



CL Asset Holdings Limited
ABN 38 104 475 345

**Notice of Annual General Meeting (AGM)
and Explanatory Statement**

25 October 2012

CL Asset Holdings Limited (**Company**) will hold its 2012 Annual General Meeting (the **AGM**) at:

10.00 am on Monday, 26 November 2012
Crows Nest Centre
2 Ernest Place
Crows Nest NSW 2065

The Notice of Meeting convening the AGM, the accompanying letter from the Managing Director, the Explanatory Statement and Proxy Form for the AGM (**Meeting Documents**) will be mailed to Shareholders today.

In addition to the usual business to be conducted at the AGM, Shareholders will also be asked at the AGM to consider and if thought fit, pass resolutions to:

- 1 approve amendments to the Constitution to allow it to undertake a buy-back of small shareholdings in the Company;
- 2 approve the De-listing of the Company; and
- 3 approve the Company undertaking an equal access buy-back, after completion of the buy-back of small shareholdings referred to in paragraph 1 above, of up to 20% of the remaining Shares, at a price of \$1.40 per Share.

Further details of these proposals and other items of business for the Company's AGM are set out in the Meeting Documents.

IMPORTANT NOTICE

This is an important document. Please read it carefully and in its entirety. If you do not understand it, you should consult your stockbroker, solicitor, accountant or other professional adviser without delay. If you are unable to attend the AGM, please complete the Proxy Form enclosed and return it in accordance with the instructions.

Letter from the Managing Director

25 October 2012

Dear Shareholder

The 2012 Annual General Meeting

CL Asset Holdings Limited (**Company**) invites you to attend its 2012 annual general meeting to be held on Monday, 26 November 2012. The purpose of the Meeting is to:

- 1 Receive and consider the financial report of the Company and its controlled entities for the financial year ended 30 June 2012, and the related directors' report and auditor's report (**Annual Report**);
- 2 Consider and, if thought fit, pass resolutions to:
 - adopt the remuneration report, as set out in the directors' report for the Company and its controlled entities for the financial year ended 30 June 2012;
 - re-elect Mr Gary Dainton as a director of the Company;
 - approve amendments to the Constitution to facilitate the ability for the Company to buy back Shares in the Company from those Shareholders with small holdings;
 - approve the De-listing of the Company; and
 - approve the Company undertaking an equal access buy back, after completion of the buy-back of small shareholdings referred to above, of up to 20% of the remaining Shares at a price of \$1.40 per Share.

Annual Report

The Corporations Act 2001 (Cth) (**Corporations Act**) requires the Annual Report of the Company to be received and considered at the annual general meeting of the Company. Neither the Corporations Act nor the Constitution requires a vote of the Shareholders on the Company's Annual Report. However, Shareholders will be given the opportunity at the annual general meeting to ask questions about or make comments on the management of the Company. A copy of the Annual Report has been mailed to Shareholders together with the Notice of Meeting and accompanying Explanatory Statement.

Remuneration Report

The Corporations Act requires that, at a listed company's annual general meeting, a resolution for the adoption of the remuneration report of the Company be put to non-binding shareholder vote. The remuneration report of the Company is set out on pages 10 – 13 of the Annual Report.

Director Election

In accordance with the Constitution, Mr Gary Dainton is required to retire by rotation as a director of the Company, and being eligible, offers himself for re-election.

Small Holdings Amendment to Constitution

An amendment is being proposed to be made to the Constitution to facilitate the ability for the Company to undertake minimum holding buy backs under the Corporations Act for those Shareholders who have less than a marketable parcel (as defined in the ASX Listing Rules).

Having regard to the administrative and registry costs incurred by the Company in managing small holdings, and the proposed De-listing of the Company (see below), if the amendments are approved the Company proposes to conduct a buy back of small holdings constituting less than a marketable parcel of Shares in accordance with the ASX Listing Rules and the Constitution (as amended). As at 5.00pm on 15 October 2012, approximately 16,798 (or 0.36%) of the total number of issued Shares were small holdings constituting less than a marketable parcel of Shares.

Assuming the resolution to adopt the amendment to the Constitution is passed, the Minimum Holding Buy Back would not require any further Shareholder approval.

Information is contained in the accompanying Explanatory Statement which sets out, amongst other things, whether or not Shareholders should remain as Shareholders in the Company following its proposed De-listing. This information will also be relevant for Shareholders determining whether or not they wish to participate in the Minimum Holding Buy Back or retain their Shares in the Company. Accordingly, those Shareholders are encouraged to read the accompanying documents in full.

De-listing

On 24 September 2012, the Company announced it was considering de-listing from the ASX. This decision was brought about, amongst other things, by the Company's inability to attract sufficient public support to justify the Company's ongoing listing on the ASX.

Having regard to the ongoing requirements for maintaining its listing and the potential cost savings to the Company as a result of ceasing to be listed, the Board determined to put a resolution to Shareholders at the annual general meeting to de-list the Company's securities from quotation on the ASX. The ASX has approved the Company's de-listing application on certain conditions, including that the De-listing is approved by an ordinary resolution of Shareholders.

Equal Access Buy Back

In view of the impact which De-listing the Company would have on the Company and its Shareholders, the Board has determined that Shareholders should be given an opportunity to exit all (or, in the event of a scale back) part of their investment in the Company prior to the proposed De-listing.

Accordingly the Board has also determined to put a resolution to Shareholders at the annual general meeting which, if approved, would allow the Company to undertake an equal access buy back of up to 943,636 Shares (comprising approximately 20% of the remaining issued capital of the Company after completion of the Minimum Holding Buy Back referred to above) at \$1.40 per Share. The resolution to approve the Equal Access Buy Back is conditional on Shareholders approving the De-listing. Further details of the proposed De-listing and Equal Access Buy Back are contained in the accompanying Notice of Meeting and Explanatory Statement.

Before making any decision relating to the resolutions proposed at the Meeting, the Board strongly encourages you to read the Notice of Meeting and accompanying Explanatory Statement carefully and in full and to seek advice from your financial and taxation adviser as to the impact of the proposed resolutions on your personal circumstances.

Yours faithfully

Theo Baker
Managing Director and Acting Chairman
CL Asset Holdings Limited

Notice of Annual General Meeting

CL Asset Holdings Limited (ABN 38 104 475 345) (**Company**) gives notice (**Notice** or **Notice of Meeting**) that the annual general meeting of members of the Company will be held at 10.00 am on Monday, 26 November 2012, at the Crows Nest Centre, 2 Ernest Place, Crows Nest NSW 2065 (**the Meeting**).

Business

1. Financial statements and reports

To receive and consider the financial report of the Company and its controlled entities, which includes the directors' report and auditor's report of the Company, for the financial year ended 30 June 2012.

2. Resolution 1: Remuneration report

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

"THAT the remuneration report, as set out in the directors' report for the Company for the financial year ended 30 June 2012, be adopted."

Voting exclusion statement:

The Company will disregard any votes cast (in any capacity) on Resolution 1 by or on behalf of a member of a person who is disclosed in the remuneration report as a member of the Key Management Personnel (KMP) of the Company (including the Directors and the Chairman) or a closely related party of that KMP. However, the Company will not disregard a vote on Resolution 1 from such a person if:

- It is cast as a proxy for a person who is permitted to vote, and the appointment of the proxy specifies the way in which the proxy is to vote on the resolution; or*
- It is cast by the Chairman of the Meeting as a proxy for a person who is permitted to vote, and the appointment of the proxy expressly authorises the Chairman of the Meeting to exercise the undirected proxies even if the resolution is connected with the remuneration of a member of the KMP.*

Note: *The vote on Resolution 1 is advisory only and does not bind the Company or the Directors.*

3. Resolution 2: Re-election of Director

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

"THAT Mr Gary Dainton being a Director of the Company who retires by rotation pursuant to the Company's Constitution, and being eligible, be re-elected as a Director of the Company."

4. Resolution 3: Amendment to Company's Constitution

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

"THAT the Company's Constitution be amended in accordance with section 136(2) of the Corporations Act 2001 (Cth) by inserting the following as a new Rule 13:

"13. PART 13 – SMALL SHAREHOLDINGS

13.1 Power to sell

- (a) *The Company may sell the shares of a shareholder which holds less than a Marketable Parcel (as that term is defined in the Listing Rules) of shares in the Company (**Small Shareholding**), in accordance with this Rule 13, subject to the Corporations Act and the Listing Rules.*
- (b) *The Company may sell the shares of a shareholder which holds a Small Shareholding, in accordance with this Rule 13, only once in any 12 month period.*
- (c) *If a member is registered for more than one parcel of shares, the Directors may treat each holding as a holding by a separate member for each of those parcels so that this Rule 13 applies as if each parcel is held by different members.*
- (d) *The Company's power to sell a Small Shareholding pursuant to this Rule 13 lapses and a notice given to a member under Rule 13.2 ceases to have effect if a takeover of the Company is announced. The Company, however, may give a new notice under Rule 13.2 if the offers made under the takeover are withdrawn or once the takeover offer period has closed.*
- (e) *Before a sale is effected, the Company may at its discretion:*
 - (i) *revoke a notice given under Rule 13.2; or*
 - (ii) *suspend or terminate the operation of this Rule 13.*

13.2 Notice of intention to sell

- (a) *If the Company wishes to sell the shares of a shareholder which holds a Small Shareholding, the Company must give a written notice to that member in accordance with Rule 13.2(b).*
- (b) *The notice given by the Company to the member must:*
 - (i) *state the Company's intention to sell the Small Shareholding; and*
 - (ii) *specify a date, being no less than six weeks (or such other period required by the Listing Rules) after the date the notice is sent to the member, by which time the member can give the Company written notice that the member wishes to retain the Small Shareholding.*

13.3 Sale of small shareholdings

- (a) *If a member, who receives a notice from the Company in accordance with Rule 13.2, gives written notice back to the Company in accordance with Rule 13.2(b)(ii) that the member wishes to retain the Small Shareholding, the Company must not sell that Small Shareholding under that notice given by the Company.*
- (b) *If a member, who receives a notice from the Company in accordance with Rule 13.2, does not give written notice back to the Company in accordance with Rule 13.2(b)(ii) that the member wishes to retain the Small Shareholding by the date specified in the notice, the Company may sell the parcel of shares.*

- (c) *A sale of shares under this Rule 13 includes all rights attaching to those shares, including any unpaid dividends.*
- (d) *The Company or transferee must pay the costs of the sale.*
- (e) *For the purposes of a sale under this Rule 13, a Director or Secretary of the Company has the power to initiate, sign or do anything required to effect a transfer of shares, as agent for a member who holds a Small Shareholding.*
- (f) *The proceeds of sale of the Small Shareholding must be held by the Company for the benefit of the outgoing member and, if the shares sold were certificated, the Company must not pay the proceeds of sale of the Small Shareholding to the outgoing member until the Company has received the certificate relating to the shares sold or evidence of its loss or destruction.*
- (g) *The title of the new holder of a share sold under this Rule 13 is not affected by any irregularity in the sale. The sole remedy of any person aggrieved by a sale under this Rule 13 is damages against the Company."*

5. Resolution 4: De-listing of the Company from the ASX

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

"THAT the Company be removed from the official list of the ASX on a date to be decided by ASX (being not earlier than one month after this Resolution is passed) and that the Directors of the Company be authorised to do all things reasonably necessary or desirable to give effect to the De-listing of the Company from the ASX."

