



ASF GROUP LIMITED

ACN 008 924 570

Pro-rata Non-Renounceable Rights Issue - Offer Document

For a non-renounceable pro-rata offer to Eligible Shareholders of up to 163,303,144 New Shares at an issue price of AUD0.10 per New Share on the basis of one (1) New Share for every two (2) Existing Shares to raise up to AUD16,330,314 before issue costs.

Important Notice

If you are an Eligible Shareholder, this is an important document that requires your immediate attention.

This Offer Document is not a prospectus and it does not contain all of the information that an investor may require in order to make an informed decision regarding the New Shares offered.

This Offer Document should be read in its entirety before deciding whether to apply for the New Shares. If after reading this Offer Document you have any questions about the New Shares being offered under this Offer Document, then you should consult your professional adviser.

The New Shares offered by this Offer Document should be considered speculative.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Warning

The contents of this Offer Document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offer. If you are in any doubt about any of the contents of this Offer Document, you should obtain independent professional advice.

Important Notes

This Offer Document is dated 18 November 2013. The information contained in this Offer Document is important and should be read in its entirety prior to making an investment decision. If you do not fully understand this Offer Document or are in any doubt as to how to deal with it, you should consult your professional adviser. In particular, it is important that you consider the risk factors (see section 7 of this Offer Document) that could affect the performance of the Company before making an investment decision.

This Offer Document has been prepared in accordance with section 708AA of the Corporations Act as modified by ASIC Class Order 08/35. In broad terms, section 708AA of the Corporations Act relates to rights issues by certain entities that do not require the provision of a prospectus or other Offer Document. Accordingly, this Offer Document does not contain all of the information which a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required under Australian law or any other law to be disclosed in a prospectus. Section 708AA requires companies to lodge with the ASX a "cleansing notice". Among other things, the cleansing notice is required to:

- set out certain price sensitive information about the Company (if any) which the Company has not previously disclosed to the ASX, and
- state the potential effect the issue of new shares under the Offer will have on the control of the Company, and the consequences of that effect,

The Company lodged a Cleansing Notice with the ASX on 18 November 2013.

Eligible Shareholders should rely on their own knowledge of the Company, refer to disclosures made by the Company to ASX and consult their professional advisers before deciding whether to accept the Offer. Announcements made by the Company to ASX are available from the ASX website www.asx.com.au. The information in this Offer Document does not constitute a securities recommendation or financial product advice.

Before applying for New Shares you should consider whether such an investment, and the information contained in this Offer Document, is appropriate to your particular needs, and considering your individual risk profile for speculative investments, investment objectives and individual financial circumstances. You should consult your professional adviser without delay.

By returning an Application Form or lodging an Application Form with your stockbroker or otherwise arranging for payment for your New Shares in accordance with the instructions on the Application Form, you acknowledge that you have received and read this Offer Document, you have acted in accordance with the terms of the Offer detailed in this Offer Document and you agree to all of the terms and conditions as detailed in this Offer Document.

Offer restrictions

This Offer Document does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or issue this Offer Document. The Offer is not being extended, and New Shares will not be issued, to Shareholders with a registered address which is outside Australia, New Zealand, the People's Republic of China and Hong Kong.

Shareholders outside Australia, New Zealand, the People's Republic of China and Hong Kong

Eligible Shareholders, being Shareholders registered as holders of Shares at 7.00pm (Sydney time) on the Record Date with registered addresses in Australia, New Zealand, the People's Republic of China and Hong Kong, may participate in the Offer. ASF considers it is unreasonable to extend the Offer to Shareholders with registered addresses, as at the Record Date, outside of Australia, New Zealand, the Peoples Republic of China and Hong Kong (**Ineligible Shareholders**) having regard to the costs of complying with legal and regulatory requirements in each of those other jurisdictions. No Entitlement and Acceptance Forms will be sent to Ineligible Shareholders.

The Offer is not extended to, and no New Shares are offered or will be issued to, Ineligible Shareholders. Shareholders with registered addresses in Australia, New Zealand, the Peoples Republic of China and Hong Kong who hold Shares on the Record Date on behalf of persons who are not resident in Australia, New Zealand, the Peoples Republic of China and Hong Kong are responsible for ensuring compliance with all laws of the relevant overseas jurisdiction.

This Offer Document and accompanying Entitlement and Acceptance Form does not constitute, and is not intended to constitute, an offer of New Shares in any place outside of Australia, New Zealand, the People's Republic of China and Hong Kong in which, or to any person to whom it would not be lawful to make such an offer or to issue this Offer Document or the Entitlement and Acceptance Form.

The distribution of this Offer Document and the accompanying Entitlement and Acceptance Form in jurisdictions outside Australia, New Zealand, the People's Republic of China and Hong Kong may be restricted by law and anyone who comes into possession of this Offer Document should seek advice on and observe those restrictions. Any failure to comply with such restrictions might constitute a violation of applicable securities laws.

