shareholder. The Company need not disregard a vote if 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 it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form as the proxy decides.

2.3 Resolution 9 – Proposed change to nature and scale of activities

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

"That, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change in the nature and scale of its activities as described in the Explanatory Statement."

Voting exclusion

The Company will disregard any votes cast on this Resolution by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associates of those persons. However, the Company need not disregard a vote if 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 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.

2.4 Resolution 10 – Change of the Company's name

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

"Subject to completion of the Sino-Excel Acquisition, that for the purposes of section 157(1) of the Corporations Act and all other purposes, approval is given that the name of the Company be changed to 'Sino-Excel Energy Limited'."

Note

Under the Corporations Act, in order for this Resolution to be effective, it needs to be passed by a special majority of at least 75% of the votes cast by Shareholders present at the Meeting, either in person, by proxy or by attorney and entitled to vote on the Resolution.

2.5 Resolution 11 – Future Allotment and Issue of New Shares (Capital Raising)

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

"That, for the purpose of Listing Rule 7.1 of the ASX Listing Rules and for all other purposes, approval be given for the Company to issue and allot up to 14,705,883 Shares pursuant to the Capital Raising on the terms and conditions described in the Explanatory Statement."

Voting exclusion

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if 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 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 12 – Selective Buy-Back (Sino-Excel Vendors Shares)

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

“That, in accordance with Section 257D of the Corporations Act and for all other purposes, approval is given for the Company to make a selective buy back of Shares from the Sino-Excel Vendors, on the terms and conditions set out in the Explanatory Statement.”

Note

Under the Corporations Act, in order for this Resolution to be effective, it needs to be passed by a special majority of at least 75% of the votes cast by Shareholders present at the Meeting, either in person, by proxy or by attorney and entitled to vote on the Resolution.

Voting Exclusions:

The Company will disregard any votes cast on this resolution by the Sino-Excel Vendors and any of their associates. However, the Company need not disregard a vote if 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 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 13 – Future Allotment and Issue of New Shares (Boman Asset Pty Ltd) (Conversion of Debt to Equity)

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

"That, for the purpose of Listing Rule 10.11 of the ASX Listing Rules and for all other purposes, approval be given for the Company to issue and allot 923,516 Shares and 923,516 Options exercisable at 45 cents on or before 3 June 2014 to Boman Asset Pty Ltd (an entity controlled by Director Rohan Boman) on the terms and conditions described in the Explanatory Statement."

Voting exclusion

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if 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 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. Voting entitlement

For the purposes of the Meeting and in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), it has been determined that the Shareholders entitled to attend and vote at the Meeting shall be those persons who are recorded on the register of members at 7:00 p.m. (Perth time) on 29 May 2011.

4. Quorum

The Constitution provides that a quorum for a Meeting of Shareholders is five Shareholders entitled to vote holding 5% of issued share capital, present personally or by representative, attorney or proxy.

5. Majority required for the Resolutions to be passed

(a) All Resolutions (except for Resolutions 10 and 12) will be passed if at least 50% of the votes cast on each Resolution (either in person, proxy, attorney or by corporate representative) are in favour of each Resolution.

(b) Resolutions 10 and 12 will only be passed if at least 75% of the votes cast on the Resolution (either in person, proxy, attorney or by corporate representative) are in favour of the Resolution.

6. Proxies

(a) Any Shareholder entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote on their behalf. The person or persons so appointed need not necessarily be Shareholders.

(b) Where two proxies are appointed, each proxy should be appointed to represent a specified portion or number of the Shareholder's voting rights (failing which each appointee will be entitled to cast half the Shareholder's votes).

(c) A proxy form is enclosed. Please ensure that your proxy instructions are received not later than 2:30 p.m. (Perth time) on 29 May 2011 at the Company's share registry, Computershare Investor Services Pty Ltd:

(i) **Mail:** GPO Box 242, Melbourne, VIC 3001; or

(ii) **Fax:** (within Australia) 1800 783 447 (outside Australia) +61 3 9473 2555.

For Intermediary Online Subscribers only (Custodians) www.intermediaryonline.com

(d) A body corporate member may elect to appoint a representative, rather than appoint a proxy, in accordance with section 250D of the Corporations Act. Where a body corporate appoints a representative, the Company requires written proof of the representative's appointment to be lodged with or presented to the Company before the meeting.

(e) If you return your proxy form but do not nominate a representative, the Chair of the Meeting will be your proxy and will vote on your behalf as you direct on the proxy form. If your nominated representative does not attend the meeting then your proxy will revert to the Chair of the Meeting and he will vote on your behalf as you direct on the proxy form. If a proxy is not directed how to vote on an item of business or Resolution, the proxy (including, if applicable, the Chair of the Meeting) may vote, or abstain from voting, as they think fit. For the avoidance of doubt, the Chair intends to vote all open proxies in favour of the applicable Resolutions.

7. Voting exclusions

Voting exclusions apply to certain of the Resolutions contained in the Notice of Meeting. Refer to the voting exclusion notices in the Notice of Meeting.

By order of the Board

Jeff Bell
Co-Company Secretary
29 April 2011

Explanatory Statement

1. Introduction

This Explanatory Statement has been prepared to assist Shareholders to understand the Resolutions specified in the Notice of Meeting that will be put to Shareholders at the forthcoming Meeting.

2. Purpose of the Meeting

Although the Meeting will consider the adoption of accounts and election of Directors, the primary purpose of the Meeting is to approve the acquisition by the Company of all of the issued shares of Sino-Excel and the undertaking of various other steps, including a capital raising, capital restructure and a change of name, associated with and resulting from the Sino-Excel Acquisition.

The Sino-Excel Acquisition will result in a major change in the nature and scale of the activities of the Company and will result in the control of the Company passing to the Sino-Excel Vendors.

The Resolutions specified in the Notice of Meeting are proposed for the purpose of obtaining the approval of the Shareholders to the Share Consolidation (Resolution 7), the Sino-Excel Acquisition (Resolutions 8 and 9), the issue of Shares as part of the Capital Raising (Resolution 11) and the other steps associated with the restructure of the Company including the conversion to equity of certain amounts owed to a company controlled by a current director.

3. Glossary

In this Explanatory Statement, and the Notice of Meeting, unless the context otherwise requires, the following terms will have the following meaning:

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691.

ASX Listing Rules means the Listing Rules of the ASX.

AUD means the lawful currency of Australia.

Board means the board of Directors of the Company from time to time.

Business Day has the meaning ascribed under the ASX Listing Rules.

Buy Back Shares means Shares issued to the Sino-Excel Vendors that may be bought back in whole or in part by the Company for a total of A$1.00 consideration or disposed by way of sale to third parties nominated by the Company in the circumstances described in sections 11.13 and 15 of the Explanatory Statement.

Capital Raising means the capital raising to be undertaken by the Company to raise a minimum of $2,500,000 and up to $7,500,000 by way of a public offer of Shares pursuant to a prospectus to be dated and lodged with ASIC on or following the date of this Notice of Meeting as described in section 11.3 of the Explanatory Statement.

Company means Norwood Abbey Limited ABN 20 085 162 456.

Consideration Shares means 117,647,059 Shares that will be issued to the Sino-Excel Vendors upon completion of the Sino-Excel Acquisition.

Constitution means the constitution of the Company as amended from time to time.

Conditions Precedent means the conditions precedent to the Sino-Excel Acquisition summarised in section 11.11 of the Explanatory Statement.

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

Creditors means creditors of the Company identified prior to the date of the prospectus for the Capital Raising and who have entered into repayment arrangements or agreements that require them to be issued with securities in the Company.

DeBang means Henan DeBang Resources Development Co. Ltd, a company incorporated in the PRC which will become a wholly-owned subsidiary of Sino-Excel at completion of the Sino-Excel Acquisition.

Directors means the directors of the Company from time to time.

Earn Out Shares means additional Shares that may be issued to the Sino-Excel Vendors pursuant to the Share Sale Agreement subject to the achievement of agreed profit targets for the year ended 30 December 2011 in the circumstances described in section 11.13 of the Explanatory Statement.

Explanatory Statement means the explanatory statement that is annexed to and forms part of the Notice of Meeting.

FX Rate has the meaning given in section 11.10(e).

Golden Eagle means Century Golden Eagle Energy Holdings Co Ltd, a company incorporated in the PRC.

GE Group means Golden Eagle and entities controlled by Golden Eagle.

Independent Expert means Grant Thornton Corporate Finance Pty Ltd ABN 59 003 265 987.

Independent Expert's Report means the report of the Independent Expert (a copy of which is set out in Annexure A).

Meeting means the meeting of the Shareholders of the Company to which the Notice of Meeting and Explanatory Statement relates.

Norwood Group means the Company and entities (including special purpose entities) controlled by the Company including, following the completion of the Sino-Excel Acquisition, Sino-Excel and DeBang.

Notice of Meeting means this notice of meeting of the Company.

2011 NPAT means the net profit after taxation for DeBang as recorded in the consolidated audited accounts of DeBang for the 12 months ending 31 December 2011 determined in accordance with the Australian International Financial Recognised Standards (AIFRS) or as agreed between the parties to the Share Sale Agreement or otherwise determined pursuant to the Share Sale Agreement.

Offers means the offers of securities to the public and Creditors pursuant to the prospectus for the Capital Raising.

Options means options issued by the Company where one Option will entitle the Optionholder to subscribe for one Share.

Optionholder means a holder of Options.

Pledge means the Share Pledge Agreement described in section 11.2(d).

PRC means the People's Republic of China.

Purchase Price has the meaning given in section 11.10(c).

Resolutions means the resolutions that are set out in the Notice of Meeting and explained in the Explanatory Statement and **Resolution** means any one of the Resolutions.

RMB means Renminbi, the lawful currency of the PRC.

Selective Buy-back means the potential buy-back of some or all of the Consideration Shares issued to the Sino-Excel Vendors in the circumstances described in sections 11.13 and 15 of the Explanatory Statement and which is the subject of Resolution 12.

Shareholder means a holder of Shares in the Company.

Share Consolidation means the proposed consolidation of the Company's Share capital on a 30:1 basis, the subject of Resolution 7 of the Notice of Meeting.

Share Sale Agreement means the agreement between the Company, the Vendor Representative, the Sino-Excel Vendors, DeBang and Golden Eagle dated 16 April 2011 in relation to the Sino-Excel Acquisition.

Shares means fully paid ordinary shares in the capital of the Company.

Sino-Excel means Sino-Excel Energy Pte Ltd Reg. No. 200805705E.

Sino-Excel Acquisition means the acquisition by the Company of the Sino-Excel Shares in exchange for Shares as described in section 11.1 of the Explanatory Statement.

Sino-Excel Vendors means Endless Adventure Ltd, New Inspiration Ltd, Majestic Faith Ltd and Swift China Ltd.

Sino-Excel Shares means all fully paid ordinary shares in the capital of Sino-Excel.

Technical Services Agreement means an agreement of that name between Golden Eagle and DeBang, a summary of which is set out in section 11.2(d).

USD means the lawful currency of the United States of America.

Vendor Representative means In Nany Sing Charlie.

4. Financial statements and reports

Pursuant to the *Corporations Act 2001 (Cth)*, the directors of a public company that is required to hold an annual general meeting must table the financial statements and reports of the Company (including the directors' report and auditor's report) for the previous year before the members at that annual general meeting.

Shareholders have been provided with all relevant information concerning the Company's financial statements, directors' report and auditor's report in the Annual Report of the Company for each of the years ended 30 June 2009 and 30 June 2010. If you have elected the option to receive a printed copy of the Annual Reports, these are enclosed. If you have elected not to receive a printed copy, the Annual Reports can be accessed at www.norwoodabbey.com.au. Any shareholder who wishes to change their election and receive a paper or electronic copy of the Annual Reports should contact the Company's share registry to arrange receipt. A copy of the financial statements, the directors' reports and the auditor's reports will also be tabled at the meeting.

Shareholders should note that the sole purpose of tabling the financial statements and reports of the Company at the Annual General Meeting is to provide the shareholders with the opportunity to be able to ask questions or discuss matters arising from the financial statements or the reports at the meeting. It is not the purpose of the meeting that the financial statements or the reports be accepted, rejected or modified in any way. Further, as it is not required by the Corporations Act, no resolution to adopt, receive or consider the Company's financial statements or the report (other than the remuneration report) will be put to the shareholders at the meeting.

Members will be given a reasonable opportunity at the Meeting to ask questions and make comments on the financial statements and the reports. The Company's auditor will be available to receive questions and comments from shareholders about the preparation and content of the auditor's report and the conduct of the audit.

5. Remuneration report (Resolutions 1 and 2)

The directors' report for each of the years ended 30 June 2009 and 30 June 2010 contains a remuneration report, which sets out the policy for remuneration of the directors, the company secretary and the senior managers.

The Corporations Act requires that a resolution be put to the vote that the remuneration report be adopted.

The Corporations Act expressly provides that the vote is advisory only and does not bind the directors or the Company.

Shareholders attending the Meeting will be given a reasonable opportunity to ask questions about, or make comments on, each remuneration report.

The full remuneration report is included in the Company's 2009 and 2010 Annual Reports which are available on the Company's website www.norwoodabbey.com.au.

6. Appointment of Director (Rohan Boman) (Resolution 3)

Mr Boman, who was appointed as a Director of the Company on 4 November 2009, is seeking election by Shareholders. Further details regarding Mr Boman are set out in section 11.19(e) of this Explanatory Statement.

The Board supports the appointment of Mr Boman.

7. Appointment of Director (Spencer Chan Kum Ee) (Resolution 4)

Mr Chan, who was appointed as a Director of the Company on 29 September 2009, is seeking election by Shareholders. Further details regarding Mr Chan are set out in section 11.19(e) of this Explanatory Statement.

The Board supports the appointment of Mr Chan.

8. Appointment of Director (Leo Peng) (Resolution 5)

Mr Peng, who was appointed as a Director of the Company on 26 September 2009, is seeking election by Shareholders. Further details regarding Mr Peng are set out in section 11.19(e) of this Explanatory Statement.

The Board supports the appointment of Mr Peng.

9. Appointment of Director (Wong Chin Hong) (Resolution 6)

Mr Wong, who was appointed as a Director of the Company on 3 December 2010, is seeking election by Shareholders. Further details regarding Mr Wong are set out in section 11.19(e) of this Explanatory Statement.

The Board supports the appointment of Mr Wong.

10. Share Consolidation (Resolution 7)

10.1 Background

(a) Section 254H of the Corporations Act allows a company to consolidate all or any of its shares into a smaller number by way of an ordinary resolution of the members.

(b) The purpose of Resolution 7 is to enable the Company to consolidate its Shares into a smaller number. Specifically, the Resolution will reduce the number of Shares on issue by a factor of 30 from 541,512,401 Shares to approximately 18,051,591 Shares after the Share Consolidation (based on the number of Shares on issue before the Sino-Excel Acquisition and the Capital Raising).

(c) The primary reason for the Share Consolidation is so that the Company can comply with the requirements in Chapters 1 and 2 of the ASX Listing Rules on completion of the Sino-Excel Acquisition and in order to conduct the Capital Raising.

(d) Where a Shareholder's holding is not a multiple of 30 and would result in a fraction of a Share after the Share Consolidation takes place, the Company will issue that Shareholder, for no consideration, the additional fraction of the Share which is required to increase their holding to the next whole number. In other words, fractions will be rounded up.

(e) The Share Consolidation will only have an effect on the number of Shares held by Shareholders. Shareholders' proportionate interests in the Company's Share capital will remain unchanged by the Share Consolidation.

(f) From the date of the Share Consolidation, all existing holding statements for Shares will cease to have any effect, except as evidence of an entitlement to a certain number of Shares on a post Share Consolidation basis. After the Share Consolidation becomes effective, the Company will arrange for new holding statements to be issued to Shareholders.

(g) For the avoidance of doubt, Shares issued to Sino-Excel Vendors pursuant to the Sino-Excel Acquisition, the Capital Raising and any other Shares to be issued pursuant to a resolution in this Notice of Meeting will be issued after the Share Consolidation has taken place and are therefore post Share Consolidation Shares.

10.2 Effect on Optionholders

If Resolution 7 is approved by Shareholders, the effect of the Share Consolidation on Optionholders will be:

(a) to reduce the number of Shares that an Optionholder will receive when they exercise their Options by the same ratio that Shares will be reduced by when the Share Consolidation becomes effective; and

(b) increase the exercise price of the Options by a factor of 30.

For example, if an Optionholder holds 1500 Options exercisable at $0.015 each before the Share Consolidation takes place, then, after the Share Consolidation, the Optionholder will hold 50 Options exercisable at $0.45 each.

10.3 Recommendation of Directors

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7.

Each Director who is also a member of the Company intends to vote in favour of Resolution 7.

11. Overview of the Sino-Excel Acquisition (Resolution 8)

11.1 The Sino-Excel Acquisition

(a) **Overview of Sino-Excel**

(i) Sino-Excel is a Singaporean company which, through DeBang, a wholly-owned PRC company, has entered into the Technical Services Agreement in relation to the established coal trading business operated by Golden Eagle.

(ii) As the Company is unable to directly acquire Golden Eagle due to PRC legal restrictions, the Technical Services Agreement is intended to allow the Company to obtain the economic benefit derived from Golden Eagle's coal trading business If DeBang subsequently obtains its own coal trading licence in the PRC for its own acquisition and business expansion purposes, DeBang may seek to integrate Golden Eagle's coal trading business into its own operation if the Board believes it is financially and commercially beneficial to do so and subject to reaching agreement on terms with Golden Eagle. Under the Technical Services Agreement, DeBang is entitled to receive a payment calculated by reference to each tonne of coal traded by Golden Eagle. Following the acquisition of Sino-Excel, DeBang will meet certain personnel and other costs being transferred from Golden Eagle to DeBang. The net amount will represent net profit prior to corporate overheads of DeBang.

(b) **Golden Eagle background and history**

(i) *Group Corporate Structure*

In or around 1980, Mr Wang Jianhua (**Mr Wang**) began his career in the coal industry. After attending Henan University, Mr Wang started as a coal trader with a PRC State Owned Enterprise (**SOE**). In 1991 Mr Wang left the SOE and started trading coal on his own account. The business grew into a substantial business and in 2001, Mr Wang reorganised his operations and incorporated Golden Eagle. The shareholders of Golden Eagle are Mr Wang (80%) and Mr Zheng, the deputy general manager, finance, of Golden Eagle (20%).

(ii) *Operational and financial information on Golden Eagle*

Golden Eagle's coal trading business operates as follows:

(A) prior to purchase, an order for coal has been received;

(B) the quality of the coal is determined by Golden Eagle's customer inspector. This quality determination automatically sets the premium or discount against the current market price and is the price that Golden Eagle receives. This adjusted price less a pre-agreed amount (representing Golden Eagle's margin) immediately forms the price that Golden Eagle pays to its supplier; and

(C) in the (unlikely) event that the coal is unsuitable, Golden Eagle's supplier is required to provide a replacement shipment.

Due to its coal trading arrangements, Golden Eagle also delivers value add services by being a coal transporter and a provider of working capital finance. As a consequence, the gross margin on traded coal has been relatively stable since the 2007 financial year at around RMB 55 per tonne.

The table below shows the number of tonnes of coal that Golden Eagle sold in the last 4 calendar years.

Year	Total amount of coal sold (tonnes)
2007	3.7 million
2008	3.75 million
2009	3.9 million
2010	4.1 million

(c) **Location of Golden Eagle's Business**

Golden Eagle's operations are based in Henan, PRC. Henan is a land locked eastern central province in PRC. Its provincial capital, Zhengzhou, is approximately 720 km southwest of Beijing and 1,090 km northwest of Shanghai. It is PRC's most populous province with nearly 100 million people. It is also PRC's 5th largest economy in gross domestic product terms. The Erdos Basin (a significant source of PRC's coal) lies close to west and north-west of Henan province

(d) **Key Customers**

Golden Eagle’s major customers in 2010 were as follows:

Customer	Quantity in 2010
Jiangxi Fengcheng Power Co., Ltd	1,600,000 tonnes
Zhoukou Longda Power Co., Ltd	450,000 tonnes
Luoyang Yuyuang Sunshine Fuel Co., Ltd	400,000 tonnes
Xuzhou Power Co., Ltd	300,000 tonnes
Datang Xingyu Power Co., Ltd	200,000 tonnes

Golden Eagle’s customers are primarily generators of electrical power and therefore buy thermal coal for this purpose. A large number of coal-fired power plants in China can take a wide range of coal qualities.

Golden Eagle's strategy is to judiciously manage exposure with respect to coal quality.

Golden Eagle's trading business involves reselling coal purchased from third parties on a trading basis. A substantial amount of the Golden Eagle's coal sales are made under annual sales orders. and are therefore important to the stability and profitability of Golden Eagle.

In the event that any client refuses to renew their annual orders, however, Golden Eagle is in no position to apply pressures and force them to do so.

(e) **Key Suppliers**

Golden Eagle has had long term relationships with a number of its suppliers although, as is customary in PRC, there are no formal binding contracts relating to supply.

Due to the ability to pre-pay for its coal, and the relatively less stringent requirements with respect to coal quality and consistency, Golden Eagle has historically had no material difficulties in sourcing coal. Golden Eagle sources coal from a range of mines but more recently its main supplier has been the Pingdingshan Coal Mining Group Ltd.

	Years of Collaboration	Supplied in 2008 (MT)	Supplied in 2009 (MT)	Supplied in 2010 (MT)
Pingdingshan Coal Mining Group	15	1.6	1.65	1.7
Zhengzhou Coal Mining Group	7	0.3	0.45	0.48
Guizhou Qian Lian Coal Mining Ltd	5	0.4	0.4	0.42
Qingdao Huale Coal Trading Ltd	3	0.4	0.4	0.4
Tong Chuan Bureau of Mines	8	0.35	0.3	0.3
Other	up to 10	0.8	0.6	0.8
		3.85	3.8	4.1
Change in Inventory / Accrual / Shrinkage		-0.1	0.1	-
Amount Sold		3.75	3.9	4.1

MT = Million Tonnes

(f) **Operational Health & Safety and Environmental Issues**

China accounts for the majority of the world's coal mining accidents and fatalities. As a result, the PRC Government has prioritized coal mine and coal worker safety and has introduced a significant number of measures. These include tightening up regulations; placing coal inspections and supervision into a separate department that now reports to the State Council (the equivalent to Australia's Cabinet) and closing down unauthorized, non-compliant and smaller mines.

Golden Eagle has no discretion with respect to how coal is mined when purchased from third parties. The GE Group, however, seeks to buy from companies whose track record in this area is considered to be appropriate.

(g) **Regulation, Competitors and Barriers to Entry**

The coal industry is a heavily regulated industry in the PRC as evidenced by the number of state organs regulating, supervising and overseeing the industry which include:

- State Council– sets general policy;
- National Development and Reform Commission (NDRC) – assists the State Council with energy policy and jointly with MOFCOM manages coal export quotas;
- Ministry of Finance and Commerce (MOFCOM) – approvals all foreign investment in mining companies and jointly with NDRC manages coal export quotas;
- Ministry of Land and Resources (MLR) – approvals all mining licenses including transfers of licenses;
- Ministry of Railways – regulates and oversees the operation and maintenance of the PRC's railway networks; and
- State Administration of Coal Mine Safety (SACMS) – regulates, supervises and enforces mine safety regulations.

As a result of this increased regulation, the number of coal mines shrank from approximately 72,000 in 1998 to approximately 25,000 coal mines in 2008. Further, according to the Implementing Opinions on Acquisition and Restructuring of Coal

Enterprises in Henan Province, promulgated on 26 February 2010, coal mines that produce no less than 150,000 tonnes and no more than 300,000 tonnes per annum (excluding the coal mines owned by enterprises with annual production capacity of 1,000,000 tons) by April 2011 are required to be taken over or closed.

(h) **Transition of Coal Trading Operations from Golden Eagle to DeBang**

As the Company is unable to directly acquire Golden Eagle due to PRC legal restrictions, the Technical Services Agreement is intended to allow the Company to obtain the economic benefit derived from Golden Eagle's coal trading business. If DeBang subsequently obtains its own coal trading licence in the PRC for its own acquisition and business expansion purposes, DeBang may seek to integrate Golden Eagle's coal trading business into its own operation if the Board believes it is financially and commercially beneficial to do so and subject to reaching agreement on terms with Golden Eagle.. Under the Technical Services Agreement, DeBang is entitled to receive a payment calculated by reference to each tonne of coal traded by Golden Eagle. DeBang is also obligated to meet certain personnel and other costs being transferred from Golden Eagle to DeBang. The net amount represents net profit prior to corporate overheads of DeBang.

DeBang will pursue an application for a trading licence following completion of the Sino-Excel Acquisition, however there can be no guarantee that a licence will be granted and it is expected that the timeframe for approval cannot be predicted with any certainty. Irrespective of whether the licence is granted the Technical Services Agreement operates in perpetuity to deliver the Golden Eagle revenue stream.

Sino-Excel also intends to examine appropriate opportunities to acquire other coal trading businesses and coal mining concessions in PRC over time. Coal trading opportunities are expected to be progressed only if a coal trading licence is in place in DeBang.

(i) **Golden Eagle Finance Information**

This section of the Explanatory Statement provides the historical financial information of Golden Eagle for FY2007, FY2008, FY2009 and FY2010. The discussion, including any percentage comparisons, relate to Golden Eagle's financial information as set out in RMB (ie. without taking into account RMB:A$ exchange rate fluctuations between each of the years.)

The Independent Expert has not reviewed the historic pro forma financial statements for Golden Eagle and has based its analysis on the minimum net profit after tax amount of RMB60 million as set out in the Technical Services Agreement. The Independent Expert has solely performed the role set out in the Independent Expert's Report in relation to the Sino-Excel Acquisition. Please refer to section 11.14 for further information about the role of the Independent Expert and the conclusions of the Independent Expert's Report. A full copy of the Independent Expert's Report is set out in Annexure A.

The financial information presented in this section has been prepared in accordance with the measurement and recognition principles of PRC GAAP and comply with regulations issued by the Ministry of Finance, China (MOF). The financial information presented is abbreviated and is not in the form required by the MOF. Shareholders should note that the financial information has not been prepared in accordance with, and therefore does not conform with, the accounting standards and other financial reporting requirements of the Corporations Act.

The following table sets out the abbreviated actual profit and loss statement of Golden Eagle for the respective years ended 31 December:

In RMB ('000)	**FY2007**	**FY2008**	**FY2009**	**FY2010**
Revenue	1,421,566	1,550,390	1,616,747	1,838,623
Cost of Goods Sold	-1,214,548	-1,341,163	-1,397,796	-1,574,768
Sales tax	-3,579	-4,097	-3,834	-4,596
Gross profit	203,439	205,130	215,117	259,259
Operating Expenses	-59,279	-60,712	-59,128	-69,190
Administrative expenses	-39,994	-41,917	-42,941	-48,025

Finance expenses	-8,617	-9,080	-9,004	-8,877
Profit before Other Income	95,549	93,420	104,045	133,167
Other Income	22,166	26,687	37,053	20,725
Other Expenses	-371			
Profit before Tax	117,344	120,108	141,098	153,892
Tax	-2,300	-18,016	-35,274	-38,473
Net Profit after tax	**115,044**	**102,091**	**105,823**	**115,419**

A profit & loss statement in A$ ('000) is presented below, for demonstration purposes only, and assuming that the income and expenses recorded for the 12 months to 31 December are converted at the average exchange rate as derived from the daily rates provided by the Reserve Bank of Australia and as follows:

31 December 2007: A$1 = RMB 6.3766

31 December 2008: A$1 = RMB 5.9303

31 December 2009: A$1 = RMB 5.4148

31 December 2010: A$1 = RMB 6.2224

In $A ('000)

	FY2007	FY2008	FY2009	FY2010
Revenue	222,935	261,435	298,579	306,437
Cost of Goods Sold	-190,470	-226,154	-258,143	-262,461
Sales tax	-561	-691	-708	-766
Gross profit	31,904	34,590	39,728	43,210
Operating Expenses	-9,296	-10,238	-10,920	-11,532
Administrative expenses	-6,272	-7,068	-7,930	-8,004
Finance expenses	-1,352	-1,531	-1,663	-1,480
Profit before Other Income	14,984	15,753	19,215	22,194
Other Income	3,476	4,500	6,842	3,454
Other Expenses	-58			-
Profit before Tax	18,402	20,253	26,057	25,648
Tax	-360	-3,038	-6,514	-6412
Net Profit after tax	**18,042**	**17,215**	**19,543**	**19,236**

(j) **Discussion and analysis of financial performance of coal trading business**

FY2008 vs FY2007

Revenue in FY2008 was approximately 9.1% higher than FY2007 and was mainly due to a larger volume of coal traded. A higher average price at which the coal was sold was also a contributing factor. The reason for the higher sales and higher average price of coal was the severe winter of 2008. The rise in demand for coal and the price of coal in January and February 2008, however, stand in contrast to demand and prices achieved towards the end of 2008 and after the start of the global financial crisis.

Cost of goods in FY2008 was about 10.4% higher than FY2007. This was mainly due to the fact that Golden Eagle's labour and transport costs were higher during the period of inclement weather.

Gross profit margin in FY2008 was 13.2% or slightly lower than the 14.3% recorded in FY2007. This was due to the cost of goods sold rising slightly faster than revenues and sales tax. Sales tax remained at approximately 0.25% of revenue. In RMB terms margin per tonne of coal remained more or less constant but tax per tonne of coal rose.

Operating costs in FY2008 were approximately 2.4% higher than FY2007 principally due to an increase in transportation cost. Transport fuel prices are controlled by the PRC Government. On 20 June 2008, the PRC Government increased such costs dramatically. China Rail passed on the cost by way of an increase charge on price per tonne-km.

As a result of the higher cost of goods sold, and despite operating and administrative expense control, net profit after tax in FY2008 was approximately 11.3% lower than FY2007.

FY2009 vs FY2008

Revenue in FY2009 was approximately 4.3% higher than FY2008 due to higher average coal prices and despite lower volumes of coal sold. The reason for the higher average price of coal was the recovery in electricity demand and thus the demand for coal in the second half of 2009 and fears of another severe winter, which prompted stocking particularly in November and December 2009. The decline in volumes of coal sold was related to a decline in national coal output. Following two significant coal mining accidents in 2009, national authorities required all mines to be closed until additional operational health and safety inspections were completed.

Cost of goods in FY2009 was about 4.2% higher than FY2008.

Gross Profit margin in FY2009 was 13.3% and similar to the 13.2% recorded in FY2008. This was due to cost of goods tracking revenues and the absence of a sales tax 'effect'.

Operating cost in FY2009 were approximately 2.6% lower than FY2008 mainly due to a reduction in transport costs as such costs trend back towards ‘normal’ cost.

As a result of revenues rising slightly faster than cost of goods sold and good operating and administrative expense control, net profit after tax in FY2009 was approximately 3.7% higher than FY2008.

FY2010 vs FY2009

Revenue from FY2010 increased by 14% compared to FY2009, principally for two reasons:

(a) the average coal selling price increased by 7% compared to FY2009 due to the PRC Government ordering the closure of certain small coal mines which reduced the overall industry coal supply and led to an industry wide increase in coal sales prices;

(b) Golden Eagle's coal sale tonnages steadily increased between FY2009 and FY2010.

The cost of goods in FY2010 also increased 13% compared to FY2009, principally due to the above increases in coal purchase prices.

Aside from the above changes, there were no other significant financial changes in FY2010 compared to FY2009.

(k) **China coal industry overview**

(i) *China’s coal industry*

- China is the world’s largest producer and consumer of coal.

- Coal is extremely important to China accounting for over 70% of its energy needs.
- China's coal demand is likely to remain strong despite huge hydro electric and nuclear plant construction.
- China's coal reserve is less than half of those of the USA (which are being rapidly depleted). As a result, domestic coal prices are likely to remain firm in the foreseeable future.
- The main challenges facing China's coal industry include transportation, increased output of poorer quality coal as the best grades are used up and environmental factors.

(ii) *Coal reserves*

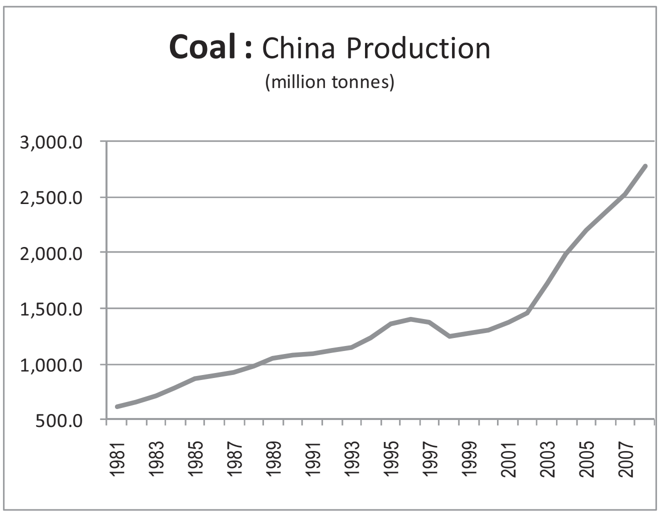
China's coal reserve estimates vary significantly from source to source and are generally considered not to be very reliable. The difference between estimates is due to resource estimation techniques, consistency of resource estimation technique application and a reserves tax applied on registered reserves.

For instance, estimates by the World Energy Council in its publication "2010 Survey of Energy Resources" suggest that China's coal proven reserves are some 114.5 billion tonnes or approximately 13% of global proven reserves.

Coal is found in many parts of China. Henan Province, the province which the GE Group operates in, had the fifth largest production of coal in China between January and November of 2010.

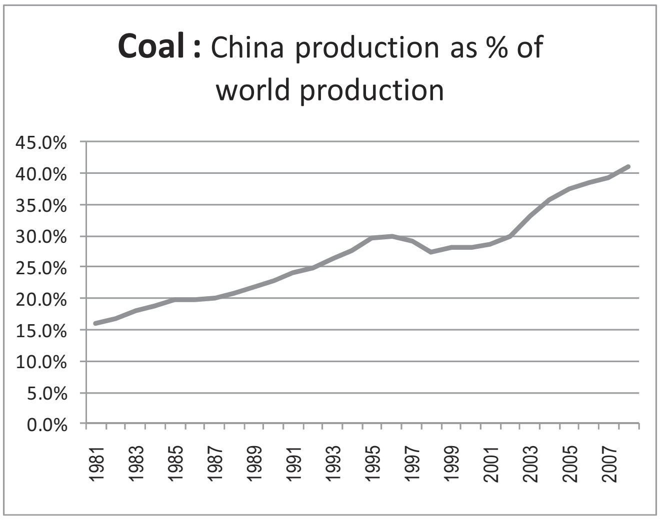
(iii) *Coal production*

China's production of coal has undergone significant growth since the early 1980's.



Source: BP Energy Review 2008

China has become the world's largest producer of coal. In 2008 China produced 2,782 million tonnes of coal (as against Australia's 398 million tonnes) and accounted for some 41% of world output (the USA was the second largest at 15.7%).