6. Resolution 5: Equal Access Buy Back

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

"THAT, conditional on approval of Resolution 4, in accordance with section 257C(1) of the Corporations Act 2001 (Cth) and for all other purposes, the Shareholders of the Company authorise the Company to undertake an Equal Access Buy Back, after completing the Minimum Holding Buy Back of Shares as contemplated by the Explanatory Statement which accompanies this Notice of Meeting, of up to 943,636 (being approximately 20%) of its remaining ordinary shares at a price of \$1.40 per Share, in accordance with the ASX Listing Rules and the terms detailed in the Explanatory Statement which accompanies this Notice of Meeting."

Majority required: Section 257C(1) of the Corporations Act 2001 (Cth) provides that, in relation to an equal access buy back, the terms of the buy back agreement must be approved before it is entered into, by a resolution passed in general meeting of the company (or the agreement must be conditional on such approval). Accordingly, and consistent with the De-listing conditions required by the ASX, Resolution 5 is proposed as an ordinary resolution. As an ordinary resolution, Resolution 5 will be passed if at least 50% of the votes cast in person or by proxy by Shareholders who are entitled to vote on Resolution 5 are cast in favour of Resolution 5.

Resolution 5 is conditional: Resolution 5 is conditional on the approval of Resolution 4. In the event that Resolution 4 is not approved, Resolution 4 will not be put to Shareholder vote.

By order of the Board of Directors of CL Asset Holdings Limited

Henry Kam
Company Secretary
25 October 2012

Proxies and Voting

Proxy

A Shareholder entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote on their behalf. If two proxies are appointed, the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If two proxies are appointed and no proportion or number is specified, each proxy may exercise half of the votes. A proxy need not be a Shareholder. The Proxy Form contains voting instructions and other important information which you should read carefully.

In order to be valid, all Proxy Forms must be received by the Registrar, no later than 48 hours before the commencement of the Meeting (**Proxy Deadline**). Proxy Forms may be submitted in either of the following ways:

- 1 by post in the reply paid envelope provided. Please allow sufficient time so that it reaches the Registrar prior to the Proxy Deadline; or
- 2 by facsimile to the Registrar on (03) 9473 2555 (within Australia) or +61 3 9473 2555 (from outside Australia). Any Proxy Form sent by facsimile must be received by the Proxy Deadline.

For custodians who are subscribers of Computershare's Intermediary Online service, please submit your votes electronically via www.intermediaryonline.com.

Corporate Representatives

Any corporate Shareholder wishing to appoint a person to act as its representative at the Meeting may do so by providing that person with:

- 1 a letter or certificate, executed in accordance with the company's constitution, authorising him or her to act as the company's representative; or
- 2 a copy of the resolution, certified by a secretary or director of the corporate Shareholder, appointing the representative.

Shareholders eligible to vote

For the purposes of determining an entitlement to vote at the Meeting, the Company's Shares will be taken to be held by those Shareholders recorded on the Company's register of Shareholders at 10.00am on Saturday, 24 November 2012.

Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Explanatory Statement accompanying the Notice of Annual General Meeting

This Explanatory Statement has been prepared to assist Shareholders in understanding the Resolutions to be put at the Meeting. You are encouraged to consider this Explanatory Statement carefully. If you are in doubt as to how to deal with this Explanatory Statement, you should consult your legal, financial or other professional adviser as soon as possible.

This Explanatory Statement is not intended to provide financial or tax advice and has been prepared without taking into account the personal circumstances of any person. Each Shareholder should obtain their own independent professional advice before making any decisions regarding the content of this Explanatory Statement or the Notice of Meeting or how to vote on any Resolution.

1. General

This Explanatory Statement and all attachments to it are important documents. They should be read carefully and in their entirety. If you have any questions regarding the matters set out in this Explanatory Statement or the Notice of Meeting, please contact your financial adviser or other professional adviser.

This Explanatory Statement and the accompanying Notice of Meeting are each dated 25 October 2012.

2. Definitions and Interpretation

Capitalised words and expressions used in the Notice of Meeting and Explanatory Statement are defined throughout the Notice of Meeting and Explanatory Statement and/or in the Glossary in section 15 of this Explanatory Statement.

Unless otherwise stated, all references to sums of money, \$ and dollars are to Australian currency and all references to time are to Sydney time.

3. Purpose of this Explanatory Statement

The purpose of this Explanatory Statement is to:

- (a) explain the effect and implications of:
 - (i) the business to be conducted at the Meeting, including the Resolutions proposed in the Notice of Meeting;
 - (ii) the amendments being proposed to the Constitution (**Small Holding Amendments**) and the proposed Minimum Holding Buy Back of small holdings in the Company if the amendments proposed by Resolution 3 are approved (**Minimum Holding Buy Back**);

The de-listing of the Company's securities that would be effected if Resolution 4 is approved (**De-listing**); and

- (iii) the offer to buy back Shares which would be made to Shareholders if Resolution 4 and Resolution 5 are both approved (**Equal Access Buy Back**); and
- (b) provide such information as prescribed in:
 - (i) the Corporations Act (including under sections 257C(2) and 257G of the Corporations Act);
 - (ii) ASIC Regulatory Guide 110; and

- (iii) the Listing Rules (including Listing Rule 7.20), or as is otherwise, in the opinion of the Directors, material to the decision of Shareholders in deciding whether to approve the Resolutions, except for information which would be unreasonable to require the Company to disclose because it has previously disclosed that information to Shareholders.

4. Item 1 – Financial Statements and Reports

The Corporations Act requires that:

- (a) the Directors' report and auditor's report of the Company; and
- (b) the annual financial report, including the financial statements, of the Company for the year ended 30 June 2012,

(together the **Annual Report**) be considered at the annual general meeting of the Company.

A copy of the Annual Report has previously been dispatched to Shareholders.

Neither the Corporations Act nor the Constitution requires a vote of the Shareholders on the Company's financial report or the associated Directors' report and auditor's report. However, Shareholders will be given the opportunity to ask questions about or make comments on the management of the Company, including raising questions or comments on the financial reports, at the Meeting.

The financial report for consideration at the Meeting will be the full financial report. In accordance with section 250T of the Corporations Act, a reasonable opportunity will be given to Shareholders as a whole at the Meeting to ask the Company's auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit written questions to the auditor in relation to the content of the auditor's report and the conduct of its audit of the financial report in accordance with section 250PA of the Corporations Act. Written questions to the auditor are required to be given to the Company no later than the fifth business day before the day of the Meeting.

5. Item 2 – Resolution 1 – Remuneration report

Section 250R(2) of the Corporations Act provides that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the vote.

The remuneration report of the Company, which forms part of the Directors' report forming part of the Annual Report, is set out on pages 10 – 13 of the Annual Report.

The remuneration report of the Company sets out the Company's remuneration policy and reports the remuneration arrangements in place for senior executives and Directors, including non-executive Directors.

Under the Corporations Act, the resolution of the Shareholders that the remuneration report of the Company be adopted is advisory only and does not bind the Company or its Directors. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices of the Company.

In accordance with section 250SA of the Corporations Act, a reasonable opportunity for the members as a whole to ask questions about or make comments on the remuneration report will be provided to Shareholders at the Meeting.

6. Item 3 – Resolution 2: Re-election of Director

6.1 Requirement for re-election

Under Rule 6.4 of the Constitution, at each annual general meeting of the Company at least $\frac{1}{3}$ of the Directors (other than the Managing Director) of the Company, or if their number is not a multiple of 3 then (subject to the Listing Rules) the number nearest to $\frac{1}{3}$, must retire from office. A Director who is required to retire will be eligible for re-election.

6.2 Re-election of Mr Gary Dainton

Mr Gary Dainton was appointed by the Directors as a Director of the Company on 26 November 2010 and is required under Rule 6.4 of the Constitution to retire by rotation. Being eligible, he offers himself for re-election.

Mr Dainton joined the Company in June 2005. He worked for 15 years at KPMG Corporate Finance, the investment banking side of KPMG's business, in the UK, Australia and the United States. As a Partner of the firm, Mr Dainton advised public and private companies on all areas of mergers and acquisitions, capital raisings, and corporate restructuring projects. In 2003 he founded Odyssey Capital Partners, a boutique corporate advisory business based in Sydney. Its corporate advisory arm provides investment banking advice to listed and unlisted middle-market companies. Mr Dainton is a Fellow of the Institute of Chartered Accountants (England and Wales) and a Graduate Member of the Australian Institute of Company Directors. He is the chairman of the audit, remuneration and nomination committees of the Company.

6.3 Board recommendation

The Directors (other than Mr Gary Dainton) recommend that Shareholders vote in favour of Resolution 2.

The Directors (other than Mr Gary Dainton) advise that they intend to vote all Shares controlled by them as at the date of the Meeting in favour of Resolution 2.

7. Timetable for the proposed Minimum Holding Buy Back, Equal Access Buy Back and De-listing

The indicative timetable for the Minimum Holding Buy Back, Equal Access Buy Back and De-listing is set out below. Subject to law, the Company reserves the right to amend this indicative timetable without prior notice to Shareholders.

Event	Day
Despatch Notice of Meeting	25 October 2012
Date of Meeting	26 November 2012
<i>Assuming the Resolutions relating to the Small Holdings Amendment, De-listing, and Equal Access Buy Back are all approved at the Meeting</i>	
Company announces to the ASX that Shareholders have approved the Small Holdings Amendment, De-listing, and Equal Access Buy Back	26 November 2012
Minimum Holding Record Date - Record date for determining Shareholders qualifying for Minimum Holding Buy Back	7.00pm (Sydney time) on 26 November, 2012
Open Minimum Holding Buy Back as permitted as a result of the Small Holdings Amendment	28 November 2012

Event	Day
Minimum Holding Closing Date - Closing date for receiving Retention Notices under Minimum Holding Buy Back	5.00pm (Sydney time) on 11 January 2013
Retest Time - Reassessment of eligibility to participate in Minimum Holding Buy Back	7.00pm (Sydney time) on 11 January 2013
Minimum Holding Buy Back Date - Completion of Minimum Holding Buy Back and buy back and cancellation of Shares subject to Minimum Holding Buy Back	14 January 2013
Minimum Holding Payment Date – date on which the proceeds of the Minimum Holding Buy Back are proposed to be distributed to participants	14 January 2013
Ex-Entitlement Date – Shares acquired on or after this date will not confer an entitlement to participate in the Equal Access Buy Back	15 January 2013
Equal Access Record Date – Record date for determining Shareholders eligible to participate in the Equal Access Buy Back	21 January 2013
Equal Access Open Date - Company sends personalised Application Forms to holders of Shares as at the Equal Buy Back Record Date and the Equal Access Buy Back offer opens	22 January 2013
Equal Access Closing Date – Closing date for receiving of Applications Forms under the Equal Access Buy Back	7.00pm (Sydney time) on 22 February 2013
Equal Access Buy Back Date – Date on which Shares accepted under the Equal Access Buy Back are cancelled	25 February 2013
Equal Access Payment Date – Date on which the proceeds of the Equal Access Buy Back are proposed to be distributed to participants	25 February 2013
De-listing Date - Date on which De-listing is expected to take effect	1 March 2013, subject to confirmation by the ASX

Assuming that Resolution 3 is approved by Shareholders, the Company proposes immediately to undertake the Minimum Holding Buy Back.

Assuming that Resolution 4 and Resolution 5 are approved by Shareholders:

- The Equal Access Buy Back is proposed to occur immediately after completion of the Minimum Holding Buy Back; and
- the De-listing is proposed to occur following completion of both the Minimum Holding Buy Back and Equal Access Buy Back. The De-listing Date remains at the discretion of the ASX.