It is the responsibility of any person who comes into possession of this Offer Document outside Australia, New Zealand, the People's Republic of China and Hong Kong to ensure compliance with all laws of their country of residence. It is the responsibility of Applicants outside Australia, New Zealand, the Peoples Republic of China and Hong Kong to ensure compliance with all laws of any country relevant to their Acceptance.

Future performance and forward looking statements

Neither the Company nor any other person warrants or guarantees the future performance of the New Shares or any return on any investment made pursuant to the Offer. Investors should note that past share price performance of the Company provides no guidance to its future share price performance.

The forward looking statements in this Offer Document are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its Directors that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Offer Document. Investors should specifically refer to the "Key Risks" in section 7 of this Offer Document. That section refers to some but not all of the matters that may cause actual results to differ from the position stated in any forward looking statement in this Offer Document.

Disclaimer

This Offer Document has been prepared by the Company. No party other than the Company has authorised or caused the issue of this Offer Document or takes responsibility for, or makes any statements, representations or undertakings in, this Offer Document.

Boardroom Pty Ltd and Thomsons Lawyers have provided, and not withdrawn, their respective consent to be named in this Offer Document in the form and context in which they are named.

In particular, Boardroom Pty Ltd and Thomsons Lawyers (as share registry and Australian legal advisors of the Company, respectively), and their respective related bodies corporate, directors, employees, representatives or agents:

- (a) have not, authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this document;
- (b) do not make, or purport to make, any statement in this document, and there is no statement in this document which is based on any statement by them; and
- (c) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representations regarding, and takes no responsibility for, any part of this document.

Neither ASX nor ASIC takes any responsibility for the contents of this Offer Document.

No person is authorised to give information or to make any representation in connection with this Offer Document which is not contained in the Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Offer Document.

Privacy

The Company and the Share Registry have already collected certain personal information from you as a Shareholder. If you complete an Application Form, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration. The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or Share Registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

Governing Law

This Offer Document and the contracts formed on acceptance of the Application Forms are governed by the laws applicable in New South Wales. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales.

Enquiries

If, after reading this document, you have any questions about the Offer, please consult your legal, financial, taxation or other professional adviser. Shareholders may also contact William Kuan, Company Secretary between 9.00am and 5.00pm (Sydney time) on business days by calling (02) 9251 9088 from within Australia or + 61 2 9251 9088 from outside Australia.

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2 Chairman's letter

18 November 2013

Dear Shareholder,

On behalf of the Board of ASF Group Limited (**ASF** or the **Company**), I am pleased to invite you to participate in this Rights Issue that will allow you to subscribe for new additional shares in ASF and provide the Company with additional working capital and funds for future investments, including the Proposed CMR Transaction, should it complete.

The Rights Issue, which has the capacity to raise up to AUD16,330,314 (before issue costs) could result in the issue of 163,303,144 New Shares in the Company.

The Company is undertaking a pro-rata non-renounceable rights issue on the basis of one (1) New Share for every two (2) Existing Shares held at the issue price of AUD0.10 per New Share to raise AUD16,330,314 before issue costs (**Offer**). The Offer will not be underwritten. This Offer Document outlines the details of the Offer. New Shares will rank equally from allotment with Existing Shares in all respects.

Eligible Shareholders will be able to apply for any number of shares up to their full entitlement of New Shares. There is no minimum acceptance amount.

If you have any queries about the Offer, please contact the Company at any time between 9.00am and 5.00pm (Sydney time) during the Offer period. Refer to section 4.15 of this Offer Document for the relevant contact details.

On behalf of the board of the Company, I encourage you to consider this investment opportunity and thank you for your continuing support.



Min Yang
Chairman

3 Indicative timetable

| Event | Date |
|--|------------------|
| Announcement of Offer | 15 November 2013 |
| Offer Document, Appendix 3B and Section 708AA cleansing notice released to ASX | 18 November 2013 |
| Notice to Shareholders containing information required by Listing Rules | 19 November 2013 |
| “Ex” Date | 20 November 2013 |
| Record Date to determine Entitlement to New Shares | 26 November 2013 |
| Despatch of Offer Document and Application Form and announcement that despatch completed | 29 November 2013 |
| Closing Date | 13 December 2013 |
| Securities quoted on a deferred settlement basis | 16 December 2013 |
| ASX notified of under subscriptions | 17 December 2013 |
| Allotment of New Shares, despatch date of holding statements | 19 December 2013 |
| Trading commences for New Shares on a normal settlement basis | 20 December 2013 |

All dates are subject to change and accordingly are indicative only. ASF has the right to vary the dates of the Offer, without prior notice, subject to the Corporations Act and the ASX Listing Rules.

4 Summary of the Offer

4.1 The Offer

The Company is offering Eligible Shareholders the opportunity to participate in a pro-rata non-renounceable rights issue of New Shares on the basis of one (1) New Share for every two (2) Existing Shares held on the Record Date, being 7.00pm (Sydney time) on 26 November 2013, at an issue price of AUD0.10 per New Share.

The number of New Shares to which you are entitled (**Entitlement**) is shown on the accompanying Application Form.

