

NOTICE OF GENERAL MEETING
Computronics Holdings Limited (ABN 73 082 573 108)

Notice is hereby given that the General Meeting of the Shareholders of Computronics Holdings Limited (*Company*) will be held at Unit 1, 103 Lewis Road, Knoxfield, VIC 3180 on Monday, 4 July 2011 at 10:00am.

BUSINESS:

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

Resolution 1: Issue of Convertible Notes

'That for the purposes of ASX Listing Rule 7.1, approval be given to the Company to issue up to 69,135,891 convertible notes in the Company on the terms and conditions set out in the Explanatory Notes to the Notice convening this General Meeting.'

By Order of the Board

Murray Smith



Company Secretary

3 June 2011

EXPLANATORY NOTES

These Explanatory Notes form part of the Notice of General Meeting dated 3 June 2011 and should be read in conjunction with that Notice as these Explanatory Notes contain important information on the proposed Resolution.

RESOLUTION 1 – ISSUE OF CONVERTIBLE NOTES

1. Background

On or around 21 May 2010, the Company entered into an agreement with Melbourne Finance Broking Pty Ltd (**Melbourne Finance**) (**Convertible Note Agreement**).

Under the Convertible Note Agreement, Melbourne Finance agreed to provide the Company with a facility of \$1,000,000. Notwithstanding the announcement by the Company in an ASX announcement on 8 July 2010 (**Announcement**), in which the amount of the facility was stated to have increased to \$1,200,000, funds were never received in relation \$162,961.59 of that \$1,200,000. Accordingly, the actual amount drawn down on the facility is \$1,037,038.41.

The Company drew down on the facility in order to make payments to Point of Pay Pty Ltd (**POP**) as part of its agreement to acquire an Exclusive Master License (**EML**) for POP's network for secure payments over the internet.

The Convertible Note Agreement provides that following draw down on the facility, the Company would issue Convertible Notes to Melbourne Finance on the terms and conditions specified in the Convertible Note Agreement (see Annexure A). Subject to shareholder approval, the Convertible Notes would be converted into ordinary shares in the Company at \$0.015 per share.

Resolution 1 seeks shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of up to 69,135,891 Convertible Notes.

1.1. ASX Listing Rule 7

ASX Listing Rule 7.1 provides that unless an exception applies, the prior approval of the shareholders of a company is required for an issue of equity securities if the securities will, when aggregated with the ordinary securities issued by the Company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

As the issue of Convertible Notes will result in the issue of more than 15% of the ordinary securities on issue, shareholders are being asked to approve the issue of the Convertible Notes.

In order for the Company to rely on Shareholder approval of the issue of Convertible Notes pursuant to Listing Rule 7.1, the Convertible Notes must be issued within 3 months of the date of shareholder approval.

If shareholder approval is obtained pursuant to Resolution 1, then the issue of Convertible Notes will not be counted in the 15% calculation for the purpose of future issues of securities. The Directors believe it is prudent to allow scope for the Company to have flexibility to issue securities in the future in response to opportunities as they arise, as will be enabled by the passing of this Resolution.

ASX Listing Rule 7.3 requires the following information to be provided to Shareholders:

(a) Maximum number of securities to be issued

The Company will issue 69,135,891 Convertible Notes, each convertible into one fully paid ordinary share in the Company.

(b) Date by which Convertible Notes will be issued

The Convertible Notes will be issued and allotted by not later than 3 months after the date of this General Meeting.

The Convertible Notes are intended to be converted into ordinary shares within 7 days of the later of:

- re-quotation on the ASX; and
- shareholder approval of Resolution 1.

(c) Price at which the securities are to be issued

The Convertible Notes will be issued as consideration for the provision by the allottees of the \$1,037,038.41 loan to the Company.

The \$1,037,038.41 loan will be repaid upon the conversion of the Convertible Notes at the conversion price of \$0.015 per share.

(d) Names of allottees

The allottees of the Convertible Notes being the providers of cash upon drawdown of the facility under the Convertible Note Agreement are the following entities or their nominees:

Allottee	Number of Convertible Notes
Simon Murray	7,525,338
Lawrence Clarke	1,110,556
Welas Pty Limited	8,000,000
Jason Craig and Amanda Phillips	2,000,000
Jerry Pilarinos	33,333,333
Michael Nicholls	3,333,333
Russell Christensen	3,333,333
Chris Mcdonough	1,666,667
Paul Smith	1,000,000
Lee Roberts	1,333,333
Adrian Walker	833,333
Angela Wong	3,333,333
Harry Irma and Mathew Armitage	1,333,333
S Gardiner	333,333
King Chao Developments Pty Ltd	666,666
TOTAL	69,135,891

(e) Terms of the Convertible Notes

See Annexure A.