If Resolution 3 is approved by Shareholders and the De-listing is approved by the ASX but Resolution 5 is **not** approved, the Company may liaise with the ASX to bring the De-listing forward. In any event, the De-listing will not occur earlier than the Minimum Holding Closing Date.

As mentioned above, the timetable in this section is indicative only and may change.

Pursuant to Listing Rule 3.20, the Company must give the ASX not less than 7 business days' notice of a proposed record date or change to a proposed record date and must inform the ASX immediately once it decides a record date or changes a record date. The Company must also inform Shareholders

of any changes to the indicative timetable referred to above by market announcement made via the ASX company announcements platform.

8. Item 4 – Resolution 3: Amendment to Company's constitution

8.1 Small Holdings Amendment

In order to facilitate the Company undertaking the Minimum Holding Buy Back under the Listing Rules, the Company must amend its Constitution to permit such buy backs to occur.

Listing Rule 15.13 specifies certain requirements that must be set out in a company's constitution before that company is permitted to sell the securities of a shareholder who has less than a marketable parcel of securities in that company.

The Small Holdings Amendment makes the necessary amendments to the Constitution to permit it to undertake the Minimum Holding Buy Back.

8.2 The Minimum Holding Buy Back

As at 5.00pm on 15 October 2012, the Company had 83 Shareholders who held parcels of Shares valued at less than \$500 (based on the closing price of Shares on 15 October 2012), and are accordingly deemed to be holders of less than a marketable parcel of Shares for the purposes of the Listing Rules.

The Company incurs additional administrative and registry costs on account of these small holdings. In order to assist in reducing the large number of Shareholders and the administrative costs to the Company which are incurred as a result of it, if Resolution 3 is passed by Shareholders, the Company will undertake a buy back of all Share parcels comprising less than a marketable parcel at the Buy Back Price in accordance with its Constitution (as amended by Resolution 3), the Listing Rules and the Corporations Act (**Minimum Holding Buy Back**).

The Minimum Holding Buy Back is to be funded by the Company's existing cash.

If Resolution 3 regarding the Small Holdings Amendment is passed, the Minimum Holding Buy Back does not require Shareholder approval and will take place irrespective of the De-listing and the Equal Access Buy Back.

If Resolution 3 is **not** passed, the Company will not proceed with the Minimum Holding Buy Back. However those Shareholders that would have been entitled to participate in the Minimum Holding Buy Back may still participate in the Equal Access Buy Back (provided Resolution 4 and Resolution 5 are passed).

The Minimum Holding Buy Back will be offered under the terms of a separate letter which will be sent immediately after the Meeting (assuming Resolution 3 is passed) (**Minimum Holding Buy Back Letter**) to all Shareholders holding less than a marketable parcel of Shares on the record date for the Minimum Holding Buy Back announced to the market (**Minimum Holding Record Date**).

It may be that the value of holdings may increase during the period following the Minimum Holding Record Date, either because of the acquisition of further Shares or because the Share price increases. Accordingly, eligibility of a relevant Shareholder to participate in the Minimum Holding Buy Back will be reassessed at the time specified in the Minimum Holding Buy Back Letter (**Retest Time**). If any Shareholder who received a Minimum Holding Buy Back Letter still holds less than a marketable parcel of Shares at the Retest Time, then (unless a Retention Notice has been lodged by the time required in the Minimum Holding Buy Back Letter and regardless of the holding of Shares at any other time), those Shares will be bought back. If, however, a Shareholder who received a Minimum Holding Buy Back Letter no longer holds less than a marketable parcel of Shares at the Retest Time, then the Shares of that Shareholder will not be bought back under the Minimum Holding Buy Back, even if a Retention Notice has not been lodged.

Each Shareholder who is sent a Minimum Holding Buy Back Letter will be informed of the outcome of the Minimum Holding Buy Back on their Shares in accordance with the Minimum Holding Buy Back Letter. No scale back applies to the Minimum Holding Buy Back.

The Minimum Holding Buy Back will be completed on a date prior to the Equal Access Record Date (**Minimum Holding Buy Back Date**).

Accordingly, Shareholders to whom the Minimum Holding Buy Back applies (as described above) and who do not lodge a Retention Notice in respect of the Minimum Holding Buy Back prior to the closing date for the lodgement of Retention Notices (as described in the Minimum Holding Buy Back Letter) will have their Shares bought back under the Minimum Holding Buy Back and accordingly will not hold any Shares on the Equal Access Record Date and will not be eligible to participate in the Equal Access Buy Back.

Shareholders who hold less than a marketable parcel of Shares who:

- (a) do not wish to remain as Shareholders and wish instead to sell their Shares back to the Company should do nothing, in which case their Shares will (subject to them also comprising less than a marketable parcel as at the Minimum Holding Buy Back Date) be bought back under the Minimum Holding Buy Back;
- (b) who do want to remain as Shareholders in the Company must:
 - (i) lodge a Retention Notice by the time required in the Minimum Holding Buy Back Letter; and
 - (ii) not participate in the Equal Access Buy Back.

Shareholders holding Shares comprising less than a marketable parcel as at the Minimum Holding Record Date but which Shares do not comprise less than a marketable parcel as at the Retest Time would still hold Shares in the Company as at the Equal Access Record Date and so would be eligible to participate in the Equal Access Buy Back. Considerations that apply to remaining as a Shareholder in the Company after De-listing (whether as a result of lodging a Retention Notice in respect of the Minimum Holding Buy Back or not participating in the Equal Access Buy Back) are discussed in sections 10.5 and 13.6.

9. Background to the De-listing

9.1 Factors underlying De-listing consideration

On 24 September 2012, the Company announced that the Directors had been considering the benefits or otherwise of the Company maintaining its listing on the ASX. This decision was brought about, amongst other things, by the Company's inability to attract sufficient public support to justify the Company's ongoing listing on the ASX.

Unsuitability to the listed environment

The small size of the Company, compared to other listed entities, and the nature of its activities do not attract interest from the investment community.

The Company has had an average market capitalisation of around \$3.5m for the last two years and as such is very much a "micro-cap" listed company. This fact, combined with a history of not paying dividends, has meant that there has been little or no interest from stockbroking and institutional investor participants.

As well as being a "micro-cap", the Company operates, or has investments in, a number of diverse businesses, with a high proportion of the Company's income being irregular. Furthermore, the future returns on a significant portion of the Company's assets, in particular its loan book, some of its property portfolio, and its investment in Ignite Group, are difficult to predict and are therefore also difficult to value.

As a consequence of the above, the Company's results are difficult to analyse and to project forward, and as such the Company has not gained, and is unlikely to gain, interest from the broader investment community who typically favour companies with less diverse businesses and ones that are easier to analyse.

With little interest from the investment community the Company fails to receive the two principal benefits from listing, being an ability to raise capital and liquidity in its Shares and, accordingly, the Directors believe that the Company is more suited to operating as an unlisted company.

Shares thinly traded

Set out below is a table which shows the closing prices and volumes for the days on which 1,000 or more of the Company's shares (**Shares**) have traded on the ASX between the period 24 September 2011 and the date on which the Company announced the potential De-listing (being 24 September 2012).

Trading date	Open	High	Low	Closing price	% change from previous trading day	Volume
24 September 2012	\$0.85	\$1.00	\$0.85	\$1.00	36.99%	9,200
11 September 2012	\$0.73	\$0.73	\$0.73	\$0.73	-2.67%	1,500
5 September 2012	\$0.75	\$0.75	\$0.75	\$0.75	0.00%	7,600
27 August 2012	\$0.75	\$0.75	\$0.75	\$0.75	7.14%	6,100
14 August 2012	\$0.70	\$0.70	\$0.70	\$0.70	-6.67%	1,000
17 July 2012	\$0.75	\$0.75	\$0.75	\$0.75	7.14%	4,000
26 June 2012	\$0.70	\$0.70	\$0.70	\$0.70	-6.67%	6,100
5 June 2012	\$0.75	\$0.75	\$0.75	\$0.75	-8.70%	1,000
16 April 2012	\$0.69	\$0.69	\$0.69	\$0.69	15.00%	1,900
15 March 2012	\$0.60	\$0.60	\$0.60	\$0.60	-11.76%	1,000
24 February 2012	\$0.68	\$0.68	\$0.68	\$0.68	0.00%	1,000
25 January 2012	\$0.68	\$0.68	\$0.68	\$0.68	-4.62%	1,000
24 January 2012	\$0.65	\$0.65	\$0.65	\$0.65	4.41%	2,000
20 January 2012	\$0.68	\$0.68	\$0.68	\$0.68	-23.64%	2,200
22 December 2011	\$0.55	\$0.55	\$0.55	\$0.55	0.00%	1,000
2 November 2011	\$0.55	\$0.55	\$0.55	\$0.55	0.00%	15,000
26 October 2011	\$0.55	\$0.55	\$0.55	\$0.55	10.00%	5,100
20 October 2011	\$0.50	\$0.50	\$0.50	\$0.50	-10.71%	1,800
5 October 2011	\$0.56	\$0.56	\$0.56	\$0.56	0.00%	15,000

Trading date	Open	High	Low	Closing price	% change from previous trading day	Volume
30 September 2011	\$0.56	\$0.56	\$0.56	\$0.56	24.44%	1,200

The Shares are thinly traded, with small trading volumes having the potential to have a significant impact on share price.

Since the Company's announcement on 24 September 2012 of the proposed De-listing, there has been a significant increase in the price of the Company's Shares. On 24 September 2012, the day of the announcement, the Share price increased from \$0.75 to \$1.00. On 25 September 2012, one day immediately after the announcement, the Share price increased further to \$1.50. As of 15 September 2012 the Share price was \$1.45. It is the Board's view that these trades are speculative trades by people hoping to make a return on their investment through the Buy Backs.

Cost savings

In addition, the expected annual operating costs savings of the Company associated with the proposed De-listing are as follows:

Expense	Amount
Audit fees – half year	\$20,000
Audit fees – full year reduced reporting requirements	\$20,000
Accounting and company secretarial staff	\$80,000
ASX annual listing fee	\$11,000
ASX and Registry CHESS fees, AGM, proxy and annual report printing fees	\$10,000
Directors fees	\$50,000
Legal, consulting fee, administration and other miscellaneous expenses	\$10,000
Total	\$201,000

These annual operating costs savings of \$201,000 are substantial.

Expansion of ecommerce site and pursuing other business opportunities

The Company has an ecommerce site in which it wishes further to invest and expand. The Company believes that it is able to do this more freely in the context of taking risk if it is an unlisted company rather than a company listed on the ASX.

The ecommerce site has been operating for approximately 12 months. The business has evolved as an extension to the Company's Asset Trading Group Pty Ltd (**ATG**) business that purchases clearance stock from the likes of Samsung, LG, Telstra, Optus, Vodafone and others which it sells into Asia. The Company is currently looking to make a steady introduction of new products to the ecommerce site in order to organically grow that business.

The Company is not currently planning a major acquisition or fundamental change to its current business. However, the Company will continue to assess business opportunities which may arise in the future, and which may or may not be consistent with its current business activities. If the

Company is delisted, it will be able to adopt a more aggressive risk profile in pursuing this strategy than it could if it remained listed.

The Company will notify Shareholders, in accordance with its continuous disclosure obligations under the Listing Rules, of any major acquisition entered into or changes to its business activities initiated after the date of this Notice of Meeting.

Accordingly, the Board has determined that Resolution 4 should be put to Shareholders.

9.2 Application to de-list the Company

Having regard to the above, on 6 September 2012, the Company made an application to the ASX under Listing Rule 17.11 for its securities to be de-listed.