Certain terms and abbreviations in this Offer Document are defined in the glossary of terms in section 9.

4.2 No Minimum Subscription

There is no minimum subscription for the Offer.

The full subscription in relation to this Offer is approximately AUD16,330,314 (before the costs of the Offer).

4.3 Underwriting of the Offer

The Offer will not be underwritten.

4.4 Effect of the Offer on the Control of the Company

The Company has lodged with ASX a notice in accordance with section 708AA of the Corporations Act which sets out, among other things, the effect of the Offer on the control of the Company. This Offer Document may be viewed on the websites of the Company and ASX.

If all Eligible Shareholders take up their Entitlements in full, the Offer will not diminish the percentage shareholding and voting power of each Eligible Shareholder (assuming no further issue of securities by the Company). If some Eligible Shareholders do not take up their Entitlement in full, then their percentage shareholding and voting power in the Company will be diluted.

The percentage shareholding and voting power of Ineligible Shareholders not eligible to participate in the Offer will also be diluted by New Shares issued under the Offer.

The Company currently has 326,606,287 shares on issue. The Rights Issue contemplates that up to 163,303,144 New Shares will be issued in order to raise up to AUD16,330,314.

Based on the holdings of Shareholders as set out in the Company's Share Register at the date of this Offer Document, no Shareholder following a take up of their Entitlements should increase their shareholding to more than 20% of the Company's issued capital.

4.5 Entitlement to participate in the Offer

Eligible Shareholders who are on the Company's Share Register at 7.00pm (Sydney time) on the Record Date are eligible to participate in the Offer.

An Application Form setting out your Entitlement to New Shares accompanies this Offer Document.

Nominees and custodian which hold Shares as nominees or custodians will receive an Offer Document. Nominees and custodians should carefully consider the contents of the Offer Document and note in particular that:

- (a) no Offer Document is to be sent to any Ineligible Shareholder or any person that is in the United States for whom they are the nominee holder; and

- (b) no Entitlement and Acceptance Form is to be submitted or New Shares otherwise purchased on behalf of any Shareholder that is not an Eligible Shareholder or any person that is in the United States.

The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary of the Entitlement is compatible with applicable foreign laws. Eligible Shareholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how to proceed.

4.6 **Acceptances**

This Offer may be accepted in whole or in part prior to 5.00pm (Sydney time) on 13 December 2013 subject to the rights of the Company to extend the Offer period or close the Offer early.

If your acceptance exceeds your Entitlement, your acceptance will be deemed to be for your maximum Entitlement and any surplus Application Monies will be returned (without interest).

If your acceptance of your Entitlement results in you holding a fraction of a New Share, the Entitlement will be rounded up to the nearest whole number.

Instructions for accepting your Entitlement are set out in section 5 and on the Application Form which accompanies this Offer Document.

4.7 **Offer is non-renounceable**

The Offer is non-renounceable. This means that your Right to subscribe for New Shares under this Offer Document is not transferable and there will be no trading of Rights on the ASX. If you choose not to take up your Rights, you will receive no benefit and your shareholding in the Company will be diluted as a result.

4.8 **Applying for additional New Shares**

Eligible Shareholders are not entitled to apply for New Shares in addition to their Entitlement.

4.9 **Placement of Shortfall**

A Shortfall will arise if the Applications received for New Shares under the Offer are less than the total number of New Shares offered.

The Directors will not place any Shortfall Shares.

4.10 **Allotment and Application Money**

New Shares will be issued only after all Application Money has been received and ASX has granted permission for the New Shares to be quoted. It is expected that New Shares will be issued no later than 19 December 2013 and normal trading of the New Shares on ASX is expected to commence trading on a normal settlement basis on 20 December 2013.

All Application Money received before New Shares are issued will be held in a special purpose account. After Application Money is refunded (if required) and New Shares are issued to Applicants, the balance of funds in the account plus accrued interest will be received by the Company.

4.11 **Rights and Liabilities attaching to the New Shares**

The New Shares will rank equally in respect of dividends and in all other respects (e.g. voting, bonus issues) as Existing Shares.

4.12 ASX Quotation

Application for admission of the New Shares to official quotation on ASX will be made.

Subject to the approval being granted by ASX, it is expected that quotation and trading of New Shares issued under the Offer will commence on a deferred settlement basis on 16 December 2013.

The fact that ASX may agree to grant official quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares.

4.13 Issue Outside Australia

(a) This Offer Document does not and is not intended to constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. The New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

(i) New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any Shares.

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

(ii) Hong Kong

The New Shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong) (the "Companies Ordinance"), or (ii) to "professional investors" as defined in the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) (the "SFO") and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance, and no advertisement, invitation or document relating to the New Shares may be issued or may be in the possession of any person for the purposes of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the New Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

This document has not been, and will not be, registered as a prospectus under the Companies Ordinance, nor has it been authorized by the Securities and Futures Commission in Hong Kong pursuant to the SFO. No action has been taken in Hong Kong to authorize or register this document or to permit the distribution of this document or any documents issued in connection with it.

