



AFT CORPORATION LTD

ABN 33 004 701 062

NOTICE OF ANNUAL GENERAL MEETING, EXPLANATORY MEMORANDUM AND PROXY FORM

Date of Meeting
Tuesday 27 May 2014

Time of Meeting
10.00am (EST)

Place of Meeting
Office of Hayes Knight
Level 2, 115 Pitt St
Sydney NSW 2000

AFT CORPORATION LTD
ABN 33 004 701 062
(Company)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of the Company will be held at:

The Office of Hayes Knight, Level 2, 115 Pitt St, Sydney NSW 2000

on

Tuesday, 27 May 2014 at 10.00am

An Explanatory Memorandum containing information in relation to each of the resolutions to be put to the Meeting accompanies this Notice.

In accordance with regulation 7.11.37 of the Corporations Regulations 2001, it has been determined that shares in the Company will be taken to be held by the persons who are registered holders as at 8.00am (EST) on Friday, 23 May 2014. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

If you wish to vote on the resolutions contained in this notice, you should either attend the Meeting in person, or appoint a proxy or proxies to attend on your behalf. To be valid, Proxy Forms must be completed and returned to the Company no later than 10.00am (EST) Sunday, 25 May 2014.

A body corporate may appoint a representative to attend in accordance with the Corporations Act. An executed notice evidencing the appointment of the person attending as a body corporate representative is required when registering at the Annual General Meeting if not previously lodged with the Company.

Refer to the instructions on the enclosed proxy form in relation to the appointment of proxies.

AGENDA

To consider and, if thought fit, to pass the following resolutions:-

ORDINARY BUSINESS

2013 Accounts

To receive and consider the Directors' report and statement of financial performance for the year ended 31 December 2013, the statement of financial position at that date, the Auditors' report and the Directors' declaration on the accounts.

Non-binding Ordinary Resolution 1: Remuneration Report

To consider and, if thought fit, pass the following resolution as an ordinary resolution (advisory vote only):

"That pursuant to and in accordance with section 250R (2) of the Corporations Act the Remuneration Report contained within the Directors' Report be adopted."

Ordinary Resolution 2: Re-Election of Mr Neil Bourne as a Director of the Company

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

"That Mr Neil Bourne, a director retiring by rotation in accordance with the Company's Constitution, is re-elected as a director of the Company."

Ordinary Resolution 3: Approval to Convert Unsecured Loan Note

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

"That, in accordance with ASX Listing Rule 7.1 and for all other purposes, Shareholders authorise the Unsecured Loan Note to be convertible into shares on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person and their associates who may participate in the proposed issue and a person and their associates who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.

However, the Company need not disregard a vote if it is cast by such a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides

By Order of the Board

M WATSON

Company Secretary

Dated: 23 April 2014

AFT CORPORATION LTD
ABN 33 004 701 062
(Company)

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of the Company. The Directors of the Company (**Directors**) recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

The following information should be noted in respect of the various matters contained in the accompanying Notice of Annual General Meeting:

Non-Binding Ordinary Resolution 1: Remuneration Report

Pursuant to section 250R(2) of the Corporations Act, a resolution adopting the Remuneration Report contained within the Directors' Report must be put to a vote.

Shareholders are advised that pursuant to section 250R(3) of the Corporations Act, this resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out within the Director's Report at pages 17 to 21. The Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive and non-executive Directors and senior executives of the Company;
- sets out remuneration details for the executive and non-executive Directors of the Company;
- details and explains any performance conditions applicable to the remuneration of executive Directors and senior executives of the Company; and
- provides an explanation of share based compensation payments for each Director and senior executives of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting. The Board unanimously recommends that shareholders vote in favour of adopting the Remuneration Report.

To approve the Remuneration Report for the year ended 31 December 2013. AFT Corporation Limited will disregard any votes cast (in any capacity) on item 1 by or on behalf of a member of the Key Management Personnel (KMP) named in the Remuneration Report or that KMP's closely related party unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form.

Ordinary Resolution 2: Re-Election of Mr Neil Bourne as a Director of the Company

Section 3.6(a) of the Company's Constitution provides that at the Annual General Meeting of the Company, one third of the Directors shall retire from office. Accordingly, Mr Neil Bourne, being a Director of the Company, retires by way of rotation and, being eligible, offers himself for re-election as a Director of the Company. Information about Mr Bourne is set out on page 14 of the Company's 2013 Annual Report.

The Board (with Mr Neil Bourne abstaining) recommends that shareholders vote in favour of this resolution.

Ordinary Resolution 3: Approval to Convert Unsecured Loan Note

The Company has issued an unsecured loan Note to Surplus King Capital Resources Limited to raise \$1 million.

The key terms of the Note are as follows:

- (a) The full amount of the Note, being \$1 million, has been advanced to the Company to be used to expand the existing solar energy business of the Company into an additional 2 offices in large regional towns. The funds will enable to the company to employ the needed staff, sales marketing activities and enter the necessary contracts with local companies.
- (b) The Note is unsecured, and is repayable in full within 6 months of agreement if Resolution 3 (seeking approval to allow the Note to be converted into Shares) is not approved by Shareholders,
- (c) The Note bears interest at a rate of 6% per annum, payable at maturity or upon conversion.
- (d) Subject to Shareholder approval being obtained (being the subject of Resolution 3), Surplus King Capital Resources Limited has the right (but not the obligation) to convert any or all of the principal of the Note into Shares at a conversion price of \$0.001 per share.
- (e) GA Renewable Energy Limited, a Hong Kong based company, is jointly owned by Surplus King Capital Resources Limited, Onejetong Elevator Limited and AFT Corporation Limited (33%).

Listing Rule 7.1 prevents a Company, with certain exceptions contained in the Listing Rules, from issuing more than 15% of the issued capital of the Company within 12 months without shareholder approval. The effect of passing Resolution 3 is to provide shareholder approval to enable the Company to grant Surplus King Capital Resources Limited the right to convert any or all of the Note into shares.

For the purposes of Listing Rule 7.3, the following information is provided:

- (f) Upon shareholder approval the company will be deemed to have issued one convertible note. The maximum number of shares that can be issued on conversion is 1,000,000,000 Ordinary Shares;
- (g) Upon shareholder approval the unsecured note will become a convertible note and therefore deemed to have been issued within 3 months from the date of the general meeting.
- (h) The issue price of the note is \$1 million. Any shares issued on conversion will be issued at a price \$0.001each.
- (i) The convertible note will be issued to Surplus King Capital Resources Limited.
- (j) The terms of the note are summarised above. Any shares issued on conversion will rank equally in all respects with existing ordinary fully paid shares on issue in the Company.
- (k) Funds raised by the issue of the note will be used as additional working capital for the Company to continue to advance the Company's Solar Energy Projects.

GLOSSARY

Annual General Meeting or **Meeting** means the meeting of Shareholders convened by the Notice.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited.

Board means the board of Directors of the Company.

Constitution means the Company's constitution.

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

Directors mean the current directors of the Company.

Explanatory Memorandum means this explanatory memorandum.

Listing Rules means the Listing Rules of ASX.

Notice means the notice of meeting accompanying this Explanatory Memorandum.

EST means Eastern Standard Time.

Resolutions means the resolutions contained in the Notice which Shareholders will vote upon.

Shareholder means a holder of a Share.

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