As announced to the market on 24 September 2012, the ASX has granted approval for the De-listing, subject to the following conditions:

- (a) the De-listing be approved by an ordinary resolution of Shareholders;
- (b) the De-listing does not take place any earlier than one month after the date on which the resolution to approve the De-listing is passed;
- (c) the Notice of Meeting sets out clearly the timetable that will be followed for the De-listing; and
- (d) the conditions to the ASX's approval being released to the market.

Accordingly, Resolution 3 is being put to Shareholders as an ordinary resolution.

Details concerning Resolution 3 are set out in section 10. The conditions of the ASX's approval for the De-listing were released to the market on 24 September 2012.

10. Item 4 – Resolution 4 – De-listing of the Company from the ASX

10.1 Application for De-listing

An entity may either be removed from the official list by the ASX or it may request for quotation of its securities to be ended by making an official request to the ASX.

On 6 September 2012, the Company made an application to the ASX under Listing Rule 17.11 for the removal of the Company from the official list of ASX (that is, for the Company to be "de-listed"). The Company announced to the market on 24 September 2012 that the ASX has granted approval for the De-listing, subject to the following conditions:

- (a) the De-listing being approved by an ordinary resolution of Shareholders;
- (b) the De-listing not taking place any earlier than one month after the date on which the resolution to approve the De-listing is passed;
- (c) the Notice of Meeting setting out clearly the timetable that will be followed for the De-listing; and
- (d) the conditions to the ASX's approval being released to the market.

10.2 Reasons for De-listing

The Board believes that the De-listing is appropriate for the following reasons:

- (a) subject to the Company qualifying as an "unlisted disclosing entity" under section 675 of the Corporations Act (discussed below in this section) there are cost savings for the Company to operate as an un-listed public company without the need to comply with ongoing continuous disclosure or listed company reporting requirements. The Board estimates these savings to be approximately \$201,000 per annum;
- (b) the Board is concerned that the Company may not meet some ongoing requirements for continued listing on the ASX. Following De-listing, the Company would no longer be subject to the Listing Rules or required to conduct its affairs in accordance with the Listing Rules;
- (c) the trading history of the Company shows little volume trading in Shares on the ASX and long periods of little to no trading; and
- (d) given the current spread of shareholdings in the Company, it is unlikely that the spread of Shareholders or trading volumes will increase.

10.3 *What approvals are required for the De-listing?*

(a) *ASX requirements*

The De-listing is conditional on the ASX's approval and compliance with the conditions which the ASX has imposed as part of its approval. Details of the ASX's approval for the De-listing and conditions attaching to that approval are described in sections 9.2 and 10.1. The ASX's conditions include that the De-listing is approved by an ordinary resolution of Shareholders.

Accordingly, Resolution 4 is being put to Shareholders as an ordinary resolution. Resolution 4 will be passed if at least 50% of the votes cast in person or by proxy by Shareholders at the Meeting who are entitled to vote on Resolution 4 are cast in favour of Resolution 4.

(b) *Other requirements*

There are no other approval requirements under the Corporations Act in relation to the proposed De-listing.

10.4 *Timing of the De-listing*

The exact date for De-listing will be determined by the ASX. In order to enable Shareholders in the Company the ability to exit their investment in the Company through either the Minimum Holding Buy Back or Equal Access Buy Back (subject to any scale back), the Company has proposed that the De-listing will take place following the conclusion of both of these Buy Backs.

If Resolution 4 is approved but Resolution 5 is not approved, the Company may liaise with the ASX to bring the De-listing forward. In any event, the De-listing will not occur earlier than the Minimum Holding Closing Date.

The Company will keep Shareholders informed of the date of the De-listing and any changes to the proposed timetable as described in section 7.

10.5 *Effect of the De-listing*

(a) *Effect on Share numbers and Share capital*

The Company has 4,692,327 Shares on issue as at the date of the accompanying Notice of Meeting. There are no other classes of shares on issue in the Company other than the Shares and all Shares are fully paid.

The De-listing will, of itself, have no impact on the number of Shares. If approved, the Company will continue to have 4,692,327 Shares on issue.

Notwithstanding the above, in the event that Resolution 4 and Resolution 5 are passed, but subject to the passing of Resolution 3, the number of Shares on issue in the Company will be reduced in the manner set out in section 11.11(a). Irrespective of whether Resolution 4 and Resolution 5 are passed, but subject to the passing of Resolution 3, the Company's Share capital will be reduced as a result of the Minimum Holding Buy Back, as discussed in sections 8.2 and 11.11(a).

(b) Effect on the assets and liabilities of the Company

The Directors consider that the De-listing will not adversely affect the Company's capacity to meet its existing and anticipated obligations and pay its debts as and when due. As discussed above, the Directors believe that De-listing will afford certain cost savings to the Company.

Notwithstanding the above, in the event that Resolution 5 is passed, the Company's cash assets will be reduced in the manner set out in section 11.11(b).

Irrespective of whether Resolution 4 and Resolution 5 are passed, but subject to the passing of Resolution 3, the Company's cash would be reduced as a result of implementing the Minimum Holding Buy Back. Based on the number of Shares which comprised less than a marketable parcel of Shares as at 15 October 2012, it is expected that the Company's cash would be reduced by approximately \$23,517 as a result of implementing the Minimum Holding Buy Back, assuming 100% participation. The actual amount by which the Company's cash would be reduced as a result of the Minimum Holding Buy Back will ultimately depend on the number of Shares which comprise less than a marketable parcel on the Minimum Holding Record Date, the extent to which those Shares continue to comprise less than a marketable parcel at the Retest Time and the extent to which Retention Notices are lodged by the Minimum Holding Closing Date.

(c) Effect on control of the Company

In view of the fact that the De-listing does not result in the cancellation or transfer of any Shares, it would (all other matters being equal) not impact the control of the Company.

Notwithstanding the above, in the event that Resolution 4 and Resolution 5 are passed, the number of Shares on issue in the Company will be reduced and may impact on control of the Company in the manner set out in section 11.11(c).

Irrespective of whether Resolution 4 or Resolution 5 are passed, the Company's Share capital will be reduced as a result of the Minimum Holding Buy Back (provided Resolution 3 is passed). Based on the number of Shares which comprised less than a marketable parcel of Shares as at 15 October 2012, it is expected that the Company's Share capital will be reduced by approximately 16,798 Shares as a result of implementing the Minimum Holding Buy Back, assuming 100% participation. The actual amount by which the Company's Share capital would be reduced as a result of the Minimum Holding Buy Back will ultimately depend on the same factors as identified in section 10.5(b).

As at the date of this Notice of Meeting, Mr Theodore Baker (a Director of the Company) directly and indirectly owns approximately 50.66% of the total issued Shares (see section 14.1 for further details). As at the date of this Notice of Meeting, Mr Baker has indicated his current intention **not** to participate in the Equal Access Buy Back. On this basis it is likely that, after completion of the Buy Backs (if Resolution 3, Resolutions 4 and Resolution 5 are passed), Mr Baker's holdings will increase above their current levels.

(d) Effect of the De-listing on creditors

Having regard to the Company's current, anticipated and contingent financial requirements, the Directors have assessed that the De-listing will not adversely impact the rights of the Company's creditors or the ability of the Company to pay its debts as and when they fall due. As discussed above, the Directors believe that De-listing will afford certain cost savings to the Company.

(e) Effect on Share trading

De-listing will result in the Company's Shares being removed from quotation on the ASX. If De-listing takes place:

- (i) Shareholders would continue to hold their Shares (subject to disposing of them by way of transfer or through participation in the Equal Access Buy Back (if approved) or the Minimum Holding Buy Back);
- (ii) Shareholders will no longer be able to effect trades of Shares on the ASX through their broker; and
- (iii) Share prices and trading history for the Company will not be published on the ASX website and the prices for the Company's Shares will no longer be reported in newspapers or stock ticker services.

In general, shares which are not available for trading on a stock exchange may be less liquid than shares which are available for trading on a stock exchange. If the Company's Shares are removed from the official list, it may be more difficult for a Shareholder to dispose of their Shares and/or find a purchaser for their Shares. However, based on the last 6 months of trading, the Shares have, in any case, been relatively illiquid, with little significant on market trading activity.

(f) No longer a disclosing entity

Generally speaking, the disclosure requirements under the Listing Rules would no longer apply to a company post-delisting. However, if a company qualifies as an "unlisted disclosing entity" under section 675 of the Corporations Act it may nevertheless need to comply with certain disclosure requirements. A company may be classified as an "unlisted disclosing entity" in various circumstances, including if it has 100 or more members holding securities as a result of issues under a disclosure document. Depending on the take up of the Buy Backs, the Company may qualify as an "unlisted disclosing entity" for the purposes of the Corporations Act. In this case, the disclosure requirements pursuant to section 675 would apply to the Company post De-listing until such time as it was no longer an "unlisted disclosing entity" under section 675 of the Corporations Act.

(g) Tax implications of the De-listing

Shareholders should consult their own tax advisor for specific taxation advice in connection with the De-listing in order to assess the impact on their own particular circumstances.

(h) Implications of the De-listing and further considerations

Further details of the effect and implications of the De-listing, including further considerations to take into account in the context of the proposed Equal Access Buy Back are set out in detail in section 13.

The Board strongly advises that Shareholders read section 13 in full and seek legal and financial advice in connection with the impact of Resolution 4.

10.6 *What if Resolution 4 is or is not passed?*

If Resolution 4 is **not** passed, then:

- unless a subsequent proposed de-listing is approved by Shareholders or the ASX determines that the Company's securities should no longer be listed, the Company's securities would remain listed on the ASX; and
- Resolution 5 would **not** be put to Shareholders and the Equal Access Buy Back would not take place.

If Resolution 4 **is** passed, then:

- the Company's Shares would be removed from quotation on the ASX; and
- Resolution 5 would be put to Shareholders.

Irrespective of whether Resolution 4 is passed, if Resolution 3 is passed the Minimum Holding Buy Back will take place.

10.7 Board statements

The Board believes that the De-listing is appropriate for the reasons set out in section 10.2.

The Board has considered the scope and size of the proposed Buy Backs and determined that they are not "significant" and therefore an independent report as to the fairness and reasonableness of the Buy Back Price is not required to be provided to Shareholders pursuant to ASIC Regulatory Guide 110.

11. Resolution 5 – Equal Access Buy Back

11.1 What is a buy back?

Under a buy back, a company buys its own shares back from shareholders who elect to participate in the buy back offer. Shareholders may elect to participate in the buy back at their discretion. The shares bought back are cancelled, which reduces the total amount of shares which the company has on issue by the number of shares bought back.

11.2 What is an equal access scheme?

An equal access scheme is a type of buy back. Section 257B(2) of the Corporations Act prescribes that, in an equal access scheme:

- (a) the offers under the scheme must relate only to ordinary shares;
- (b) the offers must be made to every person who holds ordinary shares to buy back the same percentage of their ordinary shares;
- (c) all of those persons must have a reasonable opportunity to accept the offers made to them;
- (d) buy-back agreements must not be entered into until a specified time for acceptances of offers has closed; and
- (e) the terms of all the offers must be the same.

The Equal Access Buy Back is an equal access scheme for the purposes of the Corporations Act.

11.3 Overview of the Equal Access Buy Back

Resolution 5 seeks Shareholder approval to reduce the share capital of the Company by up to 943,636 Shares (comprising in aggregate approximately 20% of the entire issued capital of the

Company after the Minimum Holding Buy Back has been completed, assuming 100% participation) on an equal access basis at the Buy Back Price (**Equal Access Buy Back**).