WARNING: The contents of this Offer Document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

(iii) The People's Republic of China

Under the Securities Law of the People's Republic of China (the "Securities Law"), the New Shares may not be offered or sold to the public or more than 200 specified recipients, and no advertisement, public solicitation or other methods that may be deemed by the China Securities Regulatory Commission (the "CSRC") to constitute public offerings may be issued or undertaken in the People's Republic of China (excluding, for the purposes of this section, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan, the "PRC").

The New Shares may not be offered or sold to the public in the PRC other than to Eligible Shareholders of the Company with registered addresses in the PRC who acted and is acting in compliance with all applicable PRC laws and regulations relating to share subscription, the total number of which is not more than 200.

The New Shares may not be offered or sold through advertising, publicly soliciting or other methods that may be deemed by CSRC to constitute public offerings in the PRC. This Offer Document may not be sent, distributed or circulated in a way that may possibly make it constitute an offer to the public in the PRC.

- (b) The information in this Offer Document may not be delivered in the way that makes the offer of the New Shares does not constitute an offer of the New Shares, whether by way of a sale or subscription, in the People's Republic of China (excluding, for the purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). This Offer Document has not been, and will not be, registered as a prospectus under the Securities Law, nor has it been authorized by CSRC pursuant to the Securities Law, and is not required to, and may not, contain all the information that an investment statement or prospectus under PRC laws and regulations is required to contain. You are advised to exercise caution in relation to this Offer Document. If you are in any doubt about any of the contents of this Offer Document, you should obtain independent professional advice.

(c) United States

This Offer Document has not been, nor will it be, lodged, filed or registered with any regulatory authority under the securities laws of any country other than Australia. In particular, the New Shares have not been and will not be, registered under the U.S. Securities Act and may not be offered, sold or delivered within the United States of America or to or for the account or benefit of any U.S. Person, except pursuant to applicable exceptions from registration. In addition, hedging transactions with respect to the New Shares may not be conducted unless in accordance with the U.S. Securities Act.

(d) Ineligible Shareholders

The Company is of the view that it is unreasonable to extend the Offer to Ineligible Shareholders, having regard to the small number of foreign Shareholders and the cost of complying with the legal requirements and requirements of the regulatory authorities, in the respective overseas jurisdictions. Accordingly, the Offer does not extend to any Shareholders that are Ineligible Shareholders. The Company reserves the right to treat as invalid any Application that appears to have been submitted by an Ineligible Shareholder.

(e) Nominees

Eligible Shareholders holding Shares on behalf of persons who are resident outside Australia, New Zealand, the Peoples Republic of China and Hong Kong are responsible for ensuring that taking up any Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. The lodgement of an Application will constitute a representation and warranty to the Company that there has been no breach of such regulations. Shareholders who are nominees are also

advised to seek independent advice as to how they should proceed. Where the Offer has been dispatched to a Shareholder domiciled outside Australia, New Zealand, the Peoples Republic of China and Hong Kong, the Offer Document is provided for information purposes only.

4.14 **CHESS**

The Company participates in the Clearing House Electronic Sub-register System (CHESS). ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are broker sponsored, ASX Settlement will send you a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Offer Document, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Shares issued to you under the Offer and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

4.15 **Enquiries**

Any questions concerning the Offer should be directed to William Kuan, Company Secretary between 9.00am and 5.00pm (Sydney time) on business days by calling + 61 02 9251 9088 or consult your professional adviser.

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document.

This Offer Document is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. If you have any queries as to whether participation in the Offer is appropriate having regard to your particular circumstances or any queries on the specific consequences for you of any such participation, you should contact your stockbroker, accountant or other professional adviser.

5 How to apply

5.1 What you may do

The number of New Shares to which you are entitled to subscribe for is shown on the accompanying Application Form.

As an Eligible Shareholder, you may:

- (a) subscribe for all or part of your Entitlement (refer section 4.2); or
- (b) allow all or part of your Entitlement to lapse (refer section 4.4).

The Company reserves the right to reject any Application Form that is not correctly completed or that is received after 5.00pm (Sydney time) on the Closing Date.

The Company will treat you as applying for as many New Shares as your payment will pay for in full. Amounts received by the Company in excess of the number of New Shares you are ultimately allocated will be returned as soon as practicable. No interest will be paid on returned Application Money.

5.2 To subscribe for all of your Entitlement

If you wish to subscribe for all of your Entitlement, complete the accompanying Application Form in accordance with the instructions set out in that form. The Application Form sets out the number of New Shares you are entitled to subscribe for. The completed Application Form must be accompanied by a cheque or bank draft made payable to “ASF Group Limited” and crossed “Not Negotiable” for the appropriate Application Money in Australian dollars calculated at AUD0.10 per New Share accepted, and received by the Boardroom at the address set out below by no later than 5.00pm (Sydney time) on 13 December 2013.

Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

The Company will present the cheque or bank draft on or around the day of receipt of the Application Form. If a cheque is not honoured upon its first presentation, the Directors reserve the right to reject the relevant Application Form.