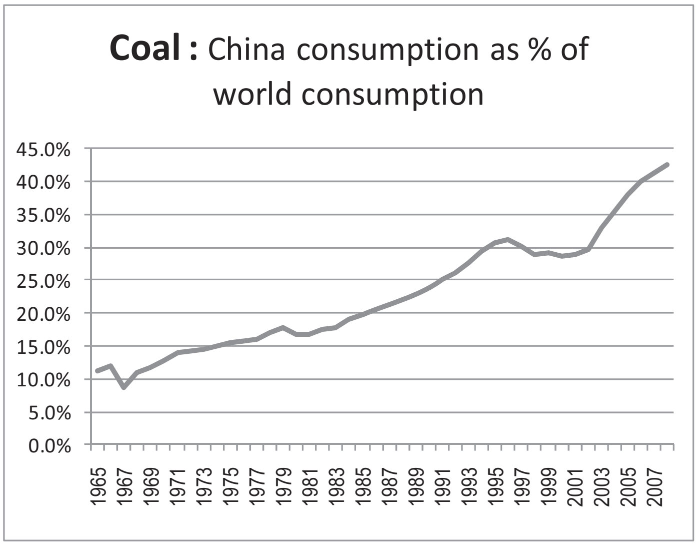


Source: BP Energy Review 2008

In 2008, China had approximately 25,000 coal mines with the industry employing approximately 3.4 million registered people. Whilst these numbers are sharply down from the 72,000 or so mines in 1998 (due to increased regulation), industry productivity remains low compared to industrialized nations. As a result, and due to operational health and safety reasons, the PRC Government is seeking to further consolidate the industry. According to the Implementing Opinions on Acquisition and Restructuring of Coal Enterprises in Henan Province, promulgated on 26 February 2010, coal mines that produce no less than 150,000 tonnes and no more than 300,000 tonnes per annum (excluding the coal mines owned by enterprises with annual production capacity of 1,000,000 tons) by April 2011 are required to be taken over or closed.

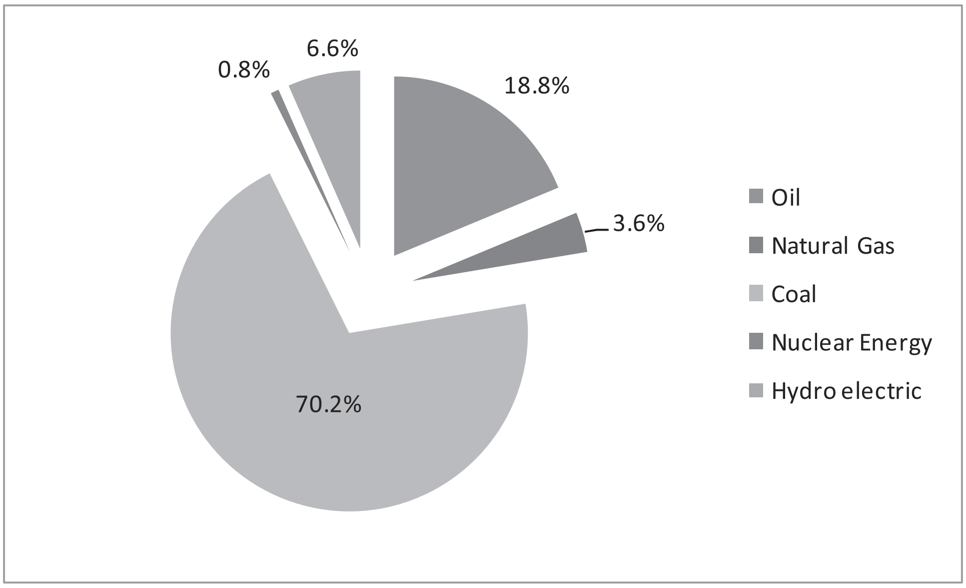
(iv) *Coal consumption*

Today, a very large proportion of all the coal that China produces is consumed domestically. As a result, China is also the world's largest consumer of coal.



Source: BP Energy Review 2008

Most coal produced in China is thermal coal (China does not have large coke deposits) and thus coal in China is primarily used for the generation of electricity and for heating. Unlike many more developed countries, coal is important in China as a fuel source. Based on BP's Energy Review, in 2008, coal accounted for some 70% of fuel consumed (as measured in millions of tonnes of oil equivalent). This compares with Australia's 43% and the rest of the world ex-China's 20%.



Source: BP Energy Review 2008

The Directors believe that China's dependence on coal should remain high given:

- China has relatively small reserves of crude oil (1.2% of world proven reserves), natural gas (1.3% of world proven reserves) and uranium;
- likely continued strong economic growth; and
- the development of CTL (coal-to-liquid) technology. China is experimenting with several plants to convert coal into diesel and other liquid fuels,

and despite:

- the construction of the world's largest hydro-electric plant, the Three Gorges, which is planned to have an installed capacity of 22.4GW (being 32x700MW generators); and
- planned increases of nuclear power installed capacity from the current 9.08GW in 2009 to 75-80GW by 2020.

(v) *Changes and challenges*

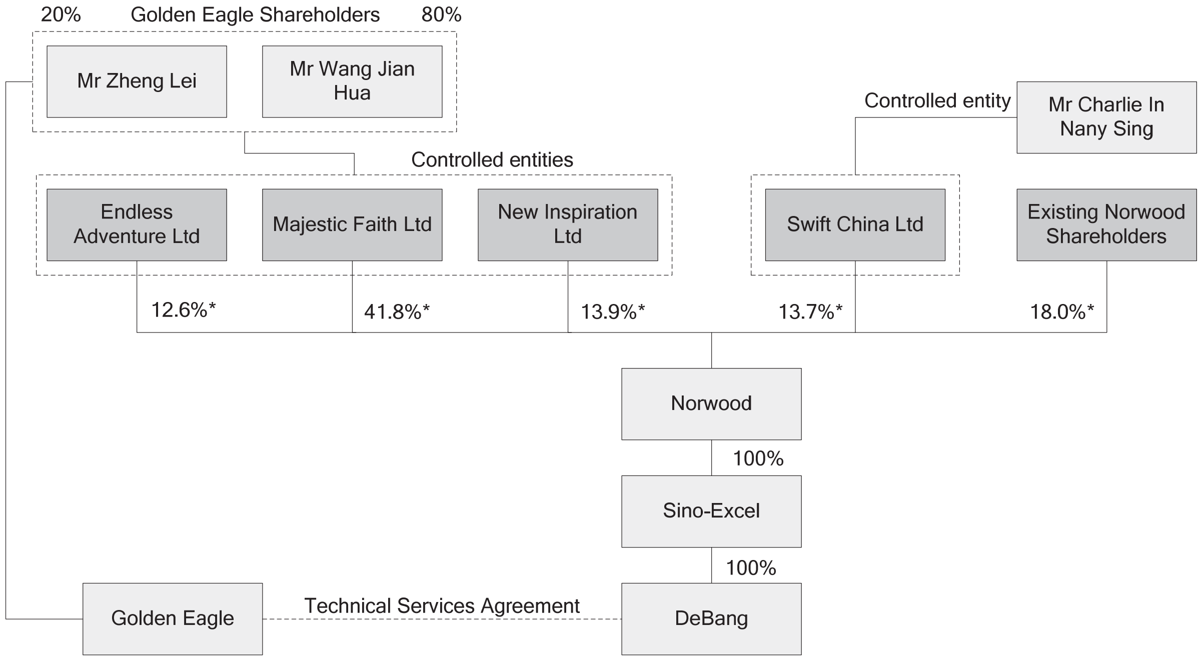
Low per capita average energy resource: In 2008, China was the second largest producer and consumer of energy (accounting for some 17.7% of world production of electricity, with the USA being approximately 20.3%). However, due to its large population base China's per capita energy production and consumption is small by global standards. Even if China is efficient in its power usage, its continued growth and development is likely to require vastly more power generation capacity and the fuel to feed such capacity.

Imbalance between energy resources and demand: China's energy resources are scattered across the country. The greatest concentration of coal is found in the north and northwest, hydropower in the southwest and oil and gas in the eastern, central and western regions. However, the main demand is in the coastal areas and in particular the southeast coastal region. Thus, the issue of transportation will be more and more critical.

11.2 Structure of the Sino-Excel Acquisition

The Company intends to acquire all of the issued shares in Sino-Excel. Under the Share Sale Agreement, the Company will purchase the Sino-Excel Shares and, in consideration, will issue 117,647,059 Consideration Shares and, subject to the achievement of agreed profit targets for the year ended 31 December 2011, additional Earn Out Shares, to the Sino-Excel Vendors.

The diagram below summarises the structure of the Sino-Excel Acquisition upon its completion.



* Assuming minimum amount of A$2.5 million is raised pursuant to the Public Offer

The Consideration Shares are expected to be subject to an ASX imposed escrow for a period of 12 months from the date that Shares are readmitted to quotation on ASX.

(a) **Conditions to completion of the Sino-Excel Acquisition**

(i) Completion of the Sino-Excel Acquisition is subject to the following:

(A) the Shareholders must approve Resolutions 7, 8, 9 and 11; and

(B) the Conditions Precedent (as set out in paragraph 11.11 of this Explanatory Statement) must be satisfied or waived by the relevant parties.

(b) **What will happen if the Sino-Excel Acquisition proceeds?**

If the Sino-Excel Acquisition proceeds:

(i) Sino-Excel will become a wholly owned subsidiary of the Company and through its ownership of DeBang, the Company will have acquired the revenue from the coal trading business operated by Golden Eagle which has the capability of generating revenue and profit;

(ii) subject to Shareholder approval under Resolution 10, the Company will change its name to "Sino-Excel Energy Limited"; and

(iii) the Company will have the prospect of obtaining a requotation of its Shares on the ASX.

(c) **Earn-out regime and Selective Buy-back**

In addition to the escrow restrictions, the Shares issued to the Sino-Excel Vendors will be subject to an 'earn-out' arrangement or will be bought back by the Company (subject to approval by the Shareholders) for a nominal consideration unless certain conditions relating to the 2011 profit performance of DeBang are satisfied. Further details of the 'earn-out' arrangement and the Selective Buy-back are set out in section 15.1 of the Explanatory Statement.

(d) **Technical Services Agreement and other material contracts**

Following completion of the Sino-Excel Acquisition, DeBang will hold the benefit of the Technical Services Agreement in relation to the established coal trading business operated by Golden Eagle in the PRC.

As the Company is unable to directly acquire Golden Eagle due to PRC legal restrictions, the Technical Services Agreement is intended to allow the Company to obtain the economic benefit derived from Golden Eagle's coal trading business. If DeBang subsequently obtains its own coal trading licence in the PRC for its own acquisition and business expansion purposes, DeBang may seek to integrate Golden Eagle's coal trading business into its own operation if the Board believes it is financially and commercially beneficial to do so and subject to reaching agreement on terms with Golden Eagle. Under the Technical Services Agreement, DeBang is entitled to receive a payment calculated by reference to each tonne of coal traded by Golden Eagle. Following the acquisition of Sino-Excel, DeBang will meet certain personnel and other costs being transferred from Golden Eagle to DeBang. The net amount will represent net profit prior to corporate overheads of DeBang.

Certain key employees of Golden Eagle (including Mr Wang and Mr Zheng who own and control certain Sino-Excel Vendors) will transfer to DeBang as a completion requirement under the Share Sale Agreement and will then be the principal service providers to Golden Eagle under the Technical Services Agreement.

Pursuant to the Technical Services Agreement, DeBang agrees to provide specified technical advice and consulting services to Golden Eagle in consideration of which Golden Eagle agrees to pay to DeBang a service fee of not less than RMB 20 per tonne of coal traded by Golden Eagle. To the extent that the aggregate of the fees paid during the annual period is less than RMB 60 million, Golden Eagle must make an additional payment to DeBang equal to the deficiency (up to RMB 60 million).

Pursuant to the agreement, DeBang is appointed as the exclusive technical adviser and service provider to Golden Eagle for the scope of services provided, and no third party shall be appointed other than where DeBang provides its prior written consent. In addition, for so long as this agreement operates, Golden Eagle covenants at all times to continue to conduct its coal trading business in Golden Eagle and must not allow the business to be conducted in any other company, vehicle or association.

Each party provides the other with warranties as to their corporate power and authorisation to enter into the agreement. In addition, Golden Eagle warrants that it has obtained all necessary authorisations and consents of third parties and government departments and is not in violation of any binding, confidential, legal or contractual restrictions.

The agreement also provides that in order to maintain communication between the two parties to maintain DeBang's reasonable interests, Golden Eagle will appoint one person selected by DeBang to the board of directors of Golden Eagle. The appointed director will have the right to access and have knowledge as to all operations and management of Golden Eagle.

The term of the agreement is perpetual until terminated in accordance with PRC law or DeBang terminates the agreement.

All disputes, to the extent not otherwise settled by negotiation, will be submitted for arbitration to the Henan Province Higher People's Court.

The agreement also contains typical force majeure provisions for circumstances or conditions beyond the control of a party that would render it impossible for either party to fulfil their obligations under the contract, or delay such fulfilment. The force majeure provisions do not, however, apply to payment obligations.

The applicable law of the contract is that of the PRC.

To support the performance of the Technical Services Agreement, the Share Pledge Agreement (**Pledge**) was entered into between DeBang, Golden Eagle and the shareholders of Golden Eagle (Mr Wang and Mr Zheng).

Pursuant to the Pledge, the shareholders of Golden Eagle agree to pledge their equity in Golden Eagle to DeBang to secure Golden Eagle's performance under the Technical Services Agreement relating to payment obligations for service fees.

The Pledge extends to both the equity interests held by the shareholders and all dividends and other interests that are credited to them. Any such payments of dividends and other interests are to be paid into a trust account opened by DeBang, with such trust account monies supporting the guarantee of fees under the Technical Services Agreement. In addition, the stock certificates in respect of the pledged equity are to be transferred to DeBang upon the agreement becoming effective.

The Pledge may be called upon by DeBang in the following circumstances:

(i) Golden Eagle fails to perform its obligations under the Technical Services Agreement to pay the required service fee on the required date; or

(ii) Golden Eagle is declared dissolved and bankrupt.

Pursuant to the Pledge, Golden Eagle and its shareholders must not transfer, sell, mortgage or pledge the equity or use the pledged equity to support any other guarantee.

The Pledge may not be amended or cancelled without the mutual written agreement of all parties.

The applicable law of the contract is that of the PRC.

It is noted that both of the agreements, as is customary in the PRC, are short form agreements and lack a degree of detail when compared to Western economy agreements.

11.3 Capital Raising

(a) The Company intends to raise new capital with a minimum of $2,500,000 and up to $7.5 million by the issue of new Shares (post the Share Consolidation) at 51 cents per Share. It is intended that the Capital Raising be completed on or shortly after the date of the Meeting.

(b) The Sino-Excel Acquisition will not proceed if the Capital Raising is unsuccessful in raising the minimum subscription of $2,500,000.

(c) The Capital Raising, if it raises the minimum subscription of $2,500,000, will:

(i) raise working capital and to satisfy the Company's requirements and the regulatory requirements of ASX;

(ii) to the extent not otherwise satisfied by securities issued to creditors, repay certain existing creditors of the Company and its related bodies corporate; and

(iii) pay the fees and expenses associated with the Capital Raising.

11.4 Capital Structure

The table below sets out the capital structure of the Company before and after completion of the Capital Raising and the Sino-Excel Acquisition. It assumes all Resolutions are passed including the Share Consolidation has taken place and the maximum of $7.5 million is raised under the Capital Raising. The table does not include the dilutionary impact of Options on issue (refer the summary table of Options at the end of this section 11.4). The Sino-Excel Vendors will not hold any Options on completion of the Sino-Excel Acquisition. The table also shows the capital structure without Earn Out Shares and with Earn Out Shares issued. The calculation of Earn Out Shares assumes a 2011 NPAT for DeBang of RMB 120 million. The actual number of Earn Out Shares will vary (higher or lower) accordingly to the actual 2011 NPAT of DeBang. The Earn Out Shares (if any) will only be issued in 2012 following the audit of the DeBang financial statements for the financial year ended 31 December 2011.

	Before Offers and Sino-Excel Acquisition	%	After Offers and Sino-Excel Acquisition (without Earn Out Shares)	%	After Offers and Sino-Excel Acquisition (with Earn Out Shares)	%
Existing Shareholders	18,051,591	100	18,051,591	12	18,051,591	7
New Shareholders (pursuant to the Capital Raising)	-	-	14,705,882	10	14,705,882	5
Consideration Shares (Sino-Excel Acquisition)*	-	-	117,647,059	77	230,588,235	87
Creditor offer	-	-	3,090,183	2	3,090,183	1
Total	**18,051,591**	**100**	**153,494,715**	**100**	**266,435,891**	**100**

* Excludes any Shares that may be issued under a A$200,000 convertible note issued by the Company to Marvel Earn Limited. The convertible note expires 28 February 2013 and is convertible at any time during its term. Marvel Earn Limited has advised the Company that its current intention is not to exercise the right of conversion. Marvel Earn Limited is associated with Swift China Limited, one of the Sino-Excel Vendors. If Marvel Earn Limited were to convert its loan into Shares and those Shares were aggregated with the Shares to be issued to the Sino-Excel Vendors, the relevant percentage would increase by approximately 0.4% of capital (without Earn Out Shares) and approximately 0.2% of capital (with Earn Out Shares).

The table below sets out the capital structure of the Company before and after completion of the Offers and the Sino-Excel Acquisition. It assumes all Resolutions are passed and that the Share Consolidation has taken place and the minimum required new capital of $2.5 million is raised under the Capital Raising. The table does not include the dilutionary impact of Options on issue (refer the summary table of Options at the end of this section 11.4). The Sino-Excel Vendors will not hold any Options on completion of the Sino-Excel Acquisition.

	Before Offers and Sino-Excel Acquisition	%	After Offers and Sino-Excel Acquisition (without Earn Out Shares)	%	After Offers and Sino-Excel Acquisition (with Earn Out Shares)	%
Existing Shareholders	18,051,591	100	18,051,591	13	18,051,591	7
New Shareholders (pursuant to the Capital Raising)	-	-	4,901,961	3	4,901,961	2
Consideration Shares (Sino-Excel Acquisition)*	-	-	117,647,059	82	230,588,235	90
Creditor offer	-	-	3,090,183	2	3,090,183	1
Total	**18,051,591**	**100**	**143,690,793**	**100**	**256,631,970**	**100**

* Excludes any Shares that may be issued under a A$200,000 convertible note issued by the Company to Marvel Earn Limited. The convertible note expires 28 February 2013 and is convertible at any time during its term. Marvel Earn Limited has advised the Company that its current intention is not to exercise the right of conversion. Marvel Earn Limited is associated with Swift China Limited, one of the Sino-Excel Vendors. If Marvel Earn Limited were to convert its loan into Shares and those Shares were aggregated with the Shares to be issued to the Sino-Excel Vendors, the relevant percentage would increase by approximately 0.5% of capital (without Earn Out Shares) and approximately 0.3% of capital (with Earn Out Shares).

Options on issue*

Number	Class	Exercise Price A$	Expiry Date
133,333	UOJ	2.70	27 May 2011
262,222	UOK	0.75	30 June 2011
166,667	UOM	0.45	31 December 2014
3,203,000	UON	0.30	30 June 2014
3,740,182	UOO	0.45	30 June 2014
7,505,404			

* Excludes any Options that may be issued under a A$200,000 convertible note issued by the Company to Marvel Earn Limited. The convertible note expires 28 February 2013 and is convertible at any time during its term. Marvel Earn Limited has advised the Company that its current intention is not to exercise the right of conversion. Marvel Earn Limited is associated with Swift China Limited, one of the Vendor Parties. If Marvel Earn Limited were to convert its loan then an additional 667,667 UON options would be issued.

11.5 Voting power

The table below sets out the voting structure of the Sino-Excel Vendors after completion of the Capital Raising and the Sino-Excel Acquisition. The table reflects the capital structure with Earn Out Shares issued over a range of 2011 NPAT from RMB50 million to RMB150 million.

The table also assumes all Resolutions are passed including the Share Consolidation taking place and a minimum of $2.5 million is raised under the Capital Raising. (Please note that the voting power of the Sino-Excel Vendors will be diluted should the Capital Raising amount exceed $2.5 million). The table does not include the dilutionary impact of Options on issue (refer the summary table of Options at the end of this section 11.4). The Sino-Excel Vendors will not hold any Options on completion of the Sino-Excel Acquisition.

RMB'000					
	2011 NPAT (RMB'000)				
Number of Shares	**50,000**	**60,000**	**100,000**	**120,000**	**150,000**
Consideration Shares	117,647	117,647	117,647	117,647	117,647
Less: Claw-back	(18,824)	-	-	-	-
Add: Earn-Out Shares	-	-	75,294	112,941	120,000
Total Shares held by Sino-Excel Vendors	**98,824**	**117,647**	**192,941**	**230,588**	**237,647**
Voting power of Sino-Excel Vendors	**79.1%**	**81.9%**	**88.1%**	**89.9%**	**90.1%**

11.6 Pro forma balance sheet

Audited pro forma consolidated statement of financial position

The Audited pro forma consolidated statement of financial position of the Company (set out below) assumes the transactions set out in this Explanatory Statement including the completion of the Sino-Excel Acquisition and the Offers (referred to as the "**Pro Forma Transactions**") which are to take place on or before the completion of the Public Offer as if they had occurred on or before 31 December 2010.

	Audited as at 31 December 2010 $'000	Pro forma minimum subscription $'000	Pro forma maximum subscription $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	90	1,113	5,949
Trade and other receivables	66	108	122
Other assets	-	20	20
TOTAL CURRENT ASSETS	**156**	**1,241**	**6,091**
NON-CURRENT ASSETS			
Other financial assets	695	695	695
Plant and equipment	-	756	756
Deferred tax assets	-	142	187
TOTAL NON-CURRENT ASSETS	**695**	**1,593**	**1,638**

	Audited as at 31 December 2010	Pro forma minimum subscription	Pro forma maximum subscription
TOTAL ASSETS	**851**	**2,834**	**7,729**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	1,401	601	601
Borrowings	1,736	196	196
Provisions	87	87	87
TOTAL CURRENT LIABILITIES	**3,224**	**884**	**884**
TOTAL LIABILITIES	**3,224**	**884**	**884**
NET ASSETS	**(2,373)**	**1,950**	**6,845**
EQUITY			
Issued capital	106,729	2,136	6,983
Reserves	3,688	-	-
Accumulated losses	(112,790)	(186)	(138)
TOTAL EQUITY	**(2,373)**	**1,950**	**6,845**

Explanation of the Pro Forma Transactions

(a) The issue of 96,090,000 Shares to a convertible note holder at $0.01, amounting to $0.96 million in relation to a convertible note converting to equity on 28 February 2011.

(b) Share Consolidation of the existing Shares on issue on a 30:1 basis.

(c) The issue of 3,090,183 Shares at various prices (due to conversion of convertible notes at different conversion prices) to specified creditors, amounting to $0.98 million.

(d) Issue of converting notes amounting to $0.2 million including $20,000 of capitalised interest.

(e) An amount of $0.15 million has been paid to repay an outstanding convertible note which also includes accrued interest and legal fees.

(f) Recognise accruals amounting to $0.2 million in respect of outstanding amounts owed to a former employee.

(g) The issue of 117,647,059 Shares at $0.51 each to the Sino-Excel Vendors in consideration for a 100% interest in Sino-Excel Acquisition. An exchange rate of RMB1:AUD0.16 has been used to translate the assets acquired as part of the Sino-Excel Acquisition.

(h) Accounting for the Sino-Excel Acquisition as a reverse acquisition of Sino-Excel ("the accounting acquiree") has met the definition of a business under *AASB 3: "Business Combinations"*, and all of the recognition and measurement principles required. A reverse acquisition occurs when the entity that issues securities (the legal acquirer) is identified as the acquiree for accounting purposes. The entity whose equity interests are acquired (the legal acquiree) must be the acquirer for accounting purposes for the transaction to be considered a reverse acquisition.

More specifically:

(i) the consolidated financial statements of the legal parent (the Company) are presented as a continuation of the financial statements of the private operating entity (the legal subsidiary), Sino-Excel in this case;

(j) any excess of the deemed acquisition cost over the cash balances and other net assets of the Company should be treated as a cost of obtaining a listing and recorded as an expense; and

(k) any other transaction costs incurred should be allocated between the costs of a new issue of Shares and the cost of the listing.

The Sino-Excel Acquisition Pro forma Adjustments excludes the Sino-Excel Earn Out Shares which may be issued to the vendors of Sino-Excel Vendors.

(l) The issue of shares and receipt of funds from the Public Offer. Minimum Subscription ($2.5 million) and the Maximum Subscription ($7.5 million) less the costs.

(m) Following the Public Offer $1.0 million is to be paid to specified creditors including former employees to satisfy outstanding liabilities.

11.7 Background of the Company

(a) The Company is currently a medical devices company with a portfolio of technologies and investments, being an investment in Norwood Immunology Limited and Norwood Eyecare Pty Ltd and a commercialization arrangement with Massachusetts Institute of Technology in relation to the Needlefree Project (**Existing Projects**). The Existing Projects have been restructured to a generally cash neutral expense position, however, the Company will continue to examine opportunities to realize them for value if and where appropriate.

(b) Following completion of the Sino-Excel Acquisition:

  (i) the Existing Projects will continue to be reviewed to ascertain their commercial potential. The Company may realise some projects for value or if not, continue to maintain them in the form of a cash neutral carrying investment; and

  (ii) the focus of the business of the Company will shift to the coal trading business.

11.8 The Board

(a) The current Directors are Spencer Chan Kum Ee, Rohan Boman, Leo Peng and Wong Chin Hong.

(b) All Directors joined the Board post announcement of the proposed Sino-Excel Acquisition.

(c) If the Sino-Excel Acquisition proceeds, there will be no short term change to the Board. Following the expected re-admission to ASX and during the Company's first full year of operation post reinstatement, it is likely that the Board would consider permitting up to two nominees of the Sino-Excel Vendors to join the Board. No candidates have been identified or agreed to date and any candidates would be required to submit themselves for Shareholder approval at the first annual general meeting of the Company following their appointment.

(d) If the Sino-Excel Acquisition does not proceed, the composition of the Board is not expected to change.

11.9 Sino-Excel Acquisition Overview

As announced to the ASX on 14 September 2009, the Company proposes to acquire 100% of the issued capital of Sino-Excel which upon completion of the Sino-Excel Acquisition will wholly own DeBang, an entity incorporated in the PRC.

Pursuant to the Share Sale Agreement the Sino-Excel Acquisition will involve the acquisition by the Company of all the shares on issue in Sino-Excel and the initial consideration for which will be satisfied by the issue of approximately 118 million Shares to the Sino-Excel Vendors at an issue price of 51 cents per Share.

If the Sino-Excel Acquisition proceeds Sino-Excel will become a wholly owned subsidiary of the Company. Subject to Shareholder approval, the Company will change its name to Sino-Excel Energy Limited (Resolution 10).

It is expected that ASX will impose escrow on the Shares issued to the Sino-Excel Vendors for a period of 12 months from the date Shares are requoted on ASX.

11.10 Overview of Share Sale Agreement

(a) The Share Sale Agreement in respect of Sino-Excel was executed on 16 April 2011. The parties are In Nany Sing Charlie (**Vendor Representative**), the Company (**Purchaser**), the Sino-Excel Vendors, Golden Eagle and DeBang.

(b) Pursuant to the Share Sale Agreement the following is recited:

(i) the Vendor Representative legally and beneficially owns the Sino-Excel Shares (**Sale Shares**);

(ii) Sino-Excel will, immediately prior to completion of the Sino-Excel Acquisition, legally and beneficially own all of the issued shares in DeBang;

(iii) in consideration for the Vendor Representative agreeing to sell the Sino-Excel Shares to the Purchaser, the Purchaser agrees to pay the Purchase Price in accordance with the terms and conditions of the Share Sale Agreement; and

(iv) pursuant to the Share Sale Agreement the Vendor Representative has directed the Purchaser to pay the Purchase Price to the Sino-Excel Vendors.

(c) The Purchase Price in respect of the Sino-Excel Shares is the issue of Shares to the Sino-Excel Vendors based on:

(i) an agreed transaction price of A$0.51 per Share;

(ii) a purchase price equal to 6 times 2011 NPAT; and

(iii) 2011 NPAT assumed (at the time of entering into the agreement) to be RMB 60 million,

subject to adjustment as noted below.

The pre-adjustment Purchase Price is the issue of 117,647,059 Shares (**Consideration Shares**).

(d) Subject to satisfaction or waiver of the conditions precedent noted below in section 11.11, the parties have agreed that the effective date of acquisition of Sino-Excel will be 1 January 2011.

(e) All adjustments under the agreement up to and including completion (including a Selective Buy-back or issue of Earn Out Shares) use an exchange rate between AUD and RMB of AUD$1.00 = RMB6.25 (**FX Rate**).

(f) As is customary in a share purchase agreement, the Vendor Representative and Sino-Excel Vendors provide customary warranties in relation to:

  (i) the Sino-Excel Shares and DeBang; and

  (ii) underlying warranties and representations in Golden Eagle, its assets and business operations.

  Indemnities in respect of breach of warranties are provided by the Sino-Excel Vendors.

  Also included is a tax indemnity in relation to Sino-Excel, DeBang and Golden Eagle.

  The Sino-Excel Vendors also undertake not to compete (or procure that any of their associates compete) with Golden Eagle or DeBang's business.

(g) Time limits for claims for breach of warranties are characterised as follows:

  (i) tax warranties – 7th anniversary of the completion date;

  (ii) all other warranties – 2nd anniversary of the completion date.

  The maximum aggregate liability of the Vendor Representative and the Sino-Excel Vendors under the agreement is equal to the Purchase Price.

  Swift China Ltd is a company controlled by the Vendor Representative. The remaining Sino-Excel Vendors are entities controlled by Mr Wang and Mr Zheng.

  Mr Wang and Mr Zheng also guarantee the obligations of the Sino-Excel Vendors under the agreement.

11.11 What conditions precedent need to be fulfilled or waived for the Sino-Excel Acquisition to proceed?

Completion of the Sino-Excel Acquisition is conditional on:

(a) the simultaneous completion of certain head office asset transfers between Golden Eagle and DeBang (primarily being the transfer of the employment of Mr Wang and Mr Zheng and certain ancillary head office assets);

(b) the Purchaser obtaining all necessary approvals required to complete the transactions contemplated by the Share Sale Agreement including:

  (i) all necessary shareholder approvals required for the acquisition by the Purchaser of the Sino-Excel Shares and the issue of the Consideration Shares and if required, the Earn Out Shares, which may include all conditions under ASX Listing Rules 7.1 and 11.1.2 and section 611 item 7 of the Corporations Act;

  (ii) all necessary regulatory approvals for the acquisition by the Purchaser of the Sino-Excel Shares and the issue of the Consideration Shares and if required, the Earn Out Shares, which may include all conditions under ASX Listing Rule 11.1.3;

(c) delivery of the Technical Services Agreement;

(d) delivery of the Pledge;

(e) execution of an Appendix 9A restriction agreement by each Sino-Excel Vendor in such form as is required by ASX;

(f) DeBang obtains approval from the authority which originally approved the establishment of DeBang (People's Government of Henan Province) based on the full contribution of the investment of RMB 100,000,000 or varied to a lower contribution on terms and conditions satisfactory to the Vendor Representative and the Purchaser such that DeBang's business licence is fully effective and lawful;

(g) DeBang applies for and is granted a Foreign Exchange Registration Certificate in accordance with the Interim Measures for Administration of the Foreign Exchange Registration of Enterprises with Foreign Investment Huizihanzi [1966] No. 187 issued by the State Administration of Foreign Exchange with such conditions as are satisfactory to the Purchaser in its discretion;

(h) there is no material breach, and there are no facts or circumstances that may reasonably be expected to lead to a material breach, of any warranties given by the Sino-Excel Vendors before completion;

(i) the Purchaser being reasonably satisfied that there is no:

    (i) event, matter or thing of which it becomes aware at any time after its execution of this agreement and prior to completion, that is materially adversely different from information contained in the last accounts of Golden Eagle or due diligence information provided, disclosed to or requested by the Purchaser prior to the date of the Share Sale Agreement; or

    (ii) material adverse change in the business of Golden Eagle or Sino-Excel, or the financial or trading position, assets, liabilities or profitability or prospects of Golden Eagle (or any one or more of the companies in the GE Group taken as a whole) or any event reasonably likely to result in such a material adverse change; and

(j) a service agreement in the agreed form between DeBang and each of Mr Wang and Mr Zheng is duly executed.

The conditions precedent in clause (b) above are for the benefit of the Sino-Excel Vendors and the Purchaser. The Conditions Precedent in clauses (a), (c), (d), (e), (f), (g), (h), (i) and (j) above are for the benefit of the Purchaser.

If the condition precedent in clause (f) above is unable to be satisfied by the Sino-Excel Vendors, then the Vendor Representative will be entitled to substitute DeBang with another limited liability company (wholly foreign-owned enterprise) which will be a newly registered company with no assets or liabilities, subject to the DeBang assets transfer (**DeBang Substitute**). Subject to the Purchaser being satisfied as to the proper registration of the DeBang Substitute and being satisfied that the DeBang Substitute has no assets or liabilities, subject to the DeBang asset transfer referred to in paragraph (a) immediately above, all references to DeBang in the Share Sale Agreement will then be to the DeBang Substitute.

If all the Conditions Precedent are not fulfilled or (to the extent they are capable of waiver) waived in writing by each party for whose benefit they are included by 30 September 2011 or such later date as mutually agreed in writing by the parties, a party may before satisfaction of all the Conditions Precedent by written notice to the other party terminate the Share Sale Agreement.

11.12 Calculation of Share consideration for the Sino-Excel Acquisition

The basis of the proposed Sino-Excel Acquisition Share consideration is calculated according to DeBang's 2011 NPAT for the financial year ending 31 December 2011, as follows:

(a) consideration to equal 6 times 2011 NPAT;

(b) 2011 NPAT assumed to be RMB 60 million (approximately A$10 million) and Consideration Shares will be issued by the Company on this basis;

(c) if 2011 NPAT is below RMB 60 million, the Company will claw back some or all of the Consideration Shares – difference times 6;

(d) if 2011 NPAT is above RMB 60 million and up to and including RMB 120 million (approximately A$20 million), the Company will issue Earn Out Shares – difference times 6;

(e) if 2011 NPAT is above RMB 120 million, the Company will issue Earn Out Shares – 25% of difference above RMB 120 million times 3 (in addition to any Earn Out Shares issued under 11.12(d)).

Upon completion of the audit of the 2011 financial statements for DeBang, the Company and the Sino-Excel Vendors will calculate any adjustment to the consideration, whether by way of additional Earn Out Shares or the implementation of the required buy-back which may take place by way of the Selective Buy-back (for nominal consideration) or the sale of the Buy Back Shares to third parties nominated by the Company. The Share Sale Agreement contains dispute resolution provisions relating to the determination of 2011 NPAT and the final number of Shares.

11.13 Determination of 2011 NPAT and determination of final Consideration Shares

Determination of 2011 NPAT

(a) No more than 10 Business Days after the provision of the Company's audit report procured in respect of the DeBang accounts for the year ending 31 December 2011, the Company must serve notice on the Vendor Representative and Sino-Excel Vendors specifying the Company's calculation of the 2011 NPAT.

(b) If the Vendor Representative:

(i) serves notice agreeing to the 2011 NPAT calculation specified in the notice served by the Company pursuant to (a) above; or

(ii) does not object in writing to the calculation specified in the notice served by the Company pursuant to (a) above within 20 Business Days of receiving the notice,

then the 2011 NPAT shall be deemed to be the figure calculated as set out in the Company's notice.

(c) If the Vendor Representative does object in writing to the calculation specified in the notice served by the Company pursuant to (a) above within 20 Business Days of receiving the notice:

(i) the parties will use their best endeavours to agree the 2011 NPAT;

(ii) in the absence of such agreement, at any time a party may refer the dispute to the Company's auditor (**Auditor**) for determination; and

(iii) in the absence of manifest error, the 2011 NPAT determined by the Auditor shall be the 2011 NPAT for the purposes of the agreement and shall be binding on all parties.