If the Equal Access Buy Back is approved, the Company will invite Shareholders to sell some or all of their Shares back to the Company at the Buy Back Price. All Shares bought back under the Equal Access Buy Back would be cancelled. Participation in the Equal Access Buy Back is completely voluntary and Shareholders can elect whether to sell some, all or none of their Shares under the Equal Access Buy Back.

A Shareholder who does not wish to participate in the Equal Access Buy Back does not need to do anything – the number of Shares held by such persons would remain the same but their percentage holding in the Company would increase if the other Shareholders elect to participate.

Shareholders may continue to sell their Shares on market, unless and until they make an Application under the Equal Access Buy Back. It is possible that Shares may trade on market above or below the Buy Back Price from time to time.

The Ex-Entitlement Date for the Equal Access Buy Back is 15 January 2013. Shares acquired after the Ex-Entitlement Date will not confer any entitlement to participate in the Equal Access Buy Back.

Shareholders should consult their own tax advisor for specific taxation advice in connection with participation in the Equal Access Buy Back in order to assess the impact on their own particular circumstances.

Further details of the terms of the Equal Access Buy Back and how to participate in it (if Resolution 4 and Resolution 5 are approved) are set out in section 12.

11.4 Why is Resolution 5 conditional?

Having regard to the impact which De-listing (if approved by Shareholders) would have on the Company (this is discussed in detail in sections 10.5 and 13), the Board considers that Shareholders should be afforded the opportunity to either remain as Shareholders of the Company following its De-listing or to exit their investment in the Company in whole or (where a scale back applies) in part. The Equal Access Buy Back (which would take place if Resolution 5 is approved) has been proposed for this purpose and accordingly is only proposed to go ahead in the event that the Delisting is approved by Shareholders.

11.5 What approvals are required for the Equal Access Buy Back?

(a) Corporations Act

The Corporations Act allows a company to buy back up to 10% of the minimum number of Shares on issue at any time during the last 12 months without seeking approval of its shareholders. If a company wishes to buy back a greater number of shares by way of an equal access buy back, it must seek shareholder approval.

Section 257C(1) requires that the terms of the buy back agreement be approved by an ordinary resolution passed at a general meeting of the company before the agreement is entered into or the agreement must be conditional on such an approval.

Accordingly, Resolution 5 has been proposed for this purpose and will be approved if more than 50% of the total number of votes that are validly cast on Resolution 5 are in favour of it.

It is important to note that a Shareholder who votes in favour of Resolution 5 does not have to participate in the Equal Access Buy Back. Participation in the Equal Access Buy Back is voluntary and in the discretion of Shareholders.

The terms constituting the buy back agreement on which Shares would be acquired under the Equal Access Buy Back are set out in this Explanatory Statement, including in particular section 12.

(b) *Listing Rules*

Listing Rule 7.18 provides that if an entity seeks to reorganise its capital in any way, it must consult with the ASX to ensure an orderly market is maintained in its securities. The Company has consulted with the ASX in connection with the Equal Access Buy Back and the proposed Minimum Holding Buy Back as required by the Listing Rules.

11.6 *Potential scale back*

The Equal Access Buy Back only relates to 943,636 Shares (comprising in aggregate approximately 20% of the entire issued capital of the Company after the Minimum Holding Buy Back has been completed, assuming 100% participation).

In the event that Shareholders holding large parcels of Shares do not participate in the Equal Access Buy Back, Shareholders who elect to participate in the Equal Access Buy Back may be able to have all Shares the subject of their Application bought back.

However, in the event that:

- (a) Shareholders holding large parcels of Shares do participate in the Equal Access Buy Back; and
- (b) the Company receives Applications in excess of the maximum number of Shares it has offered to buy back under the Equal Access Buy Back,

the number of Shares bought back from each Shareholder who has accepted the Equal Access Buy Back in respect of some or all of their Shares will be reduced by the same proportion to ensure that the Company does not buy back in excess of 943,636 Shares in aggregate under the Equal Access Buy Back. The percentage scale back will operate on the number of Shares in respect of which a Shareholder has lodged Applications under the Equal Access Buy Back. If a scale back results in there being less than a whole number of Shares which would be bought back from a Shareholder, the number of Shares bought back from that Shareholder will be rounded down to the nearest whole number of Shares.

11.7 *Who can participate in the Equal Access Buy Back?*

The Equal Access Buy Back is open to all Shareholders who hold Shares on the Equal Access Record Date.

11.8 *The Buy Back Price*

The Board determined the Equal Access Buy Back Price of \$1.40 per Share by reference to the volume weighted average price per Share over 26 June 2012 to 23 September 2012 (the **relevant period**), plus a premium of 89.18%.

The volume weighted average price per Share for the period from 26 June 2012 to 23 September 2012 (being the date immediately preceding the announcement on the ASX of the proposed De-listing and Buy Backs) was 74 cents per Share.

In determining the Buy Back Price, the Board has sought to balance the interests of those Shareholders who wish to participate in the Buy Backs with those Shareholders who wish to retain their Shares in the Company. The Board has also sought to ensure that the Company remains properly funded to continue its activities and invest in its various businesses as may be required.

The Buy Back Price represents a substantial premium over the Company's VWAP over a 6 month (91.78%), the relevant period (89.18%), 12 month (122.22%) and 24 month (102.89%) trading history.

The Buy Back Price represents a substantial discount to the Company's net assets per Share as at 30 June 2012, as set out in its Annual Report, of \$4.318. The Directors highlight that there are no

current plans to pursue a path of attempting to sell Company assets and wind-up its business, and therefore the realisation of the value of the Company's net assets, by Shareholders retaining their Shares, will depend on the future performance of the Company, its ability to pay dividends, and/or a third-party offering to buy the Company's assets or Shares at some point, all of which are uncertain.

None of the Company's business activities are currently providing substantial and consistent earnings, and several may potentially require additional investment. Accordingly, the Directors have been mindful of the need to retain sufficient cash resources going forward.

In determining the Buy Back Price, the Directors have taken into account the above factors by:

- providing a significant premium over the Company's historical Share price to those Shareholders wishing to exit their investment in the Company;
- providing a level of up side potential, given the business risks involved for those Shareholders choosing to remain as Shareholders; and
- retaining an appropriate level of cash in the Company.

11.9 Timing of the Equal Access Buy Back

The Equal Access Buy Back, if approved, is proposed to open on 21 January 2013 and to close on 22 February 2013. Shares bought back in the Equal Access Buy Back are proposed to be cancelled on 23 February 2013 and Shareholders who elect to participate in the Equal Access Buy Back are expected to receive payment in respect of their Shares on 27 February 2013.

The indicative timetable for the Equal Access Buy Back is set out in section 7.

Subject to law, the Company reserves the right to amend this indicative timetable without prior notice to Shareholders.

11.10 How will the Equal Access Buy Back be funded?

The Equal Access Buy Back will be funded by the Company's existing cash reserves.

11.11 Effect of the Equal Access Buy Back

The sections below address the effect of the Equal Access Buy Back on the Company in the event that Resolution 4 and Resolution 5 are approved. Where relevant, reference to the impact of the Minimum Holding Buy Back has also been included.

(a) Effect on Share numbers and Share capital

The Company has 4,692,327 Shares on issue as at the date of the accompanying Notice of Meeting. If the Equal Access Buy Back is approved, then the Company will, as part of the Equal Access Buy Back offer to buy back up to 943,636 Shares, comprising up to approximately 20% of the Company's issued capital after the Minimum Holding Buy Back has been completed, assuming 100% participation. The Equal Access Buy Back may therefore reduce the number of Shares on issue in the Company from 4,692,327 to a minimum of 3,748,691. The precise number of Shares which are cancelled as part of the Equal Access Buy Back will, however, depend on the extent to which Shareholders accept the Equal Access Buy Back.

In addition, the Minimum Holding Buy Back is expected to reduce the number of Shares on issue in the Company. Based on the number of Shares which comprised less than a marketable parcel of Shares as 15 October 2012, it is expected that the Company's Share capital will be reduced by approximately 16,798 Shares as a result of implementing the Minimum Holding Buy Back, assuming 100% participation. The precise number of Shares that will be cancelled as part of the Minimum Holding Buy Back will depend on the number of

Shareholders holding less than a marketable parcel of Shares on the Minimum Holding Record Date, the extent to which Shareholders holding less than a marketable parcel of Shares as at the Minimum Holding Record Date continue to hold less than a marketable parcel of Shares as at the Retest Time and the extent to which Retention Notices are lodged.

The number of Shares that will remain on issue in the Company assuming 100% participation in the Minimum Holding Buy Back (assuming that the Share parcels comprising less than a marketable parcel as at the Minimum Holding Record Date is similar to those as at 15 October 2012) and 100% participation in the Equal Access Scheme is expected to be approximately 3,731,893.

(b) Effect on the assets and liabilities of the Company

If the Equal Access Buy Back is approved by Shareholders, then the Company will, under the Equal Access Buy Back offer to buy back up to 943,636 Shares at the Buy Back Price. The Company's cash assets would decrease to the extent that Shareholders elect to participate in the Equal Access Buy Back. The maximum decrease in the Company's cash assets (assuming 100% take up of the Equal Access Buy Back) would be \$1,321,090 (excluding costs). If less than 100% of Shareholders participate in the Equal Access Buy Back in respect of less than all of their Shares, the decrease in the Company's cash would be less.

In addition, the Company's cash assets will also decrease to the extent that Shareholders elect to participate in the Minimum Holding Buy Back. The effect of the Minimum Holding Buy Back on the Company's cash is described in section 10.5(b).

As described in section 8.2, Shareholders holding less than a marketable parcel of Shares as at the Minimum Holding Record Date may not (as a result of acquiring more Shares or variation in the Share price) hold less than a marketable parcel of Shares at the Retest Time. A Shareholder who received a Minimum Holding Buy Back Letter but no longer holds less than a marketable parcel of Shares as at the Retest Time would not have their Shares bought back.

Accordingly, the decrease in the Company's cash assets as a result of the implementation of the Minimum Holding Buy Back would be less than stated above.

Notwithstanding the reduction in cash, the Board considers that neither the Minimum Holding Buy Back nor the Equal Access Buy Back will adversely affect the Company's capacity to meet its existing and anticipated obligations and pay its debts as and when due.

(c) Effect on control of the Company

The Equal Access Buy Back would, if approved and to the extent that Shareholders participate in it, result in the cancellation of Shares in the Company and likely therefore to impact the control of the Company.

Similarly, the Minimum Holding Buy Back would also result in the cancellation of Shares and likely impact the control of the Company. The extent of any impact will depend on the level of participation in the Minimum Holding Buy Back and/or the Equal Access Buy Back, as relevant.

The number of Shares held by a Shareholder who does not participate in the Minimum Holding Buy Back or the Equal Access Buy Back would remain the same, but their percentage holding in the Company would increase following the Minimum Holding Buy Back and Equal Access Buy Back based on the extent to which other Shareholders elect to participate.

Shareholders should also note that if there is significant participation in the Minimum Holding Buy Back and Equal Access Buy Back (if approved) this will lead to the cancellation of the relevant Shares and consequently an increase in the voting proportion of any substantial Shareholders in the Company who elect not to participate in the Equal Access Buy Back.

As at the date of this Notice of Meeting, Mr Theodore Baker (a Director of the Company) directly and indirectly owns approximately 50.66% of the total issued Shares (see section 14.1 for further details). As at the date of this Notice of Meeting, Mr Baker has indicated his current intention **not** to participate in the Equal Access Buy Back. On this basis it is likely that, after completion of the Buy Backs (if Resolution 3, Resolutions 4 and Resolution 5 are passed), Mr Baker's holdings will increase above their current levels.