If the amount of your cheque(s) or bank draft(s) for Application Money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Application Form, you may be taken to have applied for such lower number of New Shares as your cleared Application Money will pay for (and to have specified that number of New Shares in your Application Form) or your Application may be rejected.

Alternatively, if you are paying by electronic transfer please refer to your personalised instructions on your Application Form.

It is your responsibility to ensure that your electronic payment is received by the Company by no later than 5.00pm (Sydney time) on 13 December 2013. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

Cash will not be accepted and no receipts will be issued.

5.3 To allow your Entitlement to lapse

If you are a Shareholder and do not wish to accept all (or part) of your Entitlement, you are not obliged to do anything. You will receive no benefit or New Shares.

If you wish to receive a benefit, you must take action to accept the whole or part of your Entitlement in accordance with the instructions above and on the back of the accompanying Application Form, rather than allowing them to lapse.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

5.4 **Application Form is binding**

A completed and lodged Application Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Document and, once lodged, cannot be withdrawn. If the Application Form is not completed correctly, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Application Form is final.

By completing and returning your Application Form with the requisite Application Monies, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Offer Document and Application Form, does not prohibit you from being given the Offer Document and Application Form and that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Application Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry using the contact details set out in the Application Form;
- (e) declare that you are the current registered holder of Shares and are resident in Australia, New Zealand, the People's Republic of China or Hong Kong;
- (f) acknowledge that the information contained in, or accompanying, the Offer Document and Application Form is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the New Shares have not, and will not be, registered, qualified or otherwise permitted to be offered or sold to the public under the securities laws in any other jurisdictions outside Australia.

If you have any queries concerning your entitlement or allocation, please contact:

William Kuan, Company Secretary between 9.00am and 5.00pm (Sydney time) on business days by calling 02 9251 9088 from within Australia or + 61 2 9251 9088 from outside Australia or contact your stockbroker or professional adviser.

6 Purpose and effect of the Offer

6.1 Purpose of the Offer

The purpose of the Offer is to raise up to AUD16,330,314 (before costs of the Offer).

The funds raised from the Offer will be used as working capital for the Company and to fund future investment opportunities of the Company, including the Company's proposed acquisition of 68.205% of the issued shares in Civil & Mining Resources Pty Ltd (**Proposed CMR Transaction**), should that transaction complete.

The Company refers you to its ASX announcement dated 8 November 2013 for further information regarding the Proposed CMR Transaction.

6.2 Effect on Capital Structure

If the Offer is fully subscribed, the effect of the Offer on the capital structure of the Company will be as follows:

| | Number |
|---|-------------|
| Shares currently on issue | 326,606,287 |
| Number of New Shares to be issued under this Offer Document | 163,303,144 |
| Total Shares on issue after completion of the Rights Issue | 489,909,431 |

*The above assuming that the Star Diamond Convertible Note is not converted prior to the Record Date.

The Star Diamond Convertible Note is the only Convertible Notes currently on issue. The Offer will have no effect on Star Diamond Convertible Note. The Star Diamond Convertible Note may only be converted at the election of the Company and it is the current intention of the Directors not to exercise the Company's right to convert the Star Diamond Convertible Note prior to the Record Date.

6.3 Effect of the Offer on Control

If all Eligible Shareholders take up their Entitlements in full (assuming no further issue of securities by the Company) the Offer will not diminish the percentage shareholding and voting power of each Eligible Shareholder. If some Eligible Shareholders do not take up their Entitlement in full, then their percentage shareholding and voting power in the Company will be diluted.

The percentage shareholding and voting power of Ineligible Shareholders will also be diluted by New Shares issued under the Offer.

The Company has lodged with ASX a notice in accordance with section 708AA of the Corporations Act which sets out, among other things, the effect of the Offer on the control of the Company. This notice may be viewed on the website of the Company and ASX.

7 Key risk factors

7.1 Overview

The New Shares offered under this Offer Document should be regarded as speculative due to the inherent risks associated with the Company's activities. Neither the Company nor the Directors warrant the future performance of the Company or any investment made pursuant to this Offer Document. An investment in the New Shares offered by this Offer Document should be considered speculative.

The Directors recommend that Shareholders and potential investors examine the contents of this document together with previous ASX disclosures and public documents of the Company, including its most recent audited financial statements, and rely on advice of their professional advisers before deciding whether or not to apply for New Shares pursuant to this document.

7.2 General risk factors

Fluctuations in the global economic conditions as well as general trends in the Australian and overseas markets may affect the trading price of the Company's Shares on the ASX. An investment in the Company involves general risks associated with any investment in shares of companies that are listed on the ASX. The following summary of the general risk factors, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of.

(a) Fluctuations in the stock market

The price of securities listed on the ASX may rise or fall due to numerous factors which may affect the market performance of the Company including:

- (i) general economic conditions, including inflation rates and interest rates;
- (ii) changes in commodity prices including the price of gold;
- (iii) variations in the local and global markets for listed shares in general, or for mining stocks in particular;
- (iv) changes to government policy, legislation or regulation;
- (v) competition in the industries in which the Company and its subsidiaries operate; and
- (vi) general operational and business risks.