If 2011 NPAT exceeds RMB 60,000,000

(d) If 2011 NPAT determined by the Auditor exceeds RMB 60,000,000 but is RMB 120,000,000 or less, the Company must issue Earn Out Shares according to the following formula:

(e) (((2011 NPAT – 60,000,000) / FX Rate) x 6) / $0.51

If 2011 NPAT exceeds RMB 120,000,000

(f) If 2011 NPAT determined by the Auditor exceeds RMB 120,000,000, the Company must issue additional Earn Out Shares (in addition to any Share consideration entitlements under section 11.13(e) above) according to the following formula:

(((2011 NPAT – 120,000,000) / FX Rate) x 0.25) x 3) / $0.51

Issue of additional Earn Out Shares

If additional Earn Out Shares are due to the Sino-Excel Vendors, the Company must, within 10 Business Days of agreement or determination of 2011 NPAT:

(g) issue the additional number of Earn Out Shares to the Sino-Excel Vendors in their respective proportions; and

(h) apply for quotation on ASX of those Earn Out Shares.

If 2011 NPAT is below RMB 60,000,000

(i) If 2011 NPAT determined by the Auditor is less than RMB 60,000,000, the Company will be entitled to reduce the Purchase Price by an amount calculated and translated to a number of Consideration Shares (**Buy Back Shares**) in accordance with the following formula:

(j) -((((2011 NPAT – 60,000,000) / FX Rate) x 6) / $0.51)

Reduction of Purchase Price and disposal of Buy Back Shares

If the Purchase Price is reduced pursuant to the above mechanisms, the Company may at its election determine to:

(k) require the Sino-Excel Vendors to dispose by way of sale to third parties nominated by the Company or its agents the relevant number of Buy Back Shares calculated above; or

(l) require the relevant Buy Back Shares to be bought back according to the Selective Buy-back for the nominal aggregate sum of $1.00.

Until such time as the Company effects a transfer or buy-back of the relevant Buy Back Shares, the Company will be entitled to place a holding lock in respect of the Buy Back Shares (in addition to any ASX imposed escrow).

11.14 What has the Independent Expert said?

The Directors engaged Grant Thornton Corporate Finance Pty Ltd to prepare an Independent Expert's Report for Shareholders to express an opinion on whether the Sino-Excel Acquisition (including the issue of the Consideration Shares and Earn Out Shares) is fair and reasonable to them.

In forming an opinion in relation to the fairness of the Sino-Excel Acquisition to the non-associated Shareholders, the Independent Expert compared the value per Share before the Sino-Excel Acquisition (on a control basis) to the assessed value per Share after the Sino-Excel Acquisition. Given that the Sino-Excel Acquisition is contingent, amongst other things, to completion of the Capital Raising, the Independent Expert also assumed the minimum capital raising of $2.5 million in its valuation assessment of the Company following the Sino-Excel Acquisition.

In conducting the assessment of the fairness of the Sino-Excel Acquisition, the Independent Expert conducted a sensitivity analysis in relation to the length of time that the Company will be able to extract the economic benefit from the Technical Service Agreement. The Independent Expert has noted that whilst the term of the Technical Service Agreement is in perpetuity, the Company does not have direct control or influence over the business operations, financial performance or directions/actions of Golden Eagle. If Golden Eagle ceases operating its coal trading business, its ability to transfer the economic benefit to DeBang may be severely curtailed or entirely negated. Accordingly, in its valuation assessment of the fairness of the Sino-Excel Acquisition, the Independent Expert has assumed that the Company will be able to extract the financial benefit from the Technical Service Agreement for a period between 5 and 10 years (excluding terminal value attributed to the underlying coal trading business). The Independent Expert has noted that based on the assessed discount rate and operating assumptions in relation to the performance of DeBang, if DeBang is able to extract the economic benefits under the Technical Service Agreement in perpetuity, the value per Share following completion of the Sino-Excel Acquisition (on a minority basis) will be approximately A$0.17 per Share.

In assessing whether the Sino-Excel Acquisition is reasonable to the non-associated Shareholders, the Independent Expert also considered the likely advantages and disadvantages associated with the Sino-Excel Acquisition.

The Independent Expert has concluded that based on the likely advantages, disadvantage and other factors associated with the Sino-Excel Acquisition and the value per Share before the Sino-Excel Acquisition (on a control basis) to the assessed value per Share after the Sino-Excel Acquisition, the Sino-Excel Acquisition is fair and reasonable to the non-associated Shareholders. The key conclusions from the Independent Expert's Report in respect of the Sino-Excel Acquisition are summarised below:

(a) the assessed fair market value range of Shares (on a minority basis) after the Sino-Excel Acquisition exceeds the assessed fair market value range of Shares (on a control basis) before the Sino-Excel Acquisition;

(b) the Sino-Excel Acquisition offers existing Shareholders an opportunity to monetise their investment in the Company and potentially realise the fair market value of their investment;

(c) the Sino-Excel Acquisition offers Shareholders exposure to a buoyant commodity such as coal and in a country like PRC which is in rapid and continuous expansion;

(d) if the Offers and Sino-Excel Acquisition are completed, the Company will be better capitalised compared to its current position; and

(e) if the Capital Raising and Sino-Excel Acquisition are not completed, the Company is unlikely to be able to meet its debt obligations when they fall due and accordingly, it may be placed into liquidation.

However, the Independent Expert has also considered a number of other factors and risks in assessing the fairness and reasonableness of the Sino-Excel Acquisition. These are set out in full in the Independent Expert's Report.

The above summary of the key conclusions and opinion of the Independent Expert is qualified in its entirety by, and should be read in conjunction with, the Independent Expert's Report. A copy of the Independent Expert's Report is attached as Annexure A. You should read that report in its entirety as part of your assessment of how to vote on the Sino-Excel Acquisition proposal.

11.15 What will happen if Resolution 8 is approved?

(a) If Resolution 8 is approved by the Shareholders and all Conditions Precedent (including completion of the Capital Raising) are fulfilled or waived, the Sino-Excel Acquisition will proceed.

(b) However, if Resolution 8 is approved by Shareholders but not all Conditions Precedent are fulfilled or waived, the Sino-Excel Acquisition will not proceed and the monies subscribed by investors as part of the Capital Raising will be returned.

11.16 What will happen if Resolution 8 is <u>not</u> approved?

If Resolution 8 is not approved:

(a) the Sino-Excel Acquisition will not proceed;

(b) the Company will not change its name;

(c) all application monies received pursuant to the Capital Raising will be returned to the respective applicants and new Shares will not be issued pursuant to the Capital Raising;

(d) the Company will have incurred costs and expended management time and resources in developing and pursing the Sino-Excel Acquisition without the benefits of the Sino-Excel Acquisition being delivered; and

(e) the Company will face a very uncertain future, with the most likely outcome being the appointment of an administrator or liquidator to the Company.

11.17 If approved, when will the Sino-Excel Acquisition proceed?

It is expected that completion of the Sino-Excel Acquisition will take place within 10 Business Days following the date on which all Conditions Precedent have been either satisfied or waived. If, as expected, all Conditions Precedent will be satisfied or waived prior to shortly after the Meeting, and assuming that Resolutions 7, 8, 9 and 11 are approved, it is expected that the Sino-Excel Acquisition will be completed in late May 2011.

11.18 Item 7 of section 611 of the Corporations Act

(a) Shareholder approval is required under section 611 item 7 of the Corporations Act for the proposed issue of Shares to the Sino-Excel Vendors in accordance with Resolution 8.

(b) Shareholder approval under section 611 item 7 of the Corporations Act is an exception under ASX Listing Rule 7.2 and, therefore, Shareholder approval under ASX Listing Rule 7.1 is not required for the issue of Shares to the Sino-Excel Vendors.

(c) Subject to a number of exceptions, section 606 of the Corporations Act prohibits a person acquiring a relevant interest in issued voting shares in a company if, as a result of the acquisition, that person's or someone else's voting power in the company increases from less than 20% to more than 20%, or from a starting point that is above 20% and below 90%.

(d) "Voting power" is defined in section 610 of the Corporations Act as meaning the total number of votes attached to all the voting shares of a person and their associates as a percentage of the total voting shares in a company.

(e) Item 7 of section 611 of the Corporations Act provides an exception to the prohibition in section 606 of the Corporations Act in circumstances where shareholders of a company approve an acquisition of shares by virtue of an allotment or acquisition at a meeting at which no votes are cast by parties involved in the proposed acquisition, including their associates.

(f) The requirement to obtain shareholder approval under item 7 of section 611 of the Corporations Act is a means by which the rights of existing shareholders may be protected in circumstances where control of a company may change.

(g) As at 1 March 2011, the Company had 18,051,591 Shares on issue (assuming that the Share Consolidation under Resolution 7 is approved).

As at the date of this notice, Majestic Faith Ltd does not hold Shares and its voting power in the Company is therefore nil. Majestic Faith Ltd 's shareholding in the Company will be 41.76% if the Consideration Shares are issued to it (assuming $2.5 million is raised under the Capital Raising). If Earn Out Shares to which Majestic Faith Ltd is entitled are issued to it, Majestic Faith Ltd's shareholding in the Company will be approximately 46% (assuming $2.5 million is raised under the Capital Raising and a 2011 NPAT of RMB120 million). Approval of Resolution 8 is sought to enable the Company to issue up to 120,000,000 new Shares to Majestic Faith Ltd (comprising 60,000,000 Consideration Shares and up to 60,000,000 Earn Out Shares).

As at the date of this notice, Swift China Ltd does not hold Shares and its voting power in the Company is therefore nil. Swift China Ltd's shareholding in the Company will be 13.65% if the Consideration Shares are issued to it (assuming $2.5 million is raised under the Capital Raising). If Earn Out Shares to which Swift China Ltd is entitled are issued to it, Swift China Ltd 's shareholding in the Company will be approximately 15% (assuming $2.5 million is raised under the Capital Raising and a 2011 NPAT of RMB120 million). Approval of Resolution 8 is sought to enable the Company to issue up to 39,215,686 new Shares to Swift China Ltd (comprising 19,607,843 Consideration Shares and up to 19,607,843 Earn Out Shares).

As at the date of this notice, Endless Adventure Ltd does not hold Shares and its voting power in the Company is therefore nil. Endless Adventure Ltd 's shareholding in the Company will be 12.55% if the Consideration Shares are issued to it (assuming $2.5 million is raised under the Capital Raising). If Earn Out Shares to which Endless Adventure Ltd is entitled are issued to it, Endless Adventure Ltd's shareholding in the Company will be approximately 13.8% (assuming $2.5 million is raised under the Capital Raising and a 2011 NPAT of RMB120 million). Approval of Resolution 8 is sought to enable the Company to issue up to 36,078,432 new Shares to Endless Adventure Ltd (comprising 18,039,216 Consideration Shares and up to 18,039,216 Earn Out Shares).

As at the date of this notice, New Inspiration Ltd does not hold Shares and its voting power in the Company is therefore nil. New Inspiration Ltd 's shareholding in the Company will be 13.92% if the Consideration Shares are issued to it (assuming $2.5 million is raised under the Capital Raising). If Earn Out Shares to which New Inspiration Ltd is entitled are issued to it, New Inspiration Ltd's shareholding in the Company will be approximately 15.3% (assuming $2.5 million is raised under the Capital Raising and a 2011 NPAT of RMB120 million). Approval of Resolution 8 is sought to enable the Company to issue up to 40,000,000 new Shares to New Inspiration Ltd (comprising 20,000,000 Consideration Shares and up to 20,000,000 Earn Out Shares).

In aggregate, immediately after the completion of the Sino-Excel Acquisition, the Sino-Excel Vendors will hold up to approximately 82% of issued Shares assuming $2.5 million is raised under the Capital Raising. If the maximum subscription of $7.5 million is raised under the Capital Raising, the Sino-Excel Vendors will hold up to approximately 77% of the issued Shares. Approval for the issue of Shares to each Sino-Excel Vendor under item 7 of section 611 of the Corporations Act is sought under Resolution 8 to enable the Company to issue up to 235,294,118 new Shares in aggregate to the Sino-Excel Vendors, comprising 117,647,059 Consideration Shares and up to a further 117,647,059 Earn Out Shares.

11.19 Information prescribed by ASIC Regulatory Guide 74

ASIC Regulatory Guide 74 “Acquisitions agreed to by shareholders” specifies certain information that must be provided to shareholders where their approval of a proposed issue of shares in a company is sought. Accordingly, the following information is provided regarding the proposed issue of new Shares to the Sino-Excel Vendors pursuant to the Sino-Excel Acquisition.

(a) **Identity of the persons proposing to acquire new Shares**

If Resolution 8 is passed, up to 235,294,118 new Shares in aggregate will be issued to the Sino-Excel Vendors comprising 117,647,059 Consideration Shares and up to 117,647,059 Earn Out Shares.

(b) **Full particulars (including the number and the percentage) of the Shares which the Sino-Excel Vendors will be entitled to immediately before and after the Sino-Excel Acquisition**

As at the date of this Notice of Meeting, the Sino-Excel Vendors currently hold no Shares. The number of new Shares to be issued to the Sino-Excel Vendors pursuant to the Sino-

Excel Acquisition will be 117,647,059 Shares. Assuming no additional new Shares are issued to the Sino-Excel Vendors, this will constitute a percentage holding of 82% of the total number of Shares on issue in the Company (assuming $2.5 million is raised under the Capital Raising). If the maximum subscription of $7.5 million is raised under the Capital Raising, the Sino-Excel Vendors will hold up to approximately 77% of the issued Shares.

Approval is being sought for up to 117,647,059 additional Shares to be issued to the Sino-Excel Vendors if 2011 NPAT equals RMB 120,000,000. This will constitute a percentage holding of approximately 90% of the total number of Shares on issue in the Company (assuming $2.5 million is raised under the Capital Raising). If the maximum subscription of $7.5 million is raised under the Capital Raising, the Sino-Excel Vendors will hold up to approximately 87% of issued Shares. Additional Shares will be issued if 2011 NPAT exceeds RMB 120,000,000, however the approval under this resolution is limited to 117,647,059 additional Shares.

(c) **The identity of any person who will have a relevant interest in the Shares to be allotted**

(i) If Resolution 8 is passed by the Shareholders and the Sino-Excel Acquisition proceeds, new Shares will be issued to the Sino-Excel Vendors and the Sino-Excel Vendors will have a relevant interest in those new Shares.

(ii) Under section 608(1) of the Corporations Act, a person has a "relevant interest" in securities (such as shares in a company) if they:

(A) are the holder of the securities; or

(B) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or

(C) have the power to dispose of, or control the exercise of a power to dispose of, the securities.

(iii) The Corporations Act also provides that a person has a relevant interest in any securities in a company which are held by a body corporate in which the person's voting power is above 20%. A person is also deemed to have a relevant interest in any securities in a company which are held by a body corporate that the person controls.

(d) **The voting power that the Sino-Excel Vendors would have as a result of its acquisition of new Shares, and the maximum extent of the increase in the Sino-Excel Vendors' voting power in the Company that would result from its acquisition of new Shares**

As at the date of this Notice of Meeting, the Sino-Excel Vendors currently hold no Shares. The number of new Shares to be issued to the Sino-Excel Vendors pursuant to the Sino-Excel Acquisition will be 117,647,059 Shares. Assuming no additional new Shares are issued to the Sino-Excel Vendors, this will constitute a percentage holding of approximately 82% of the total number of Shares on issue in the Company (assuming $2.5 million is raised under the Capital Raising). If the maximum subscription of $7.5 million is raised under the Capital Raising, the Sino-Excel Vendors will hold up to approximately 77% of the issued Shares.

Approval under this resolution is sought for the issue of up to 117,647,059 additional Shares to the Sino-Excel Vendors if 2011 NPAT equals RMB 120,000,000. This will constitute a percentage holding of approximately 90% of the total number of Shares on issue in the Company (assuming $2.5 million is raised under the Capital Raising). If the maximum subscription of $7.5 million is raised under the Capital Raising, the Sino-Excel Vendors will hold up to approximately 87% of issued Shares. Additional Shares will be issued if 2011 NPAT exceeds RMB 120,000,000 however the approval under this resolution is limited to 117,647,059 additional Shares.

(e) **Identify associations and qualifications of any proposed executive and proposed Director**

Spencer Chan Kum Ee, Rohan Boman, Leo Peng and Wong Chin Hong were appointed to the Board post announcement of the proposed Sino-Excel Acquisition.

Biographical details of each Director are set out below.

Spencer Chan Kum Ee
Mr Spencer Chan Kum Ee, Chairman of the Company, is an experienced marketing management executive who is currently Managing Consultant with SC Management Consulting Pte Ltd. Mr Chan was the CEO/Group President of Jade Technologies Holdings Limited, a company listed in Singapore with operations in China and also a former vice-president and marketing director of Citibank's Global Consumer Banking in Singapore.

Rohan Boman
Mr Boman is a private investor with a particular interest in the resources area. Mr Boman has previously held the position of Director, Proprietary Trading for ING Securities (Hong Kong) prior to which he was Divisional Director and Head of Trading - Equity Markets at Macquarie Bank (Sydney).

Leo Peng
Mr Leo Peng WeiLe has experience in investment banking and wealth management in Singapore, China and Hong Kong, most recently at Deutsche Morgan Grenfell.

Wong Chin Hong
Mr Wong has in excess of 16 years' experience in senior finance, accounting and auditing positions with several multi-national companies in Singapore, including listed companies. Mr Wong has also held senior management and director positions with several financial institutions such as Elders Finance Group (Australia), N.M. Rothschild & Sons and Deutsche Morgan Grenfell in Singapore.

(f) **The Sino-Excel Vendors' intentions for the future of the Company if its acquisition of new Shares is approved**

The details set out in this section 11.19 are required by ASIC Regulatory Guide 74.

If the Sino-Excel Acquisition proceeds and for as long as the Sino-Excel Vendors hold Shares, the Sino-Excel Vendors have indicated that their current intentions for the Company’s future are as follows.

(i) ***Distribution of shares***

The Sino-Excel Vendors have no present intention to distribute their Shares to any other party who is not a Related Party (as defined in the Corporations Act).

(ii) ***Intention to change the business of the Company***

The focus of business of the Company will change from a medical devices business to coal trading in the PRC**.** Further details of the Company's business following the Sino-Excel Acquisition are outlined in earlier sections of this Explanatory Statement.

(iii) ***Intention to inject further capital into the Company***

Other than the Capital Raising, the Sino-Excel Vendors currently have no intentions to raise further capital for the Company.

(iv) ***Intention regarding future employment of the Company's employees***

The Sino-Excel Vendors' intention is that the current employees of the Company be retained in the business of the Company. However it is noted that the current Chief Financial Officer and Co-Company Secretary, Mr Jeffrey Bell intends to leave the Company upon completion of the Sino-Excel Acquisition. The Directors are confident of securing an appropriate replacement for Mr Bell.

(v) ***Any proposal for transferring property between the Company and the Sino-Excel Vendors, or any person associated with either the Company or the Sino-Excel Vendors***

The Sino-Excel Vendors have no present intention to transfer any property between the Company and the Sino-Excel Vendors, or any person associated with either the Company or the Sino-Excel Vendors.

(vi) ***Intention to otherwise redeploy the Company's fixed assets***

The Sino-Excel Vendors have no present intention to redeploy any of the Company's fixed assets.

(vii) ***Intention to change the Company's financial or dividend policies***

The Sino-Excel Vendors have no present intention of changing the financial or dividend policies of the Company. In respect of dividends, Shareholders should not expect to receive dividends in the short to medium term as it is intended that all available cash resources of the Company will be channelled into developing the coal trading business in the PRC.

(viii) ***Intention to make further strategic acquisitions and alliances***

The Company will constantly review opportunities for strategic acquisitions and alliances and should any such strategic acquisitions or alliances be deemed beneficial to the Shareholders, they will be considered by the Company and the Shareholders will be promptly notified.

(ix) ***Intention to make a compulsory acquisition of minority Shares***

The Sino-Excel Vendors have no present intention to exercise their rights to compulsorily acquire the remaining minority Share capital of the Company should their shareholding become at least 90% as a result of the issue of Earn-Out Shares.

(g) **The Directors' recommendation regarding Resolution 8**

(i) ***Interests of the Directors in Resolution 8***

As at the date of this Notice of Meeting, Mr Leo Peng WeiLe holds 11,111 Shares. The other Directors do not hold Shares in the Company or hold shares or have any other interest in any entity that is a shareholder of the Company. No Director has any personal interest in the issue of new Shares to the Sino-Excel Vendors under the Sino-Excel Acquisition, except, in Mr Peng's case, in his capacity as a Shareholder in the Company.

All of the Directors approved the proposal to put Resolution 8 to the non-associated Shareholders in the Company.

(ii) ***Directors' recommendation for Resolution 8***

The Sino-Excel Acquisition offers the Company a future business and preserves some value in the Company's Shares. If the Sino-Excel Acquisition does not proceed, the Company will face a very uncertain future.

The Directors recommend that the Shareholders in the Company vote in favour of Resolution 8.

Each Director who is also Shareholder also intends to vote in favour of Resolution 8.

Each Director of the Company considers that the proposed issue of new Shares to the Sino-Excel Vendors pursuant to the Sino-Excel Acquisition is fair and reasonable to the non-associated Shareholders when considered in the context of the interests of the Company's Shareholders for the reasons set out in the Independent Expert's Report in Annexure A.

(h) **Particulars of the terms of the proposed allotment of new Shares which is conditional upon, or directly or indirectly dependent on, Shareholders' agreement to the acquisition of new Shares by the Sino-Excel Vendors**

The allotment of new Shares by the Company to the Sino-Excel Vendors is pursuant to the Sino-Excel Acquisition is conditional upon any escrow restrictions imposed by the ASX. It is expected that all Shares issued to the Sino-Excel Vendors will be subject to ASX escrow for a period of 12 months from the date of relisting of the Company. In addition, pursuant to the terms of the Share Sale Agreement, the Shares will be subject to a voluntary escrow pending the determination of the 2011 NPAT and resolution of whether additional Earn Out Shares will be issued or whether the Consideration Shares will be subject to some level of buy back. Refer to Resolution 12 for further information.

(i) **The terms of any other contract or proposed contract between the Company and the Sino-Excel Vendors or any of their associates which is conditional upon, or directly or indirectly dependent on, Shareholders' agreement to the acquisition by the Sino-Excel Vendors' acquisition of Shares**

Completion of the Sino-Excel Acquisition pursuant to the Share Sale Agreement is conditional upon the Shareholders approving Resolutions 7, 8 and 9.

(j) **An explanation of the reasons for the proposed allotment of new Shares to the Sino-Excel Vendors**

The proposed allotment of new Shares to the Sino-Excel Vendors under the terms of the Share Sale Agreement will be in consideration of the Company's acquisition of the Sino-Excel Shares.

(k) **When the issue of Shares to the Sino-Excel Vendors is to be made**

If Resolution 8 is passed by the Shareholders and the other Conditions Precedent of the Sino-Excel Acquisition are satisfied or waived, it is expected that the Company will complete the Sino-Excel Acquisition and allot new Shares to the Sino-Excel Vendors immediately after completion of the Capital Raising. This is expected to be in or about late May 2011. However, this date may change by agreement between the parties to the Share Sale Agreement.

(l) **Independent Expert's Report as to whether the acquisition by the Sino-Excel Vendors is fair and reasonable**

The Directors commissioned the Independent Expert to prepare the Independent Expert's Report on the question of whether the issue to the Sino-Excel Vendors of Shares pursuant to the Sino-Excel Acquisition is fair and reasonable to the non-associated Shareholders. The Independent Expert concluded that based on the likely advantages, disadvantage and other factors associated with the Sino-Excel Acquisition, the Sino-Excel Acquisition is fair and reasonable to the non-associated Shareholders..

11.20 Risk factors relating to the Sino-Excel Acquisition

If the Sino-Excel Acquisition proceeds, there are a number of risk factors which may affect the future operating and financial performance of the Company and the future investment performance of Shares.

This section of the Explanatory Statement summarises the risks to which the Company will be exposed (via its acquisition of Sino-Excel) as a participant in the PRC coal trading industry on completion of the Sino-Excel Acquisition. Shareholders will also continue to be subject to the general risks associated with investing in listed securities.

Many of the risks identified in this section are outside the control of the Company. In deciding whether or not to approve the Sino-Excel Acquisition you should carefully consider the risks set out in this section together with the other information set out in this Explanatory Statement.

The information set out below does not purport to be nor should it construed as representing, an exhaustive list of the risks affecting the Company or the Company merged with Sino-Excel.

Identification of each risk was based on an assessment by the Directors of the probability of the risk occurring and the impact of the risk if it did occur. That assessment was based on the knowledge of the Directors as at the date of this Notice of Meeting and Explanatory Statement and there is no guarantee or assurance that the relative importance of the various risks will not change.

The section should also be read in conjunction with the risks described in the Independent Expert's Report.

(a) **Key risks associated with the Norwood Group**

The success of the Company is largely dependent on the successful acquisition and the sustained profitability of Sino-Excel, including DeBang. The key business risks associated with the Norwood Group following the Sino-Excel Acquisition include the following.

(b) **Business risks**

Retention of key staff

As noted above in relation to the Technical Services Agreement, the Norwood Group will be highly reliant on the key personnel who have created valuable commercial relationships in developing the Golden Eagle coal trading business (namely Mr Wang and Mr Zheng). The continued retention of these key employees by DeBang will be critical to the ongoing viability of the Golden Eagle operations and therefore the revenue stream to DeBang. The loss of one or both of these key employees for any reasons would be expected to have a material and adverse effect on the Norwood Group.

The Norwood Group's prospects also depend in part on the ability of its other executive officers and senior management, to operate effectively, both independently and as a group. To manage its growth, the Norwood Group must attract and retain additional highly qualified management personnel and continue to implement and improve operational, financial and management systems. The inability to attract and retain the services of a sufficient number of suitably qualified personnel could be disruptive to the Norwood Group's development and could materially adversely affect its operating results.

Acquisitions & growth

Initially, the Norwood Group's ability to substantially grow its business is highly dependent on:

(i) DeBang's ability to obtain its own coal trading licence;

(ii) Golden Eagle's ability to source more coal; and

(iii) Golden Eagle or DeBang's ability to acquire a direct equity interest or an economic interest in other trading operations.

Past performance

Market conditions and trading approaches are continually changing and the fact that Golden Eagle has been profitable in the past does not mean it, or DeBang, will be profitable in the future. Past results are not necessarily indicative of future performance. No assurance can be made that profits will be achieved or that losses will not be incurred by DeBang, the Company or investors in the Company.

Capital requirements

There can be no assurance that the Norwood Group will not seek to exploit business opportunities of a kind which will require it to raise additional capital from equity or debt sources. There can be no assurance that the Norwood Group will be able to raise such capital on favourable terms (or at all) or, if it is able to raise the capital, that it will be able to invest that capital efficiently. If the Norwood Group is unable to obtain or invest such additional capital, the Norwood Group may be required to reduce the scope of its investment activities or forego an investment opportunity, which could adversely affect its business, financial condition and results of operation.

Legal environment - competition laws

Despite the existence of PRC laws which are intended to protect against certain anti-competitive practices, there can be no assurance that the applicable laws will sufficiently protect DeBang or Golden Eagle from anti-competitive practices by its competitors or that major competitors will not use their strategic positions to gain a competitive advantage in some future period.

(c) **Dependence on Golden Eagle and Technical Services Agreement**

In connection with the acquisition of Sino-Excel. DeBang's profitability and ability to operate its business effectively are dependent on Golden Eagle’s fulfilment of its obligations under the Technical Services Agreement.

The Technical Services Agreement is designed to transfer the economic benefit of the trading operations of Golden Eagle to DeBang, however if for any reason that agreement is breached by Golden Eagle or Golden Eagle ceases business for any reason, its ability to satisfy its obligations to DeBang may be severely curtailed or completely negated.

Golden Eagle is contractually prevented from conducting business in the same field without the prior consent from DeBang. In addition, the shareholders of Golden Eagle undertake to continue operating the coal trading business in Golden Eagle, However, if the shareholders of Golden Eagle were to conduit the coal trading business into a different entity from 1 January 2012 (ie at the end of the claw back period), the value of the Technical Services Agreement may be adversely impacted with a significant detrimental effect for Norwood Shareholders.

Although there is a significantly buy back of Shares should the service fee transferred to DeBang under the Technical Services Agreement be less than the agreed amount (refer section 11.13) in relation to the financial year ending 31 December 2011, no further buy back is available to the Company for any future diminution of revenue in later years. While the Directors believe that the interests of the Company and the Sino-Excel Vendors are commercially aligned, the risk remains that if for any reason Golden Eagle is unable to deliver revenue under the Technical Services Agreement this will have a direct and material adverse impact on the Norwood Group's financial viability.

In addition, laws relating to contracts in the PRC differ from those in Australia. Arrangements which may be subject to extensive formal contracts in Australia may be subject to informal arrangements in the PRC. For example, it is noted that the Technical Services Agreement and the Pledge, as customary in the PRC, are short form agreements and lack a degree of detail when compared to Western economy agreements. As a result, there are commercial and contractual risks associated with operating under a different contractual clauses and practices. Events or circumstances, such as non-performance or an unforeseen change in terms and conditions, may arise which have an adverse impact on the performance and profitability of the Company.

(d) **The Norwood Group will be controlled by the Sino-Excel Vendors, whose interests may differ from those of the Norwood Group’s other Shareholders**

After the Sino-Excel Acquisition the Sino-Excel Vendors will own between 77% and 90% of the Company's Share capital. As controlling Shareholders, the Sino-Excel Vendors will be able to direct the election of all of the members of the Norwood Group's Board of Directors and exercise a controlling influence over the Norwood Group's business and affairs, including, but not limited to, decisions with respect to:

- mergers or other business combinations;
- the acquisition or disposition of assets;
- the issuance of any additional shares or other equity securities;
- the timing and amount of dividend payments; and
- management of the Norwood Group.

Upon completion of the Offers and the Sino-Excel Acquisition, there will be no short term change to the Board. Following the expected re-admission to ASX and during the Company's first full year of operation post reinstatement, it is likely that the Board would consider permitting up to two nominees of the Sino-Excel Vendors to join the Board. No candidates have been identified or agreed to date and any candidates would be required to resubmit themselves for Shareholder approval at the first annual general meeting of the Company following their appointment.

To the extent that the Sino-Excel Vendors appoint directors to the Board at a future time and serve concurrently as owners and managers of Golden Eagle or its associates, there may be an appearance of conflicts of interest and the Company cannot give any assurance that such appointees will not vote in a way that appears to favour the Sino-Excel Vendors.

As noted above, ownership of the Company will be concentrated in four major Shareholders. These Shareholders could exert substantial influence over matters requiring approval by the Company's Shareholders, including electing directors, and in doing so they may not act in the best interests of other minority Shareholders. This concentration of ownership may also discourage, delay or prevent a change in control of the Company, which could deprive Shareholders of an opportunity to receive a premium for their shares as part of a sale of the Company and might reduce the price for Shares. These actions may be taken even if they are opposed by the Company's other Shareholders.

(e) **Risks relating to the industry or business of the Norwood Group**

Shareholders should carefully consider all of the information in this Notice of Meeting and Explanatory Statement including the risks and uncertainties described below before making a decision as to whether to approve the Sino-Excel Acquisition. Shareholders should pay particular attention to the fact that the businesses of DeBang and Golden Eagle operate in the PRC and thus will largely be governed by a legal and regulatory environment that may differ substantially from that of Australia and that most of the Norwood Group's revenues and much of the Norwood Group's costs will be in RMB, a currency which is not yet freely convertible. The Norwood Group's business, its financial performance, its financial position and its operations could be materially and adversely affected by any of these risks. The trading price of the Shares could decline due to any of these risks, and in such an event a Shareholder may lose all or part of their investment.

There are certain risks involved in the Norwood Group's operations and many of these risks are beyond the Norwood Group's control. These risks can be characterized as: (i) risks relating to China's coal industry and the Norwood Group's businesses; (ii) risks relating to the PRC; and (iii) risks relating to investing in shares.

(f) **Risks relating to China's coal industry and the Norwood Group's businesses**

The Norwood Group's business and financial performance are susceptible to fluctuations in coal demand and prices.

All of the Norwood Group's revenue will be derived indirectly from Golden Eagle's coal-related operations. Golden Eagle's business and financial performance is dependent on the demand for coal in Henan Province and the domestic price of coal. Golden Eagle's coal transportation costs are more sensitive to volumes traded than the price of coal. Historically, the domestic demand for coal has fluctuated less than coal prices which at times experienced significant rises and falls.

Fluctuations in supply and demand may be caused by numerous factors beyond the Norwood Group's control, which include, but are not limited to:

- global and domestic economic and political conditions;
- the price of oil and other sources of energy;
- the rate of growth in industries which use a significant amount of coal such as the power, cement and steel; and
- the indirect influence on domestic coal prices by the PRC Government through its regulation of electricity tariffs and the allocation of transportation capacity on China Rail's system.

There is no assurance that PRC domestic or international demand for coal and coal-related products will continue to grow, or that the domestic or international markets for coal and coal-related products will not experience excess supply.

The coal industry in China is highly regulated. Changes in PRC regulations could significantly affect Golden Eagle and, therefore, the Norwood Group.

Like other PRC companies involved in the coal industry, Golden Eagle and DeBang are subject to extensive national, provincial and local governmental regulations, policies and controls. The liabilities, costs, obligations and requirements associated with these laws and regulations may be significant and may delay the commencement of, or cause interruptions to, Golden Eagle's operations. Failure to comply with the relevant laws and regulations in Golden Eagle's operations may also result in the suspension of the Golden Eagle's operations and thus adversely and materially affect the Norwood Group's business and financial performance.

Additionally, there can be no assurance that the relevant government agencies will not change such laws or regulations or impose additional or more stringent laws or regulations. Compliance with such laws or regulations may require the Norwood Group to incur significant capital expenditures or other obligations or liabilities. Areas where changes in laws or regulations may occur include:

- operational health and safety;
- environment; and
- coal concession rights.

While Golden Eagle has several supply arrangements, enforcing them through the PRC legal system may take a long time.

Golden Eagle's trading business involves reselling coal purchased from third parties on a trading basis. A substantial amount of the Golden Eagle's coal sales are made under annual sales orders and are therefore important to the stability and profitability of Golden Eagle.

In the event that any client refuses to renew their annual orders, however, Golden Eagle is in no position to apply pressures and force them to do so.

In the event that any client is in breach of their commitments, Golden Eagle has the right to enforce such contracts through the PRC courts. However, the time this will take could be very long and therefore not be a commercially viable solution.

In such event, Golden Eagle's (and therefore the Norwood Group's) financial performance may be adversely or significantly affected.

Golden Eagle's coal transportation business capacity is highly dependent on China Rail.

Coal is a bulk commodity and as such the ability to transport it quickly and cheaply is important. Golden Eagle is not insulated the business from disruptions suffered by China Rail such as during heavy snow fall, flood conditions, requisition by the Government of space on China Rail's trains or of China Rail's rolling stock or breakdowns or accidents.

Accidents at mines that supply Golden Eagle or at other significant mines in Henan Province or in China could materially and adversely affect Golden Eagle and the Norwood Group.

Underground mining is inherently dangerous. All of the mines that supply coal Golden Eagle are underground mines.

Golden Eagle has attempted to protect itself by buying coal from major state owned enterprises with good operational health and safety records. However, there can be no assurance that the measures taken would not result in disruptions to supply.

There is no assurance that Golden Eagle will be able to continue to compete effectively against other coal traders.