(d) Effect of the Minimum Holding Buy Back and Equal Access Buy Back on creditors

Having regard to the Company's current, anticipated and contingent financial requirements, the Board has assessed that neither the Minimum Holding Buy Back nor the Equal Access Buy Back will adversely impact the rights of the Company's creditors or the ability of the Company to pay its debts as and when they fall due.

(e) Effect of the Minimum Holding Buy Back and Equal Access Buy Back on Shareholders

Shareholders should consult their own tax advisor for specific taxation advice in connection with the Minimum Holding Buy Back and the Equal Access Buy Back in order to assess the impact on their own particular circumstances.

(f) Takeovers Code

The Company would cease to be subject to the Takeovers Code if its membership falls to below 50 Shareholders as a result of take up of the Equal Access Buy Back and/or the Minimum Holding Buy Back.

(g) Implications of the Equal Access Buy Back and further considerations

Further details of the effect and implications of the Equal Access Buy Back, including in the context of the proposed De-listing and Minimum Holding Buy Back are set out in detail in section 13.

The Board strongly advises that Shareholders read this Explanatory Statement, in particular section 13, in full and seek legal and financial advice in connection with the impact of the Resolutions.

11.12 What if Resolution 5 is or is not passed?

If Resolution 4 **is not** passed, then Resolution 5 will **not** be put to Shareholders.

If Resolution 4 **is** passed but Resolution 5 is **not** passed, then:

- the De-listing would proceed to take place;
- the Equal Access Buy Back would not take place; and
- unless Shareholders otherwise dispose of their Shares (for instance by way of transfer), they would continue to hold Shares in the Company following its De-listing. In this case, Shareholders' attention is drawn to the implications of holding Shares in the de-listed Company, as discussed in sections 10.5 and 13.

If Resolution 4 and Resolution 5 **are** passed, then:

- the Company would be de-listed; and
- the Equal Access Buy Back would take place giving Shareholders the opportunity to have some or (in the case of a scale back) part of their Shares bought back at the Buy Back Price prior to De-listing taking place. Details of how to participate in the Equal Access Buy Back (if

Resolution 4 and Resolution 5 are approved) are set out in section 12. The terms of the Buy Back Documents constitute the buy back agreement terms on which the Shares of Shareholders would be acquired under the Equal Access Buy Back.

Irrespective of whether Resolution 4 and/or Resolution 5 are passed, if Resolution 3 is passed the Minimum Holding Buy Back will take place.

11.13 Board statements

Having regard to the impact that De-listing (if approved by Shareholders) would have on the Company (this is discussed in detail in sections 10.5 and 13), the Board considers that Shareholders should be afforded the opportunity to either remain as Shareholders of the Company following its De-listing or to exit their investment in whole or in part (subject to any scale back) by participating in Equal Access Buy Back.

In the event that Resolution 4 and Resolution 5 are approved:

- Mr Theodore Baker has indicated his current intention **not** to participate in the Equal Access Buy Back in respect of all Shares controlled by him at the Equal Access Record Date; and
- Mr Peter Mitropoulos has indicated his current intention **to** participate in the Equal Access Buy Back in respect of all Shares controlled by him at the Equal Access Record Date.

Voting in favour of the Resolution 5 does not require you to sell your Shares to the Company under the Equal Access Buy Back. Participation in the Equal Access Buy Back, if it is approved, is entirely voluntary.

12. The Equal Access Buy Back Offer

12.1 Purpose of this section

This section explains to Shareholders how to participate in the Equal Access Buy Back in the event that Resolution 4 and Resolution 5 are approved at the Meeting.

Accordingly, this information may be relevant to Shareholders in deciding whether or not to approve the Equal Access Buy Back.

The Buy Back Documents comprise all the terms on which the Shares would be acquired under the Equal Access Buy Back if the Equal Access Buy Back is approved by Shareholders.

The Board strongly advises that all Shareholders read the Buy Back Documents in full and seek legal and financial advice in connection with the impact of the Resolutions on their personal circumstances.

12.2 Eligibility to participate

The Equal Access Buy Back is open to all Shareholders who hold Shares on the Equal Access Record Date.

12.3 Overview of the buy back procedure

In the event that Resolution 4 and Resolution 5 are approved at the Meeting, the Equal Access Buy Back will be implemented as follows:

- (a) Shareholders who hold Shares on the Equal Access Record Date (expected to be 21 January 2013) will be sent a personalised Application Form to participate in the Equal Access Buy Back. Application Forms will be dispatched to Shareholders by post on the Equal Access Open Date (expected to be 22 January 2013).

- (b) The Equal Access Buy Back will be open to Shareholders from the Equal Access Open Date until the Equal Access Closing Date (expected to be 22 February 2013) (**Equal Access Buy Back Period**). The Company may extend the Equal Access Buy Back Period, but does not presently intend to do so. If the Equal Access Closing Date is changed, the change will be announced to the ASX.
- (c) At any time during the Equal Access Buy Back Period, a Shareholder can submit an Application Form to accept the Equal Access Buy Back in respect of some or all of their Shares. Trustees or nominees who hold a parcel of Shares on account of more than one beneficial holder will be able to accept the Equal Access Buy Back in whole or in part on behalf of some or all underlying beneficial holders on whose behalf they hold Shares. Arrangements relating to instructions between registered Shareholders and underlying beneficiaries on whose behalf Shares are held are matters to be determined between the relevant trustee/nominees and beneficiaries. The Company will only accept and process Application Forms lodged by registered Shareholders and will not engage in correspondence with underlying beneficial owners. An Application Form can be revoked by lodging a Withdrawal Form in the manner specified below.
- (d) Notwithstanding the submission of an Application Form prior to the Equal Access Closing Date, no agreement to buy back Shares under the Equal Access Buy Back is formed and Applications are conditional in all respects until the 7.00pm on the Equal Access Closing Date.
- (e) All Shares for which a valid Application Form has been received and accepted by the Company before the Equal Access Closing Date (and in respect of which no Withdrawal Form has been lodged) will, subject to the application of any scale back (discussed at section 11.6 and below), be cancelled on the Equal Access Buy Back Date (expected to be 23 February 2013).
- (f) Proceeds of the Equal Access Buy Back are expected to be distributed to participants on the Equal Access Payment Date (expected to be 27 February 2013). The timetable for the Equal Access Buy Back set out above and in section 7 is indicative. Subject to law, the Company reserves the right to amend this indicative timetable without prior notice to Shareholders.

12.4 How to participate in the Equal Access Buy Back

If you do not wish to participate in the Equal Access Buy Back, you do not need to do anything.

If you do wish to participate in the Equal Access Buy Back, you must submit an Application Form prior to the Equal Access Closing Date.

12.5 How to submit an Application Form

If you have an Issuer Sponsored Holding, you can accept and participate in the Equal Access Buy Back by completing and submitting an Application Form to the address provided on the Application Form so that it is received by no later than 7.00pm (Sydney time) on the Equal Access Closing Date.

If you have a CHESS Holding, you will need to contact your market participant (usually your broker) in sufficient time to allow your market participant to process your Application Form and submit it to the address provided on the Application Form so that it is received by no later than 7.00pm (Sydney time) on the Equal Access Closing Date.

An Application Form will not be effective unless received prior to 7.00pm (Sydney time) on the Equal Access Closing Date.

12.6 Can I withdraw a submitted Application Form?

If you have an Issuer Sponsored Holding, you can withdraw an Application Form you have submitted by completing and submitting a Withdrawal Form to the address provided in the Withdrawal Form so that it is received by no later than 7.00pm (Sydney time) on the Equal Access Closing Date. If you have a CHES Holding, you will need to contact your market participant (usually your broker) in sufficient time for your market participant to process your Withdrawal Form and submit it to the address provided on the Withdrawal Form so that it is received by no later than 7.00pm (Sydney time) on the Equal Access Closing Date.

A Withdrawal Form will not be effective unless received prior to 7.00pm (Sydney time) on the Equal Access Closing Date.

The effect of submitting a Withdrawal Form will be to revoke your previously submitted Application Form in its entirety. Unless a subsequent Application Form is lodged, a Shareholder who submits a Withdrawal Form is electing not to participate in the Equal Access Buy Back.

A Withdrawal Form will be provided to Shareholders on request by calling the Registrar on 1300 850 505 (in Australia) or +61 3 9415 4000 (from overseas).

12.7 Effect of submitting an Application Form under the Equal Access Buy Back

The effect of submitting an Application Form (that has not been revoked by lodgement of a Withdrawal Form) before 7.00pm (Sydney time) on the Equal Access Closing Date is as follows:

- (a) Submission of a duly completed Application Form constitutes acceptance of the Company's offer to buy back the Shares you have nominated in your Application Form under the Equal Access Buy Back on the terms set out in the Buy Back Documents (**Application**).
- (b) Submission of an Application Form does not, of itself, constitute a binding contract for the sale of Shares. Notwithstanding the submission of an Application Form prior to the Equal Access Closing Date, no agreement to buy back Shares under the Equal Access Buy Back is formed and Applications are conditional in all respects until the 7.00pm on the Equal Access Closing Date.
- (c) If you have lodged a duly completed Application Form prior to the Equal Access Closing Date, then at 7.00pm on the Equal Access Closing Date a binding contract is formed between you and the Company for you to sell and the Company to buy back the number of Shares you have nominated in your Application Form (subject to any scale back as described in the Buy Back Documents) on the terms and conditions set out in the Buy Back Documents, including the terms and conditions set out in this section.
- (d) By submitting an Application Form (whether by returning an Application Form to the Registrar if you have an Issuer Sponsored Holding, or, if you have a CHES holding, by instructing your market participant), you:
 - (i) agree to the terms and conditions set out in the Buy Back Documents;
 - (ii) agree to sell to the Company on the Equal Access Buy Back Date all Shares you have nominated in your Application Form (subject to any scale back as described in the Buy Back Documents);
 - (iii) agree that, providing no duly completed Withdrawal Form has been lodged in respect of those Shares prior to the Equal Access Closing Date, at 7.00pm on the Equal Access Closing Date a binding contract is formed between you and the Company for you to sell and the Company to buy back all the Shares which you have nominated in your Application Form (subject to any scale back as described in the Buy Back Documents) on the terms and conditions

set out in the Buy Back Documents, including the terms and conditions set out in this section;

- (iv) agree that the Company may amend the timetable for the Equal Access Buy Back (including the Equal Access Record Date, Equal Access Open Date, Equal Access Closing Date, Equal Access Buy Back Date and/or Equal Access Payment Date) as permitted by law and as described in the Explanatory Statement;
- (v) waive any requirement to receive further notice or communication from the Company of its acceptance or rejection of any Application submitted by you;
- (vi) warrant to the Company that at all times after your Application is made, you:
 - (A) are the registered holder of not less than the number of Shares in respect of which you have accepted the Equal Access Buy Back and that all such Shares are fully paid up, free from any mortgage, charge, lien or other encumbrance (whether legal or equitable) and from any third-party rights and otherwise able to be sold freely by you; and
 - (B) will not convert your Shares in respect of which you have accepted the Equal Access Buy Back from an Issuer Sponsored Holding to a CHESS Holding (or vice versa) prior to the Equal Access Buy Back Date (for example if you change your HIN or market participant (usually your broker).
- (vii) warrant that you are a person to whom the Equal Access Buy Back invitation may lawfully be made, are not a US Person and can receive the proceeds of the sale of the Shares you have nominated in your Application;
- (viii) if you are a trustee or nominee having accepted the Equal Access Buy Back on behalf of some or all underlying beneficial holders on whose behalf you hold Shares, you warrant that such acceptances have been duly made in accordance with the instructions of the beneficial holder and/or the applicable trust or nominee arrangements and that acceptance of the Equal Access Buy Back on behalf of underlying beneficial holders does not constitute a breach of trust, contract or any applicable law;
- (ix) authorise the Company (and its officers, agents, contractors or advisers) to correct any error in or omission from your Application Form and/or Withdrawal Form, and to insert any missing details therein;
- (x) undertake not to sell or offer to sell any Shares in respect of which you have submitted an Application to any other person if, as a result, you will at any time after you submit your Application until the Equal Access Closing Date hold fewer Shares than you have nominated to be bought back on your Application Form;
- (xi) acknowledge that neither the Company nor any other party involved in the Equal Access Buy Back has provided you with financial product advice, or any securities recommendation, or has any obligation to provide this advice or recommendation, concerning your decision to participate in the Equal Access Buy Back;
- (xii) authorise the Company to make payment to you in respect of the buy back of the Shares you have nominated on your Application Form under the Equal Access Buy Back (subject to any scale back as described in the Buy Back Documents):

- (A) by cheque mailed to your address shown on the Company's Share register at 7.00pm (Sydney time) on the Equal Access Closing Date, if you do not have a valid direct credit authority in place before the date; or
- (B) by direct credit to your nominated account if you:
- have an existing direct credit authority for the payment of dividends. By submitting your Application Form, you authorise the Company to pay your Equal Access Buy Back proceeds to that nominated account; or
 - submit to the Registrar by 7:00pm (Sydney time) on the Equal Access Closing Date a completed direct credit authority form notifying the Company of your new account details.