The Offer carries no guarantee in respect of profitability, dividends, return of capital or the price at which Shares trade on the ASX.

(b) Changes in regulatory environment

The introduction of new legislation or amendments to existing legislation, developments in common law, or the interpretation of legal requirements in any of the jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately the financial performance of the Company. In addition, there is a risk that legal action may be taken against the Company in relation to its operations.

(c) Political risks

War or terrorist attacks anywhere in the world could result in a decline in economic conditions worldwide or in a particular region, which could produce an adverse effect on the business, financial condition and financial performance of the Company.

(d) Taxation

Future changes to tax law or changes to the way in which taxation laws are interpreted in the various jurisdictions in which the Company operates or makes underlying investments may correspondingly impact the taxation liability of the Company or the value of its assets.

There are tax implications arising from purchasing and selling Shares, receiving distributions from the Company, and participation in any on-market Share buy-backs. Accordingly, investors should seek their own independent taxation advice before applying for New Shares under the Offer.

(e) Insurance risks

Although insurance is maintained by the Company, no assurance can be given that adequate insurance will continue to be available to the Company in the future on commercially acceptable terms.

In addition, the Company may incur liabilities to third parties (in excess of any insurance cover or statutory reserves) arising from negative environmental impacts or other damages or injury. There is a risk of an occurrence of a significant event leading to losses that are not fully covered by insurance.

(f) Other external factors:

Other external factors that may affect the value of the New Shares include (but are not limited to):

- (i) changes in investor sentiment toward particular market sectors;
- (ii) changes in interest rates and the rate of inflation;
- (iii) the demand for, and supply of, capital;
- (iv) changes in exchange rates;
- (v) changes to accounting standards; and
- (vi) the nature of competition in the industries in which the Company operates.

7.3 Specific Risk factors

(a) Future Capital Requirements

The Company may require additional capital to fund further development of its existing or new projects. The Company's ability to raise sufficient further capital within an acceptable time frame and on terms acceptable to it will vary according to a number of factors including (without limitation) the prospects of new projects (if any), the results of exploration and subsequent feasibility studies, stock market and industry conditions and the price of relevant commodities.

(b) Exploration and Development

The Company, through its various subsidiaries and principle investments in the energy and resources sector, is exposed to various exploration and development risks. Exploration by its nature contains elements of significant risk. Ultimate success depends on the discovery of economically recoverable resources, obtaining the necessary titles and governmental regulatory approvals and obtaining and servicing of funding for mining operations if and when a decision to mine is made. There can be no assurance that the existing projects of the Company or any other projects or tenements that it may acquire in the future will result in the discovery of significant resources. Even if significant resources are identified, there can be no guarantee that they will be able to be economically exploited. The current and future operations of the Company's subsidiaries and investee companies, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- (i) geological conditions;
- (ii) limitations on activities due to seasonal weather patterns;
- (iii) alterations to joint venture programmes and budgets;
- (iv) unanticipated operational and technical difficulties encountered in ground conditions, survey, drilling and production activities;
- (v) mechanical failure of operating plant and equipment, adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;
- (vi) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment; and
- (vii) prevention or restriction of access by reason of political unrest, outbreak of hostilities, and inability to obtain consents or approvals (including clearance of work programs pursuant to existing, and any future access agreements entered into with future native title claimants).

(c) Resource Estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when made, may change significantly when new information becomes available. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and mining plans altered in a way which could impact adversely on the Company.

(d) Broadwater Bidding Risk

ASF Consortium Pty Ltd, a wholly owned subsidiary of the Company, together with its strategic partners in China has been shortlisted by the Queensland Government and Gold Coast City Council for the development of a large integrated tourism project which could include a cruise ship terminal, casino, hotel, marina and retail at Broadwater. A detailed Bid has been submitted and it is expected that a response to the Bid will be received in the coming months. There has been no indication that the Company will be successful in this Bid.

(e) Mining Risks

Mining risks include the uncertainties associated with the continuity of seams or ore bodies, fluctuations in grades, qualities and values of product being mined and unforeseen operating and technical problems. Exploration and mining may also be adversely affected or hampered by a variety of technical and non-technical factors such as seasonal conditions, industrial disputes, land claims, natural events, heritage, environmental and mining legislation and many other factors beyond the control of the Company.

(f) Economic Conditions and Commodity Prices

World economic conditions may affect the performance of the Company. If the Company's projects progress to the production stage, substantially all of the Company's revenue will be derived from the sale of mineral resource products including coal. Commodity prices fluctuate and are affected by numerous industry factors beyond the Company's control. These factors include demand for mineral resource products, forward selling by producers and production cost levels of major mineral resource producers. Commodity prices and exchange rates are subject to wide fluctuations. If the market prices of mineral commodities such as coal suffer significant falls, the Company would have to assess the economic impact of any sustained lower prices on recoverability and, therefore, on the viability of any mineral resources and reserves that it may have established and the viability of any future

operations. Low commodity prices may also limit Company's ability to obtain any required additional funding.