Golden Eagle operates in a competitive market. Competition in the coal industry is based on factors such as: price; supply capacity; coal type and quality; blending capability; transportation capability and costs; and reputation. Golden Eagle faces competition from other large domestic and foreign coal mining companies and coal traders. Such domestic and foreign competitors may have greater access to financial resources, larger reserves, better operating efficiency, more advanced technologies, or longer operating histories.

If Golden Eagle is unable to: source competitively priced coal; or source coal of adequate type and quality; or loses the ability to blend; or loses the ability to transport coal at a low cost; or there is damage to Golden Eagle's reputation, Golden Eagle may become uncompetitive.

Further, Golden Eagle cannot guarantee that competition will not intensify.

In such an event, there will be a material adverse effect on Golden Eagle's financial performance and/or condition.

There is no assurance that the Golden Eagle or DeBang's tax payable will not rise.

Under the current laws of the PRC, coal mining companies are subject to several taxes including a one-off coal reserve tax, sales tax, enterprise income tax and other local taxes. PRC state and local tax laws also provide for a number of preferential tax treatments applicable to different enterprises, industries and locations.

There is no assurance that there will not be a sudden and/or adverse change in PRC tax rates or treatments which may have a direct or indirect impact on Golden Eagle's coal trading business.

(g) **Risks relating to the PRC**

Following the Sino-Excel Acquisition, substantially all of the Norwood Group's revenues, costs and assets will be located in the PRC.

Adverse changes in China's economic, political and social conditions as well as governmental policies could adversely affect Golden Eagle and the Norwood Group.

The Chinese economy differs from the economies of most developed countries in several important respects, including: structure; government involvement; allocation of resources; its stage of development; rate of growth; foreign exchange controls; and socio-political culture.

The Chinese economy continues to change from a centrally planned economy to a market oriented economy. As a result, the current structure of the Chinese economy has elements of both. In the coal industry, PRC Government involvement is relatively high. The PRC Government directly and indirectly exerts important influences on price, volumes produced, where the coal will be produced, the cost of transportation and many other factors. It is unclear whether such a change from centrally planned economy to a market oriented economy will accelerate, slow or even continue.

Prior to the global economic crisis and in response to concerns regarding China's high rate of growth, the PRC Government had taken measures, such as restricting credit, to slow economic growth. During the global economic crisis the PRC Government reversed such policies and put in place a large stimulation package. However, the PRC Government has signalled that it will again take steps to slow the economy to a more sustainable pace of growth if overheating takes place. Government measures may result in unintended, unanticipated positive or negative impacts on the coal industry, Golden Eagle and the Norwood Group.

The PRC legal system continues to evolve and has inherent uncertainties, thus the legal protections available to the Company's Shareholders may be limited

The Norwood Group's holding company is incorporated under Australian law. If the Sino-Excel Acquisition proceeds the Norwood Group's intermediate holding company (Sino-Excel) is incorporated under Singapore law and the main operating company (DeBang) is incorporated under PRC law. Substantially all of the Norwood Group's businesses are conducted in the PRC and are thus governed by PRC laws and regulations.

The PRC legal system is based on written statutes, and prior court decisions can only be cited as reference. Since 1979, the PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial laws. However, due to the fact that these laws and regulations have not been fully developed, and due to the limited volume of published cases and their non-binding nature, the interpretation of PRC laws and regulations still involves a degree of uncertainty.

The legal framework to which DeBang and Golden Eagle are subject is materially different from the Corporations Act and other company law in Australia and Singapore, with respect to certain areas, including the protection of minority shareholders. In addition, the mechanisms for enforcement of rights are also relatively undeveloped and untested. China does not have treaties providing for the reciprocal recognition and enforcement of judgments in other jurisdictions, such as Australia, therefore any judgment made outside the PRC may be difficult or impossible to enforce.

(h) **Risks relating to investing in Shares**

The liquidity and market price of the Shares following the restructuring may be thin or volatile.

The new business of the Norwood Group, in whole or in part, has not been previously listed on any stock exchange. Thus the Norwood Group does not know how much interest, if any, there will be in the Shares. Further, many foreign businesses listed on the ASX are thinly traded. The Norwood Group is unable to give any assurance or indication as to the amount of Shares that will be traded.

While Shares will be traded in A$, Golden Eagle's business and assets and therefore the cash flow of the Company (via DeBang), post completion of the Sino-Excel Acquisition, will be in RMB. As a result the price of the shares of the Company will also be influenced by changes in the AUD/RMB exchange rate. In 2007, 2008 and 2009 movements between the AUD and RMB were significant due to the fact that the RMB was effectively pegged to the USD and the AUD/USD exchange rate experienced significant changes.

(i) **General risk factors**

Share price variations – Subject to ASX's approval, the Shares are expected to be requoted on ASX, where their price may rise or fall. Shares carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on ASX. The value of Shares will be determined by the share market and will be subject to a range of factors beyond the control of the Company and the Directors. Share market fluctuations in Australia and other stock markets around the world may negatively affect the value of the Shares. Factors that may influence the investment climate in stocks, which may not relate to actual performance of the Company, include general economic outlook, changes in government fiscal, monetary and regulatory policies, movements in commodity prices, exchange rate movements, interest rates, inflation and political developments.

Economic conditions – The performance of the Norwood Group may be significantly affected by changes in economic conditions, and particularly conditions which affect the coal industry. Profitability of the business may be affected by factors such as market conditions, interest rates, inflation and consumer demand.

Geo-political factors – The Norwood Group may be affected by the impact that geo-political factors have on the various world economies or the Australian or Chinese economies or on the financial markets and investments generally or specifically.

Australian and foreign government policies & legislation – the Company may be affected by changes to Government policies and legislation (both in Australia and in foreign jurisdictions including, but not limited to, the PRC) concerning property, the environment, superannuation, taxation and the regulation of trade practices and competition, Government grants and incentive schemes.

ASX Listing – As a public company listed on ASX (and assuming that the Company is reinstated to quotation on ASX), the Company will incur accounting, legal and other expenses in order to comply with its corporate governance obligations under the Corporations Act and ASX Listing Rules.

Additional capital – The Board believes that the Company's cash position following the Capital Raising will be sufficient to meet the Norwood Group's anticipated cash needs in the short term. The Norwood Group may, however, require additional cash resources to finance its continued growth or other future developments. The amount and timing of such additional financing needs will vary principally on the amount of cash flow from the Norwood Group's operations. If the Company's resources are insufficient to satisfy its cash requirements, the Board may seek to raise additional capital. The issue of additional equity could result in dilution to Shareholders.

Other – Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees or contractors or any other cause, including strikes, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of the Norwood Group.

11.21 ASX Listing Rule 7.1

(a) ASX Listing Rule 7.1 provides that (subject to certain exceptions, none of which are relevant here) prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

(b) The Shares proposed to be issued by the Company pursuant to Resolution 8 will exceed the 15% threshold referred to in Listing Rule 7.1 and, accordingly, Shareholder approval under Listing Rule 7.1 is sought.

(c) Listing Rule 7.3 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.1 and the following information is included in this Explanatory Statement for that purpose:

    (i) the maximum number of Shares which may be allotted and issued pursuant to Resolution 8 is 235,294,118;

    (ii) subject to the ASX waiver summarised in section 11.21 below, the Consideration Shares will be issued and allotted no later than three months after the date of this Meeting or such later date as approved by ASX and the Earn Out Shares will be issued and allotted no later than eighteen months after the date of this Meeting or such later date as approved by ASX;

    (iii) the issue price of the Shares proposed to be allotted and issued will be 51 cents per Share;

    (iv) the Shares will be issued and allotted to the Sino-Excel Vendors; and

    (v) the Shares will rank equally on issue with the existing Shares; and

    (vi) a voting exclusion statement is included in the Notice.

11.22 ASX waiver in relation to issue of Earn Out Shares

ASX has granted the Company a waiver from ASX Listing Rule 7.3.2 to the extent necessary to permit the Notice of Meeting seeking Shareholder approval for the issue of the Earn Out Shares to state that the Earn Out Shares will be issued more than 3 months after the date of the Meeting on the following conditions:

(a) the Notice of Meeting sets out in detail the conditions which must be satisfied prior to the issue of the Earn Out Shares, and which will govern the determination of the exact number of Earn Out Shares to be issued;

(b) the Earn Out Shares are issued no later than 18 months from the date of the Meeting and otherwise on the same terms as approved by Shareholders;

(c) the Company releases the terms of the waiver to the market immediately; and

(d) the Company undertakes to include in the annual report for each period during which the Earn Out Shares remain to be issued a statement of the number of Earn Out Shares issued during the year, and the number that may potentially be issued to them subject to determination of the profit of DeBang for the period ending 31 December 2011.

12. Proposed change to nature and scale of activities (Resolution 9)

12.1 Background

Resolution 9 seeks approval from Shareholders for a change in the nature and scale of the activities of the Company. The proposed Sino-Excel Acquisition, as detailed in section 11 of this Explanatory Statement, constitutes a significant change in the nature and scale of the Company's activities and the ASX has requested that the Company seek Shareholder approval of the change under ASX Listing Rule 11.1.2.

12.2 ASX Listing Rule 11.1

(a) ASX Listing Rule 11.1 provides that if a company proposes to make a significant change to the nature or scale of its activities, it must notify the ASX of the proposed change. The ASX can then, under ASX Listing Rule 11.1.2, require the company to seek shareholder approval of the proposed change.

(b) For this reason, the Company is seeking Shareholder approval to make the significant change to both the nature and scale of its activities which will result if it completes the Sino-Excel Acquisition. The proposed activities of the Company following completion of the Sino-Excel Acquisition are described in section 11 of this Explanatory Statement.

(c) ASX has advised the Company that if Shareholders approve Resolution 9, Shares in the Company will continue to be suspended from trading on ASX until the Company has satisfied all of its obligations under the ASX Listing Rules, including complying with Chapters 1 and 2 of the ASX Listing Rules. The Company anticipates, but cannot guarantee, that it will satisfy the conditions in Chapters 1 and 2 of the ASX Listing Rules in sufficient time to enable trading to resume on ASX on or about late May 2011.

12.3 Recommendation of Directors

All of the Directors approved the proposal to put Resolution 9 to the Shareholders. The Directors unanimously recommend that Shareholders vote in favour of Resolution 9.

13. Change of Company name (Resolution 10)

13.1 Background

(a) Subject to completion of the Sino-Excel Acquisition, the Company is also proposing to change its name to "Sino-Excel Energy Limited". The Directors consider that a new name for the Company is appropriate in light of the Company's acquisition of Sino-Excel and will better reflect the overall future operations of the Company.

(b) The change of the Company's name from "Norwood Abbey Limited" to "Sino-Excel Energy Limited" requires approval of the Company's Shareholders by special resolution. It should be noted that under the Corporations Act, a special resolution needs to be approved by a majority of at least 75%, of the votes cast by members present at the Meeting and entitled to vote on the Resolution.

(c) If Shareholders do not approve Resolution 10 but approve Resolutions 7, 8, 9 and 11, the Sino-Excel Acquisition may still proceed.

13.2 Recommendation of Directors

All of the Directors approved the proposal to put Resolution 10 to the Shareholders. The Directors unanimously recommend that Shareholders vote in favour of Resolution 10.

14. Future Allotment and Issue of New Shares (Capital Raising) (Resolution 11)

14.1 ASX Listing Rule 7.1

(a) ASX Listing Rule 7.1 provides that (subject to certain exceptions, none of which are relevant here) prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

(b) The Company intends to raise capital under the Capital Raising for the purposes outlined in section 11.3 of this Explanatory Statement.

(c) For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 11 to allow Shareholders to assess the future issue of Shares pursuant to the Capital Raising:

  (i) the maximum number of Shares which may be allotted and issued under the Capital Raising is 14,705,883;

  (ii) the Shares will be issued and allotted no later than three months after the date of this Meeting or such later date as approved by ASX;

  (iii) the issue price of the Shares proposed to be allotted and issued will be 51 cents per Share;

  (iv) the allottees in respect of Resolution 11 are not, as yet, identifiable, but will be subscribers to be identified by the Company and any brokers appointed by the Company to manage the Capital Raising. No subscriber, either individually or in association with any related entity, will be allotted securities, which would, if added to existing holdings, result in the holder and their related entities holding 20% or more of the issued capital of the Company should Resolution 8 be approved;

  (v) the Shares to be issued will rank equally on issue with the existing Shares;

  (vi) the Shares to be issued will be allotted upon completion of, and as allottees are identified under, the Capital Raising; and

  (vii) a voting exclusion statement is included in the Notice.

14.2 Recommendation of Directors

All of the Directors approved the proposal to put Resolution 11 to the Shareholders. The Directors unanimously recommend that Shareholders vote in favour of Resolution 11.

15. Selective Buy-back (Resolution 12)

15.1 Background

(a) As discussed briefly in section 11 of the Explanatory Statement, the Consideration Shares issued to the Sino-Excel Vendors will be subject to an 'earn-out' arrangement or may be bought back or sold by the Company (subject to approval by the Shareholders) for a nominal consideration unless certain conditions are satisfied.

(b) If the net profit after tax in DeBang's accounts for the year ending 31 December 2011 is less than RMB 60,000,000, the Company will be entitled to reduce the Purchase Price by an amount calculated and translated to a number of Consideration Shares in accordance with the following formula:

-((((2011 NPAT – 60,000,000) / FX Rate) x 6) / $0.51).

(c) Shareholder approval of Resolution 12 is sought to allow the Company to buy back Shares issued to the Sino-Excel Vendors at any time within 12 months of the date of the Meeting if the net profit after tax in DeBang's accounts for the year ending 31 December 2011 is below RMB 60,000,000. Should the operation of the buy-back be due to occur after the first anniversary of the date of the Meeting, Shareholder approval in respect of the Selective Buy-back will be sought during the 12 month period immediately prior to each contemplated Selective Buy-back taking place under the buy-back arrangements.

(d) Even if Resolution 12 is approved by Shareholders, the Selective Buy-back will not occur if the net profit after tax in DeBang's accounts for the year ending 31 December 2011 is RMB 60,000,000 or more.

15.2 What is a selective buy back?

(a) A selective buy-back occurs when a company buys back some of its shares from one of more selected shareholders.

(b) A company may buy back its own shares if:

(i) the buy-back does not materially prejudice the company's ability to pay its creditors;

(ii) the company follows the procedures in sections 256A to 259F of the Corporations Act; and

(iii) the company's constitution does not prohibit or restrict share buy-backs.

15.3 Corporations Act

The Corporations Act provides that the rules relating to share buy-backs are designed to protect the interests of shareholders and creditors by:

(a) addressing the risk of the transaction leading to the company's solvency;

(b) seeking to ensure fairness between the shareholders of the company; and

(c) requiring the company to disclose all material information.

In particular, Section 257A of the Corporations Act requires that a company may buy back its own shares if:

(a) the buy-back does not materially prejudice the company's ability to pay its creditors; and

(b) the company follows the procedures laid down in Division 2 of Part 2J.1 of the Corporations Act.

Pursuant to Section 257D(1) of the Corporations Act, a share buy-back must be approved by either:

(a) a special resolution passed at a general meeting of the Company, with no votes being cast in favour of the resolution by any person whose shares are to be bought back or by their associates; or

(b) a resolution agreed to, at a general meeting by all ordinary shareholders.

The phrase "no votes being cast" is intended to operate in a similar way to the way in which voting exclusion statements operate in the context of the ASX Listing Rules.

Pursuant to Section 257D(2) of the Corporations Act, the Company must include with the Notice of Meeting a statement setting out all information known to the Company that is material to the decision on how to vote on the resolution. However, the Company does not have to disclose information if it would be unreasonable to require the Company to do so because the Company had previously disclosed the information to Shareholders.

15.4 Purpose of the Selective Buy-back

As discussed above, the purpose of the Selective Buy-back is for the Company to be able to buy back some or all of the Consideration Shares issued to the Sino-Excel Vendors (which will, in turn, reduce the Purchase Price) in accordance with the formula set out in paragraph 15.1(b) of the Explanatory Statement if the net profit after tax in DeBang's accounts for the year ending 31 December 2011 is less than RMB 60,000,000.

Therefore, the purpose of Resolution 12 is to seek Shareholder approval in advance.

15.5 Is the Company obliged to conduct a Selective Buy-back?

If Shareholders approve Resolution 12 and the net profit after tax in DeBang's accounts for the year ending 31 December 2011 is less than RMB 60,000,000, the Company will conduct the Selective Buy-back or, at its discretion, effect a sale of some or all of the Consideration Shares to third parties nominated by the Company and retain any sale proceeds for the benefit of the Company.

15.6 How many Shares will be bought back under the Selective Buy-back?

(a) Should the Selective Buy-back proceed, the number of Shares that will be bought back from the Sino-Excel Vendors will be determined in accordance with the formula set out in paragraph 15.1(b) of the Explanatory Statement.

(b) The Shares that are bought back will be cancelled immediately after the Selective Buy-back is conducted.

15.7 Share Capital Details

Should the Selective Buy-back proceed, the overall effect on the Company will be as follows:

Shares that will be on issue after completion of the Offers and the Sino-Excel Acquisition (assuming that $2.5 million is raised under the Capital Raising)	143,689,652
Less all Shares subject to Selective Buy-back and cancellation (maximum)	117,647,059
Shares on issue upon completion of Selective Buy-back and cancellation	26,042,593

The Shares held by the Sino-Excel Vendors that are subject to the Selective Buy-back will represent approximately 82% of the issued Shares of the Company after the Meeting (assuming all resolutions relating to Share issues in the Notice are approved by Shareholders and the minimum subscription of $2,500,000 under the Capital Raising is completed). Therefore, the Selective Buy-back may (depending on the final number of Shares to be bought back) have an effect on the control of the Company, reversing (to some or all of the extent) the effect described in section 11.

The buy-back of the Sino-Excel Vendors' Shares is, of itself unlikely to have a material effect on the financial position of the Company as only nominal consideration will be paid.

15.8 Purchase Price

Should the Selective Buy-back proceed, the Company will pay $1.00 in aggregate to the Sino-Excel Vendors for the Buy Back Shares.

15.9 Source of funds and financial effect

Should the Selective Buy-back proceed, it will not adversely effect the Company’s ability to carry on business and the aggregate $1.00 consideration will be sourced from the Company's cash reserves. However, the overall financial position of the Company may be impacted by reason of the fact that DeBang has not met the required 2011 NPAT targets. This will have meant that the Company's profit may have been severely impacted.

15.10 Impact of the Selective Buy-back on creditors

The Directors do not believe that a Selective Buy-back (if it proceeds) will have an adverse effect on the creditors of the Company (or the Company’s ability to pay its creditors). However, the overall financial position of the Company may be impacted by reason of the fact that DeBang has not met the required 2011 NPAT targets. This will have meant that the Company's profit may have been severely impacted.

15.11 Advantages of the Selective Buy-back

The Directors have identified the following advantages of carrying out the Selective Buy-back:

(a) the Buy Back Shares will be cancelled and less Shares will be on issue;

(b) as a result, each continuing Shareholder’s percentage ownership in the Company will increase along with the net asset value per Share; and

(c) the Company’s cash reserves will be maintained as there will be nominal consideration for the Selective Buy-back.

15.12 Disadvantages of the Selective Buy-back

The Directors consider that there are no disadvantages to the Selective Buy-back.

15.13 Directors' recommendations and interests

All of the Directors approved the proposal to put Resolution 12 to the Shareholders. The Directors unanimously recommend that Shareholders vote in favour of Resolution 12. Each Director who is also a Shareholder of the Company intends to vote in favour of Resolution 12.

16. Future Allotment and Issue of New Shares and Options (Rohan Boman) (Resolution 13)

16.1 Background

In October 2009 Boman Asset Pty Ltd, a company controlled by Director Rohan Boman, agreed to advance A$250,000 with an initial loan term of 12 months and bearing interest of 10% per annum capitalised commencing 1 March 2010. The convertible loan agreement has subsequently been extended and will automatically convert into Shares and Options on completion of the Sino-Excel Acquisition.

16.2 ASX Listing Rule 10.11

(a) Under ASX Listing Rule 10.11, a listed company is prohibited from issuing or agreeing to issue shares to a related party (which includes a Director) without the approval of shareholders. Accordingly, shareholder approval is sought for the issue of Shares and Options to Boman Asset Pty Ltd and the following under additional information is provided in accordance with listing rule 10.13:

(i) the maximum number of Shares and Options which may be allotted and issued pursuant to Resolution 13 is 923,516 Shares and 923,516 Options;

(ii) the Shares and Options will be issued and allotted no later than one month after the date of this Meeting or such later date as approved by ASX;

(iii) the issue price of the Shares and Options proposed to be allotted and issued will be $0.30 per Share and a nil issue price per Option;

(iv) the Shares and Options will be issued and allotted to Boman Asset Pty Ltd, an entity controlled by Rohan Boman, a Director;

(v) the Shares will rank equally on issue with the existing Shares; and

(vi) The Options will have the following material terms:

(A) *Issue price:* Nil;

(B) *Exercise:* There are no performance or other conditions precedent to the exercise of the Options (other than payment of the exercise price prior to the expiry date). On exercise, the holder will receive Shares which will rank equally with all other Shares.

(C) *Exercise price*: $0.45; and

(D) *General conditions*: As set out in Annexure B to this Explanatory Memorandum.

(vii) no funds will be raised by the issue of the Options; and

(viii) a voting exclusion statement is included in the Notice.

(b) If Shareholder approval is given under ASX Listing Rule 10.11, Shareholder approval is not required under listing rule 7.1.

(c) If the Sino-Excel Acquisition does not proceed, these Shares and Options will not be issued and the debt owed to Boman Asset Pty Ltd will not be converted.

16.3 Recommendation of Directors

All of the Directors approved the proposal to put Resolution 13 to the Shareholders. The Directors unanimously recommend that Shareholders vote in favour of Resolution 13.

17. Further information

If you have any questions or need more information about any of the Resolutions above, please contact David Semmens on +61 417 956 745.

Date 29 April 2011

Signed **Jeff Bell, Co-Company Secretary**

Annexure A – Independent Expert's Report

Please refer to the Independent Expert Report attached.

Annexure B – Option Terms

1. Entitlement

Each option (**Option**) entitles the holder (**Holder**) to subscribe for one fully paid ordinary share in the capital of the Company.

2. Issue Price

No amount is payable on issue of the Options.

3. Exercise Price

The exercise price of each Option is the price specified in the terms of issue of the Options approved by the Board.

4. Option Period

Each Option may be exercised at any time before the date specified in the terms of issue of the Options approved by the Board. An option not exercised automatically expires at 5.00pm on the last day of the option period.

5. Certificate

The Company must give each Holder a certificate or holding statement stating:

(a) the number of Options issued to the Holder;

(b) the exercise price of the Options; and

(c) the date of issue of the Options.

6. Participation rights, bonus issues, rights issues and reorganisations

6.1 Participation

A Holder is not entitled to participate in any new issue to existing Shareholders of securities in the Company unless they have exercised their Options before the record date for determining entitlements to the new issue of securities and participate as a result of holding shares.

6.2 Notice of new issue

The Company must give a Holder, in accordance with the ASX Listing Rules, notice of:

(a) the proposed terms of the issue or offer proposed under clause 6.1; and

(b) the right to exercise their Options under clause 6.1.

6.3 Bonus issues

If the Company makes a bonus issue of Shares or other securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the Holder would have received if the Holder had exercised the Option before the record date for determining entitlements to the issue.

6.4 Pro rata issues

If the Company makes a pro rata issue of Shares (except a bonus issue) to existing Shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, the exercise price of each Option is reduced in accordance with the ASX Listing Rules.

6.5 Reorganisation

If there is a reorganisation (including consolidation, sub division, reduction or return) of the Share capital of the Company, then the rights of the Holder (including the number of Options to which each Holder is entitled to and the exercise price) is changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

6.6 Calculations and adjustments

Any calculations or adjustments which are required to be made under this clause will be made by the Board of the Company and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Holder.

6.7 Notice of change

The Company must within a reasonable period give to each Holder notice of any change under this clause to the exercise price of any Options held by a Holder or the number of Shares which the Holder is entitled to subscribe for on exercise of an Option.

7. Method of exercise of Options

7.1 Method of payment

To exercise Options, the Holder must give the Company or its share registry, at the same time:

(a) a written exercise notice (in the form approved by the Board of the Company from time to time) specifying the number of Options being exercised and Shares to be issued;

(b) payment of the exercise price for the Shares the subject of the exercise notice by way of bank cheque or by other means of payment approved by the Company; and

(c) the certificate for the Options.

7.2 Exercise of all or some Options

(a) A Holder may only exercise Options in multiples of 100,000 unless the Holder exercises all Options held by the Holder.

(b) Options will be deemed to have been exercised on the date the application is lodged with the Directors of the Company.

7.3 Option certificates

If a Holder exercises less than the total number of Options registered in the Holder's name:

(a) the Holder must surrender their Option certificate (if any); and

(b) the Company must cancel the Option certificate (if any) and issue the Holder a new Option certificate or holding statement stating the remaining number of Options held by the Holder.

7.4 Issue of Shares

Within 10 days after receiving an application for exercise of Options and payment by a Holder of the exercise price, the Company must issue the Holder the number of Shares specified in the application.

8. Ranking of Shares issued on exercise of Options

Subject to the Company's constitution, all Shares issued on exercise of Options rank in all respects (including rights relating to dividends) pari passu with the existing Shares at the date of issue.

9. No quotation

The Company will not apply to ASX for official quotation of the Options.

10. Governing law

These terms and the rights and obligations of Holders are governed by the laws of Victoria. Each participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Victoria.

NORWOOD ABBEY

Norwood Abbey Limited

ABN 20 085 162 456

Lodge your vote:

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 2:30pm (Perth time) Sunday, 29 May 2011

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.
Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.
Power of Attorney: If you have not already lodged the Power of Attorney with the registry, 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 can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate “Certificate of Appointment of Corporate Representative” prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔

View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

☑ **Review your securityholding**

☑ **Update your securityholding**

Your secure access information is:

SRN/HIN:

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Norwood Abbey Limited hereby appoint

☐ **the Chairman of the meeting** **OR** ______________________

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

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 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 Annual General Meeting of Norwood Abbey Limited to be held at Minter Ellison, Level 49, Central Park, 152-158 St George's Terrace, Perth, Western Australia 6000 on Tuesday, 31 May 2011 at 2:30pm (Perth time) and at any adjournment of that meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Ordinary Business

		For	Against	Abstain
Item 1	Remuneration Report - 2009	☐	☐	☐
Item 2	Remuneration Report - 2010	☐	☐	☐
Item 3	Appointment of Director (Rohan Boman)	☐	☐	☐
Item 4	Appointment of Director (Spencer Chan Kum Ee)	☐	☐	☐
Item 5	Appointment of Director (Leo Peng)	☐	☐	☐
Item 6	Appointment of Director (Wong Chin Hong)	☐	☐	☐

Special Business

		For	Against	Abstain
Item 7	Consolidation of Shares	☐	☐	☐
Item 8	Issue of Shares to Sino-Excel Vendors	☐	☐	☐
Item 9	Proposed change to nature and scale of activities	☐	☐	☐
Item 10	Change of the Company's name	☐	☐	☐
Item 11	Future Allotment and Issue of New Shares (Capital Raising)	☐	☐	☐
Item 12	Selective Buy-Back (Sino-Excel Vendors Shares)	☐	☐	☐
Item 13	Future Allotment and Issue of New Shares (Boman Asset Pty Ltd) (Conversion of Debt to Equity)	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ______________________ **Contact Daytime Telephone** ______________________ **Date** ___/___/___

All Correspondence to:-
Computershare Investor Services P/L
GPO Box 2975
MELBOURNE VIC 3000

NORWOOD ABBEY

Norwood Abbey Limited

ABN 20 085 162 456

Dear Securityholder,

We have been trying to contact you in connection with your securityholding in Norwood Abbey Limited. Unfortunately, our correspondence has been returned to us marked “Unknown at the current address”. For security reasons we have flagged this against your securityholding which will exclude you from future mailings, other than notices of meeting.

Please note if you have previously elected to receive a hard copy Annual Report (including the financial report, directors' report and auditor's report) the dispatch of that report to you has been suspended but will be resumed on receipt of instructions from you to do so.

We value you as a securityholder and request that you supply your current address so that we can keep you informed about our Company. Where the correspondence has been returned to us in error we request that you advise us of this so that we may correct our records.

You are requested to include the following;

> Securityholder Reference Number (SRN);
> ASX trading code;
> Name of company in which security is held;
> Old address; and
> New address.

Please ensure that the notification is signed by all holders and forwarded to our Share Registry at:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Victoria 3001
Australia

Note: If your holding is sponsored within the CHESS environment you need to advise your sponsoring participant (in most cases this would be your broker) of your change of address so that your records with CHESS are also updated.

Yours sincerely

Norwood Abbey Limited

Norwood Abbey Limited

Independent Expert's Report and Financial Services Guide

23 March 2011

The Directors
Norwood Abbey Limited
Level 23
525, Collins Street
Melbourne VIC 3000

23 March 2011

Grant Thornton Corporate Finance Pty Ltd
ABN 59 003 265 987
AFSL 247140

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Dear Sirs

Independent Expert's Report and Financial Services Guide

Dear Sirs

Introduction

Norwood Abbey Limited ("Norwood" or the "Company") is an Australian public company listed on the Australian Securities Exchange ("ASX") and is effectively a shell company with no business activity. The ordinary shares of Norwood ("Norwood Shares") were suspended from official quotation on the ASX in March 2009.

In April 2011, Norwood entered into a Share Sale and Purchase Agreement ("SSPA") to acquire 100% of the issued share capital of Sino-Excel Energy Pte Limited ("Sino-Excel") which in turn, owns 100% of the issued share capital of Henan DeBang Resources Development Co. Ltd. ("DeBang") ("Proposed Acquisition")[1].

In conjunction with the completion of the Proposed Acquisition, DeBang has entered into an Exclusive Technical Consultation and Services Agreement ("Technical Services Agreement") with Century Golden Eagle Energy Holdings Co Ltd ("Golden Eagle"), whereby Golden Eagle has agreed to pay DeBang in perpetuity a service fee of RMB20 per tonne of coal sold with a minimum annual fee of RMB60 million [2].

[1] The parties to the SSPA include Norwood, the sole shareholder of Sino-Excel, Mr Charlie In and a number of companies associated with the shareholders of Golden Eagle (the "Warrantors") (together, the "Sino-Excel Vendors").
[2] This converts to approximately A$10.0 million based on the exchange rate of RMB1.00:A$0.16 which is the rate adopted throughout this report and is based on our assessment of the recent spot rates and the short-term and long-term forward rates of RMB, A$ and US$ sourced from Reuters.

DeBang will provide sales consulting, market research and analysis, personnel training, public relations, customer after sales services and, new product marketing and planning services to Golden Eagle. We note that the shareholders of Golden Eagle and Sino-Excel are associates for the purpose of the Proposed Acquisition.

We have been advised that Norwood is unable to directly acquire Golden Eagle due to the People's Republic of China ("PRC") legal restrictions. Consequently, the purpose of the Technical Services Agreement is to enable Norwood, via DeBang, to obtain the economic benefits derived from Golden Eagle's coal trading business without acquiring it.

The consideration for the Proposed Acquisition has been estimated based on six-times the net profit after tax ("NPAT") expected to be generated by DeBang for the year ending 31 December 2011 ("2011 NPAT") in accordance with the terms of the Technical Services Agreement ("Base Consideration")[3]. The SSPA assumed the 2011 NPAT to be RMB60 million. The Base Consideration will be satisfied by the issue of 117,647,059 Norwood Shares at $0.51 per share[4] post-consolidation. The transaction will be effective from 1 January 2011.

If the 2011 NPAT as determined in the DeBang audited accounts is below or above RMB60 million, the scrip consideration will also be decreased or increased accordingly ("Earn-Out Consideration"). Norwood has sought shareholders approval for the issue of up 117.6 million additional Norwood Shares as the Earn-Out Consideration. Refer to section 1.2.1 of this report for details and a worked example.

In conjunction with the SSPA and in addition to the Technical Service Agreement, the Company has entered into a series of other transactions and agreements which are briefly summarised below (together with the Proposed Acquisition referred to as the "Proposed Transactions"):

- Selective Buyback – to enable Norwood Shares issued to the Sino-Excel Vendors to be compulsorily acquired on a pro-rata basis for a nominal amount if the 2011 NPAT is below RMB60 million;

- Equity Pledge Agreement – DeBang, Golden Eagle and the Shareholders of Golden Eagle will enter into an equity pledge agreement in relation to the Golden Eagle shares to ensure that Golden Eagle will perform its obligations under the Technical Services Agreement. The agreement is governed in accordance with PRC laws;

- Share consolidation – Norwood intends to undertake a share and option consolidation (the "Norwood Security Consolidation") which will reduce the number of Norwood Shares and options ("Norwood Options") held by security holders of Norwood on a 30-for-1 basis; and

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[3] The Base Consideration will be issued to the Sino-Excel Vendors, being Mr Charlie In and a number of companies controlled by the shareholders of Golden Eagle.
[4] Having regard to the pre-agreed exchange rate for the purpose of assessing the Base Consideration of RMB1.00:A$0.167.

- Proposed Capital Raising – Norwood intends to raise a minimum of A$2.5 million and up to A$7.5 million in new capital through the issue of between 4.9 million and 14.7 million Norwood Shares (post-Norwood Security Consolidation) at A$0.51[5] per Norwood Share (the "Proposed Capital Raising").

If the Proposed Transactions are completed, the Sino-Excel Vendors, which we understand include companies associated with the Golden Eagle Shareholders, will collectively own between 77% and 90% of Norwood's issued capital.

The Proposed Acquisition is subject to a number of conditions precedents. Refer to sections of 11.2 and 11.10 of the Notice of Meeting and Explanatory Memorandum or section 1.2.2 of this report for a detailed overview of the conditions. If the conditions precedent included in the SSPA are not fulfilled or waived by the relevant party by 30 September 2011 or a mutually agreed later date, then the SSPA may be terminated.

Purpose of the report

The Independent Directors of Norwood have engaged Grant Thornton Corporate Finance to prepare an Independent Expert's Report to state whether, in Grant Thornton Corporate Finance's opinion the Proposed Acquisition is fair and reasonable to the non-associated shareholders of Norwood (the "Non-Associated Shareholders") for the purposes of Section 611(7) of the Corporations Act, 2001.

In forming our opinion on the Proposed Acquisition, we have analysed the Proposed Transactions collectively.

Summary of opinion

Grant Thornton Corporate Finance has concluded that the Proposed Acquisition is fair and reasonable to the Non-Associated Shareholders.

Fairness Assessment

In forming our opinion in relation to the fairness of the Proposed Acquisition to the Non-Associated Shareholders, Grant Thornton Corporate Finance has compared the value per Norwood Share pre-Proposed Transactions (on a control basis) to the assessed value per Norwood Share post-Proposed Transactions (on a minority basis).

We note that given the Proposed Acquisition is contingent, among other things, to completion of the Proposed Capital Raising, we have also included the minimum capital raising of $2.5 million in our valuation assessment of Norwood following the Proposed Acquisition.

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[5] We understand that the issue price of the Proposed Capital Raising has been estimated after having regard to trading share price on the ASX before the Norwood Shares were suspended from trading in March 2009.

The following table summarises our fairness assessment of the Proposed Acquisition:

Fairness assessment	Section reference	Low A$	High A$
Fair market value per Norwood Share pre-Proposed Transactions (control basis)	8	nil	nil
Fair market value per Norwood Share post-Proposed Transactions (minority basis)	9	0.10	0.15

Source: Calculations

The assessed fair market value range of Norwood Shares (on a minority basis) post-Proposed Transactions exceeds the assessed fair market value range of Norwood Shares (on a control basis) pre-Proposed Transactions. Accordingly, we conclude that the Proposed Acquisition is fair to the Non-Associated Shareholders.