You can obtain a direct credit authority form by calling the Registrar on 1300 850 505 (in Australia) or +61 3 9415 4000 (from overseas). If you complete and submit a direct credit authority form, you acknowledge that your nominated bank account details in that form will be taken to be your nominated bank account for future payments (including dividends) by the Company to you, and, in each case, you will be taken to have accepted the risk associated with the payment;

- (xiii) agree that damages is not an adequate remedy for breach of the covenants, undertakings, agreements, representations and warranties given by you in favour of the Company under the Buy Back Documents;
- (xiv) undertake that if you breach any of the covenants, undertakings, agreements, representations or warranties under the Buy Back Documents you will indemnify the Company for all its costs or losses arising from the breach; and
- (xv) agree that any obligation of the Company to buy back Shares nominated by you in your Application Form is conditional on your compliance with the covenants, undertakings, agreements, representations and warranties in and otherwise subject to the Buy Back Documents.
- (e) You will be taken to have submitted an Application when the Registrar receives your validly signed and completed Application Form if you have an Issuer Sponsored Holding or, if you have a CHESS Holding, your Application is processed by your market participant through CHESS.

12.8 *Potential scale back*

By making an Application, Shareholders acknowledge and agree that any requirement for the Company to buy back Shares under the Equal Access Buy Back is subject to the application of any scale back in the circumstances described in section 11.6.

12.9 *When and how will payments be made under the Equal Access Buy Back?*

Payments will be made on the Equal Access Payment Date in accordance with section 12.7(d)(xii) of this Explanatory Statement.

12.10 *Can I trade my Shares after submitting an Application Form?*

By submitting an Application Form, you are warranting to the Company that at all times after your Application is made, you are the registered holder of not less than the number of Shares which you have nominated in your Application Form to sell back to the Company and that all such Shares are

fully paid up, free from any mortgage, charge, lien or other encumbrance (whether legal or equitable) and from any third party rights and otherwise able to be sold freely by you.

Accordingly, once you have submitted an Application Form in respect of some or all of your Shares, you should not sell or offer to sell those Shares before the Equal Access Closing Date unless you lodge a Withdrawal Notice revoking your Application in accordance with section 12.6. If you have submitted an Application, your Shares will be placed in a “subposition” in the Company’s Share register. You will not be able to deal with those Shares until they have been released from the subposition. For the Shares to be released from that subposition you must withdraw your Application by lodging a Withdrawal Form in accordance with the procedures set out in section 12.6. Accordingly, if you wish to sell any of the Shares in respect of which you have submitted an Application, you must withdraw your Application before so doing.

In addition, you may not convert the Shares the subject of your Application Form from an Issuer Sponsored Holding to a CHESS Holding (or vice versa) prior to the Equal Access Buy Back Date (for example if you change your HIN or market participant (usually your broker)).

Lodgement of a Withdrawal Form may not take immediate effect. You should take this into consideration if you wish to sell any of your Shares in respect of which you have submitted an Application. If you agree to sell any Shares the subject of your Application after you submit an Application, the Company may, in its absolute discretion:

- reject your Application in its entirety; or
- treat the Application either as if it had not been lodged or as if you had offered the number of Shares held by you at the Equal Access Closing Date.

12.11 Shares held by trustees and nominees

Trustees and nominees who hold Shares should inform the beneficial owners of the Shares about the Equal Access Buy Back.

Trustees and nominees who hold Shares on behalf of more than one beneficial owner should aggregate all requests to participate in the Equal Access Buy Back received from beneficial owners and lodge one Application Form in respect of those acceptances. It is the responsibility of the trustee or nominee to aggregate requests to participate from underlying beneficial holders. The Company will not engage in correspondence with underlying beneficial owners

12.12 Company’s right to accept or reject Application Forms

At any time, the Company may, in its discretion and to the extent permitted by law:

- accept or reject any Application or Application Form, whether or not it complies with the Buy Back Documents;
- accept or reject an Application not made on the terms and condition set out in or submitted in accordance with the Buy Back Documents.

12.13 Tax implications

Shareholders should consult their own tax advisor for specific taxation advice in connection with the Equal Access Buy Back in order to assess the impact on their own particular circumstances.

12.14 No obligation to sell

Shareholders are not required to participate in the Equal Access Buy Back, if approved. Participation is entirely voluntary.

The Board strongly advises that all Shareholders read the Buy Back Documents in full and seek legal and financial advice in connection with the impact of participation in the Equal Access Buy Back on their personal circumstances.

13. Further considerations and risk factors

13.1 Overview

If Resolution 3 is approved, Shareholders with a minimum holding will be given an opportunity to exit their investment in the Company via the Minimum Holding Buy Back.

In the event that Resolution 4 is approved, the Company's Shares will be de-listed from the ASX.

If Resolution 5 (which is conditional on the passage of Resolution 4) is approved, all remaining Shareholders will be given an opportunity to exit their investment in the Company in whole or in part (subject to scale back) via the Equal Access Buy Back prior to the Company's De-listing.

Provided Resolution 3 is approved, the Minimum Holding Buy Back does not require any further Shareholder approval and will take place irrespective of the approval of Resolution 4 and/or Resolution 5. Shareholders who are holders of less than a marketable parcel of Shares on the Minimum Holding Record Date and at the Retest Time will have their Shares automatically bought back on the Minimum Holding Buy Back Date under the Minimum Holding Buy Back, unless they submit a Retention Notice on the date specified in the Minimum Holding Buy Back Letter.

Accordingly, and assuming Resolution 4 and Resolution 5 are passed, Shareholders will need to consider whether or not they wish to remain as Shareholders following De-listing.

This section provides Shareholders with additional information (including advantages and disadvantages of remaining as a Shareholder of the Company) to assist Shareholders to determine whether or not to approve the Resolutions and participate in the Minimum Holding Buy Back or Equal Access Buy Back (as relevant).

13.2 Current status of the Company's activities

The current principal activities of the Company include property development, rental accommodation management, the provision of secured short-term loans, wholesale product trading, online retailing, property funds management and an investment in a marketing services and travel company.

13.3 Company's proposed activities

The Company has an ecommerce site in which it wishes to further invest and expand. The Company believes that it is able to do this more freely in the context of taking risk if it is an unlisted company rather than a company listed on the ASX.

The ecommerce site has been operating for approximately 12 months. The business has evolved as an extension to the Company's Asset Trading Group Pty Ltd (**ATG**) business that purchases clearance stock from the likes of Samsung, LG, Telstra, Optus, Vodafone and others which it sells into Asia. The Company is currently looking to make a steady introduction of new products to the ecommerce site in order organically to grow that business. The Company is not currently planning a major acquisition or fundamental change to its current business. However, the Company will continue to assess business opportunities which may arise in the future, and which may or may not be consistent with its current business activities. If the Company is delisted, it will be able to adopt a more aggressive risk profile in pursuing this strategy than it could if it remained listed.

The Company will notify Shareholders, in accordance with its continuous disclosure obligations under the Listing Rules, of any major acquisition entered into or changes to its business activities initiated after the date of this Notice of Meeting.

13.4 The Company's financial position

As at the date of this Explanatory Statement the Company has approximately \$7.2 million in available cash.

Available cash assets following the Minimum Holding Buy Back and the Equal Access Buy Back (assuming 100% participation in each Buy Back and assuming that the number of Shares comprising unmarketable parcels on the Minimum Holding Record Date is similar to that as at 15 October 2012), is expected to be approximately \$5.8 million (before costs).

The Board estimates the potential costs and liabilities in connection with known matters could be up to \$0.7 million, however there is no certainty whatsoever that it will not be more (or less) than this amount.

13.5 Overview of claims and litigation affecting the Company

The Company is not actively engaged in any claims or litigation excepting as it relates to enforcing security through the Courts in connection with loans contained in its loan book in the ordinary course of its business.

13.6 Factors relevant to remaining as a Shareholder or exiting your investment in the Company

The Directors are of the view that the following considerations are relevant factors for Shareholders to assess when determining whether or not to approve the Resolutions and (assuming the Resolutions are approved) whether or not to remain a Shareholder in the Company (whether though participating on one of the Buy Backs or otherwise):

(a) Illiquidity

De-listing will result in the Company's Shares being removed from quotation on the ASX. If De-listing takes place:

- Shareholders would continue to hold their Shares (although they may dispose of them by way of transfer or through participation in the Minimum Holding Buy Back (if Resolution 3 is approved) or the Equal Access Buy Back (if Resolution 4 and Resolution 5 are approved));
- Shareholders will no longer be able to effect trades of Shares on the ASX through their broker – instead Shareholders would need to effect paper transfers of Shares and lodge these at the Company's offices; and
- Share prices and trading history for the Company will not be published on the ASX website and the prices for the Company's Shares will no longer be reported in newspapers or stock ticker services.

In general, shares which are not available for trading on a stock exchange may be less liquid than shares which are available for trading on a stock exchange. If the Company's Shares are removed from the official list, it may be more difficult for a Shareholder, in particular a minority Shareholder, to dispose of their Shares and/or find a purchaser for their Shares. Accordingly, there is no certainty that there will be a market for the Company's Shares following De-listing and as to how Shareholders will be able to exit their investment post De-listing. However, based on the last 6 months of trading, the Shares have, in any case, been relatively illiquid, with little significant on market trading activity.

(b) Concentration of voting power

The Minimum Holding Buy Back (if Resolution 3 is approved) and the Equal Access Buy Back (if Resolution 4 and Resolution 5 are approved) will, to the extent Shareholders participate in them, result in the cancellation of Shares in the Company. Accordingly, this may have an

impact on the voting power and potential control of substantial Shareholders who elect not to participate in the Buy Backs. The extent of any impact will depend on the level of participation in the Minimum Holding Buy Back and/or the Equal Access Buy Back, as relevant.