(g) Environmental Risks

The Company's projects are subject to rules and regulations regarding environmental matters and the discharge of hazardous wastes and materials. Any future property projects or mining operations may be expected to have a variety of environmental impacts should development proceed, including land and habitat impacts arising from the use of land. Property and exploration and development of any resources will be dependent on the projects meeting environmental guidelines. The granted development permits are dependent on approval of environmental management programs. While the Company intends to conduct its activities in an environmentally and socially responsible manner at all times, no assurance can be given that all required environmental approvals will be obtained or that material delays in obtaining such approvals will not occur.

(h) Tenement Risk and Access

There is a risk that any licence held by the Company or its investee companies may not be renewed in future and that the Company may be unable to comply with legislative or regulatory requirements to retain title or convert the title from exploration to mining licence. Termination of existing tenements (as well as contracts, licences, permits or approvals) or the introduction of new regulatory requirements may also adversely affect the success of the Company's projects and business from time to time.

(i) Lack of Operating History

Neither the Company nor its mining or exploration tenements have any significant mine operating history. There can be no assurance as to the results of any proposed exploration program, engineering or feasibility study and until a mining operation is developed, the Company anticipates that it will incur ongoing operating losses. No assurances can be given that the Company will be able to initiate or sustain successful mining operations or that its operations will achieve commercial viability.

(j) Implementation Risks

The success of the Company involves the implementation of a number of initiatives, including the successful execution of property project management, exploration and development programs and the establishment of mining operations. There are execution risks inherent in these initiatives and no assurance can be given that the Company will be successful in their implementation. There are shortages of skilled personnel available in these industries in Australia from time to time. This could impact the Company's ability to implement its proposed and future work programs.

(k) Additional Funding Requirements

The Company is likely to require additional funding to further enhance its investments. No assurance can be given that the Company will be able to raise the further funds required for additional development of the project(s).

(l) Expenditure Commitments

While most of the Company's resources interests are held via investee companies, some tenements are owned 100% by the Company. Where tenements are held by the Company, the Company must expend certain amounts annually on exploration. These expenditures are a condition of retaining title to tenements and they may vary during the currency of a tenement. Conditions imposed by licences and mining legislation must also be complied with. Consequently, there is a risk that the Company could lose title to one or more tenements if licence conditions are not complied with or if sufficient funds are not available to meet annual expenditure requirements. Relevant legislation also provides for numerous obligations which, if not fulfilled, may result in the cancellation of relevant licences or other consequences.

(m) Key Executives

The Company operates, and proposes to continue operating, with a small team of experienced professionals including consultants. The loss of certain personnel could cause material disruption to the Company's activities in the short to medium term. To minimise this risk, the Company has entered into employment or consultancy agreements with Min Yang, David Fang and Geoff Baker.

(n) Contract Risks

Many of the Company's activities will be conducted through contractual arrangements and contract risk exists with any agreement. The Company will take reasonable measures to minimise these risks but cannot guarantee the continuance of any contractual arrangements currently in place.

(o) Third Party Risks

The operations of the Company will require the involvement of a number of third parties, including suppliers, contractors and customers. Financial failure, default or contractual non-compliance on the part of such third parties may have a material adverse impact on the Company's operations and performance. It is not possible for the Company to predict or protect itself against all such risks.

(p) Property valuations

Factors affecting property valuations include capitalisation and discount rates, the economic growth outlook, land resumptions and releases and major infrastructure projects. Such impacts on property valuations lead to variations in the valuation of properties held by the Company or its investee companies.

(q) Repatriation of Earnings

The Company conducts its operations through subsidiaries and holds substantially all of its assets in such subsidiaries. Accordingly, any limitation on the transfer of cash or other assets between the Company and its subsidiaries could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

(r) Issue of Additional Securities

In certain circumstances, the Directors may issue equity securities without any vote or action by Shareholders. If the Company were to issue any equity securities the percentage ownership of existing Shareholders may be reduced and diluted.

(s) Speculative Nature of Investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially and adversely affect the financial performance of the Company and the value of the securities offered under this Offer Document. Therefore, the New Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares under the Offer.

8 Additional information

8.1 Disclosing Entity

The Company is a disclosing entity for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to ASX which a reasonable person would expect to have a material effect on the price or the value of the Company's Shares.

This document contains a summary of information only which the Company does not purport to be complete. The Offer Document is intended to be read in conjunction with the Company's periodic and continuous disclosure announcements lodged with the ASX.

Copies of the Company's announcements can be obtained from the ASX website www.asx.com.au or the Company's website www.asfgroupltd.com.

8.2 Rights Issue Offer Document

This Offer Document is issued pursuant to section 708AA of the Corporations Act without disclosure to investors under Part 6D.2 of the Corporations Act. Accordingly, this document contains a summary of information only which the Company does not purport to be complete.