(f) Intended use of funds raised

No funds will be raised upon issue of the Convertible Notes as their issue is consideration for the provision of the \$1,037,038.41 facility already provided by the allottees.

Funds raised upon conversion of the Convertible Notes will be applied to repayment of the \$1,037,038.41 loan from the allottees, which has been applied by the Company as working capital and to fund payments to POP to acquire the EML.

As set out in the Company's ASX announcement of 21 March 2011, the Company is presently in a dispute with POP in relation to the EML.

(g) Recommendation

The Board recommends that shareholders approve the issue of Convertible Notes as contemplated by Resolution 1.

1.2. Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 1 by:

- any person who may participate in the proposed issue and any other person who may obtain a benefit, except a benefit solely in the capacity of holder of ordinary securities, if Resolution 1 is passed; and
- any associate of any person who may participate in the proposed issue and any other person who may obtain a benefit, except a benefit solely in the capacity of holder of ordinary securities, if Resolution 1 is passed.

However the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

GENERAL NOTES

Entitlement to Vote

The Company has determined in accordance with Part 7.11 of the Corporations Regulations that for the purpose of voting at the meeting, shares will be taken to be held by those persons recorded on the Company's register as at 10am Australian Eastern Daylight Time on 2 July 2011.

Corporate Representatives

For a corporate representative to vote, they will require a Certificate of Appointment of Corporate Representative executed in accordance with the *Corporations Act*.

Voting

On a show of hands, every member present in person or by proxy or by attorney or, in the case of a corporation, by duly appointed representative, shall have one vote and on a poll one vote for every share held provided that if a member appoints two proxies or two attorneys, neither proxy nor attorney shall be entitled to vote on a show of hands.

Proxies

A member entitled to attend and vote at the General Meeting may appoint one or two persons to attend and vote at the meeting as the member's proxy. If you wish to appoint a second proxy you will need to complete a second form. Security Transfer Registrars will provide additional proxy forms upon request.

A proxy need not be a member. If two proxies are appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. If the vote split is not specified, it is deemed to be equally divided between the two proxies.

The Proxy Form must be deposited at the share registry of the Company, Security Transfer Registrars, located at 770 Canning Highway, Applecross WA 6153 or by mail to PO Box 535 Applecross WA 6953, Australia, or by facsimile to Security Transfer Registrars on +61 (0) 8 9315 2233 by no later than 10am Australian Eastern Daylight Time on 2 July 2011.

Annexure A – Convertible Note Terms

SCHEDULE 1

NOTE TERMS

1. Form, Issue Price, Face Value and transfer	8. Payments and other matters
2. Interest Payments	9. Amendment of these Note Terms
3. Redemption, Conversion and Exchange general provisions	10. Substitution of Issuer
4. Redemption or Conversion	11. Notices
5. Automatic Exchange	12. Governing law and jurisdiction
6. Conversion Actions	13. Interpretation and definitions
7. Allotment	

1 Form, Issue Price, Face Value and transfer

1.1 Form

- (a) Notes are redeemable for cash on the first anniversary of the Issue Date only and convertible into Shares at the option of the Company subject to terms under clause 1.1(b).
- (b) The Company will seek shareholder approval and ASX re-listing for the conversion of the notes within six months of issue and upon shareholder approval and ASX re-listing the Notes will be converted within 7 days. If shareholder approval and ASX re-listing is not obtained the notes become redeemable.

1.2 Issue Price and Face Value

Each Note:

- (a) will be issued at an issue price of \$0.015 and has a face value of \$0.015 (Face Value); and
- (b) must be fully paid for on application.

1.3 Effect of entries in Register

Each Note constitutes:

- (a) an unconditional and irrevocable undertaking by the Company to the Noteholder to make all payments of principal and interest in respect of the Note in accordance with these Note Terms; and
- (b) an entitlement to the other benefits given to the Noteholder under these Note Terms in respect of the relevant Note.

1.5 Register conclusive

Entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the absolute owner of the Note subject to correction for fraud or error. Except as

required or permitted by law, the Company must treat the person entered in the Register as the absolute owner of that Note.

1.6 Transfer

The Noteholder may, with the prior written consent of the Company (which must not be unreasonably withheld), sell, transfer, assign or otherwise dispose of any interest in the Notes.