We note that in our valuation assessment of the fairness of the Proposed Acquisition, we have conducted a sensitivity analysis in relation to the length of time that Norwood will be able to extract the economic benefit from the Technical Service Agreement. Whilst, the term of the Technical Service Agreement is in perpetuity, Norwood does not have direct control or influence over the business operations, financial performance or directions/actions of Golden Eagle. If, Golden Eagle ceases operating its coal trading business, its ability to transfer the economic benefit to DeBang may be severely curtailed or entirely negated. Accordingly, in our valuation assessment of the fairness of the Proposed Acquisition, we have assumed that Norwood will be able to extract the financial benefit from the Technical Service Agreement for a period between 5 and 10 years (excluding terminal value attributed to the underlying coal trading business).

We note that based on our assessed discount rate and operating assumptions in relation to the performance of DeBang, if DeBang is able to extract the economic benefits under the Technical Service Agreement in perpetuity, the value per share of Norwood following completion of the Proposed Transactions (on a minority basis) will be approximately A$0.17 per share.

Resolution 8 in the Notice of Meeting seeks the Non-Associated Shareholders' approval in relation to the Proposed Acquisition. Specifically, the approval of Norwood Shareholders has been sought for the issuance of 117.6 million Norwood Shares on completion of the Proposed Acquisition and up to an additional 117.6 million Norwood Shares in relation to the Earn-Out Consideration. Given our valuation assessment of the fairness of the Proposed Transactions is based on the issue of 83.8 million Norwood Shares to the Sino-Excel Shareholders[6], Grant Thornton Corporate Finance has conducted a sensitivity analysis to assess if the issue of a larger number of Norwood Shares to the Sino-Excel Vendors as set out in Resolution 8 would have any implication on our conclusions. The issue of a larger number of Norwood Shares to the Sino-Excel Vendors implies a higher 2011 NPAT that will be achieved by DeBang and consequently, a higher value will be attributable to the Technical Services Agreement and Sino-Excel. Based on our analysis, the marginal increase in the value of Sino-Excel outweighs the dilutionary impact of the additional Norwood Shares that could be issued to the Sino-Excel Vendor.

[6] Based on our assessed minimum NPAT for 2011 and the formula indicated in the SSPA, we have estimated that Norwood will purchase Sino-Excel for an effective consideration equal to 83.8 million Norwood Shares.

Norwood Shareholders should be aware that our assessment of the value per Norwood Share post-Proposed Acquisition does not necessarily reflect the price at which Norwood Shares will trade if the Proposed Transactions complete. The price at which Norwood Shares will ultimately trade depends on a range of factors including the liquidity of Norwood Shares, macro-economic conditions, commodities prices and the supply and demand for Norwood Shares.

Reasonableness Assessment

In assessing whether the Proposed Acquisition is reasonable to the Non-Associated Shareholders, we have considered the following likely advantages and disadvantages associated with the Proposed Acquisition. We note that in accordance with RG111, a transaction is reasonable if it is fair.

Liquidity of the Norwood Shares

We understand that if the Proposed Transactions are completed, Norwood will apply for re-quotation of Norwood Shares on the ASX. The re-quotation of the Norwood Shares on the ASX will provide existing Norwood Shareholders with an opportunity to monetise their holding in Norwood and potentially realise the fair market value of their investment.

Norwood is currently a shell company with no substantial business and has already commenced programs which are aiming to effectively orderly realise its current operations. The Proposed Acquisition offers Norwood Shareholders an opportunity to invest in DeBang which via the Technical Service Agreement with Golden Eagle will provide exposure to a buoyant commodity such as coal and in a country like PRC which is in experiencing rapid industrialisation and significant growth in its energy sectors.

Going concern business

If the Proposed Transactions complete, Norwood will be better capitalised compared with the unaudited balance sheet as at 31 December 2010 and it will be able to resume trading as a going concern. The pro-forma net tangible assets of the Company on completion of the Proposed Transactions will range between A$1.9 million and A$6.8 million depending on the amount raised pursuant to the Proposed Capital Raising.

Issue price of Norwood Shares

Norwood will issue the scrip consideration to Sino-Excel Vendors at $0.51 per share post consolidation. Based on the theoretical number of shares on issue post consolidation, this is equivalent to a market capitalisation of the Company of approximately $9.2 million (pre-Proposed Acquisition basis). In our opinion, this is significantly above the current fair market value of Norwood on a control basis. Specifically, we note the following:

- Norwood is a listed company with no material business;

- Norwood Shares have been suspended from the official quotation on the ASX since March 2009;

- Norwood Shares do not have the shareholders spread required to be listed in accordance with the ASX Listing Rules and accordingly there is limited value in the listed shell; and

- Norwood's unaudited balance sheet as at 31 December 2010 consists of negative net assets of $2.4 million and $90,000 of cash resources.

Potential upside from the Technical Service Agreement

In our valuation assessment of the fairness of the Proposed Acquisition, we have assumed that Norwood will be able to extract the economic benefit from the Technical Service Agreement for a period between 5 and 10 years (excluding terminal value of the underlying coal trading business), even if the term of the Technical Service Agreement is in perpetuity.

Based on our assessed discount rate and operating assumptions in relation to the performance of DeBang, if DeBang is able to extract the economic benefits under the Technical Service Agreement in perpetuity, the value per share of Norwood following completion of the Proposed Transactions (on a minority basis) will be approximately A$0.17 per share.

Risks associated with the structure of the Proposed Acquisition

In our opinion, there are significant risks associated with the structure of the Proposed Acquisition which we have summarised below:

- Sino-Excel/DeBang's key asset is the Technical Services Agreement. The income stream underpinning the agreement is the coal trading business operated by Golden Eagle. Norwood will not have direct control or influence over the business operations, financial performance or directions/actions of Golden Eagle. If, Golden Eagle ceases operating its coal trading business or experiences material losses, its ability to transfer the economic benefit to DeBang may be severely curtailed or entirely negated.

- Whilst Golden Eagle is prevented from conducting business in the same field without the prior consent from DeBang and the shareholders of Golden Eagle will undertake to operate the coal trading business in Golden Eagle, if the shareholders of Golden Eagle were to conduit the coal trading business into a different entity from 1 January 2012 (i.e. at the end of the claw back period), the value of the Technical Service Agreement will be adversely impacted with a significant detrimental effect for Norwood Shareholders. However, in our opinion, this risk is mitigated by the fact that the current Golden Eagle Shareholders will effectively control Norwood if the Proposed Transactions are completed;

- The current shareholders of Golden Eagle may decide to sell Golden Eagle to third parties which may seek to alter or vary the terms of the Technical Service Agreement or conduct the Golden Eagle trading business through a different entity which would materially impact the economic benefits of the Technical Services Agreement;

- As discussed in section 1.2, there is a clawback in the SSPA in the event that the economic benefit transferred to DeBang under the Technical Services Agreement is less than the agreed amount in relation DeBang's 2011 NPAT. However, Norwood Shareholders do not have any additional protection, no further clawback or any other mitigation factors from 1 January 2012 if the performance of Golden Eagle and hence the economic benefit of the Technical Service Agreement are materially reduced or impaired;

- DeBang is currently a dormant company with no trading and no historical financial performance. If the Proposed Transactions are completed, the Vendors will have a controlling interest in the Company between 77% and 90% whilst the operating performance of DeBang and economic benefit expected to be generated under the Technical Service Agreement are still unproven. Furthermore, the claw back provision under the SSPA can only be called upon completion of the audited accounts of Sino Excel for the year ending 31 December 2011. In essence, if the 2011 NPAT generated by DeBang under the Technical Service Agreement is materially lower than RMB60 million, the current Non-Associated Shareholders will be required to wait until completion of the audited accounts of Norwood in March 2012 to exercise the claw back provision under the SSPA. Until then, the Vendors will have and benefit of absolute control of Norwood even if they may not be able to deliver the expected economic benefit under the Technical Service Agreement; and

- The financial performance of Norwood will be heavily reliant on the key personnel of Golden Eagle, namely Mr Wang and Mr Zheng Lei, who will be employed by DeBang upon the completion of the Proposed Acquisition. Both Mr Wang and Mr Zheng Lei have key commercial relationships relating to the coal trading business and consequently, the loss of one or both of these key employees will have a material and adverse effect on DeBang's financial performance. Consequently, the continued retention of these employees is critical to the viability of DeBang and subsequently Sino-Excel.

Whilst in our opinion the structure of the Proposed Acquisition is unusual and incorporates significant element of risks for the Non-Associated Shareholders, the Technical Services Agreement and the SSPA contain certain provisions, as summarised below, which seek to mitigate these risks:

- Golden Eagle is precluded from replicating its arrangement with DeBang with any other third party;
- DeBang is entitled to elect a representative to the board of Golden Eagle. The representative will be provided access to Golden Eagle's records and information pertaining to the coal trading business;
- The Technical Service Agreement can only be terminated at DeBang's option;
- If Golden Eagle fails to perform its obligations under the Technical Services Agreement, or if Golden Eagle is dissolved or declared bankrupt, then the Golden Eagle Shareholders are obliged to transfer their ownership or shares in Golden Eagle to DeBang pursuant to the Equity Pledge Agreement; and
- We note that the key employees of Golden Eagle will be employed by Norwood following the Proposed Transactions. Further, the key employees are also the owners of Golden Eagle and will be majority shareholders of Norwood post-Proposed Transactions which align the interests of Golden Eagle and Norwood and mitigate the aforementioned risks.

Legal form of the Technical Service Agreement

The Technical Service Agreement regulates the dealing between DeBang and Golden Eagle, and it is the only material asset of DeBang/Sino Excel. The Company will issue 117.6 million Norwood Shares on completion to purchase Sino Excel and be entitled to the expected economic benefits arising from the Technical Service Agreement.

By western economy standards, the legal form of the Technical Service Agreement lacks significant details, clauses and provisions for an agreement of this type. Typically, contracts of this nature and implications are heavily negotiated and the protection included in the agreement for the purchaser is substantial. The form of the Technical Service Agreement is extremely succinct (only approximately 4 pages) and it lacks detail with regards to representations, warranties, acknowledgements, indemnities, continuing obligations, assurances, notices, waivers and other general provisions. This lack of detail may expose the Non-Associated Shareholders to numerous additional risks in undertaking the Proposed Acquisition.

Jurisdiction, currency and commodity price volatility risks

Norwood Shareholders will hold shares in a company whose financial performance will be heavily influenced by trading conditions in the PRC. This will expose Norwood Shareholders to significantly varying risks associated with the PRC, including general economic outlook, changes in government fiscal, monetary and regulatory policies, movements in commodity prices, exchange rate movements, interest rates, inflation and political developments.

The operations in which Norwood's future income will be derived from are based in the PRC and will be governed by PRC laws and regulations. The legal framework to which the operations are subjected to is materially different from the Corporations Act, and other company laws in Australia and Singapore, with respect to certain areas including the protection of minority shareholders. The PRC legal system is an evolving system and has inherent uncertainties, consequently the legal protections available to the Norwood shareholders may be limited. In addition, it may be difficult to enforce any judgements obtained from non-PRC courts against the company or directors or officers residing in the PRC.

Norwood's future performance will be susceptible to fluctuations in coal demand and prices. Golden Eagle's performance is driven by the demand for coal compared to domestic coal prices as the volumes of coal traded affect transportation costs. Fluctuations in coal demand and coal prices are driven by factors beyond Norwood's control such as global and domestic economy and political conditions, energy prices and industry growth. There is no assurance that PRC domestic or international demand for coal and coal-related products will continue to grow, or that the domestic or international markets for coal and coal-related products will not experience excess supply.

DeBang's revenue and costs will be denominated in the local PRC currency (i.e. RMB), a currency which is not yet freely traded. Norwood's business, operations, financial performance and positions can be materially and adversely affected by volatility of the local currency.

Change of control transaction

The Proposed Transactions will result in Norwood Shareholders losing control of the Company as the Sino-Excel Vendors will own approximately between 77% and 90% of Norwood's enlarged issued capital. As controlling shareholders, these parties, whose interests may differ from other Norwood Shareholders, will be able to direct the election of all the members of the Board of Directors and exercise control over Norwood's business and affairs.

We were advised by Norwood that if the Proposed Transactions proceed, there will be no short term change to the Board however, during the Company's first full year of operation post reinstatement, it is likely that the Board would consider permitting up to two nominees of the Sino-Excel Vendors to join the Board. To the extent that the Sino-Excel Vendors appoint directors to the Norwood Board who are also owners and managers of the Golden Eagle or its associates, there may be perceived conflict of interests.

The ownership of the Company will be highly concentrated amongst the Sino-Excel Vendors which in turn, could apply significant influence over matters requiring shareholder's approval, which may not necessarily result in the best interest of minority shareholders.

The Sino-Excel Vendors will also have the capacity to block any potential takeover bid or change of control event should the Sino-Excel Vendors consider it not to be in their best interest at the expense of the minority shareholders.

Change of activity

The Proposed Acquisition represents a material change in the nature of Norwood's operations. Consequently, if the Proposed Acquisition completes, Norwood Shareholders will hold shares in a company with operations which are significantly different to the operations associated with their current investment in Norwood and may no longer fit the shareholders investment profile requirements.

Norwood valuation if the Proposed Transactions complete

If the Proposed Transactions complete and Norwood Shares re-commence trading on the ASX, the structure of the Proposed Acquisition and the Technical Service Agreement will make it difficult and challenging for potential investors, analysts and interested parties to form an opinion in relation to the fair market value of Norwood.

In our opinion, companies with complex structures and risky agreements tend to trade at a discount to their peers.

Other factors

Norwood Shareholders' position if the Proposed Acquisition is not approved

If the Proposed Acquisition is not approved, it would be the current directors' intention to continue with its restructuring program aimed at bringing its existing medical-related projects to a cash neutral position, fund-raising to reduce existing liabilities and identifying and evaluating new opportunities to restore value to Norwood Shareholders. However, there is a risk that the existing Norwood operations will no longer be considered a going concern business and the Company may be liquidated.

Completion of the Proposed Acquisition is a condition precedent for the Proposed Capital Raising. If the Proposed Acquisition is not approved and Norwood does not have access to additional/alternative funds, Norwood is unlikely to be able to meet its debt obligations when they fall due and accordingly, it may be placed into liquidation.

Draft form of the legal agreements

We note that the legal agreements underlying the Proposed Transactions are yet to be executed. In the event that the final terms of these documents differ from those detailed in this report and relied on by us, this may have a material impact on our opinion. In the event that there is a material change we will notify shareholders and consider the implications, if any, for our report.

DeBang's capital contribution

One of the conditions precedent of the SSPA is that DeBang must secure all the necessary approvals from the PRC government authorities in relation to the completion of the establishment and registration of DeBang in the PRC which requires an investment contribution of RMB100 million (i.e. A$16.0 million) unless it is varied to a lower contribution. However, we note that the SSPA includes a provision that if the registration of DeBang is unable to be completed, then DeBang will be substituted with another limited liability company which will be a newly registered PRC company that has no assets or liabilities and significantly lower capital requirements. We have been advised that the potential change of legal entity will not alter or change the ability of this entity to conduct its business in accordance with Technical Services Agreement.

Alternative Transactions

Since Norwood Shares were suspended from official quotation in March 2009, the Board and management of Norwood have explored alternative possibilities to realise value to the Norwood Shareholders. Norwood has advised that the Proposed Acquisition is currently the only proposal which is available to Norwood at the date of this report. Norwood has undertaken not to solicit any competing proposal or to participate in discussions or negotiations in relation to any competing proposals in conjunction with the execution of the SSPA.

Other statements

Grant Thornton Corporate Finance has not provided any taxation advice in relation to the Proposed Acquisition or the Proposed Transactions. Non-Associated Shareholders should consider the information contained in the Notice of Meeting and Explanatory Memorandum as well as seek their own taxation advice in relation to any potential taxation implications.

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

The decision of whether or not to approve the Proposed Acquisition and the Proposed Transactions is a matter for each Norwood Shareholder based on their own views of value of Norwood and expectations about future market conditions, Norwood performance, risk profile and investment strategy. If Norwood Shareholders are in doubt about the action they should take in relation to the Proposed Acquisition and the Proposed Transactions, they should seek their own professional advice.

Yours faithfully
GRANT THORNTON CORPORATE FINANCE PTY LTD

ANDREA DE CIAN	SCOTT GRIFFIN
Director	Director

23 March 2011

Financial Services Guide

1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by Norwood Abbey Limited ("Norwood" or the "Company") to provide general financial product advice in the form of an independent expert's report in relation to the reverse takeover transaction with Sino-Excel Energy Pte Ltd ("Sino-Excel"). This report is included in the Company's Notice of Meeting and Explanatory Memorandum.

2 Financial Services Guide

This Financial Services Guide ("FSG") has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

3 General financial product advice

In our report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

4 Remuneration

When providing the Report, Grant Thornton Corporate Finance's client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the Report, Grant Thornton Corporate Finance will receive from Norwood a fee of between $80,000 to $90,000 plus GST, which is based on commercial rate plus reimbursement of out-of-pocket expenses for the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

5 Independence

Grant Thornton Corporate Finance is required to be independent of Norwood in order to provide this report. The guidelines for independence in the preparation of an independent expert's report are set out in Regulatory Guide 112 *Independence of expert* issued by the Australian Securities and Investments Commission ("ASIC"). The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Norwood (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the Proposed Transactions.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the transaction, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the transaction. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

Grant Thornton Corporate Finance considers itself to be independent in terms of Regulatory Guide 112 "Independence of expert" issued by the ASIC."

6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Industry Complaints Services Complaints Handling Tribunal, No F-3986. All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

PO Box 579 – Collins Street West
Melbourne, VIC 8007
Telephone: 1800 335 405

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the General Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

Contents

1 Outline of the proposed transactions

1.1 Overview of the parties involved

Norwood

Norwood Abbey Limited ("Norwood" or the "Company") is an Australian public company listed on the Australian Securities Exchange ("ASX") which owns a portfolio of technologies and investments in medical products and devices. These technologies and investments portfolio are currently effectively dormant and they have been restructured to an effectively cash neutral position. The ordinary shares of Norwood ("Norwood Shares") were suspended from official quotation on the ASX in March 2009 when the Company failed to comply with ASX Listing Rules to lodge its half- year report for the period ended 31 December 2008. Norwood Shares remain suspended from trading as at the date of this report.

Sino-Excel

Sino-Excel Energy Pte Limited ("Sino-Excel") is a private unlisted company registered in Singapore. Upon completion of the Company's acquisition of Sino-Excel, Sino-Excel will be a holding company with its sole asset being the ownership of all ordinary shares in Henan DeBang Resources Development Co. Ltd. ("DeBang").

DeBang

DeBang is an entity incorporated in the Peoples' Republic of China ("PRC"). DeBang is currently a dormant entity. DeBang has entered into an Exclusive Technical Consultation and Services Agreement ("Technical Services Agreement") with Century Golden Eagle Energy Holdings Co Ltd ("Golden Eagle") whereby DeBang will provide services to Golden Eagle in relation to its PRC-based existing coal trading business and Golden Eagle will pay DeBang a fee based on the tonnes of coal traded.

Golden Eagle

Golden Eagle is a company registered in the PRC which was incorporated in 2001. Golden Eagle's shareholders consist of Mr Wang Jian Hua (80%) and Mr Zheng Lei (20%) ("Golden Eagle Shareholders"). Golden Eagle operates a coal trading business based in the Henan province, PRC.

1.2 Overview of the proposed acquisition and associated agreements

In September 2009, Norwood announced that it had agreed the commercial terms to acquire 100% of the issued capital of Sino-Excel which in turn, will own 100% of the issued capital of DeBang upon completion of the Company's acquisition of Sino-Excel ("Proposed Acquisition"). In April 2011, Norwood entered into a Share Sale and Purchase Agreement ("SSPA") with regards to the Proposed Acquisition. The SSPA includes the following ancillary agreements as an annexure:

- Technical Services Agreement and related amendments between DeBang and Golden Eagle as set out in section 1.2.3;

- Selective Buy-Back Agreement as set out in section 1.2.4; and

- Equity Pledge Agreement between DeBang and the Golden Eagle Shareholders as summarised in section 1.2.5.

The parties to the SSPA include Norwood, the sole shareholder of Sino-Excel, Mr Charlie In and a number of associated companies (the "Warrantors") (together, the "Sino-Excel Vendors"). The Warrantors include Endless Adventure Ltd, New Inspiration Ltd, Majestic Faith Ltd and Swift China Ltd. Grant Thornton Corporate Finance has not been provided with details of the shareholders of the Warrantors, however, we note that the Notice of Meeting states that the Swift China Ltd is controlled by Mr Charlie In whilst the remaining companies are controlled by Golden Eagle Shareholders. The Sino-Excel Vendors are associates in accordance with the Corporations Act, 2001.

The key terms of the SSPA underpinning the Proposed Acquisition are set out below.

1.2.1 Consideration offered

Pursuant to the SSPA, Norwood will acquire 100% of Sino-Excel, which will own 100% of DeBang upon completion of the Proposed Acquisition and the consideration offered is as follows:

- The consideration offered has been estimated based on six-times the net profit after tax ("NPAT") expected to be achieved by DeBang for the year ending 31 December 2011 ("2011 NPAT") ("Base Consideration"). The SSPA assumed the 2011 NPAT to be RMB60 million;

- The consideration will be satisfied by the issue of 117,647,059 Norwood Shares at an issue price of A$0.51 per share[7] post consolidation[8].

- If the 2011 NPAT as determined in the DeBang audited accounts is below RMB60 million, there is a clawback provision in relation to the number of shares issued to the Sino-Excel Vendors equal to six-times the shortfall in the NPAT (i.e. 6 x [2011 NPAT - RMB60 million]) converted into A$ at a fixed exchange rate defined in the SSPA ("Fixed Exchange Rate")[9] and divided by A$0.51. This clawback provision will allow Norwood to require the disposal of the relevant number of Norwood Shares by way of sale to third parties nominated by Norwood or to be bought back under the Selective Buy-Back Agreement;

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[7] Having regard to the pre-agreed exchange rate for the purpose of assessing the Base Consideration of RMB1.00:A$0.167.
[8] Norwood intends to undertake a share and option consolidation on a 30-for-1 basis prior to completing the Proposed Acquisition. The number of Norwood Shares will be reduced from 541.5 million to 18.1 million and the number of Norwood Options on issue will be reduced from 112.9 million to 3.8 million.
[9] The SSPA includes a Fixed Exchange Rate being the RMB1.00/A$0.16 based on the recent spot rates and the short term and long term forward rates of RMB, A$ and US$.

- If the 2011 NPAT as determined in the audited accounts of DeBang for the year ended 31 December 2011 exceeds RMB60 million but is less than or equal to RMB120 million, Norwood must issue additional Norwood Shares amounting to six-times the excess 2011 NPAT (i.e. 6 x [RMB60 million – 2011 NPAT]), converted into A$ at the Fixed Exchange Rate and divided by A$0.51 (the "Earn-Out Consideration");

- If the 2011 NPAT as determined in the DeBang audited accounts exceeds RMB120 million, Norwood must issue additional earn-out Norwood Shares (in addition to the amount above) amounting to one-quarter of the excess above RMB120 million, multiplied by three (i.e. {[0.25 x (RMB120 million – 2011 NPAT)] x 3}, converted into A$ at the Fixed Exchange Rate and divided by A$0.51 (the "Earn-Out Consideration"); and

- Golden Eagle will transfer certain assets into DeBang (the "DeBang Asset Transfer"), and key Golden Eagle employees, namely Mr. Wang Jian Hua (Chairman), Mr. Peng Hu (General Manager - Sales & marketing), Mr. Zheng Lei (Deputy General Manager - Finance) and Mr. Zhang Jian Hua (Deputy General Manager – Operations).

Set out below is an example of the calculation of the consideration offered in conjunction with different levels of DeBang's NPAT:

	DeBang 2011 NPAT (RMB'000)				
Number of Norwood Shares	**50,000**	**60,000**	**100,000**	**120,000**	**150,000**
Base Consideration	117,647	117,647	117,647	117,647	117,647
Less: Claw-back provision number of shares	(18,824)	-	-	-	-
Add: Earn-Out Consideration	-	-	75,294	112,941	120,000
Total number of purchase consideration shares	98,824	117,647	192,941	230,588	237,647

1.2.2 Conditions precedent

The Proposed Acquisition is subject to the satisfaction or waiver of the following conditions precedent:

- Satisfaction of the conditions precedent outlined in the SSPA including, but not limited to the following:
  - Simultaneous completion of the DeBang Asset Transfer, which is a term in the SSPA. We note that Golden Eagle is not a party to the SSPA and as such is not obligated to fulfil the condition precedent. We note however that the Golden Eagle Shareholders control all but one of the Warrantors. The Warrantors are also the Sino-Excel Vendors;
  - Norwood obtaining the necessary shareholders approvals for the Proposed Acquisition and the issuance of the purchase consideration shares;

- Execution and delivery of the Technical Services Agreement and Equity Pledge Agreement;

- DeBang receives all the necessary approvals from the Chinese government authorities in relation to the completion of the establishment and registration of DeBang in the PRC. We note the SSPA includes a provision that if the registration of DeBang is unable to be completed based on the capital contribution/investment required of RMB100 million, then DeBang will be substituted with another limited liability company which will be a newly registered PRC company that has no assets or liabilities All references to DeBang in the SSPA will refer to the substituted company; and

- Execution of service agreements between DeBang and each of Mr Wang Jian Hua and Mr Zheng Lei.

If the conditions precedent included in the SSPA are not fulfilled or waived by the relevant party, by 30 September 2011 or a mutually agreed later date, then the SSPA may be terminated;

- Completion of a security consolidation where Norwood intends to undertake a share and option consolidation on a 30-for-1 basis prior to completing the Proposed Acquisition. The number of Norwood Shares will be consolidated from 541.5 million to 18.1 million and the number of Norwood Options on issue will be consolidated from 112.9 million to 3.8 million; and

- Receipt of shareholders approval for Norwood to make a significant change in the nature and scale of its activities following the Proposed Acquisition.

In addition to the above, the Proposed Acquisition is subject to other customary conditions precedent typical for a transaction of this nature. Refer to sections of 11.2 and 11.10 of the Notice of Meeting and Explanatory Memorandum for a detailed overview of the conditions.

1.2.3 Technical Services Agreement

In conjunction with the completion of the Proposed Transactions, DeBang will enter into a Technical Services Agreement with Golden Eagle in relation to Golden Eagle's coal trading business. We have been advised that Norwood is unable to directly acquire Golden Eagle due to PRC legal restrictions. Consequently, we have been advised that the purpose of the Technical Services Agreement is to enable Norwood, via DeBang, to obtain the economic benefits derived from Golden Eagle's coal trading business given DeBang's inability to acquire Golden Eagle.

Under the Technical Services Agreement:

- DeBang will provide sales consulting, market research and analysis, personnel training, public relations, customer after sales services and, new product marketing and planning services to Golden Eagle;

- In exchange for the services provided to Golden Eagle, DeBang will be entitled to receive payment from Golden Eagle based on the level of coal traded. Specifically, Golden Eagle will pay DeBang a minimum fee of RMB20 per tonne of coal sold per month and on an annual basis, Golden Eagle will pay a minimum of RMB60 million per year to DeBang as the total service fee per year;

- Golden Eagle is prohibited from conducting any business (including with other companies) similar to its existing coal trading business or on the same terms and conditions that it has with DeBang without DeBang's prior written consent;

- Golden Eagle covenants that at all times, it will conduct its coal trading business in Golden Eagle only and must not allow the coal trading business to be operated in another company, vehicle or association for as long as DeBang continues to extract the economic benefits via the Technical Services Agreement;

- A representative of DeBang will be appointed to the board of Golden Eagle. The appointed Director will have the right to access any information, records, financials and related documents to understand the operations of Golden Eagle; and

- The Technical Services Agreement will continue into perpetuity unless it is terminated by DeBang at DeBang's option in accordance with the laws of PRC.

1.2.4 Share Buy-Back Agreement

Norwood and the Sino-Excel Vendors will enter in to a Share Buy-Back Agreement. The agreement will enable Norwood Shares issued to the Sino-Excel Vendors to be compulsorily acquired on a pro-rata basis for a nominal amount if the 2011 NPAT is below RMB60 million.

Specifically, if the 2011 NPAT as determined in the DeBang audited accounts for the financial year ending 31 December 2011 is below RMB60 million, the Company will be entitled to reduce the consideration by a number of shares determined in accordance with the formula below:

-{[(2011 NPAT – RMB60 million)/Fixed Exchange Rate] x 6}/A$0.51

The maximum number of Norwood Shares that is subject to the Share Buy-Back Agreement is 117.6 million.

1.2.5 Equity Pledge Agreement

DeBang, Golden Eagle and the Golden Eagle Shareholders will enter into an equity pledge agreement to ensure that Golden Eagle will perform its obligations under the Technical Services Agreement (the "Equity Pledge Agreement"). The agreement is governed in accordance with PRC laws.

Under the Equity Pledge Agreement, the Golden Eagle Shareholders have pledged their equity interests in Golden Eagle as security to secure Golden Eagle's performance and obligations under the Technical Services Agreement, specifically relating to the payment of service fees by Golden Eagle for consulting services rendered by DeBang as outlined in section 1.2.3 of this report.

The pledge extends to both the equity interests held by the Golden Eagle Shareholders and all dividends and other interests that are credited to them. The pledge may be called upon by DeBang if Golden Eagle fails to pay the service fees or Golden Eagle is dissolved or declared bankrupt.

Pursuant to the Equity Pledge Agreement, the agreement may not be amended or cancelled without the mutual consent of all parties.

1.3 Concurrent proposed transactions

In conjunction with the Proposed Acquisition, Norwood intends to undertake a security consolidation, raise new funds through a public share offer and to settle liabilities with certain creditors. These concurrent transactions, which together with the Proposed Acquisition are collectively referred to hereon as the "Proposed Transactions", are discussed below.

1.3.1 Norwood Security Consolidation

Norwood intends to undertake a share and option consolidation (the "Norwood Security Consolidation") which will reduce the number of Norwood Shares and options in Norwood ("Norwood Options") held by security holders of Norwood ("Norwood Security Holders") on a 30-for-1 basis. The number of Norwood Shares will be consolidated from 541.5 million to 18.1 million and the number of Norwood Options on issue will be consolidated from 112.9 million to 3.8 million.

The completion of the Norwood Security Consolidation is a condition precedent for the completion of the Proposed Acquisition.

1.3.2 Creditor Offer

Norwood is currently implementing a creditor offer where Norwood will settle certain liabilities with specified creditors including holders of convertible loan notes in Norwood and former employees (the "Creditor Offer"). Refer to section 4.3.1 for details on the Creditor Offer.

1.3.3 Proposed Capital Raising

Norwood intends to raise a minimum of A$2.5 million and up to A$7.5 million in new capital through the issue of between 4.9 million and 14.7 million Norwood Shares (post-Norwood Security Consolidation) at A$0.51 per Norwood Share (the "Proposed Capital Raising"). The purpose of the Proposed Capital Raising is to raise working capital and to meet the required shareholder spread pursuant to the requirements of the ASX Listing Rules and to enable the shares of Norwood to resume trading on the ASX.

The completion of the Proposed Capital Raising is a condition for the completion of the Proposed Acquisition.

The proceeds of the Proposed Capital Raising will be used for the following:

- Working capital for Norwood;
- To satisfy ASX regulatory requirements;
- The repayment of existing Norwood creditors to the extent not otherwise satisfied by the Creditor Offer; and
- Payment of fees and expenses associated with the Proposed Capital Raising.

1.4 Effects of the Proposed Transactions

If the Proposed Transactions complete:

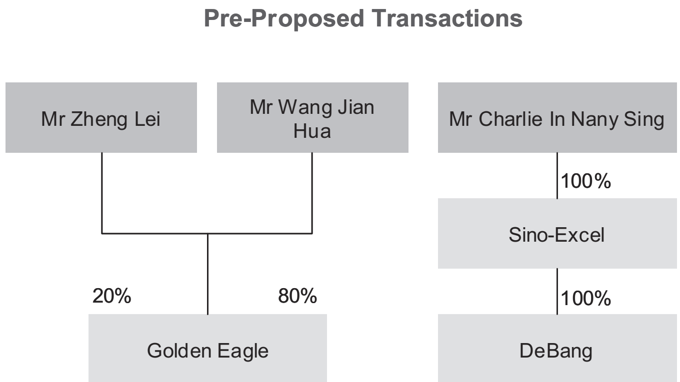
- Sino-Excel will become a wholly-owned subsidiary of Norwood;
- Sino-Excel will own 100% of DeBang, which will be entitled to receive income calculated with reference to each tonne of coal traded by Golden Eagle's coal trading business;
- DeBang will meet the cost of certain personnel and other costs transferred by Golden Eagle to DeBang pursuant to the SSPA. We note that DeBang may also incur additional corporate overheads during operation;
- Norwood will change its name to Sino-Excel Energy Limited;
- The Sino-Excel Vendors, which we understand include companies associated with the Golden Eagle Shareholders, will collectively own between 77% and 90% of Norwood's issued capital following the Proposed Transactions depending on the amount of capital raised pursuant to the Proposed Capital Raising and the eventual number of Norwood Shares issued to the Sino-Excel Vendors following the Proposed Acquisition. The potential ownership of Norwood Shares by the Sino-Excel Vendors assuming different combination of scenarios discussed above is summarised below:

Norwood Shares			**Post-Proposed Transactions**	**Post-Proposed Transactions**	**Post-Proposed Transactions**	**Post-Proposed Transactions**
	Current	**Post-Norwood Security Consolidation**	**Minimum Capital Raising & Without Earn Out**	**Minimum Capital Raising & With Maximum Earn Out**	**Maximum Capital Raising & Without Earn Out**	**Maximum Capital Raising & With Maximum Earn Out**
	'000	**'000**	**'000**	**'000**	**'000**	**'000**
Number of Norwood Shares	541,512	18,050	143,690	256,631	153,494	266,435
Shareholding breakdown						
Existing Norwood Shareholders	100%	100%	13%	7%	12%	7%
Public Offer	0%	0%	3%	2%	10%	6%
Sino-Excel Vendors	**0%**	**0%**	**82%**	**90%**	**77%**	**87%**
Creditors	0%	0%	2%	1%	2%	1%
Total	100%	100%	100%	100%	100%	100%

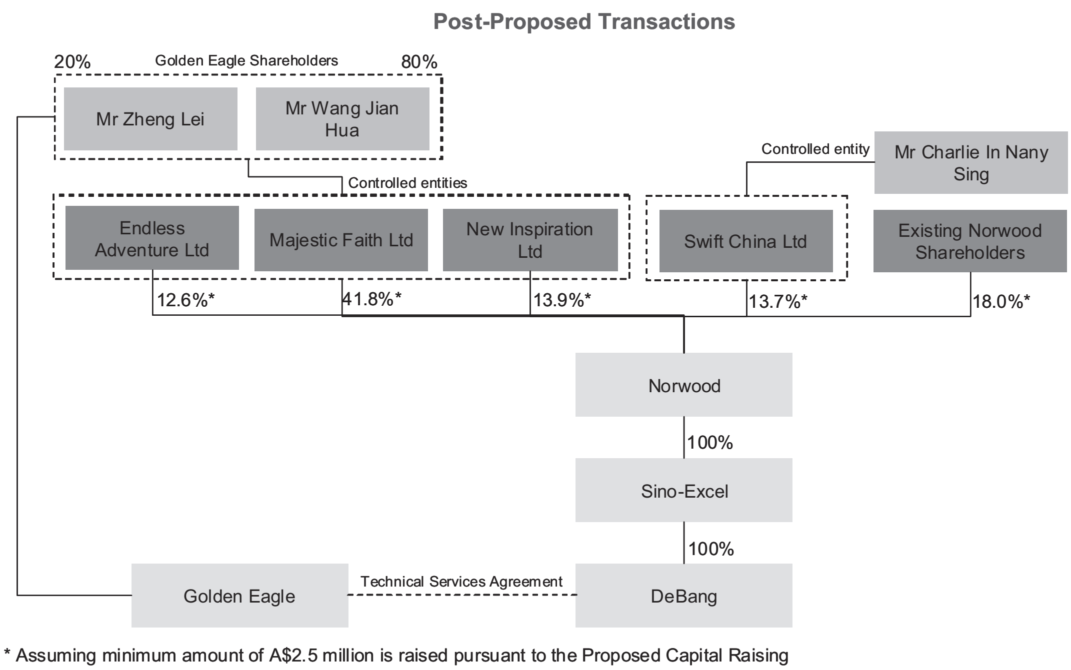
Source: Norwood

- Subject to complying with Chapters 1 and 2 of the ASX Listing Rules to the satisfaction of the ASX and successful completion of the Proposed Capital Raising, Norwood will restore its quoted status on the ASX.