Pursuant to the conditions imposed on the Company by section 708AA of the Corporations Act, the Company provided ASX with a notice that complied with the requirements of section 708AA(7) on 18 November 2013. In addition to certain minor and technical matters that notice was required to:

- (a) set out any information that had been excluded from a continuous disclosure notice in accordance with the Listing Rules and that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (ii) the rights and liabilities attaching to the New Shares; and
- (b) state the potential effect of the issue of the New Shares on the control of the Company and the consequences of that effect.

8.3 Information availability

Eligible Shareholders can obtain a copy of this Offer Document during the period of the Offer on the Company's website at www.asfgroupltd.com or by calling the Company Secretary on +61 2 9251 9088. Persons who access the electronic version of this Offer Document should ensure that they download and read the entire Offer Document and the other relevant information to which it refers.

The electronic version of this Offer Document will not include an Application Form. A replacement Application Form can be requested by calling Company Secretary on +61 2 9251 9088.

8.4 Past Performance

Investors should note that the past Share price performance provides no guidance as to future Share price performance.

8.5 Taxation

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Offer or Shareholders applying for New Shares, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of accepting the Offer.

9 GLOSSARY

AUD, \$ and dollars means Australian dollars, unless otherwise stated.

Application means an application for New Shares pursuant to the Application Form.

Application Form means the entitlement and acceptance form attached to or accompanying this Offer Document.

Application Money means money received from an Eligible Shareholder in respect of their Application.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the market operated by that entity, as the context requires.

ASX Settlement means ASX Settlement Pty Ltd (ABN 49 008 504 532).

ASX Settlement Operating Rules means the settlement rules of ASX Settlement.

Board means the board of Directors.

CHESS means ASX Clearing House Electronic Sub-register System.

Closing Date means 13 December 2013 or such other date as may be determined by the Directors under this Offer Document.

Company or **ASF** means ASF Group Limited (ACN 008 924 570).

Convertible Note means a note that may be converted into Shares.

Corporations Act means the Corporations Act 2001 (Cth), including as modified by ASIC Class Order 08/35 in relation to the Offer.

Director means the directors of the Company.

Eligible Shareholder means a Shareholder as at 7.00pm EST on the Record Date with a registered address in Australia, New Zealand, the Peoples Republic of China and Hong Kong.

Entitlement or **Right** means a Shareholder's entitlement to subscribe for New Shares offered under this Offer Document.

Existing Share means a fully paid ordinary share in the capital of the Company on issue as at the Record Date.

Full Subscription means the amount of AUD16,330,314 (less Offer costs) to be raised under the Offer.

Ineligible Shareholders means Shareholders with registered addresses, as at the Record Date, outside of Australia, New Zealand, the People's Republic of China and Hong Kong.

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

New Share means a fully paid ordinary share in the capital of the Company to be issued under the Offer.

Offer or **Rights Issue** means the offer to Eligible Shareholders of up to 163,303,144 New Shares at an issue price of AUD0.10 per New Share on the basis of one (1) New Share for every two (2) Existing Shares held at the Record Date.

Offer Document means this document, including any supplements or replacements to this document.

Official Quotation means official quotation on ASX.

Proposed CMR Transaction has the meaning set out in section 6.1.

Record Date means 26 November 2013.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Share Registry means Boardroom Pty Limited.

Shortfall will occur if the Company does not hold successful valid Applications for all the New Shares offered by the Company under the Offer by the Closing Date.

Shortfall Shares means New Shares for which successful valid Applications have not been received by the Closing Date.

Star Diamond Convertible Note means a AUD10 million convertible loan facility granted by Star Diamond Developments Limited, which can be converted into either one or a combination of Shares or into new shares of the Company's subsidiaries or investments held by such subsidiaries. As at the date of this Offer Document, a total of AUD9 million of the loan facility has been drawn down.

Corporate Directory

Directors

Ms Min Yang, Chairman/Director

Mr Nga Fong Lao, Vice Chairman/Non-Executive Director

Mr Quan (David) Fang, Director

Mr Wai Sang Ho, Non-Executive Director

Mr Geoff Baker, Non-Executive Director

Mr Alan Humphris, Non-Executive Director

Mr Xin Zhang, Non-Executive Director

Mr Yong Jiang, Non-Executive Director (appointed 30 November 2012)

Company Secretary

Mr Chi Yuen (William) Kuan

Registered office and principal place of business

Suite 2, 3B Macquarie Street

Sydney NSW 2000

Telephone: 02 9251 9088

Facsimile: 02 9251 9066

Website: www.asfgroupltd.com

Share Registry

Boardroom Pty Ltd

Level 7, 207 Kent Street

Sydney NSW 2000

Telephone: 02 9290 9600

Facsimile: 02 9279 0664

Australian Legal Advisors

Thomsons Lawyers

Level 25, 1 O'Connell Street

Sydney NSW 2000

Stock Exchange listing

ASF Group Limited shares are listed on the Australian Securities Exchange (ASX) and the ASX code is "AFA"