2 Interest Payments

2.1 Interest Payments

Subject to these Note Terms, each Note entitles the Noteholder to receive on each Interest Payment Date an interest payment (Interest Payment) calculated according to the following formula:

$$\text{Interest Payment} = \frac{\text{Interest Rate} \times \text{Face Value} \times N}{365}$$

where:

Interest Rate 10 per cent per annum.

N means in respect of:

- (a) the first Interest Payment Date, the number of days from (and including) the Issue Date until (and including) the first Interest Payment Date; or
- (b) each subsequent Interest Payment Date, the number of days from (but not including) the preceding Interest Payment Date until (and including) the next Interest Payment Date.

2.4 Interest Payments are cumulative

If all or any part of an Interest Payment is not paid on an Interest Payment Date for any reason the amount not paid will accumulate and will accrue interest (Accumulated Interest).

2.5 Interest Payment Dates

Interest Payments will be payable in arrears on the following dates (each an Interest Payment Date):

- (a) each, 30 September 2010 and 31 December 2010 and 30 March 2011 and 30 June 2011 until the last Realisation Date; and
- (b) each Realisation Date.

If the Company elects to pay any Accumulated Interest, then the date of payment also becomes an Interest Payment Date.

2.6 Payment of Accumulated Interest

Subject to this clause 2, the Company may, in its discretion, elect to pay all or part of the Accumulated Interest to the Noteholder at any time, including on any Interest Payment Date.

3 Redemption, Conversion and Exchange general provisions

3.1 Meanings

- (a) Redemption in respect of a Note, means the Note is redeemed by the Company for the Redemption Amount and the Redemption Amount is paid in cash to the Noteholder.
- (b) Conversion in respect of a Note, means the Note is converted by the Noteholder into Shares.

3.2 Redemption generally

Subject to these Note Terms, the Notes will only be redeemed by the Company pursuant to clause 4 or clause 5.

3.3 Redemption or Conversion by the Company

The Company may only Redeem all (and not some only) of the Notes under clause 4.

3.5 Notices irrevocable

A Redemption Notice or a Conversion Notice is irrevocable once given.

3.6 Redemption Amount

Subject to clause 8.5, the Redemption Amount is equal to the Face Value. If Notes are to be Redeemed, on the Realisation Date, the Company must pay to the Noteholder the Redemption Amount in respect of each Note which is Redeemed.

3.7 Effect of Redemption, Conversion or Exchange

Upon Redemption or Conversion and payment of any Interest Payment due in respect of a Note (which for the avoidance of doubt does include Accumulated Interest) on the Realisation Date, all other rights conferred, or restrictions imposed, by that Note will no longer have effect.

3.8 Holder to become a member

The Noteholder irrevocably:

- (a) agrees that any Redemption Amount due on a Conversion is to be applied in

payment of the subscription monies due on the Shares to be issued;

- (b) agrees that on a Conversion it consents to becoming a member of the Company and being bound by the Constitution and the Share Terms.

3.9 Failure to Convert or Exchange

If on a Realisation Date the applicable Redemption Amount is not paid on Redemption or a Share is not issued on Conversion, the relevant Note remains on issue until the Noteholder receives the Shares in respect of that Note or the Redemption Amount in cash. This clause 3.9 does not affect the obligation of the Company to issue the Shares.

4 Redemption or Conversion

4.1 Redemption

The Company must Redeem all outstanding Notes on the first anniversary of their Issue Date.

4.2 Conversion Notice

To elect to Convert, the Noteholder must give a Conversion Notice. The Conversion Notice must:

- (a) be given no less than 5 Business Days before the date for Conversion;
- (b) state as the Realisation Date the Interest Payment Date immediately following the date of the Conversion Notice, which must be no later than the second anniversary of the Issue Date; and
- (c) if less than all Notes are being Converted, state the proportion of Notes to be Converted.

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5.2 Event of Default

If an Event of Default occurs and Melbourne Finance serves a notice on the Company declaring the Notes to be immediately Redeemable, the Company must immediately Redeem the Notes.

6 Conversion actions

6.1 Conversion Number

Subject to this clause 6, on Conversion, the number of Shares to be issued for each Note being Converted (Conversion Number) is calculated according to the following formula:

$$\text{Conversion Number} = \frac{\text{Face Value}}{\$0.015}$$

6.2 Number of Shares

If the total number of Shares to be issued to a Noteholder on a Realisation Date in respect of their aggregate holding of Notes being Converted includes a fraction of a Share, that fraction will be disregarded.

6.3 Adjustments to Conversion Number

Where the Ordinary Shares are reconstructed, consolidated, divided or reclassified into a lesser or greater number of securities, the Conversion Number must be adjusted to reflect that event and these Notes Terms will be construed accordingly.