Accordingly, the number of Shares held by a Shareholder who does not participate in the Minimum Holding Buy Back or the Equal Access Buy Back would remain the same, but their percentage holding in the Company would increase following the Minimum Holding Buy Back and Equal Access Buy Back if other Shareholders elect to participate.

However, it is noted that substantial Shareholders already hold approximately 50% of all Shares and so already exercise effective control of the Company.

(c) Buy Back Price

Shareholders who exit their investment through one of the Buy Backs would receive the Buy Back Price per Share. The Board determined the Equal Access Buy Back Price of \$1.40 per Share by reference to the volume weighted average price per Share over 26 June 2012 to 23 September 2012 plus a premium of 89.18%.

The volume weighted average price per Share for the period from 26 June 2012 to 23 September 2012 (being the date immediately preceding the announcement on the ASX of the proposed De-listing and Buy Backs) was 73 cents per Share.

The volume weighted average price per Share for the 2 years period from 24 September 2010 to 23 September 2012 (being the date immediately preceding the announcement on the ASX of the proposed De-listing and Buy Backs) was 69 cents per Share.

The volume weighted average price per Share for the 1 year period from 24 September 2011 to 23 September 2012 (being the date immediately preceding the announcement on the ASX of the proposed De-listing and Buy Backs) was 63 cents per Share.

Shareholders may be able to sell their Shares in the market at a price which is higher than the Buy Back Price and/or with a tax outcome which is more favourable to them than participating in a Buy Back.

(d) No further risk

Shareholders who choose to exit their investment in the Company (whether through participating in a Buy Back or otherwise) will have no further risks or exposure in connection with holding Shares.

(e) No further benefits

Shareholders who choose to exit their investment in the Company (whether through participating in a Buy Back or otherwise) will have no right to any future income of the Company.

(f) Disclosure and compliance

Generally speaking, the disclosure requirements under the Listing Rules would no longer apply to a company post-delisting. However, if a company qualifies as an "unlisted disclosing entity" under section 675 of the Corporations Act it may nevertheless need to comply with certain disclosure requirements. A company may be classified as an "unlisted disclosing entity" in various circumstances, including if it has 100 or more members holding securities as a result of issues under a disclosure document. Depending on the take up of the Buy Backs, the Company may qualify as an "unlisted disclosing entity" for the purposes of the Corporations Act. In this case, the disclosure requirements pursuant to section 675 would apply to the Company post De-listing until such time as it was no longer an "unlisted disclosing entity" under section 675 of the Corporations Act. Under the Corporations Act, an "unlisted disclosing entity" is required to have its financial report for a financial year audited,

and its half year financial report audited or reviewed by an auditor. However, if the Company is not an "unlisted disclosing entity", there is no ongoing requirement for the Company to have its financial reports audited.

If the Company's membership falls below 50 Shareholders as a result of participation in the Buy Backs, it would not longer be subject to the Takeovers Code.

(g) Tax benefits

There may be individual tax benefits of participating or not participating in a Buy Back. Shareholders should consult their own tax advisor for specific taxation advice in connection with the De-listing and the Buy Backs in order to assess the impact on their own particular circumstances.

(h) Scale back

In the event that Shareholders holding large parcels of Shares do participate in the Equal Access Buy Back, the number of Shares bought back from each Shareholder who has accepted the Equal Access Buy Back in respect of all its Shares may be reduced by the same proportion to ensure that the Company does not buy back in excess of 943,636 Shares in aggregate under the Equal Access Buy Back. Where a scale back applies, Shareholders who participate in the Buy Back may be left with less than a marketable parcel of Shares. See section 11.6 for further details.

(i) No assurance of future dividends

As the Company will be utilising cash reserves to fund the Buy Backs, there is no assurance that the Company will pay dividends after the De-listing.

14. Additional Information

14.1 Director's interests

As at the date of the accompanying Notice of Meeting, the following Directors of the Company have an interest in the proposed Resolutions as they or their associates are Shareholders:

Director	Number of Shares
Theodore Baker	2,377,169 ¹
Peter Mitropoulos	44,589
<p>¹ Note: These Shares are held by:</p> <p>1 NCJ Holdings Pty Ltd - 2,268,633 Shares</p> <p>2 TTB Holdings Pty Ltd - 108,146 Shares</p> <p>3 Careerpath Australia Pty Ltd – 390 Shares</p> <p>Theodore Baker has the power to control the voting rights and disposal of the equity holding of these companies.</p>	

14.2 Lodgement

In accordance with section 257E of the Corporations Act, copies of the accompanying Notice of Meeting, Explanatory Statement, its annexures and Proxy Form have been lodged with ASIC.

As required by the Listing Rules, the Company has consulted with the ASX in connection with the reorganisation of its capital described in the Notice of Meeting and Explanatory Statement. A copy of this Notice of Meeting and this Explanatory Statement has also been provided to the ASX in accordance with the Listing Rules.

Neither ASIC nor the ASX nor any of their respective officers takes any responsibility for the contents of this Notice of Meeting and Explanatory Statement.

14.3 *Forward looking statements*

Certain statements contained in this Explanatory Statement may constitute 'forward looking statements' for the purposes of applicable securities laws. The Company undertakes no obligation to revise the forward looking statements included in this Explanatory Statement to reflect any future events or circumstances. The Company's actual financial performance could differ materially from the outcomes anticipated or expressed in or implied by these forward looking statements. Factors which could cause or contribute to such differences include the number of Shares bought back under the Buy Backs and general economic and trading conditions affecting the Company. Further information relating to the Company can be found at its website www.cl.com.au.

14.4 *Applicable law*

This Explanatory Statement and the Buy Back Documents are governed by the laws applicable in New South Wales.

15. **Glossary**

Capitalised words and expressions used in the Notice of Meeting and Explanatory Statement have the following meanings (unless they are otherwise defined in the Notice of Meeting and Explanatory Statement, or the context requires otherwise):

Annual Report	the meaning given in section 4 of the Explanatory Statement
Application	an application by a Shareholder to participate in the Equal Access Buy Back in respect of some or all of their Shares, made under a valid Application Form
Application Form	the form to be lodged by a Shareholder to sell Shares to the Company under the Equal Access Buy Back, which form will be despatched to Shareholders as described in the Explanatory Statement
ASIC	Australian Securities and Investments Commission
ASIC Regulatory Guide 110	ASIC Regulatory Guide 110: Share buy-backs dated July 2007 published by ASIC
ASX	ASX Limited ABN 98 008 624 691
Board	the board of Directors of the Company
Buy Back Documents	the Notice of Meeting, Explanatory Statement, the Application Form and (if applicable, the Withdrawal Form)
Buy Back Price	\$1.40 per Share
Buy Backs	the Equal Access Buy Back and the Minimum Holding Buy Back and Buy Back refers to any one of them as the context requires

CHESS	Clearing House Electronic Sub-register System, the ASX's computer-based securities transfer and settlement system
CHESS Holding	a holding of securities by a person is managed by a broker using CHESS
Company	CL Asset Holdings Limited (ABN 38 104 475 345)
Constitution	the constitution of the Company
Corporations Act	Corporations Act 2001 (Cth)
De-listing	the meaning given in section 3 of the Explanatory Statement
De-listing Date	the meaning given and determined in accordance with section 7 of the Explanatory Statement
Director	a director of the Company
Equal Access Buy Back	the meaning given in section 3 of the Explanatory Statement
Equal Access Buy Back Period	the meaning given to it in section 12.3(b) of the Explanatory Statement
Equal Access Closing Date	the meaning given and determined in accordance with section 7 of the Explanatory Statement
Equal Access Open Date	the meaning given and determined in accordance with section 7 of the Explanatory Statement
Equal Access Payment Date	the meaning given and determined in accordance with section 7 of the Explanatory Statement
Equal Access Record Date	the meaning given and determined in accordance with section 7 of the Explanatory Statement
Ex-Entitlement Date	the meaning given and determined in accordance with section 7 of the Explanatory Statement
Explanatory Statement	the explanatory statement comprising part of this Notice of Meeting
HIN or Holder Identification Number	the unique number assigned to a person who holds securities via a CHESS Holding
Issuer Sponsored Holding	a holding of securities by a person which is managed by the issuer of those securities
Listing Rules	the listing rules of ASX
Managing Director	the Director appointed as the managing director of the Company, being Theodore Baker
Meeting	the meaning given in the Notice of Meeting
Minimum Holding Buy Back	the meaning given in section 3 of the Explanatory Statement

Minimum Holding Buy Back Date	the meaning given and determined in accordance with section 7 of the Explanatory Statement
Minimum Holding Buy Back Letter	the meaning given to it in section 8.2 of the Explanatory Statement;
Minimum Holding Closing Date	the meaning given and determined in accordance with section 7 of the Explanatory Statement
Minimum Holding Payment Date	the meaning given and determined in accordance with section 7 of the Explanatory Statement
Minimum Holding Record Date	the meaning given and determined in accordance with section 7 of the Explanatory Statement
Notice of Meeting	the notice of meeting attached to and forming part of this document
Proxy Form	the proxy form relating to the Meeting in the form attached to this Explanatory Statement and accompanying Notice of Meeting
Registrar	Computershare Investor Services Pty Limited
Resolution 1	the resolution proposed to adopt the remuneration report, as set out in the Notice of Meeting
Resolution 2	the resolution proposed to approve the re-election of Mr Gary Dainton as a director, as set out in the Notice of Meeting
Resolution 3	the resolution proposed to approve the Small Holdings Amendment, as set out in the Notice of Meeting
Resolution 4	the resolution proposed to approve the De-listing, as set out in the Notice of Meeting
Resolution 5	the resolution proposed to approve the Equal Access Buy Back, as set out in the Notice of Meeting
Resolutions	Resolution 1, Resolution 2, Resolution 3, Resolution 4 and Resolution 5, and Resolution is a reference to any one of them as the context requires
Retention Notice	a notice (in the form annexed to the Minimum Holding Buy Back Letter) from a Shareholder holding less than a marketable parcel of Shares that they wish to retain their Shares
Retest Time	the meaning given to it in section 8.2 of the Explanatory Statement
Share	a fully paid ordinary share in the capital of the Company and Shares will be construed accordingly
Shareholder	the registered holder of a Share
Small Holding Amendments	the meaning given in section 3 of the Explanatory Statement
Takeovers Code	the provisions of the Corporations Act regulating takeovers, including Chapter 6 of the Corporations Act

US Person	the meaning given by Regulation S under the United States Securities Act 1933
Withdrawal Form	the form of that name provided by the Registrar on request by a Shareholder and which is used to withdraw or amend a previously submitted Application
VWAP	the volume weighted average price



ASSET HOLDINGS

CL Asset Holdings Limited

ABN 38 104 475 345

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

┌ 000001 000 CLS
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Proxy Form

For your vote to be effective it must be received by 10:00am (AEDT) Saturday, 24 November 2012

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 or update your securityholding, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN: I9999999999



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

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

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.



I 9999999999

IND

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 CL Asset Holdings 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, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of CL Asset Holdings Limited to be held at Crows Nest Centre, 2 Ernest Place, Crows Nest NSW 2065 on Monday, 26 November 2012, at 10.00am (AEDT) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Item 1** (except where I/we have indicated a different voting intention below) even though **Item 1** is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Item 1** by marking the appropriate box in step 2 below.

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.

		For	Against	Abstain
1	To adopt the remuneration report as set out in the Company Annual Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	To elect Mr Gary Dainton as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	To approve amendments to the Constitution to allow the buy-back of small shareholdings in the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	To approve the De-listing of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	To approve Equal Access Buy Back of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / / _____

CLS

1 3 8 2 4 7 A

Computershare +