- Norwood and Sino-Excel's shareholding structure following completion of the Proposed Transactions is summarised below.



Source: Norwood



Source: Norwood

2 Purpose and scope of the report

2.1 Purpose

Norwood Shareholder approval is required under Section 611 of the Corporations Act for the proposed issue of Norwood Shares to the Sino-Excel Vendors pursuant to the Proposed Acquisition.

Section 606 of the Corporations Act prohibits the acquisition of a relevant interest in the issued voting shares of a company if the acquisition results in the person's voting power in the company increasing from either below 20% to more than 20%, or from a starting point between 20% and 90%, without making an offer to all shareholders of the company.

Item 7 of Section 611 of the Corporations Act allows the non-associated shareholders to waive this prohibition by passing a resolution at a general meeting. Regulatory Guide 74 "Acquisitions agreed to by shareholders" ("RG 74") and Regulatory Guide 111 "Content of expert reports" ("RG 111") issued by ASIC set out the view of ASIC on the operation of Item 7 of Section 611 of the Corporations Act.

RG 74 requires that shareholders approving a resolution pursuant to Section 623 of the Corporations Act (the predecessor to Item 7 of Section 611 of the Corporations Act) be provided with a comprehensive analysis of the proposal, including whether or not the proposal is fair and reasonable to the non-associated shareholders. The independent directors (directors not associated with the proposal) may satisfy their obligations to provide such an analysis by either:

- commissioning an independent expert's report; or
- undertaking a detailed examination of the proposal themselves and preparing a report for the non-associated shareholders.

Accordingly, the Directors of Norwood have engaged Grant Thornton Corporate Finance to prepare an Independent Expert's Report to state whether, in Grant Thornton Corporate Finance's opinion the Proposed Acquisition is fair and reasonable to the non-associated shareholders of Norwood (the "Non-Associated Shareholders") for the purposes of Section 611(7) of the Corporations Act.

The scope of our opinion is limited to the resolution pertaining to the Proposed Acquisition only and does not extend to any other resolutions included in the Notice of Meeting.

2.2 Basis of assessment

In preparing this report, Grant Thornton Corporate Finance has had regard to RG74 and RG 111. RG 111 establishes certain guidelines in respect of Independent Expert's Reports prepared for the purposes of the Corporations Act. RG 111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of "fair and reasonable" in the context of a takeover offer.

RG111 requires the non-associated shareholders to be provided with a comparison and clear summary of the likely advantages and disadvantages of the Proposed Transactions. Comparing the value of the shares to be acquired under the proposal and the value of the consideration to be paid is only one element of the assessment.

RG111 also prescribes different assessment approach depending on whether the transactions are considered to be 'control' transactions. Following the Proposed Transactions, the Sino-Excel Vendors will own approximately between 77% and 90% of Norwood. Accordingly, we have assessed the Proposed Acquisition as a control transaction.

RG 111 states that:

- an offer is considered fair if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer. The comparison should be made assuming 100% ownership of the target company and irrespective of whether the consideration offered is scrip or cash and without consideration of the percentage holding of the offeror or its associates in the target company;

- an offer is considered reasonable if it is fair. If the offer is not fair it may still be reasonable after considering other significant factors which justify the acceptance of the offer in the absence of a higher bid. ASIC has identified the following factors which an expert might consider when determining whether an offer is reasonable:

  - the offeror's pre-existing entitlement, if any, in the shares of the target company;

  - other significant shareholding blocks in the target company;

  - the liquidity of the market in the target company's securities;

  - taxation losses, cash flow or other benefits through achieving 100% ownership of the target company;

  - any special value of the target company to the offeror, such as particular technology and the potential to write off outstanding loans from the target company;

  - the likely market price if the offer is unsuccessful; and

- the value to an alternative offeror and likelihood of an alternative offer being made.

If the Proposed Acquisition completes, the Sino-Excel Vendor's voting power in Norwood will increase from below 20% to more than 20%. We also note that the Proposed Acquisition is conditional upon the completion of the Norwood Security Consolidation, the Creditor Offer and the Proposed Capital Raising (i.e. the Proposed Transactions).

Accordingly, for the purpose of assessing whether the Proposed Acquisition is fair to the Non-Associated Shareholders, Grant Thornton Corporate Finance has compared the fair market value of Norwood Shares before the Proposed Transactions on a control basis to the fair market value of the Norwood Shareholders' interest in Norwood after the Proposed Transactions on a minority basis.

In considering whether the Proposed Acquisition is reasonable to the Non-Associated Shareholders, we have considered a number of factors, including:

- Whether the Proposed Acquisition is fair;
- The implications of the Sino-Excel Vendor's increase in their interest in Norwood from Nil to between 77% and 90% of Norwood's total issued capital of Norwood following the Proposed Transactions;
- The implications to Norwood and the Non-Associated Shareholders if the Proposed Transactions are not approved;
- Other likely advantages and disadvantages associated with the Proposed Transactions as required by RG111; and
- Other costs and risks associated with the Proposed Transactions that could potentially affect the Non-Associated Shareholders.

2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to the Proposed Acquisition with reference to the ASIC Regulatory Guide 112 "Independence of Expert's Reports" ("RG 112").

In this regard, we note that Grant Thornton was involved in the review of the pro-forma balance sheet for Norwood for inclusion in the Notice of Meeting and/or Explanatory Memorandum dated on or around March 2011. Grant Thornton will also review the proforma balance sheet of Norwood for the inclusion in a prospectus that Norwood will issue. The prospectus relates to the issue of Norwood Shares under the Proposed Capital Raising.

We are of the opinion that the review conducted does not impact our ability to provide an independent and unbiased opinion with regards to the Proposed Acquisition.

Accordingly, Grant Thornton Corporate Finance is independent of Norwood, and its Directors and all other relevant parties to the Proposed Acquisition. Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Proposed Acquisition other than that of an Independent Expert.

Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the Proposed Acquisition.

2.4 Consent and other matters

Our report is to be read in conjunction with the Notice of Meeting and Explanatory Memorandum dated on or around April 2011 in which this report is included, and is prepared for the exclusive purpose of assisting Norwood Shareholders in their consideration of the Proposed Acquisition.

This report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this report in its form and context and consents to its inclusion in the Notice of General Meeting and Explanatory Statement.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Proposed Acquisition to the Norwood Shareholders as a whole. We have not considered the potential impact of the Proposed Acquisition on individual Norwood Shareholders. Individual shareholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the Proposed Acquisition on individual shareholders.

The decision of whether or not to approve the Proposed Acquisition is a matter for each Norwood Shareholders based on their own views of value of Norwood and expectations about future market conditions, Norwood's performance, risk profile and investment strategy. If Norwood Shareholders are in doubt about the action they should take in relation to the Proposed Acquisition, they should seek their own professional advice.

3 Profile of the industry

If the Proposed Transactions completes, Norwood will be indirectly operating in the PRC coal industry via the Technical Services Agreement with Golden Eagle. Accordingly, we have provided below a brief overview of the industry.

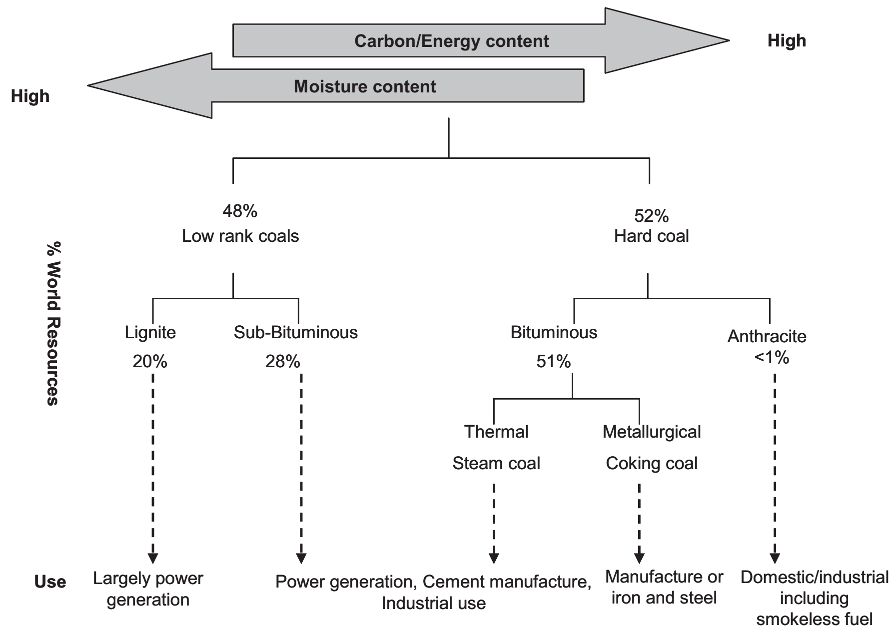
3.1 Global coal industry

3.1.1 Overview

Coal is formed through the compression of vegetable matter over millions of years. The quality and type of each coal deposit is determined by the temperature and pressure as well as by the length of time in formation. Initially, the peat is converted into lignite or 'brown coal' and then, over many more millions of years, the continuing effects of temperature and pressure produces further changes that transform the lignite into 'sub-bituminous' coals. Further chemical and physical changes occur until these coals become blacker and harder, forming the 'bituminous' or 'hard' coals.

The world coal market primarily consists of a steam/thermal coal market and a coking coal market. The steam coal market consists of demand for coal for electricity generation, producing steam and heat for industrial uses and use in blast furnaces. The coking coal market consists solely of demand for coals as fuel for smelting iron.

Set out below is the graph of coal spectrum:



Source: Australian Coal Association

3.1.2 Consumption

Coal plays a critical role as the world's primary energy source. Coal's share of world energy consumption was approximately 27% in 2006 and is expected to increase slightly to 28% by 2030[10]. The main reasons for coal to be a primary energy source are:

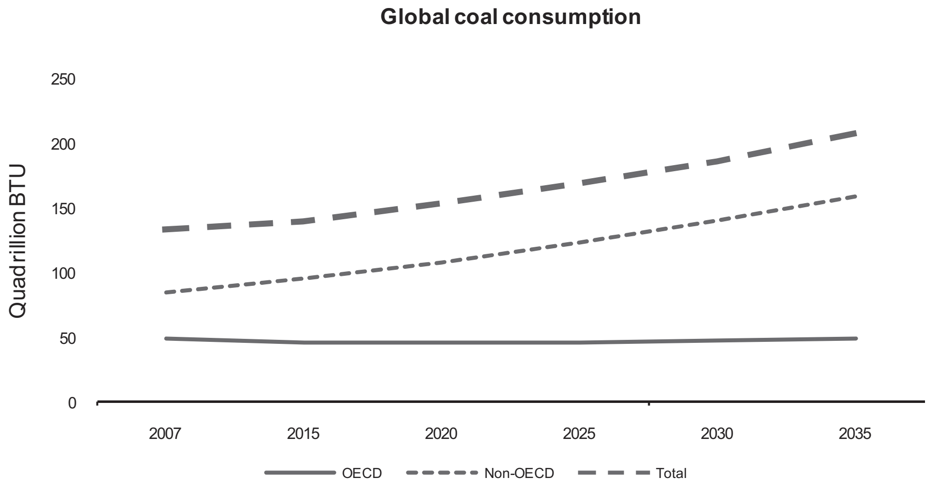
- Its dominant position in the electricity generation and industrial sectors in emerging Asian economies, particularly the PRC and India;
- Its enhanced ability to withstand future substitution by natural gas, nuclear power and renewable fuels due to the abundance of coal reserves;
- Coal is cheaper on an energy equivalent basis compared to other fossil fuels; and
- The further development of emission reduction technologies.

Coal can be used for power generation, steel manufacturing and industrial process. Coal power generation accounted for approximately 62% of global coal consumption in 2006, and generated approximately 42% of global electricity[10].

Global coal consumption is expected to increase from 127.5 quadrillion British Thermal Unit ("BTU")[11] in 2006 to 190.2 quadrillion BTU in 2030, which represents an average annual growth of 1.9% from 2006 to 2015 and 1.6% from 2015 to 2030[10]. The total consumption of coal by the PRC and India is expected to account for the majority of the increase in global coal consumption.

Moderate growth in coal consumption is expected from non-OECD countries, with the PRC and India to be the most significant contributors. The following graph shows historical and forecast coal consumption from 1990 to 2035, broken down into OECD countries and non-OECD countries:

[10] Source: Energy Information Administration ("EIA")
[11] 1 quadrillion BTU is equivalent to the amount of energy generated by 45 million tonnes of coal



Source: EIA

3.1.3 Reserves

Global recoverable reserves of coal were estimated to be approximately 930 billion tonnes in total by the end of 2006[10], which is expected to last for approximately 137 years at the current consumption level. Approximately 80% of the global recoverable reserves of coal are located in the following countries:

- the United States (28%);
- Russia (19%);
- The PRC (14%);
- other Non-OECD Europe and Eurasia (10%); and
- Australia/New Zealand (9%).

In 2006, the above countries produced approximately 4.9 billion tonnes (equivalent to 95.8 quadrillion BTU) of coal, representing 75% of the total global coal production.

Set out below are the latest available data on global recoverable reserves of coal:

Country	Recoverable anthracite and bituminous Billion tonnes	Recoverable lignite and subbituminous Billion tonnes	Total recoverable coal Billion tonnes
North America	127	146	273
Central & South America	8	10	18
Europe	9	41	51
Eurasia	103	146	249
Middle East	2	0	2
Africa	54	0	55
Asia & Oceania	170	114	284
World Total	473	457	930

Source: EIA

Note: the PRC is included in the Asia and Oceania category

3.1.4 Coal prices

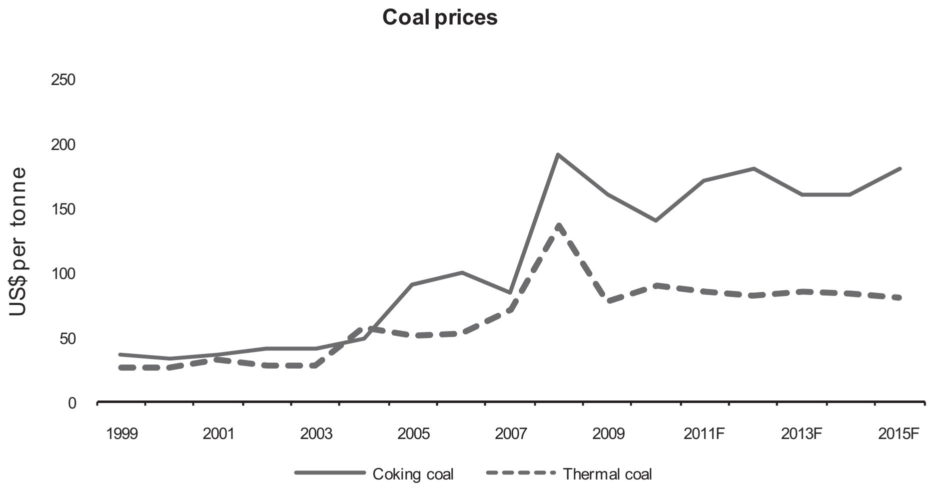
The majority of coal traded in international markets is bought and sold pursuant to term contract arrangements in which the key terms in relation to the volume, energy value, transport and other specifications are agreed.

Price negotiations usually start from the existing contract terms as a reference base. The benchmark prices for the year are usually negotiated and agreed between the major producers, such as BHP Billiton, Xstrata, Rio Tinto and Vale and the major buyers such as Indian, Chinese and Japanese companies. Subsequent coal prices tend to settle with reference to those benchmark prices, adjusted for the specific energy specifications of the coal.

Coal is priced according to its energy content and relative supply and demand fundamentals. Coal with high moisture content is less efficient to burn and its prices are lower than coal with low moisture content.

Historically, coal prices are generally less volatile than the prices for oil and natural gas, however, the recent reduction in coal production in Europe and the continued demand for coal from the PRC has caused coal prices to become volatile. The increase is believed to be caused by demand outstripping supply and disruptions in the coal production process.

The historical and forecast yearly average export price for thermal coal and coking coal from 1999 to 2015 is set out below:



Source: IBISWorld

Thermal and coking coal prices increased significantly between 2005 and 2008. The rapid rise was largely due to increasing demand from Asia meeting supply issues. The average per tonne price for thermal coal increased from US$53 in 2006 to US$70 in 2007. Over the same period, the price of coking coal decreased from US$99 to US$85. In 2008, the average price of thermal coal and coking coal was US$136 and US$191 per tonne respectively[12].

The rising prices were the result of a number of factors, including disruptions in supply such as snowstorms in the PRC, power shortages in South Africa and flooding in Queensland coupled with limited export capacity at ports in Australia. Significant increases in export prices of coking coal from Australia also led to mining companies choosing to increase the level of coking coal exports relative to thermal coal which caused the price of thermal coal to increase substantially. The demand side was fuelled primarily by the growth of the Chinese economy and its significant demand for infrastructure expansion projects.

Thermal coal and coking coal prices started to decline rapidly in late 2008 due to the onset of the global financial crisis. As the global financial crisis hit, financial positions in commodity markets were deleveraged which added a large number of futures contracts to the market and fuelled rapidly declining spot prices. Furthermore, as the crisis spread, companies started to cut costs and production. Consequently, power consumption decreased sharply.

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[12] Source: IBISWorld

The average per tonne price of thermal coal is expected to decrease to US$80 over the five years to 2015. Rising demand levels as a result of recovering economies is expected to be satisfied by expanding production capacity. Costs of production are forecast to increase over the next five years as coal deposits decrease, forcing miners to explore deeper underground and further away from existing infrastructure, which may reduce supply and place upward pressure on coal prices.

Demand is also expected to be restrained by further developments in energy efficiencies and moves towards decreased carbon emissions in many developed countries. The European Union and Japan in particular will have greater access to gas and government policies are being implemented to encourage alternative energy sources such as nuclear power and renewable energy. Despite this, the increasing demand from the PRC and other developing nations is expected to more than offset the declining demand from developed countries during this time.

Depreciation of the US$ is expected to place additional upward pressure world coal prices of coal is expected from a depreciation of the US dollar. The decline in the US$ is forecast to be particularly severe in 2011 when concerns over the world economy have largely subsided.

3.2 Overview of the coal industry in the PRC

The PRC is both the largest consumer and producer of coal in the world. Coal is the PRC's primary energy source, accounting for approximately 70% of total primary energy consumption. Economically recoverable coal reserves in the PRC are estimated at 115 billion tonnes, the third-largest in the world behind the United States and Russia and about 14 percent of the world's total reserves.

There are 27 coal producing provinces in the PRC. The provinces located in the north of PRC are generally associated with greater accessibility to coal and, consequently, the majority of state-owned mines are located in this region. Coal mines located in the southern provinces are typically associated with higher levels of sulphur and ash and the coal is often unsuitable for many applications.

Coal consumption in the PRC has increased significantly over the last eight years. An estimated 3 billion short tonnes of coal was consumed in the PRC in 2008, representing nearly 40% of global consumption. Approximately 50% of the coal is used in the non-electricity sectors, primarily in the industrial sector, with the remaining 50% used for power generation.

The coal industry in the PRC consists of thousands of small, local coal mines which are typically accompanied by inefficient management, insufficient investment, outdated equipment and poor safety records which prevent the full utilisation of the coal resources. The industry is looking towards consolidation as a means of raising total coal output, attracting greater investment and new coal technologies and improving the safety and environmental records of coal mines. The PRC government is placing significant emphasis on the restructuring of its coal mining industry by integrating, rebuilding and shutting down small scale mines.

The PRC coal industry is becoming increasingly open to foreign investment. This trend is assisting in the modernisation of existing large-scale mines and the introduction of new technologies into the industry. Recent foreign investment has been focussed on new technologies aimed at achieving efficiency and environmental benefits, including coal liquefaction, coal bed methane production and slurry pipeline transportation projects. The PRC government has become an active promoter of the development of a large coal-to-liquids industry. A recent survey conducted by the Ministry of Land and Natural Resources indicated that the PRC holds the third largest reserves of coal bed methane in the world.

There has been a significant increase in the level of imported coal into the PRC recently. The rise in importation is believed to have been caused by increasing price competitiveness of imported coal compared to domestically sourced coal and the frequency of supply bottlenecks in transmission to consumer markets in the PRC.

4 Profile of Norwood

4.1 Overview

Norwood is an Australian public company and has a portfolio of dormant technologies and investments in medical products and devices. Norwood, which listed on the ASX in August 2000, was suspended from official quotation on the ASX in March 2009 when the Company failed to comply with ASX Listing Rules to lodge its half- year report for the period ended 31 December 2008. Norwood Shares remain suspended from trading as at the date of this report.

Norwood currently has the following dormant technology and investments in medical products and devices:

- Eyecare – an ophthalmic medical device which Norwood has ceased to exploit and is seeking to sell or licence. We have been advised that little interest has been expressed to date;
- Needlefree – a drug delivery technology developed with Massachusetts Institute of Technology ("MIT");
- Two dormant technologies (laser assisted drug delivery and microneedle drug delivery); and
- A 26% investment in Norwood Immunology Limited ("NIM").

We have been advised that the existing projects have been restructured to a generally cash neutral expense position, however, the Company will continue to investigate opportunities to realise them for value if and where appropriate.

4.1.1 Eyecare

Norwood EyeCare's Epikeratome System for Epi-LASIK, is used in laser vision correction surgery, offering patients improvements over current refractive procedures. The Company has ceased to exploit the technology through sales to market and has engaged consultants to sell or licence the technology. Little interest has been expressed to date and no assurance can be given that a sale or licence will be secured, either on satisfactory terms or at all.

4.1.2 Needlefree

Needle-free injection technology is intended to eliminate the dangers to health care workers caused by needle stick injuries. Norwood and MIT have developed the Needle-free injector system. The Needle-free injection device is designed for both human and veterinary applications.

Norwood and MIT entered into an agreement (the "MIT Agreement") under which Norwood is entitled to 25% of the net revenues flowing from the future development and/or commercialisation of the Needlefree technology. Net revenues are required to be determined after allowance for MIT administrative costs, un-reimbursed patent prosecution costs and previous amounts outstanding to MIT under the prior Sponsored Research Agreement which amount to approximately US$375,000.

Under the MIT Agreement, MIT is required to assume all responsibility for ongoing management and commercialisation of the technology. Norwood has no further financial obligations in relation to the Needlefree project, including in respect of current accrued costs. The MIT Agreement also requires Norwood to pay MIT 25% of the un-reimbursed patent expenses owed by Norwood to MIT under the previous licence agreement. Payment of these expenses has not been made in accordance with the agreement and that approximately US$50,000 remains to be paid to MIT. We understand that this amount has been included in Norwood's balance sheet.

As discussed above, Norwood is entitled to receive 25% of the net revenues after costs incurred by MIT to develop and commercialise the technology. Given that the progress of the technology and the future costs that will be incurred is uncertain, management do not anticipate material value to be extracted.

4.1.3 Investment in NIM

The Company holds approximately 26% of the shares on issue in NIM, a company that previously focused on technologies and therapies to rejuvenate activity of the immune system, through re-growth of the thymus, improvements in bone marrow function and enhancement of T-cell functionality.

NIM listed on the London Alternative Investment Market ("AIM") Exchange in 2004 but subsequently delisted following the sale of its core operations, being a virosome biologicals business. NIM retains certain rights to future payments arising from that sale which, if those payments eventuate, may flow to Norwood by way of dividends or capital distributions. There is no guarantee that such payments will eventuate.

4.2 Financial performance

The following table sets out the income statements for Norwood for FY2008 and FY2009 and the first half of the FY2010:

Norwood Income statements	FY2008 Audited A$'000	FY2009 Unaudited A$'000	1H FY2010 Unaudited A$'000
Sales	146	72	-
Cost of sales	(38)	(15)	-
Gross profit	109	57	-
Other revenue	41	990	-
Other income / (expense)	119	1,292	(149)
Distribution	(8)	(56)	(2)
Marketing	(75)	(39)	(10)
Occupancy	(54)	(38)	(6)
Administration	(2,238)	(982)	(423)
Finance costs	(178)	(57)	(3)
Impairment	(4,077)	(1,583)	(90)
Other expenses	-	(486)	-
Profit before tax	**(6,362)**	**(901)**	**(682)**
Taxation expense	-	-	-
Profit after tax	**(6,362)**	**(901)**	**(682)**

Source: Norwood financial statements

We note that due to the suspension of Norwood Shares on the ASX, Norwood's income statement for FY2009 and the first half of FY2010, as set out above, are unaudited.

The income statements for Norwood reflect the winding down of the Company's current operations as part of its restructuring program.

4.3 Financial position

The following table sets out the balance sheets for Norwood as at 31 December 2009. 30 June 2010 and 31 December 2010:

Norwood	31-Dec-09	30-Jun-10	31-Dec-10
	Unaudited	Unaudited	Unaudited
Balance sheets	$'000	$'000	$'000
Current assets			
Cash and cash equivalents	428	26	90
Trade and other receivables	35	74	65
Other	-	54	-
Total current assets	**462**	**155**	**155**
Non current assets			
Other financial assets	605	695	695
Total non current assets	**605**	**695**	**695**
Total assets	**1,067**	**850**	**851**
Current liabilities			
Trade and other payables	1,568	1,245	1,401
Borrow ings	1,230	1,390	1,736
Provisions	54	72	87
Total current liabilities	**2,852**	**2,707**	**3,224**
Non-current liabilities			
Provisions	-	-	-
Total non-current liabilities	**-**	**-**	**-**
Total liabilities	**2,852**	**2,707**	**3,224**
Net assets	**(1,785)**	**(1,857)**	**(2,373)**
Equity			
Share capital	106,468	106,729	106,729
Accumulated losses	(111,940)	(112,274)	(112,790)
Reserves	3,688	3,688	3,688
Total equity	**(1,785)**	**(1,857)**	**(2,373)**

Source: Norwood

We note the following in relation to the balance sheets set out above:

- We note that due to the suspension of Norwood Shares on the ASX, Norwood's balance sheets as at 31 December 2009, 30 June 2010 and 31 December 2010, as set out above, are unaudited;
- Other financial assets relates to the Company's investment in NIM. As NIM was a listed company on the AIM exchange, its carrying value is calculated using the bid price on the reporting date. NIM has now delisted and is focusing on monetising its remaining assets;

- Borrowings consist of the convertible loan notes securities issued to various parties. The convertible notes are subject to the Creditor Offer that is currently underway. Accordingly, there are significant changes to this balance post-31 December 2010 which is described in detail in section 4.3.1 below.

4.3.1 Subsequent events post-31 December 2010

The key developments that have occurred since 31 December 2010 which has impacted Norwood's financial position are summarised below:

- Two new creditors subscribed to new convertible loan notes issued by Norwood which have a total face value of A$1.15 million where one of the creditors have immediately converted the convertible loan notes and was issued with 96.1 million Norwood Shares and 96.1 million Norwood Options (pre-Norwood Consolidation).

- Convertible loan notes balance amounting to A$1.1 million was repaid to certain creditors pursuant to the Creditor Offer using the cash received from the subscription of convertible loan notes described above.

- A commercial settlement deed has been reached with the former Norwood employee to extend the time for repayment of the amounts owing to the former employee to 31 July 2011 subject to Norwood repaying the employee, a cash payment of A$0.68 million and 0.33 million Norwood Shares (post-Norwood Security Consolidation) at A$0.51 per share upon completion of the Proposed Transactions. The total payment that will be made amounts to A$0.78 million.

4.4 Capital structure

Norwood currently has the following securities on issue:

- Norwood Shares;

- Norwood Options; and

- Notes convertible into Norwood Shares ("Norwood Convertible Notes").

4.4.1 Norwood Shares

Norwood currently has 541,512,401 Norwood Shares on issue before consolidation. The top ten shareholders of Norwood as at 1 March 2011 are set out below:

Shareholder name	No. of shares	Interest (%)
Mr Zhou Wei Jian	96,090,000	18%
Tissue Engineering Refraction	44,756,415	8%
Citicorp Nominees Pty Limited	19,535,392	4%
Barloma Nominees Pty Ltd	18,200,000	3%
Dr Edw ard Perez	16,136,667	3%
Avremy Kimmelman	10,000,000	2%
Mr Jeffrey Hamilton Bell	9,500,000	2%
Ms Amanda Dannielle Bell	9,500,000	2%
Ms Dolly Chen Wen Shiang	8,333,331	2%
Softw ood Bay Pty Ltd	6,320,000	1%
Other shareholders	303,140,596	56%
Total	**541,512,401**	**100%**

Source: Norwood

Norwood Shares were suspended from official quotation on the ASX in March 2009 and remain suspended as at the date of this report.

4.4.2 Norwood Options

Norwood currently has 112,956,667 Norwood Options on issue. The terms of the Norwood Options are set out below:

Norw ood Options	Expiry date	Exercise price A$	Number of options '000	Years to maturity
Camofi Master LDC	21-May-11	0.090	4,000	0.2
Cable Nominees	30-Jun-11	0.025	7,867	0.3
Kimelmann	31-Dec-14	0.015	5,000	3.8
Zhou Wei Jian	30-Jun-14	0.010	96,090	3.3
Total			**112,957**	

Source: Norwood

4.4.3 Norwood Convertible Notes

Norwood has Norwood Convertible Notes amounting to approximately $0.83 million as at 1 March 2011 on issue to Marvel Earn Limited (“Marvel”), Boman Asset Limited (“Boman”), and LM. The key terms are set out below:

Norwood Convertible Notes	Norwood Convertible Notes issued to:		
	Marvel	Boman	LM
Face value A$'000	200	250	380
Interest rate per annum	10%	10%	n/a
Expiry date	1-Mar-13	31-Mar-11	31-May-11
Conversion price A$	0.01	0.01	0.017

Source: Norwood

Notes:

1. *The convertible notes issued to Marvel are not mandatorily convertible into Norwood Shares and Norwood Options upon completion of the Proposed Acquisition. Interest for the first year on these convertibles notes has been prepaid.*
2. *Interest payable on the convertible notes to Boman commenced from 1 March 2010 onwards.*
3. *LM's convertible notes were extended until 31 May 2011 from 31 December 2010. The convertible notes convert into Norwood Shares upon completion of the Proposed Acquisition. The consideration payable for the extension of time is an additional 7.5 million fully paid Norwood Shares at an issued price of $0.017 per share and the extension of the expiry of the existing options previously granted to LM to 30 June 2014.*

5 Profile of Sino Excel

5.1 Overview of Sino-Excel and DeBang

Sino-Excel is an entity incorporated in Singapore which owns all of the ordinary shares in DeBang, a newly incorporated entity in the PRC. We have been advised that the purpose of the establishment of Sino-Excel and DeBang is to assist in effectively transferring the economic benefits from Golden Eagle's coal trading business to Norwood due to Norwood's inability to directly acquire Golden Eagle as a result of PRC legal restrictions. Furthermore, the structure also allows Norwood to realise the benefits of the double taxation agreement between the PRC and Singapore.

In accordance with the Articles of Association for DeBang, DeBang's total registered capital is RMB100 million which must be fully contributed within 90 days of the issue date of the business license issued to upon the establishment of DeBang. To date, no investment has actually been contributed by Sino-Excel. Consequently, DeBang is at risk of having its business license revoked. DeBang is currently in the process of applying for an extension of the time limit.

The SSPA includes condition precedent which requires DeBang to secure approval for the establishment of DeBang based on the full contribution of the investment of RMB100 million from the relevant PRC authorities or variation of that contribution to a lower contribution on terms and conditions satisfactory to the parties such that DeBang's business licence is fully effective and lawful. In the event that DeBang is unable to secure the necessary approvals, the SSPA includes a provision which entitles the Sino-Excel Vendors to substitute DeBang with another limited liability company. The substitute company will be a newly registered company that has no assets or liabilities and will comply with the registration requirements of the PRC authorities. All the terms and conditions in the SSPA which refers to DeBang will then refer to the substitute company.

Sino-Excel and DeBang are newly established and are effectively dormant entities with no financial statements or management accounts prepared for either entity.

Sino-Excel and DeBang's key assets are set out below.

5.1.1 Technical Services Agreement

Under the Technical Services Agreement, DeBang will provide sales consulting, market research and analysis, personnel training, public relations, customer after sales services and, new product marketing and planning services to Golden Eagle. In return for the services provided, Golden Eagle will pay DeBang a minimum fee of RMB20 per tonne of coal sold by Golden Eagle per month. If the accumulated fee is less than RMB60 million in any given year, then Golden Eagle will remit a payment to DeBang for the shortfall such that DeBang receives a minimum income of RMB60 million per year from Golden Eagle.

The Technical Services Agreement will continue into perpetuity unless it is terminated by DeBang at DeBang's option in accordance with the laws of PRC.

The key asset underpinning the Technical Services Agreement and subsequently DeBang, Sino-Excel and Norwood is the coal trading business operated by Golden Eagle.

Coal trading business operated by Golden Eagle

Golden Eagle's coal trading business operates on the basis that purchases of coal are made from suppliers only after the business receives orders for coal from its customers. All coal supplied will be inspected by Golden Eagle's customer inspectors to determine the quality of the coal. This quality determination automatically sets the premium or discount against the current market price and is the price that Golden Eagle receives. This adjusted price less a pre-agreed amount (representing Golden Eagle's margin) immediately forms the price that Golden Eagle pays to its supplier In the event that the coal is unsuitable, the suppliers are required to provide a replacement shipment. Consequently, the coal trading business generates earnings from the margins achieved between the price paid to suppliers and the price sold to customers.

Golden Eagle adds value due to its coal trading arrangements by being a coal transporter and by being a provider of working capital finance.

The following table sets out the number of tonnes of thermal coal that Golden Eagle's coal trading business sold over the last four calendar years ended 31 December 2010:

Year ended 31 December	Coal supply sourced from third parties (millions of tonnes)	Total coal traded by the coal trading business (millions of tonnes)	Theoretical annual service fee payable to DeBang under the Technical Services Agreement RMB' million
2007	3.3	3.7	74.0
2008	3.9	3.75	75.0
2009	3.8	3.9	78.0
2010	2.0	4.1	82.0

Source: Notice of Meeting

Golden Eagle coal trading business's key customers are electricity power generators. Golden Eagle's relationship with these customers is not governed by any formal contracts. Although we have been advised that many of the customers have longstanding relationship with Golden Eagle, there is no certainty that a customer will continue to purchase their coal from Golden Eagle in the future. In addition, Golden Eagle is not able to compel these customers to purchase the coal in the event that they do not renew their annual purchase orders. Refer to the Notice of Meeting for further details on the Golden Eagle.