6.4 Ranking of Shares

Each Share issued on Conversion ranks equally with all other Shares.

7 Allotment

The Shares must be allotted within 10 Business Days after the Realisation Date and the allotment will have effect and be taken to have been made on the Realisation Date.

8 Payments and other matters

8.1 Calculation of Payments

All calculations of payments will be rounded to four decimal places. For the purposes of making any payment in respect of the Noteholder's aggregate holding of Notes, any fraction of a cent will be disregarded.

8.2 Deductions and gross-up

The Company may deduct from any payment payable to the Noteholder the amount of any withholding or other tax, duty or levy required by law to be deducted in respect of such payment.

If any deduction is required, the Company must pay the full amount required to be deducted to the relevant revenue authority within the time allowed for such payment without incurring penalty under the applicable law and will, if required by the Noteholder, deliver to the Noteholder the relevant receipt issued by the revenue authority without delay after it is received by the Company.

8.3 No set-off

The Company has no right to set off any amounts owing to it by the Noteholder against any amount due under these Note Terms.

8.4 Time limit for claims

A claim against the Company for payment according to these Note Terms is void unless made within five years of the due date for payment.

8.5 Repayment in a winding-up of the Company

- (a) If there is a winding-up of the Company and Notes have not been Converted or Redeemed, the Noteholder will have the right to payment, in respect of each Note held, of an amount of cash (Liquidation Sum) equal to the sum of:
 - (i) the Face Value; and
 - (ii) the amount of any Interest Payment due but unpaid at the date of commencement of the winding-up (which, for the avoidance of doubt, does include Accumulated Interest).
- (b) In a winding-up of the Company, the claim of the Noteholder in respect of the Liquidation Sum ranks in priority of payment:
 - (i) senior to the claims of the holders of Ordinary Shares and any Shares;
 - (ii) equally with the claims of other holders of Notes; and
 - (iii) junior to, and is conditional on the prior payment in full of, the claims of all Senior Creditors.
- (c) In a winding-up of the Company:
 - (i) if the Noteholder receives or otherwise obtains the benefit of any cash, property, securities or other proceeds on account of its claim in respect of a Note ("Note Proceeds") in excess of its entitlement according to this clause, it must ensure that any such Note Proceeds in excess of its entitlement are immediately paid or delivered to the liquidator;
- (d) In connection with the dissolution or winding-up of the Company, any amounts paid by the Company in respect of the Notes are deemed to be payments of:
 - (i) first, the Face Value; and
 - (ii) second, the amount of any Interest Payment due but unpaid at the date of commencement of the winding-up (which, for the avoidance of doubt, does include Accumulated Interest).
- (f) The provisions of this clause are a debt subordination for the purposes of section 563C of the Corporations Act.
- (g) Nothing in this clause shall be taken to:
 - (i) create a charge or security interest on or over any right of the Noteholder; or
 - (ii) require the consent of any Senior Creditor to any amendment to this clause.

8.6 Date of payment

If the date scheduled for any payment under these Note Terms is not a Business Day, then the payment will be made on the next Business Day (and without any interest or other payment in respect of such delay).

9 Amendment of these Note Terms

The Company may only amend or add to these Note Terms if the Noteholder has agreed in writing to that amendment or addition.

10 Notices

10.1 Form

All notices, certificates, consents, approvals, waivers and other communications in connection with Notes must be given in writing, signed by or on behalf of the sender and marked for attention as set out or referred to in the Schedule or, if the recipient has notified otherwise, then marked for attention in the way last notified.

10.2 Delivery

They must be:

- (a) left at the address set out or referred to in the Schedule; or
- (b) sent by prepaid post (airmail, if appropriate) to the address set out or referred to in the Schedule; or
- (c) sent by fax to the fax number set out or referred to in the Schedule; or
- (d) given in any other way permitted by law.

However, if the intended recipient has notified a changed postal address or changed fax number, then the communication must be to that address or number.

10.3 When effective

They take effect from the time they are received unless a later time is specified in them.

10.4 Receipt - postal

If sent by post, they are taken to be received three days after posting (or seven days after posting if sent to or from a place outside Australia).

10.5 Receipt - fax

If sent by fax, they are taken to be received at the time shown in the transmission report as the time that the whole fax was sent.

10.6 Receipt - general

Despite clauses 11.4 and 11.5, if they are received after 5:00 pm in the place of receipt or on a day which is not a Business Day, they are taken to be received at 9:00 am on the next Business Day.

10.7 Non-receipt of notice by the Noteholder

The non-receipt of a notice by the Noteholder or an accidental omission to give notice to the Noteholder will not invalidate the giving of that notice.

11 Governing law and jurisdiction

11.1 Governing law

These Notes Terms are governed by the law in force in the State of Victoria, Australia.

11.2 Jurisdiction

The Company and the Noteholder submit to the non-exclusive jurisdiction of the courts of the State of Victoria, Australia for the purpose of any legal proceedings arising out of these Notes Terms.

12 Interpretation and definitions

12.1 Interpretation

- (a) Unless otherwise specified, a reference to a clause or paragraph is a reference to a clause or paragraph of these Note Terms.
- (b) If a calculation is required under these Note Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places.
- (c) Headings and boldings are for convenience only and do not affect the interpretation of these Note Terms.
- (d) The singular includes the plural and vice versa.
- (e) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.

- (f) If an event under these Note Terms must occur on a stipulated day which is not a Business Day, then the event will be done on the next Business Day.
- (g) A reference to dollars, A\$, \$ or cents is a reference to the lawful currency of Australia.
- (h) A reference to a party to an agreement includes a reference to a replacement or substitute of the party according to that agreement.
- (i) A reference to an agreement or deed includes a reference to that agreement or deed as amended or restated from time to time.

12.2 Definitions

The following expressions have the following meanings:

Accumulated Interest has the meaning given in clause 2.4.

ASX means Australian Stock Exchange Limited (ABN 98 008 624 691).

ASX Listing Rules means the listing rules of ASX with any modifications or waivers in their application to the Company which ASX may grant.

ASX Market Rules means the market rules of ASX.

Authorised Officer means a person appointed by the party to act as an Authorised Officer for the purposes of these Note Terms.

Business Day has the meaning given in the ASX Listing Rules.

Company means Computronics Holdings Limited.

Conversion has the meaning given in clause 3.1(b) and **Convert** and **Convertible** have corresponding meanings.

Conversion Notice has the meaning give in clause 4.2.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cwlth).

Melbourne Finance means Melbourne Finance Pty Limited.

Event of Default means the occurrence of an Insolvency Event (as defined in the Investment Agreement) or the Company ceasing to carry on business.

Face Value has the meaning given in clause 1.2.

Interest Payment has the meaning given in clause 2.1.

Interest Payment Date has the meaning given in clause 2.5.

Interest Period means in respect of:

- (a) the first Interest Period, the period from (and including) the Issue Date until (and including) the first Interest Payment Date; and
- (b) each subsequent Interest Period, the period from (but not including) the preceding Interest Payment Date until (and including) the next Interest Payment Date.

Interest Rate has the meaning given in clause 2.1.

Investment Agreement means the investment agreement between the Company and Melbourne Finance.

Issue Date means the date on which Notes are issued.

Liquidation Event means:

- (a) a proceeding is commenced by the Company or a person that controls the Company for an order that the Company be dissolved, wound up or liquidated or for the appointment of a provisional liquidator, liquidator, administrator, controller or similar official in respect of the Company or all or substantially all of its property;

- (b) the members of the Company pass a resolution to wind-up the Company; and
- (c) a provisional liquidator, liquidator, administrator, controller or similar official is appointed in respect of the Company on all or substantially all of its property and such appointment is not revoked or set aside within 21 days of such appointment.

Liquidation Sum has the meaning given in clause 8.5.

Noteholder means the person entered in the Register as the holder of the relevant Note.

Notes means notes issued by the Company on these Note Terms.

Note Terms means these terms of issue of Notes.

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

Realisation Date means:

- (a) in the case of a Redemption, the date on which Redemption is to occur according to clause 5;
- (b) in the case of Conversion, the date on which Conversion is to occur according to clause 4.2.

Redemption has the meaning given in clause 3.1(a) and **Redeem** and **Redeemable** have a corresponding meaning.

Redemption Amount means the amount payable to redeem Notes on a Redemption or Conversion according to clauses 3.6.

Redemption Notice means a notice given according to clause 5.

Register means the register of Notes maintained by the Company.

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

W: www.securitytransfer.com.au

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NAME _____

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1. Name and Address

2. Appointment of a Proxy

3. Directing your Proxy how to vote

4. Appointment of a Second Proxy

To appoint a second Proxy you must:

- ## 5. Signing Instructions

6. Lodgement of Proxy

Street Address:

Telephone +61 8 9315 2333

Facsimile +61 8 9315 2233

PRIVACY STATEMENT

6266100225