5.1.2 Other Assets

One of the conditions precedent of the SSPA is for Golden Eagle to transfer certain assets to DeBang. The assets to be transferred are:

- Motor vehicle and furniture and fixture; and
- key Golden Eagle employees, namely Mr. Wang Jian Hua (chairman), Mr. Peng Hu (General Manager - Sales & marketing), Mr. Zheng Lei (Deputy General Manager - Finance) and Mr. Zhang Jian Hua (Deputy General Manager – Operations). Note that these employees will sign an individual employment services contract.

6 Profile of Norwood following completion of the Proposed Transactions

We have summarised below the key characteristics that will be attributable to Norwood following completion of the Proposed Transactions.

6.1 Overview

If the Proposed Acquisition is completed, Sino-Excel and consequently DeBang will become wholly-owned subsidiaries of Norwood. DeBang's key asset is the Technical Services Agreement which entitles DeBang to receive income based on the volume of coal traded by Golden Eagle's coal trading business. Norwood will be re-named Sino-Excel Energy Limited and subject to successfully raising the minimum amount under the Proposed Capital Raising and obtaining approval from the relevant authorities, Norwood's shares will be re-admitted to the ASX.

Norwood, however, will not have the ability to control and direct the operations of the coal trading business of Golden Eagle. However, we note that the commercial interests of Norwood are currently aligned with Golden Eagle as the entities will share common controlling shareholders following completion of the Proposed Acquisition.

6.2 Board of Directors

The current Directors of Norwood are Rohan Boman, Spencer Chan, Leo Peng and Wong Chin Hong. All Directors joined Norwood's board post-announcement of the Proposed Acquisition. We were advised by Norwood that if the Proposed Transactions proceed, there will be no short term change to the Board however, during the Company's first full year of operation post reinstatement, it is likely that the Board would consider permitting up to two nominees of the Sino-Excel Vendors to join the Board. No candidates have been identified to-date.

6.3 Intentions of the new controlling shareholders

The Sino-Excel Vendors' intentions for the future of the Company if the Proposed Acquisition is approved are as follows:

- The business focus of the Company will change from a medical devices business to an indirect coal trading business in the PRC via the Technical Services Agreement. Further details of the Company's business following the Proposed Acquisition are outlined in section 6.1 above.

- Other than the Proposed Capital Raising, the Sino-Excel Vendors currently have no intentions to raise further capital for the Company.

- The Sino-Excel Vendors' intention is that the current employees of the Company will be retained in the business of the Company.

- The Sino-Excel Vendors have no present intention to transfer any property between the Company and the Sino-Excel Vendors, or any person associated with either the Company or the Sino-Excel Vendors.

- The Sino-Excel Vendors have no present intention to redeploy any of the Company's fixed assets.

- The Sino-Excel Vendors have no present intention of changing the financial or dividend policies of the Company.

- The Company constantly reviews opportunities for strategic acquisitions and alliances and should any such strategic acquisitions or alliances be deemed beneficial to the shareholders of Norwood, they will be considered by the Company and the shareholders of Norwood will be promptly notified.

6.4 Pro-forma financial position

The pro-forma financial position for Norwood following the Proposed Transactions as at 31 December 2010 is summarised below. Refer to the Notice of Meeting for a discussion in relation to the main assumptions.

Norwood Balance sheets	31-Dec-10 Unaudited A$'000	31-Dec-10 Pro-forma Minimum Proposed Capital Raising A$'000	31-Dec-10 Pro-forma Maximum Proposed Capital Raising A$'000
Current assets			
Cash and cash equivalents	90	1,113	5,949
Trade and other receivables	65	108	121
Other	-	20	20
Total current assets	**155**	**1,241**	**6,091**
Non current assets			
Other financial assets	695	695	695
Plant and Equipment	-	756	756
Deferred Tax Assets	-	142	187
Total non current assets	**695**	**1,593**	**1,638**
Total assets	**851**	**2,834**	**7,729**
Current liabilities			
Trade and other payables	1,401	601	601
Borrow ings	1,736	196	196
Provisions	87	87	87
Total current liabilities	**3,224**	**884**	**884**
Total liabilities	**3,224**	**884**	**884**
Net assets	**(2,373)**	**1,950**	**6,845**
Equity			
Share capital	106,729	2,136	6,983
Accumulated losses	(112,790)	(186)	(138)
Reserves	3,688	-	-
Total equity	**(2,373)**	**1,950**	**6,845**

Source: Norwood

Note: Minimum Capital Raising assumes a minimum required capital of A$2.5 million is raised pursuant to the Proposed Capital Raising whilst the Maximum Capital Raising assumes that Norwood raises A$7.5 million.

6.5 Capital Structure

As at the date of this report, Norwood has 541.5 million Norwood Shares outstanding. The number of shares will significantly change pursuant to the following:

- Norwood Security Consolidation;
- Creditor Offer;
- Proposed Acquisition; and
- Proposed Capital Raising.

The ultimate number of Norwood Shares to be issued following the Proposed Transactions will depend on the following key factors:

- The final proceeds to be raised from the Proposed Capital Raising; and/or
- The actual 2011 NPAT to be achieved by DeBang which in turn, determines whether the Vendors will receive additional Norwood Shares pursuant to the Earn Out Consideration or will be required to dispose of the Norwood Shares if the 2011 NPAT is below RMB60 million.

The table below summarises the potential number of Norwood Shares and the breakdown of share ownership following the Proposed Transactions based on the outcomes described above:

Norwood Shares	Current	Post-Norwood Security Consolidation	Post-Proposed Transactions Minimum Capital Raising & Without Earn Out	Post-Proposed Transactions Minimum Capital Raising & With Maximum Earn Out	Post-Proposed Transactions Maximum Capital Raising & Without Earn Out	Post-Proposed Transactions Maximum Capital Raising & With Maximum Earn Out
	'000	'000	'000	'000	'000	'000
Number of Norwood Shares	541,512	18,050	143,690	256,631	153,494	266,435
Shareholding breakdown						
Existing Norwood Shareholders	100%	100%	13%	7%	12%	7%
Public Offer	0%	0%	3%	2%	10%	6%
Sino-Excel Vendors	**0%**	**0%**	**82%**	**90%**	**77%**	**87%**
Creditors	0%	0%	2%	1%	2%	1%
Total	100%	100%	100%	100%	100%	100%

Source: Norwood

Notes:

(1) The above assumes that the Norwood Security Consolidation is implemented on a 1-for-30 basis and all creditors except for Marvel accept the terms pursuant to the Creditor Offer.

(2) Minimum Capital Raising assumes a minimum required capital of A$2.5 million is raised pursuant to the Proposed Capital Raising whilst the Maximum Capital Raising assumes that Norwood raises A$7.5 million.

(3) Norwood Shares to be issued pursuant to the Earn Out Consideration assumes that DeBang achieves a 2011 NPAT of RMB120 million. The actual number of Earn Out Consideration shares will vary accordingly depending on the actual NPAT achieved by DeBang.

6.6 Shareholders of Norwood

The Sino-Excel Vendors, which we understand to be Mr Charlie In and the Warrantors, which comprise a number of companies associated with Mr Charlie In and the Golden Eagle Shareholders will be the controlling shareholders of Norwood following the Proposed Transactions. The ultimate shareholding of the Sino-Excel Vendors will depend on the scenarios described in section 6.5 above. Based on the said scenarios, the Sino-Excel Vendors is expected to own between 77% and 90% of Norwood's enlarged issued capital following the Proposed Transactions.

7 Valuation methodologies

7.1 Introduction

As part of assessing whether or not the Proposed Acquisition is fair to Norwood Shareholders, Grant Thornton Corporate Finance has analysed the fair market value of:

- Norwood Shares pre-Proposed Transactions; and

- Norwood Shares post-Proposed Transactions.

In each case, Grant Thornton Corporate Finance has assessed values using the concept of fair market value. Fair market value is commonly defined as:

"the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length."

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

7.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;

- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets;

- Amount available for distribution to security holders on an orderly realisation of assets;

- Quoted price for listed securities, when there is a liquid and active market; and

- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG111 does not prescribe the above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert's skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

7.3 Selected valuation methods

7.3.1 Norwood

Grant Thornton Corporate Finance has selected the market value of net assets as the primary method to assess the equity value of Norwood on a standalone basis. The market value of net assets is based on the sum-of-parts of Norwood's assets and liabilities as set out in its balance sheet as at 31 December 2011.

In our opinion, based on the specific circumstances of Norwood, a cross check valuation methodology is not applicable due to the following:

- Norwood is a shell with no activity;
- Norwood Shares have been suspended from trading on the ASX since March 2009;
- The Company does not generate any revenue and it is loss making; and
- The Company has not completed any recent capital raising which could be used as evidence of the fair market value of Norwood Shares.

7.3.2 Sino-Excel/DeBang

The key asset underpinning Sino-Excel/DeBang is the Technical Services Agreement. In assessing the value of the Technical Services Agreement, Grant Thornton Corporate Finance has selected the discounted cash flow ("DCF") valuation method. The value of the contract is primarily related to the present value of the net cash flows DeBang is entitled to receive under the Technical Services Agreement.

We have considered the following key factors in our valuation assessment of the Technical Services Agreement:

- Management has not prepared long-term detailed cash flow forecasts in relation to the service fees DeBang is expected to generate. We note however, that the DeBang is entitled to receive a minimum service fee (i.e. income) of RMB60 million per annum from Golden Eagle pursuant to the Technical Services Agreement;
- DeBang is a tax-paying entity under PRC law and as such will be required to remit tax payments for the service fee it receives from Golden Eagle;

- There is no specific expiry date included in the agreement. The Technical Services Agreement can only be terminated at DeBang's discretion;

- There is a significant level of uncertainty associated with the future income to be derived from the Technical Services Agreement as DeBang is unable to control and direct the operations of the coal trading business of Golden Eagle. There are mechanisms in place in the SSPA which provide protection against the risks faced by Norwood with respect to the receipt of the RMB60 million from the coal trading business in 2011, however, no similar mechanisms are in place beyond 2011;

- The Technical Services Agreement includes provisions to prohibit Golden Eagle from entering into similar arrangements with other parties or conducting coal trading business at the exclusion of DeBang;

- A representative of DeBang will be appointed to the board of Golden Eagle. The appointed Director will have the right to access any information, records, financials and related documents to understand the operations of Golden Eagle;

- The interests of the Golden Eagle Vendors and Non-Associated Shareholders are commercially aligned following completion of the Proposed Transactions; and

- It is highly uncertain as to the length of time DeBang will be able to extract the economic benefits associated with the Golden Eagle's coal trading business as, if for any reason, Golden Eagle breaches the terms of Technical Services Agreement or Golden Eagle ceases business for any reason, DeBang's ability to extract further economic benefit may be severely curtailed or entirely negated.

In view of the significant uncertainties associated with the structure of the Proposed Acquisition and the related ability of Norwood to derive future income from the Technical Services Agreement, Grant Thornton Corporate Finance has conducted a sensitivity analysis of the time period DeBang expects to be able to extract the benefits associated with Golden Eagle's coal trading business.

7.4 Exchange rate assumptions

Our assessment requires the conversion of RMB to A$. In order to select an appropriate exchange rate for our valuation, we have had regard to the recent spot rates and the short-term and long-term forward rates for RMB, A$ and US$.

Grant Thornton Corporate Finance considers an exchange rate of RMB1.00:A$0.16 to be appropriate for the purpose of this report.

8 Valuation of Norwood pre-Proposed Acquisition

8.1 Valuation summary

The market value of net assets was selected as the primary method to assess Norwood's equity value. The market value of net assets is based on the sum of parts of Norwood's assets and liabilities. Set out below is a summary of our valuation assessment of Norwood pre-Proposed Transactions:

Norwood pre-Proposed Transactions	Section Reference	Low $' 000	High $' 000
Net assets/(liabilities) as at 31 December 2010	8.1.1	(2,373)	(2,373)
Subsequent event post-31 December 2010	8.1.2	(48)	(48)
Less: Value of Norwood Options	8.1.3	-	-
Less: Transaction costs	8.1.4	(393)	(393)
Add: Tax losses	8.1.5	-	-
Less: Capitalised corporate costs	8.1.6	-	-
Fair value of Norwood (control basis)		**(2,814)**	**(2,814)**
Number of Norwood Shares on issue		541,512	541,512
Value per Norwood Share (control basis)		**Nil**	**Nil**

Source: Calculations

Our assessment of Norwood pre-Proposed Transactions does not attribute any value to the listed 'shell'. We believe that this is further supported by the following prevailing circumstances:

- Norwood Shares have been suspended from the ASX official quotation since March 2009;
- Norwood Shares do not have the shareholders spread required to be listed in accordance with the ASX Listing Rules; and
- Norwood has limited cash reserves.

8.1.1 Net assets/liabilities as at 31 December 2010

Norwood's net assets/(liabilities) as at 31 December 2010 is based on the unaudited balance sheet as at 31 December 2010 included in section 4.3. We have reproduced a summary below:

Norwood net assets/(liabilities)	Low A$' 000	High A$' 000
Current assets	155	155
Non-current assets	695	695
Total assets	851	851
Current liabilities	(3,224)	(3,224)
Non-current liabilities	-	-
Total liabilities	(3,224)	(3,224)
Norwood net assets/(liabilities)	**(2,373)**	**(2,373)**

Source: Norwood

In assessing the value of Norwood's net assets/(liabilities), we have considered the following:

- Norwood Shares have been suspended since March 2009 and Norwood has been operating with a net asset deficiency since FY2008. In addition, Norwood's net asset deficiency has increased from $0.6 million as at 30 June 2008 to $2.4 million as at 31 December 2010;

- In the latest audited financial report for Norwood, being the FY2008 annual report, Norwood's auditor included an emphasis of matter, on Norwood's ability to continue as a going concern due to Norwood's net asset deficiency and loss making operations.

- In our opinion, the value that can potentially be extracted from Norwood's current technology and medical devices portfolio comprising the eyecare business and the MIT Agreement is either nil or not expected to be material based on the status of development of these technologies as discussed in section 4.1;

- The value of non-current assets include the carrying value of the Company's investment in NIM as at 31 December 2010 valued at $695,000;

- As at 31 December 2010, Norwood's current liabilities includes amounts relating to the Norwood Convertible Notes which amounted to $1.7 million. The remaining current liabilities consist of trade and other payables.

8.1.2 Subsequent events post-31 December 2010

As discussed in section 4.3.1, subsequent events occurred post-31 December 2010 in which adjustments are required to be made to the net assets/(liabilities) of Norwood as at 31 December 2010. The adjustments resulted in a net increase in liabilities of approximately A$0.05 million.

8.1.3 Norwood Options

As set out in section 4.4.2, Norwood currently has 112.9 million Norwood Options on issue. We have assessed the value of the Norwood Options to be Nil based on the following:

- Norwood Shares have been suspended since March 2009 and the last quoted share price is not reflective of Norwood's current state of business; and

- Norwood is currently operating with a significant net asset deficiency, suggesting an equity value of nil.

8.1.4 Transaction costs

Grant Thornton Corporate Finance has taken into account the costs associated with the Proposed Transactions. Norwood has advised that the Company will incur transaction costs amounting to approximately A$0.32 million regardless of whether or not the Proposed Transactions are implemented. Accordingly, Grant Thornton Corporate Finance has incorporated the amount into the assessment of the fair market value of Norwood Shares.

8.1.5 Taxation losses

For valuation purposes, unutilised tax losses may have a value as the hypothetical purchaser of a company can use the tax losses to offset against future taxable income, subject to satisfying certain taxation rules.

As at 31 December 2009, Norwood had unrecognised deferred tax assets amounting to A$36.6 million, including A$17.1 million relating to temporary differences and A$19.5 million relating to operating tax losses. Based on the specific circumstances of Norwood, we have not attributed any value to the tax losses.

8.1.6 Capitalised corporate costs

Companies typically incur ongoing corporate costs that are not directly related to their operations. These costs include costs associated with maintaining an office, expenses relating to the executive management team, finance and corporate administration and other overhead costs, including costs associated with Norwood's listing status.

Norwood is currently non-operating and does not undertake any trading or other operations, holds a portfolio of assets which are effectively dormant and only has one employee, being Mr Jeff Bell. Furthermore, as the fair market value of Norwood is determined on a 100% basis, it is appropriate to value Norwood as an unlisted entity and as such, costs associated with retaining a listed status should be excluded.

Based on the above, we do not believe that the corporate costs required to be considered in the valuation assessment of Norwood are material.

9 Valuation of Norwood post-Proposed Transactions

9.1 Valuation summary

The market value of net assets was selected as the primary method to assess Norwood's equity value following completion of the Proposed Transactions. The market value of net assets is based on the sum of parts of the following assets and liabilities:

- The net assets/(liabilities) of Norwood as at 31 December 2010;
- Subsequent events post-31 December 2010;
- 100% interest in Sino-Excel, which includes a 100% interest in DeBang;
- Proceeds from the Proposed Capital Raising;
- Liabilities/borrowings repaid;
- Capitalised corporate costs;
- Norwood Options;
- Transaction costs; and
- Tax losses.

Set out below is a summary of our valuation assessment of Norwood post-Proposed Transactions:

Norwood post-Proposed Transactions	Section Reference	Low A$' 000	High A$' 000
Net assets/(liabilities) as at 31 December 2010	8.1.1	(2,373)	(2,373)
Subsequent events post-31 December 2010	8.1.2	(48)	(48)
Add: Sino-Excel - Value of TSA	9.1.1	18,913	25,671
Add: Sino-Excel - Value of other assets & liabilities	9.1.1	756	756
Add: Proceeds from Proposed Capital Raising	9.1.2	2,500	2,500
Less: Former employee settlement payment	9.1.3	(523)	(523)
Less: Capitalised corporate costs	9.1.4	(2,800)	(2,400)
Less: Norwood Options	9.1.5	(379)	(191)
Less: Transaction costs	9.1.6	(515)	(515)
Less: Taxation losses	9.1.7	-	-
Value of Norwood		**15,530**	**22,877**
Number of Norwood Shares on issue	9.1.8	109,864	109,864
Value per Norwood Share		0.14	0.21
Minority discount (%)	9.1.9	29%	29%
Value per Norwood Share (minority basis)		**0.10**	**0.15**

Source: Calculations

9.1.1 Sino-Excel

The key asset held by Sino-Excel is the Technical Services Agreement. In assessing the value of the Technical Services Agreement, Grant Thornton Corporate Finance has selected the DCF valuation method below.

Valuation overview

The value of the Technical Services Agreement is represented by the present value of the cash flows which DeBang is entitled receive over the term of the Technical Services Agreement. Certain key assumptions are highly subjective given the high uncertainties associated with DeBang's ability to secure the income over the term of the Technical Services Agreement.

We note that beyond 2011, the length of time during which DeBang will be able to extract a reasonable level of economic benefits from Golden Eagle's coal trading operations is unknown. In view of the significant uncertainties, we have sensitised the period over which DeBang is expected to receive income from the Technical Services Agreement. The periods used were 1 year, 3 years, 5 years, 7 years, 10 years and in perpetuity.

Valuation assumptions

(i) Forecast cash flows

In accordance with the Technical Services Agreement, Golden Eagle has an obligation to pay DeBang a service fee of RMB20 per tonne of coal traded or a minimum of RMB60 million per year into perpetuity or unless the Technical Services Agreement is terminated by DeBang.

For the purpose of the valuation, we have assumed annual revenue for DeBang of RMB60 million after considering the following factors:

- whilst, management has not provided forecast which sets out the expected income attributable to DeBang pursuant to the Technical Services Agreement, the Technical Service Agreement stipulates a minimum service fee of RMB60 million per annum. We note that the Technical Service Agreement does not include any provision to increase the minimum service fee by annual inflation which could be significant in the PRC;

- the implied volume traded per year to achieve the minimum service fee of RMB60 million is approximately 3 million tonnes of coal per annum. As set out in section 5.1, Golden Eagle has historically traded more than 3 million tonnes of coal per annum in the last three financial years. The highest volume of coal traded was recorded in 2010 with 4.1 million tonnes of coal. We note that there is no certainty as to whether Golden Eagle will maintain the level of volume traded above 3.0 million tonnes per annum in the future, however, based on the historical trading of Golden Eagle, it would appear that the minimum service fee of RMB60 million is reasonable; and

- there are mechanisms included in the SSPA which alter the consideration payment to the Sino-Excel Vendors if the coal trading business fails to generate a 2011 NPAT of RMB60 million which conveys the confidence of the Golden Eagle management in relation to achieving the minimum 2011 NPAT.

In our assessment of DeBang's NPAT, we included forecast operating expenses associated with administering, managing and providing the services obligated pursuant to the Technical Services Agreement. The expense includes the remuneration of the key personnel and other costs being transferred from Golden Eagle to DeBang in accordance with the SSPA.

DeBang will be required to pay income tax in accordance with PRC laws. Accordingly, we have applied an income tax rate of 25% (i.e. the PRC tax rate) to the forecast cash flows.

The forecast NPAT attributable to DeBang in a standard year where only the minimal contractual service fee is paid is set out below:

	RMB'000	Source
Income from Technical Services Agreement	60,000	Provision of the Technical Services Agreement
Less: Operating expenses	(3,960)	Schedule 5 of the SSPA for remuneration expenses (RMB0.95 million) and the remaining relates to our assessment of other potential operational expenses based on Golden Eagle's historical financial performance
	56,040	
Less: Income tax at 25%	(14,010)	PRC tax law s
Free cash flow	**42,030**	

Source: Norwood and Calculations

The annual NPAT forecast for DeBang has been assessed at approximately RMB42.0 million. We have considered the NPAT as a proxy for the free cash flows of DeBang due to the following:

- Management advised that DeBang will not incur material capital expenditure;
- The working capital requirements of DeBang are negligible; and
- In our valuation assessment of the NPAT, we have not considered the financial structure of DeBang.

We note that the NPAT of DeBang could potentially be materially higher than the NPAT assessed in the table above if volume of coal traded by Golden Eagle exceeds 3 million tonnes per annum.

We note that as set out in the SSPA, if the 2011 NPAT of DeBang is lower than RMB60 million, than the clawback provision included in the SSPA will be triggered and accordingly, the Sino-Excel Vendors will be required to dispose of a proportion of their Norwood Shares (according to the formula set out in section 1.2.1) either to a third party nominated by Norwood or via the mechanism outlined in the Buyback Agreement. If the 2011 NPAT was RMB42 million as set out in the table above, Norwood will effectively issue 83.8 million Norwood Shares to the Sino-Excel Vendors for the purchase of Sino Excel/DeBang.

Discount rates

The discount rate adopted range between 21.1% and 24.6%. In determining the discount rate, we have considered the following factors:

- The weighted average cost of capital having regard to PRC data and comparable companies in the PRC;
- The uncertainties associated with DeBang's inability to direct and control the operations of Golden Eagle which may cause the economic benefits from the Technical Service Agreement to be adversely impacted or negated entirely in the event that Golden Eagle breaches the terms of Technical Service Agreement or ceases its coal trading operations; and
- The vagaries and risks associated with coal trading operations operating in the PRC.

Refer to Appendix C for further details regarding the discount rate adopted.

(iii) Exchange rates

As stated in section 7.4, the adopted exchange rate is RMB1.00:A$0.16.

(iv) Valuation summary

Based on the valuation assumptions and the application of the sensitivities discussed above, the value of the Technical Services Agreement is summarised below:

	1 year A$'000	3 years A$'000	5 years A$'000	7 years A$'000	10 years A$'000	Perpetuity A$'000
Fair market value of Technical Services Agreement - (In RMB)	34,707	84,731	118,204	140,383	160,447	183,939
Exchange Rate - RMB:A$	*0.16*	*0.16*	*0.16*	*0.16*	*0.16*	*0.16*
Fair market value of Technical Services Agreement - (In A$)	**5,553**	**13,557**	**18,913**	**22,461**	**25,671**	**29,430**

Source: Norwood and Calculations

For the purpose of the valuation, Grant Thornton Corporate Finance has adopted the value of the Technical Services Agreement in the range of **A$18.9** million and **$25.7** million after considering the following factors:

- Management has advised that the coal trading business underlying the revenue stream of the Technical Services Agreement is generated by an established coal trading business which has operated in the PRC coal industry for approximately ten years;

- Although the coal trading business does not have formalised contracts with its customers, we understand that the customers are longstanding customers which have consistently purchased coal from Golden Eagle;

- The Technical Services Agreement has no expiry date and can only be terminated at DeBang's discretion;

- The Technical Services Agreement includes provisions to prohibit Golden Eagle from entering into similar arrangements with other parties or conducting coal trading business at the exclusion of DeBang; and

- the commercial interests of the Sino-Excel Vendors post the Proposed Transactions are aligned with those of the Non-Associated Shareholders.

Other assets and liabilities

We understand that other assets of Golden Eagle that will be transferred pursuant to the SSPA include motor vehicle and furniture and fixture. Management has advised that the value of the motor vehicle and furniture and fixture amount to A$0.76 million.

9.1.2 Proposed Capital Raising

Following the Norwood Security Consolidation, Norwood intends to raise new capital of between A$2.5 million and A$7.5 million through the issue of between 4.9 million and 14.7 million Norwood Shares at $0.51 per Norwood Share. Accordingly, given the uncertainty and the complexity of the Proposed Transactions, we have only considered the minimum subscription amount in our valuation assessment.

We note that the Proposed Capital Raising is a condition of the Proposed Acquisition.

9.1.3 Liabilities/Borrowings repaid

Following the Proposed Transactions and based on recent agreements entered by the Directors of Norwood, certain holders of the Norwood Convertible Notes and other creditors will be repaid in the form of new securities in Norwood and/or cash. The details are summarised below:

Norwood Liabilities			Settlement amount	Settlement method		
	Balance as at 31-Dec-10 $'000	Balance as at 1-Mar-11 $'000	post-Proposed Transactions $'000	Number of Norwood Shares '000	Number of Norwood Options '000	Cash $'000
Convertible note holders	1,740	838	838	2,757	3,740	-
Former employee	153	777	777	333	-	677
Total	**1,893**	**1,615**	**1,615**	**3,090**	**3,740**	**677**

Source: Norwood

With regards to the former employee settlement, the net impact on Norwood's nets assets is summarised below:

Former employee settlement	
	A$'000
Total agreed payment pursuant to settlement deed post-31 December 2010	777
Portion payable via share issue	(100)
Net cash payable	677
Amount ow ing included in Norw ood's net assets as at 31 December 2010	153
Balance	523

Source: Norwood

9.1.4 Capitalised corporate costs

Norwood will incur ongoing corporate costs which are not incorporated into the value of the Technical Services Agreement. These costs are associated with maintaining offices, expenses relating to the management team, board/directors costs and costs to maintain a listing status such as annual listing fees, registry fees and non-Executive Directors' fees. The total ongoing annual corporate costs are anticipated to be A$0.45 million (pre-tax).

For the purpose of the valuation, we have capitalised the corporate costs of Norwood using a post-tax capitalisation of earnings multiple range of 7.0 times to 8.0 times. We have assessed the capitalisation of earnings multiple based on the cost of equity in the discount rate used to value the Technical Services Agreement in section 9.1.1 which we have adjusted to:

- Exclude the additional specific risk premium that was applied to factor in the complexity and significant uncertainties peculiar to the Technical Services Agreement; and

- Consider that the cash flows relating to the corporate overheads are more certain compared to the cash flows underpinning the earnings underlying the Technical Services Agreement which we consider to be more volatile as it relates to an operating business.

The above implies a lower cost of equity compared to the cost of equity used in the discount rate adopted to value the Technical Services Agreement in section 9.1.1. The capitalised corporate costs used in the valuation range between A$2.4 million and A$2.8 million.

9.1.5 Norwood Options

Under the Norwood Security Consolidation, the number of Norwood Options on issue will be reduced on a 30-for-1 basis. Following the Proposed Transactions, new Norwood Options will be issued to certain creditors pursuant to the Creditor Offer.

The value of the Norwood Options was determined using the binomial option pricing model. We have assessed the value of the Norwood Option ranging between A$0.1 million and A$0.3 million having regard to the following:

- Underlying share price of Norwood ranging between 10 cents and 15 cents;
- Interest rates of 4.9% based on the yield on a three-year Australian Commonwealth Government bond rate as at 17 March 2011;
- Assessed volatility over the life of the options of 80%;
- Option terms:

Norwood Options	Expiry date	Exercise price A$	Years to maturity	Number of options '000	Number of options Post-Norwood Security '000
Existing Norwood Options					
Camofi Master LDC	21-May-11	2.70	0.2	4,000	133
Cable Nominees	30-Jun-11	0.75	0.3	7,867	262
Kimelmann	31-Dec-14	0.45	3.8	5,000	167
Zhou Wei Jian	30-Jun-14	0.30	3.3	96,090	3,203
Total				**112,957**	**3,765**
New Norwood Options - pursuant to Proposed Transactions					
Reissued	30-Jun-14	0.45	3.3		1,233
LM	30-Jun-14	0.45	3.3		1,583
Boman	30-Jun-14	0.45	3.3		924
					3,740
Total Norwood Options post-Proposed Transactions					**7,505**

Source: Norwood

9.1.6 Transaction costs

Grant Thornton Corporate Finance has taken into considerations costs associated with the Proposed Transactions. Norwood has advised that the Company will incur total transaction costs amounting to approximately A$0.52 million if the Proposed Transactions are implemented. Accordingly, Grant Thornton Corporate Finance has incorporated the amount into the assessment of the fair market value of Norwood Shares.

9.1.7 Taxation losses

For valuation purposes, unutilised tax losses may have a value as the hypothetical purchaser of a company can use the tax losses to offset against future taxable income, subject to satisfying certain taxation rules.

Since there is uncertainty in relation to the Norwood's ability to utilise the tax losses following completion of the Proposed Transactions, we have not attributed any value to them. We note that it is unlikely that Norwood will be able to meet the same business test and same ownership test requirements required by the Australian Taxation Office.

Norwood Shares on issue

The number of Norwood Shares on issue post-Proposed Transactions is set out below.

Norwood Shares	**'000**
Number of Norwood Shares pre-Proposed Transactions	541,512
Less: Norwood Security Consolidation	
Norwood Security Consolidation terms	1 for 30
Number of Norwood Shares post-Norwood Security Consolidation	18,050
Add: Proposed Capital Raising	
Gross proceeds raised (A$'000)	2,500
Issue price (A$)	0.51
Number of Norwood Shares to be issued	4,902
Add: Proposed Acquisition consideration	
Number of Norwood Shares to be issued to Sino-Excel Vendors	83,821
Add: Creditor Offer & Other Creditor settlement	
Number of Norwood Shares	3,090
Number of Norwood Shares post-Proposed Transactions	**109,864**

Source: Norwood and Calculations

The above assumes the following:

- The Norwood Security Consolidation is implemented on 1-for-30 basis;
- the minimum amount of A$2.5 million is raised pursuant to the Proposed Capital Raising at a share price of $0.51 per share; and
- If the 2011 NPAT is RMB42 million as estimated by Grant Thornton Corporate Finance in section 9.1.1, then in accordance with the SSPA, the claw back provision will be triggered and as such, the Sino-Excel Vendors will be required to dispose of a proportion of their shares to a third party to be nominated by Norwood or via the mechanism outlined in the Buyback Agreement. The final number of Shares attributable to the Sino-Excel Vendors will be determined based on the formula below:

-((((2011 NPAT – 60,000,000) / Fixed Exchange Rate[13]) x 6) / A$0.51)

[13] We have assumed the exchange rate adopted in section 7.4. (i.e. RMB1.00:A$0.16).

- Based on the formula above and our assessment of the 2011 NPAT, the number of Norwood Shares to be issued to the Sino-Excel Vendors has been estimated at 83.8 million.

9.1.8 Minority Discount

In accordance with the requirements of RG111 and having regard to the collective Non-Associated Shareholders' interest in Norwood following completion of the Proposed Transactions, we have valued the Norwood Shares on a minority basis. Evidence from studies indicates that the premium for control on successful takeovers has typically been in the range of 20% to 40% in Australia. The minority discount is the inverse of a premium for control and accordingly, it ranges between 17% and 29%. In our assessment of Norwood following completion of the Proposed Transactions, we have applied a minority discount of approximately 29%.

We have assessed the minority discount at the high end of the range due to the following:

- The Golden Eagle Vendors will gain absolute control in Norwood following completion of the Proposed Transactions;
- Depending on the amount raised pursuant to the Proposed Capital Raising, the Sino-Excel Vendors may be able to pass special resolutions at the general meeting of the shareholders;
- The Sino-Excel Vendors will control both Norwood and Golden Eagle and accordingly, they will also be able to potentially influence the terms and the performance of the Technical Service Agreement;
- The Golden Eagle Vendors will control the board of directors of the Company.

9.1.9 Cross Check

We note that our valuation assessment of Norwood following completion of the Proposed Transactions is significantly lower than the issue price of the Proposed Capital Raising and the issue price of the Base Consideration to the Sino Excel Vendors. In our opinion, the significant difference is attributable to the following:

- The issue price of the Proposed Capital Raising has been estimated at $0.51 per share based on Norwood's share price before the suspension from the ASX in March 2009. We note that based on the number of shares on issue post consolidation, the Proposed Capital Raising issue price will imply a market capitalisation for Norwood of approximately $10 million. However, we note that currently Norwood has a net assets deficiency of approximately $2.4 million and cash resources of $90,000;

- We have estimated the fair market value of the Technical Service Agreement assuming a term of between 5 and 10 years as opposed to in perpetuity. Our assumption is based on the fact that Norwood will not have direct control or influence over the business operations, financial performance or directions/actions of Golden Eagle. If, Golden Eagle ceases operating its coal trading business, its ability to transfer the economic benefit to DeBang may be severely curtailed or entirely negated; and

- Our valuation assessment of the Technical Service Agreement is based on a discount rate between 21% and 24% which takes into account our opinion of the underlying risks of the operations of DeBang and its lack of track record and history.

10 Evaluation of the Proposed Acquisition

10.1 Fairness

In forming our opinion in relation to the fairness of the Proposed Acquisition to the Non-Associated Shareholders, Grant Thornton Corporate Finance has compared the value per Norwood Share pre-Proposed Transactions (on a control basis) to the assessed value per Norwood Share post-Proposed Transactions (on a minority basis).

We note that given the Proposed Acquisition is contingent, among other things, to completion of the Proposed Capital Raising, we have also included the minimum capital raising of $2.5 million in our valuation assessment of Norwood following the Proposed Acquisition.

The following table summarises our fairness assessment of the Proposed Acquisition:

Fairness assessment	Section reference	Low A$	High A$
Fair market value per Norwood Share pre-Proposed Transactions (control basis)	8	nil	nil
Fair market value per Norwood Share post-Proposed Transactions (minority basis)	9	0.10	0.15

Source: Calculations

The assessed fair market value range of Norwood Shares (on a minority basis) post-Proposed Transactions exceeds the assessed fair market value range of Norwood Shares (on a control basis) pre-Proposed Transactions. Accordingly, we conclude that the Proposed Acquisition is fair to the Non-Associated Shareholders.

We note that in our valuation assessment of the fairness of the Proposed Acquisition, we have conducted a sensitivity analysis in relation to the length of time that Norwood will be able to extract the economic benefit from the Technical Service Agreement. Whilst, the term of the Technical Service Agreement is in perpetuity, Norwood does not have direct control or influence over the business operations, financial performance or directions/actions of Golden Eagle. If, Golden Eagle ceases operating its coal trading business, its ability to transfer the economic benefit to DeBang may be severely curtailed or entirely negated. Accordingly, in our valuation assessment of the fairness of the Proposed Acquisition, we have assumed that Norwood will be able to extract the financial benefit from the Technical Service Agreement for a period between 5 and 10 years (excluding terminal value attributed to the underlying coal trading business).

We note that based on our assessed discount rate and operating assumptions in relation to the performance of DeBang, if DeBang is able to extract the economic benefits under the Technical Service Agreement in perpetuity, the value per share of Norwood following completion of the Proposed Transactions (on a minority basis) will be approximately A$0.17 per share.

Resolution 8 in the Notice of Meeting seeks the Non-Associated Shareholders' approval in relation to the Proposed Acquisition. Specifically, the approval of Norwood Shareholders has been sought for the issuance of 117.6 million Norwood Shares on completion of the Proposed Acquisition and up to an additional 117.6 million Norwood Shares in relation to the Earn-Out Consideration. Given our valuation assessment of the fairness of the Proposed Transactions is based on the issue of 83.8 million Norwood Shares to the Sino-Excel Shareholders[14], Grant Thornton Corporate Finance has conducted a sensitivity analysis to assess if the issue of a larger number of Norwood Shares to the Sino-Excel Vendors as set out in Resolution 8 would have any implication on our conclusions. The issue of a larger number of Norwood Shares to the Sino-Excel Vendors implies a higher 2011 NPAT that will be achieved by DeBang and consequently, a higher value will be attributable to the Technical Services Agreement and Sino-Excel. Based on our analysis, the marginal increase in the value of Sino-Excel outweighs the dilutionary impact of the additional Norwood Shares that could be issued to the Sino-Excel Vendor.

Norwood Shareholders should be aware that our assessment of the value per Norwood Share post-Proposed Acquisition does not necessarily reflect the price at which Norwood Shares will trade if the Proposed Transactions complete. The price at which Norwood Shares will ultimately trade depends on a range of factors including the liquidity of Norwood Shares, macro-economic conditions, commodities prices and the supply and demand for Norwood Shares.

10.2 Reasonableness of the Proposed Acquisition

In assessing whether the Proposed Acquisition is reasonable to the Non-Associated Shareholders, we have considered the following likely advantages and disadvantages associated with the Proposed Acquisition. We note that in accordance with RG111, a transaction is reasonable if it is fair.

Liquidity of the Norwood Shares

We understand that if the Proposed Transactions are completed, Norwood will apply for re-quotation of Norwood Shares on the ASX. The re-quotation of the Norwood Shares on the ASX will provide existing Norwood Shareholders with an opportunity to monetise their holding in Norwood and potentially realise the fair market value of their investment.

Norwood is currently a shell company with no substantial business and has already commenced programs which are aiming to effectively orderly realise its current operations. The Proposed Acquisition offers Norwood Shareholders an opportunity to invest in DeBang which via the Technical Service Agreement with Golden Eagle will provide exposure to a buoyant commodity such as coal and in a country like PRC which is in experiencing rapid industrialisation and significant growth in its energy sectors.

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[14] Based on our assessed minimum NPAT for 2011 and the formula indicated in the SSPA, we have estimated that Norwood will purchase Sino-Excel for an effective consideration equal to 83.8 million Norwood Shares.

Going concern business

If the Proposed Transactions complete, Norwood will be better capitalised compared with the unaudited balance sheet as at 31 December 2010 and it will be able to resume trading as a going concern. The pro-forma net tangible assets of the Company on completion of the Proposed Transactions will range between A$1.9 million and A$6.8 million depending on the amount raised pursuant to the Proposed Capital Raising.

Issue price of Norwood Shares

Norwood will issue the scrip consideration to Sino-Excel Vendors at $0.51 per share post consolidation. Based on the theoretical number of shares on issue post consolidation, this is equivalent to a market capitalisation of the Company of approximately $9.2 million (pre-Proposed Acquisition basis). In our opinion, this is significantly above the current fair market value of Norwood on a control basis. Specifically, we note the following:

- Norwood is a listed company with no material business;
- Norwood Shares have been suspended from the official quotation on the ASX since March 2009;
- Norwood Shares do not have the shareholders spread required to be listed in accordance with the ASX Listing Rules and accordingly there is limited value in the listed shell; and
- Norwood's unaudited balance sheet as at 31 December 2010 consists of negative net assets of $2.4 million and $90,000 of cash resources.

Potential upside from the Technical Service Agreement

In our valuation assessment of the fairness of the Proposed Acquisition, we have assumed that Norwood will be able to extract the economic benefit from the Technical Service Agreement for a period between 5 and 10 years (excluding terminal value of the underlying coal trading business), even if the term of the Technical Service Agreement is in perpetuity.

Based on our assessed discount rate and operating assumptions in relation to the performance of DeBang, if DeBang is able to extract the economic benefits under the Technical Service Agreement in perpetuity, the value per share of Norwood following completion of the Proposed Transactions (on a minority basis) will be approximately A$0.17 per share.

Risks associated with the structure of the Proposed Acquisition

In our opinion, there are significant risks associated with the structure of the Proposed Acquisition which we have summarised below:

- Sino-Excel/DeBang's key asset is the Technical Services Agreement. The income stream underpinning the agreement is the coal trading business operated by Golden Eagle. Norwood will not have direct control or influence over the business operations, financial performance or directions/actions of Golden Eagle. If, Golden Eagle ceases operating its coal trading business or experiences material losses, its ability to transfer the economic benefit to DeBang may be severely curtailed or entirely negated.

- Whilst Golden Eagle is prevented from conducting business in the same field without the prior consent from DeBang and the shareholders of Golden Eagle will undertake to operate the coal trading business in Golden Eagle, if the shareholders of Golden Eagle were to conduit the coal trading business into a different entity from 1 January 2012 (i.e. at the end of the claw back period), the value of the Technical Service Agreement will be adversely impacted with a significant detrimental effect for Norwood Shareholders. However, in our opinion, this risk is mitigated by the fact that the current Golden Eagle Shareholders will effectively control Norwood if the Proposed Transactions are completed;

- The current shareholders of Golden Eagle may decide to sell Golden Eagle to third parties which may seek to alter or vary the terms of the Technical Service Agreement or conduct the Golden Eagle trading business through a different entity which would materially impact the economic benefits of the Technical Services Agreement;

- As discussed in section 1.2, there is a clawback in the SSPA in the event that the economic benefit transferred to DeBang under the Technical Services Agreement is less than the agreed amount in relation DeBang's 2011 NPAT. However, Norwood Shareholders do not have any additional protection, no further clawback or any other mitigation factors from 1 January 2012 if the performance of Golden Eagle and hence the economic benefit of the Technical Service Agreement are materially reduced or impaired;

- DeBang is currently a dormant company with no trading and no historical financial performance. If the Proposed Transactions are completed, the Vendors will have a controlling interest in the Company between 77% and 90% whilst the operating performance of DeBang and economic benefit expected to be generated under the Technical Service Agreement are still unproven. Furthermore, the claw back provision under the SSPA can only be called upon completion of the audited accounts of Sino Excel for the year ending 31 December 2011. In essence, if the 2011 NPAT generated by DeBang under the Technical Service Agreement is materially lower than RMB60 million, the current Non-Associated Shareholders will be required to wait until completion of the audited accounts of Norwood in March 2012 to exercise the claw back provision under the SSPA. Until then, the Vendors will have and benefit of absolute control of Norwood even if they may not be able to deliver the expected economic benefit under the Technical Service Agreement; and

- The financial performance of Norwood will be heavily reliant on the key personnel of Golden Eagle, namely Mr Wang and Mr Zheng Lei, who will be employed by DeBang upon the completion of the Proposed Acquisition. Both Mr Wang and Mr Zheng Lei have key commercial relationships relating to the coal trading business and consequently, the loss of one or both of these key employees will have a material and adverse effect on DeBang's financial performance. Consequently, the continued retention of these employees is critical to the viability of DeBang and subsequently Sino-Excel.

Whilst in our opinion the structure of the Proposed Acquisition is unusual and incorporates significant element of risks for the Non-Associated Shareholders, the Technical Services Agreement and the SSPA contain certain provisions, as summarised below, which seek to mitigate these risks:

- Golden Eagle is precluded from replicating its arrangement with DeBang with any other third party;

- DeBang is entitled to elect a representative to the board of Golden Eagle. The representative will be provided access to Golden Eagle's records and information pertaining to the coal trading business;

- The Technical Service Agreement can only be terminated at DeBang's option;

- If Golden Eagle fails to perform its obligations under the Technical Services Agreement, or if Golden Eagle is dissolved or declared bankrupt, then the Golden Eagle Shareholders are obliged to transfer their ownership or shares in Golden Eagle to DeBang pursuant to the Equity Pledge Agreement;

- We note that the key employees of Golden Eagle will be employed by Norwood following the Proposed Transactions. Further, the key employees are also the owners of Golden Eagle and will be majority shareholders of Norwood post-Proposed Transactions which align the interests of Golden Eagle and Norwood and mitigate the aforementioned risks.

Legal form of the Technical Service Agreement

The Technical Service Agreement regulates the dealing between DeBang and Golden Eagle, and it is the only material asset of DeBang/Sino Excel. The Company will issue 117.6 million Norwood Shares on completion to purchase Sino Excel and be entitled to the expected economic benefits arising from the Technical Service Agreement.

By western economy standards, the legal form of the Technical Service Agreement lacks significant details, clauses and provisions for an agreement of this type. Typically, contracts of this nature and implications are heavily negotiated and the protection included in the agreement for the purchaser is substantial. The form of the Technical Service Agreement is extremely succinct (only approximately 4 pages) and it lacks detail with regards to representations, warranties, acknowledgements, indemnities, continuing obligations, assurances, notices, waivers and other general provisions. This lack of detail may expose the Non-Associated Shareholders to numerous additional risks in undertaking the Proposed Acquisition.

Jurisdiction, currency and commodity price volatility risks

Norwood Shareholders will hold shares in a company whose financial performance will be heavily influenced by trading conditions in the PRC. This will expose Norwood Shareholders to significantly varying risks associated with the PRC, including general economic outlook, changes in government fiscal, monetary and regulatory policies, movements in commodity prices, exchange rate movements, interest rates, inflation and political developments.

The operations in which Norwood's future income will be derived from are based in the PRC and will be governed by PRC laws and regulations. The legal framework to which the operations are subjected to is materially different from the Corporations Act, and other company laws in Australia and Singapore, with respect to certain areas including the protection of minority shareholders. The PRC legal system is an evolving system and has inherent uncertainties, consequently the legal protections available to the Norwood shareholders may be limited. In addition, it may be difficult to enforce any judgements obtained from non-PRC courts against the company or directors or officers residing in the PRC.

Norwood's future performance will be susceptible to fluctuations in coal demand and prices. Golden Eagle's performance is driven by the demand for coal compared to domestic coal prices as the volumes of coal traded affect transportation costs. Fluctuations in coal demand and coal prices are driven by factors beyond Norwood's control such as global and domestic economy and political conditions, energy prices and industry growth. There is no assurance that PRC domestic or international demand for coal and coal-related products will continue to grow, or that the domestic or international markets for coal and coal-related products will not experience excess supply.

DeBang's revenue and costs will be denominated in the local PRC currency (i.e. RMB), a currency which is not yet freely traded. Norwood's business, operations, financial performance and positions can be materially and adversely affected by volatility of the local currency.

Change of control transaction

The Proposed Transactions will result in Norwood Shareholders losing control of the Company as the Sino-Excel Vendors will own approximately between 77% and 90% of Norwood's enlarged issued capital. As controlling shareholders, these parties, whose interests may differ from other Norwood Shareholders, will be able to direct the election of all the members of the Board of Directors and exercise control over Norwood's business and affairs.

We were advised by Norwood that if the Proposed Transactions proceed, there will be no short term change to the Board however, during the Company's first full year of operation post reinstatement, it is likely that the Board would consider permitting up to two nominees of the Sino-Excel Vendors to join the Board. To the extent that the Sino-Excel Vendors appoint directors to the Norwood Board who are also owners and managers of the Golden Eagle or its associates, there may be perceived conflict of interests.

The ownership of the Company will be highly concentrated amongst the Sino-Excel Vendors which in turn, could apply significant influence over matters requiring shareholder's approval, which may not necessarily result in the best interest of minority shareholders.

The Sino-Excel Vendors will also have the capacity to block any potential takeover bid or change of control event should the Sino-Excel Vendors consider it not to be in their best interest at the expense of the minority shareholders.

Change of activity

The Proposed Acquisition represents a material change in the nature of Norwood's operations. Consequently, if the Proposed Acquisition completes, Norwood Shareholders will hold shares in a company with operations which are significantly different to the operations associated with their current investment in Norwood and may no longer fit the shareholders investment profile requirements.

Norwood valuation if the Proposed Transactions complete

If the Proposed Transactions complete and Norwood Shares re-commence trading on the ASX, the structure of the Proposed Acquisition and the Technical Service Agreement will make it difficult and challenging for potential investors, analysts and interested parties to form an opinion in relation to the fair market value of Norwood.

In our opinion, companies with complex structures and risky agreements tend to trade at a discount to their peers.

Other factors

Norwood Shareholders' position if the Proposed Acquisition is not approved

If the Proposed Acquisition is not approved, it would be the current directors' intention to continue with its restructuring program aimed at bringing its existing medical-related projects to a cash neutral position, fund-raising to reduce existing liabilities and identifying and evaluating new opportunities to restore value to Norwood Shareholders. However, there is a risk that the existing Norwood operations will no longer be considered a going concern business and the Company may be liquidated.

Completion of the Proposed Acquisition is a condition precedent for the Proposed Capital Raising. If the Proposed Acquisition is not approved and Norwood does not have access to additional/alternative funds, Norwood is unlikely to be able to meet its debt obligations when they fall due and accordingly, it may be placed into liquidation.

Draft form of the legal agreements

We note that the legal agreements underlying the Proposed Transactions are yet to be executed. In the event that the final terms of these documents differ from those detailed in this report and relied on by us, this may have a material impact on our opinion. In the event that there is a material change we will notify shareholders and consider the implications, if any, for our report.

DeBang's capital contribution

One of the conditions precedent of the SSPA is that DeBang must secure all the necessary approvals from the PRC government authorities in relation to the completion of the establishment and registration of DeBang in the PRC which requires an investment contribution of RMB100 million (i.e. A$16.0 million) unless it is varied to a lower contribution. However, we note that the SSPA includes a provision that if the registration of DeBang is unable to be completed, then DeBang will be substituted with another limited liability company which will be a newly registered PRC company that has no assets or liabilities and significantly lower capital requirements. We have been advised that the potential change of legal entity will not alter or change the ability of this entity to conduct its business in accordance with Technical Services Agreement...

Alternative Transactions

Since Norwood Shares were suspended from official quotation in March 2009, the Board and management of Norwood have explored alternative possibilities to realise value to the Norwood Shareholders. Norwood has advised that the Proposed Acquisition is currently the only proposal which is available to Norwood at the date of this report. Norwood has undertaken not to solicit any competing proposal or to participate in discussions or negotiations in relation to any competing proposals in conjunction with the execution of the SSPA.

10.3 Overall conclusion

Based on the above, Grant Thornton Corporate Finance has concluded that the Proposed Acquisition is fair and reasonable to the Non-Associated Shareholders.

11 Sources of information, disclaimer and consents

11.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Draft Share Sale and Purchase Agreement, March 2011;
- Draft Technical Services Agreement, March 2011;
- Draft Equity Pledge Agreement, March 2011;
- LOI between Norwood, Sino-Excel and DeBang, September 2010;
- Draft Notice of Meeting and Explanatory Memorandum March 2011;
- Minter Ellison Lawyers, 'Draft Australian legal due diligence report', June 2010
- Draft Prospectus, January 20101;
- Audited and unaudited financial statements for Norwood FY2008 and FY2009;
- Unaudited balance sheets of Norwood as at 30 June 2010 and as at 31 December 2011;
- Converting Loan Agreement between Norwood and Marvel, September 2009;
- Converting Loan Agreement between Norwood and Boman, October 2009;
- Placement and Loan Agreement (Third Replacement) between Norwood and LM, December 2009;
- Draft Tian Yuan Law Firm, 'Due Diligence Report – DeBang and Golden Eagle', June 2010;
- Translated audited accounts for Golden Eagle for FY2007, FY2008 and FY2009;
- IBISWorld Industry Report, 'World price of steaming coal', July 2010;
- IBISWorld Industry Report, 'World price of coking coal', March 2010;
- U.S. Energy Information Administration, 'Annual Energy Outlook', 2009 and 2010;
- Publicly available data on the U.S. Energy Information Administration website;
- Australian Trade Commission, 'China Coal Industry Report', August 2009;
- Norwood website;
- Other publicly available information;
- Releases and announcements by Norwood on ASX;
- Reuters; and
- Discussions with management of Norwood and Sino-Excel/DeBang.

11.2 Qualifications and independence

Grant Thornton Corporate Finance Pty Ltd holds Australian Financial Service Licence number 247140 under the Corporations Act and its authorised representatives are qualified to provide this report.

Grant Thornton Corporate Finance provides a full range of corporate finance services and has advised on numerous takeovers, corporate valuations, acquisitions, and restructures. Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to Norwood and all other parties involved in the Proposed Acquisition with reference to the ASIC Regulatory Guide 112 "Independence of expert" and APES 110 "Code of Ethics for Professional Accountants" issued by the Accounting Professional and Ethical Standard Board. We have concluded that there are no conflicts of interest with respect to Norwood, its shareholders and all other parties involved in the Proposed Acquisition.

Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Norwood or its associated entities that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Acquisition.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Proposed Acquisition, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Proposed Acquisition. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

11.3 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by Norwood and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by Norwood and other experts through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of Norwood.

This report has been prepared to assist the directors of Norwood in advising Norwood Shareholders in relation to the Proposed Acquisition. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Proposed Acquisition is fair and reasonable to the Non-Associated Shareholders.

Norwood has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by Norwood, which Norwood knew or should have known to be false and/or reliance on information, which was material information Norwood had in its possession and which Norwood knew or should have known to be material and which Norwood did not provide to Grant Thornton Corporate Finance. Norwood will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

11.4 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Notice of Meeting and Explanatory Memorandum to be sent to Norwood Shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and content in which it appears.

Appendix A – Valuation methodologies

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company.

The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

Appendix B – Glossary

2011 NPAT	The NPAT of DeBang for the financial year ending 31 December 2011
AIM	London Alternative Investment Market
APES	Australian Professional and Ethical Standard Board
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Base Consideration	The consideration offered for the Proposed Acquisition has been agreed at six-times the NPAT expected to be generated by DeBang for the year ending 31 December 2011 The SSPA assumed the 2011 NPAT to be RMB60 million
Boman	Boman Asset Limited
BTU	British Thermal Unit
Creditor Offer	Norwood will settle certain liabilities with holders of convertible loan notes in Norwood and former employees
Company	Norwood
Corporations Act	Corporations Act 2001
DeBang	Henan DeBang Resources Development Co. Ltd.
DeBang Asset Transfer	Schedule 5 of the SSPA where Golden Eagle will transfer certain assets into DeBang comprising motor vehicle, furniture and fixture and certain employees in which a separate employee services contracts will be execute with each employee.
Earn Out Consideration	Additional Norwood Shares to be issued to the Sino-Excel Vendors if DeBang's 2011 NPAT exceeds RMB60 million. The number of Norwood Shares is determined in accordance to a pre-determined formula which changes depending on whether the 2011 NPAT exceeds RMB60 million but is less than or equal to RMB120 million or exceeds RMB120 million
Equity Pledge Agreement	DeBang, Golden Eagle and the Golden Eagle Shareholders will enter into an equity pledge agreement to ensure that Golden Eagle will perform its obligations under the Technical Services Agreement. The agreement is governed in accordance with PRC laws.
DCF	Discounted cash flow
EMH	Efficient market hypothesis
FSG	Financial Services Guide
FY	Financial year
Golden Eagle	Century Golden Eagle Energy Holdings Co. Ltd
Golden Eagle Shareholders	The shareholders of Golden Eagle, being Mr. Wang Jian Hua and Mr. Zheng Lei

Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Ltd
Independent Directors	The directors not associated with the Proposed Acquisition
LM	Lettered Management Pty Limited
LOI	Letter of Intent
Marvel	Marvel Earn Limited
MIT	Massachusetts Institute of Technology
MIT Agreement	The agreement between Norwood and MIT regarding all patents and intellectual property flowing from its sponsored research in relation to Norwood's Needlefree Project
NIM	Norwood Immunology Limited
Norwood	Norwood Abbey Limited
Norwood Convertible Notes	Notes convertible into Norwood Shares
Norwood Options	Unquoted options on issued to acquire Norwood Shares
Norwood Securities	Norwood Shares, Norwood Options and Norwood Convertible Notes, collectively
Norwood Security Consolidation	The proposed 30-for-1 share consolidation which may be undertaken by Norwood
Norwood Shareholders	Shareholders of Norwood
Norwood Shares	Ordinary Shares in Norwood
Non-Associated Shareholders	Shareholders not associated with the Proposed Acquisition
NPAT	Net profit after tax
PRC	The People's Republic of China
Proposed Acquisition	The proposed acquisition of Sino-Excel by Norwood
Proposed Capital Raising	The proposed issue of Norwood Shares to raise between A$2.5 million and A$7.5 million
Proposed Transactions	Collectively, the Norwood Security Consolidation, the Creditor Offer, Proposed Acquisition and Proposed Capital Raising
RG 74	ASIC's Regulatory Guide 74 "Acquisitions agreed to by shareholders"
RG 111	ASIC Regulatory Statement 111 "Content of expert reports"
RG 112	ASIC Regulatory Statement 112 " Independence of Expert's Reports"
Sino-Excel	Sino-Excel Energy Pte Ltd

Sino-Excel Shareholders	Shareholder of Sino-Excel
Sino-Excel Shares	Ordinary shares in Sino-Excel
Sino-Excel Vendors	the sole shareholder of Sino-Excel, Mr Charlie In the Warrantors
SSPA	Share sale and purchase agreement entered into between Norwood and the Sino-Excel Vendors in relation to the Proposed Acquisition
Technical Service Agreement	Exclusive Technical Consultation and Services Agreement between DeBang and Golden Eagle
VWAP	Volume Weighted Average Price
WACC	Weighted Average Cost of Capital
Warrantors	The Warrantors include Endless Adventure Ltd, New Inspiration Ltd, Majestic Faith Ltd and Swift China Ltd where Swift China Ltd is controlled by Mr Charlie In whilst the remaining companies are controlled by Golden Eagle Shareholders

Appendix C – Discount rate

Introduction

We have adopted the weighted average cost of capital ("WACC") as the discount rate to value the Technical Services Agreement due to the cash flows underpinning the Technical Services Agreement relating to Golden Eagle's coal trading business.

The discount rate was determined using the WACC formula. The WACC represents the average of the rates of return required by providers of debt and equity capital to compensate for the time value of money and the perceived risk or uncertainty of the cash flows, weighted in proportion to the market value of the debt and equity capital provided. However, we note that the selection of an appropriate discount rate is ultimately a matter of professional judgment.

Under a classical tax system, the nominal WACC is calculated as follows:

$$WACC = R_d \times \frac{D}{D+E} \times (1-t) + R_e \times \frac{E}{D+E}$$

Where:

- Re = the required rate of return on equity capital;
- E = the market value of equity capital;
- D = the market value of debt capital;
- Rd = the required rate of return on debt capital; and

t = the statutory corporate tax rate.

WACC Inputs

Required rate of return on equity capital

We have used the Capital Asset Pricing Model ("CAPM"), which is commonly used by practitioners, to calculate the cost of equity, however we note that the selection of an appropriate discount rate is ultimately a matter of professional judgment.

The CAPM assumes that an investor holds a large portfolio comprising risk-free and risky investments. The total risk of an investment comprises systematic risk and specific risk. Systematic risk is the variability in an investment's expected return that relates to general movements in capital markets (such as the share market) while specific risk is the variability that relates to matters that are specific to the investment being valued.

The CAPM assumes that specific risk can be avoided by holding investments as part of a large and well-diversified portfolio and that the investor will only require a rate of return sufficient to compensate for the additional, non-diversifiable systematic risk that the investment brings to the portfolio. Diversification cannot eliminate the systematic risk due to economy-wide factors that are assumed to affect all securities in a similar fashion. Accordingly, whilst investors can eliminate specific risk by diversifying their portfolio, they will seek to be compensated for the non diversifiable systematic risk by way of a risk premium on the expected return. The extent of this compensation depends on the extent to which the company's returns are correlated with the market as a whole. The greater the systematic risk faced by investors, the larger the required return on capital will be demanded by investors.

The systematic risk is measured by the investment's beta. The beta is a measure of the co-variance of the expected returns of the investment with the expected returns on a hypothetical portfolio comprising all investments in the market - it is a measure of the investment's relative risk.

A risk-free investment has a beta of zero and the market portfolio has a beta of one. The greater the non-diversifiable risk of an investment, the higher the beta of the investment.

The CAPM assumes that the return required by an investor in respect of an investment will be a combination of the risk-free rate of return and a premium for systematic risk, which is measured by multiplying the beta of the investment by the return earned on the market portfolio in excess of the risk-free rate.

Under the CAPM, the required nominal rate of return on equity (R_e) is estimated as follows:

$$R_e = R_f + \beta_e(R_m - R_f)$$

Where:

- R_f = risk free rate
- $_e$ = expected equity beta of the investment
- $(R_m – R_f)$ = market risk premium

Risk Free Rate

In the absence of an official risk free rate, the yield on the Government Bonds (in an appropriate jurisdiction) is commonly used as a proxy. Given the operational location and source of income for Golden Eagle's coal trading business is in the PRC, we have adopted the yield on the 50 year Chinese Government bond as the risk free rate for the income underpinning the Technical Services Agreement.

Accordingly, we have adopted a risk free rate of 4.1% to assess the value of the Technical Services Agreement.

Market Risk Premium

The market risk premium represents the additional return an investor expects to receive to compensate for additional risk associated with investing in equities as opposed to assets on which a risk free rate of return is earned.

Empirical studies of the historical risk premium in United States over periods of up to 100 years suggest the premium is approximately 6%. For the purpose of the valuation of the Technical Services Agreement, Grant Thornton Corporate Finance has incorporated the country risk premium for the PRC of 1.5% in addition to the risk premium in United States.

Accordingly, we have adopted a market risk premium of 7.5% for purpose of our valuation.

Beta

The beta measures the expected relative risk of the equity in a company. The choice of the beta requires judgement and necessarily involves subjective assessment as it is subject to measurement issues and a high degree of variation.

An equity beta includes the effect of gearing on equity returns and reflects the riskiness of returns to equity holders. However, an asset beta excludes the impact of gearing and reflects the riskiness of returns on the asset, rather than returns to equity holders. Asset betas can be compared across asset classes independent of the impact of the financial structure adopted by the owners of the business.

For the purpose of this report, we have had regard to the observed equity betas of companies engaged in activities similar to the coal trading business. We have also considered the assets betas of these companies. Our search did not yield any listed-equivalents which pure coal traders. The closest comparable companies relate to listed comparable companies with operations in the PRC that are predominantly coal procurers with coal trading operations as well. In the absence of pure listed comparable companies, we have used the coal producers with coal trading operations as the basis of the comparable companies.

The asset betas of the selected company are calculated by adjusting the equity betas for the effect of gearing to obtain an estimate of the business risk of the comparables, a process commonly referred as degearing. We have then recalculated the equity beta based on an assumed 'optimal' capital structure deemed appropriate for the business (regearing). This is a subjective exercise, which carries a significant possibility of estimation error.

We used the following formula to undertake the degearing and regearing exercise:

$$\beta_e = \beta_a\left[1 + \frac{D}{E} \times (1 - t)\right]$$

Where:

- e = Equity beta
- a = Asset beta
- t = corporate tax rate

Our analysis of the betas for comparable companies selected is set out in the following table. A brief description of each comparable company is included as Appendix D to this report.

Beta analysis	Currency	Market Cap (Million)	Equity Beta	Average D/E Ratio*	Tax	Asset Beta	Regeared Beta
China Shenhua Energy Co. Ltd.	CNY	600,500	1.17	4%	25%	1.13	1.29
Yanzhou Coal Mining Co. Ltd.	CNY	145,203	1.12	9%	25%	1.05	1.20
Shanxi Guoyang New Energy Co. Ltd.	CNY	63,564	1.26	2%	25%	1.25	1.42
Datong Coal Industry Co. Ltd.	CNY	33,240	1.26	0%	25%	1.26	1.44
Pingdingshan Tianan Coal Mining Co., Ltd.	CNY	36,089	1.26	0%	25%	1.26	1.44
Inner Mongolia Yitai Coal Co. Ltd.	CNY	10,248	1.36	135%	25%	0.68	0.77
Xinjiang International Industry Co., Ltd.	CNY	7,135	0.92	15%	25%	0.83	0.95
Gansu Jingyuan Coal Industry & Electricity Power Co Ltd	CNY	3,372	1.10	4%	25%	1.07	1.22
Shanxi Meijin Energy Co Ltd.	CNY	2,175	1.00	10%	25%	0.93	1.06
Shanxi Xishan Coal and Electricity Power Co. Ltd.	CNY	85,744	1.13	4%	25%	1.09	1.24
Average			**1.16**	**18%**	**25%**	**1.06**	**1.20**
Median			**1.15**	**4%**	**25%**	**1.08**	**1.23**

* Calculated over a period of 5 years

Source: CapitaliQ and calculations

Equity betas were sourced from CapitaliQ which are calculated over a five-year period with monthly observations.

Based on the average of the comparable companies, the betas are de-geared using the average gearing level over the period in which the betas were observed and then re-geared based on the average of the comparable companies of 18% debt and 82% equity.

The selection of a beta factor requires a high degree of professional judgement, particularly in circumstances in which the betas for the comparable companies vary widely. For the purposes of this report, Grant Thornton Corporate Finance has adopted equity betas ($_e$) in the range of 1.2 to 1.4.

Specific risk premium

We note that the assessment of the specific risk premium is subject to a number of factors including:

- the nature and size of the business compared to the selected comparable companies;
- future prospects of the company (i.e. companies with a higher net profit margin will receive a lower rating risk); and
- industry risks (i.e. industry risk is the risk specific to the industry which would be expected to impact all firms in the industry).

We note that there is a significant level of uncertainty associated with the future income to be derived from the Technical Services Agreement as DeBang is unable to control and direct the operations of the coal trading business of Golden Eagle. There are mechanisms in place in the SSPA which provide protection against the risks faced by Norwood with respect to the receipt of the RMB60 million from the coal trading business in 2011, however, no similar mechanisms are in place beyond 2011.

For the purpose of the valuation of the Technical Services Agreement, we have applied a specific risk premium in the range of 8% and 10% to reflect the risks associated with the uncertainty in relation to DeBang's ability to extract economic benefits from Golden Eagle's coal trading business and DeBang's inability to directly control he operations of Golden Eagle.

Cost of equity

The assumptions and derivation of the cost of equity for the Technical Service Agreement is summarised below.

WACC calculation	Low	High
Cost of equity		
Risk free rate	4.1%	4.1%
Beta	1.20	1.40
Market risk premium	7.5%	7.5%
Specific risk premium	8.0%	10.0%
Cost of equity	**21.1%**	**24.6%**

Source: Reuters and Calculations

For the purpose of the valuation, Grant Thornton Corporate Finance has adopted a cost of equity in the range of 21.1% to 24.6%.

Cost of debt

For the purpose of estimating the cost of debt, Grant Thornton Corporate Finance has considered the investment-grade corporate bonds for PRC companies of 6.1% as at March 2011.

Based on the above, Grant Thornton Corporate Finance has adopted the cost of debt of 6.1%.

Capital structure

Grant Thornton Corporate Finance has considered the gearing ratio which a hypothetical purchaser of the business would adopt in order to generate a balanced return given the inherent risks associated with debt financing. Factors which a hypothetical purchaser may consider include the shareholders' return after interest payments, and the business' ability to raise external debt.

The appropriate level of gearing that is utilised in determining WACC for a particular company should be the "target" gearing ratio, rather than the actual level of gearing, which may fluctuate over the life of a company. The target or optimal gearing level can therefore be derived based on the trade-off theory which stipulates that the target level of gearing for a project is one at which the present value of the tax benefits from the deductibility of interest are offset by present value of costs of financial distress. In practice, the target level of gearing is evaluated based on the quality and variability of cash flows. These are determined by:

- the quality and life cycle of a company;
- working capital;
- level of capital expenditure; and
- the risk profile of the assets.

In determining the appropriate capital structure, we have considered the current median debt-to-equity ratios of the comparable companies of 4% debt and 96% equity and the debt-to-asset ratios.

For the purpose of the valuation, Grant Thornton Corporate Finance has adopted average debt-to-asset ratio of 0% of debt and 100% equity based on the specific requirements and cash flow profile of DeBang.

WACC calculation

Nominal WACC

The nominal discount rate determined using the WACC formula is set out below.

WACC calculation	Low	High
Cost of equity		
Risk free rate	4.1%	4.1%
Beta	1.20	1.40
Market risk premium	7.5%	7.5%
Specific risk premium	8.0%	10.0%
Cost of equity	**21.1%**	**24.6%**
Cost of debt		
Cost of debt (pre tax)	6.1%	6.1%
Tax	25%	25%
Cost of debt (post tax)	**4.5%**	**4.5%**
Capital structure		
Proportion of debt	0%	0%
Proportion of equity	100%	100%
	100%	100%
WACC (post tax)	**21.1%**	**24.6%**

Source: Calculations

Appendix D – Comparable Companies

The comparable companies are described below.

Comparable Companies	**Description**
China Shenhua Energy Co. Ltd.	China Shenhua Energy Company Limited, together with its subsidiaries, primarily engages in the production and sale of coal; and the generation and sale of power in the People's Republic of China.
Yanzhou Coal Mining Co. Ltd.	Yanzhou Coal Mining Company Limited engages in the underground mining, preparation, and sale of coal.
Shanxi Guoyang New Energy Co. Ltd.	Shanxi Guoyang New Energy Co., Ltd. engages in the production, preparation, processing, and sale of coal.
Datong Coal Industry Co. Ltd.	Datong Coal Industry Co. Ltd. engages in the mining, processing, and sale of coal products in the People's Republic of China and internationally.
Pingdingshan Tianan Coal Mining Co., Ltd.	Pingdingshan Tianan Coal Mining Co., Ltd., together with its subsidiaries, engages in the exploration, preparation, processing, and sale of coal in China.
Inner Mongolia Yitai Coal Co. Ltd.	Inner Mongolia Yitai Coal Co., Limited, together with its subsidiaries, engages in the purchase, mining, distribution, and sale of coal and coal processed products in the People's Republic of China.
Xinjiang International Industry Co., Ltd.	Xinjiang International Industry Co., Ltd. engages in the manufacture and distribution of coal, coke, and related products in the People's Republic of China and internationally.
Gansu Jingyuan Coal Industry & Electricity Power Co Ltd	Gansu Jingyuan Coal Industry & Electricity Power Co., Ltd. principally engages in the exploration, preparation, and sale of coal products in China.
Shanxi Meijin Energy Co Ltd.	Shanxi Meijin Energy Co., Ltd. principally engages in the manufacture and sale of coke products.
Shanxi Xishan Coal and Electricity Power Co. Ltd.	Shanxi Xishan Coal and Electricity Power Co., Ltd. engages in the production, processing, and sale of coal in the People's Republic of China and internationally.

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