

# **ECSI LIMITED**

ACN 004 240 313

(subject to a deed of company arrangement)

## **NOTICE OF ANNUAL GENERAL MEETING**

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## **EXPLANATORY STATEMENT**

For the Annual General Meeting to be held:

at 11:00am

on 30 January 2014

at Perpetual Consulting Group, Level 11, 499 St. Kilda Road, Melbourne VIC 3004

In this document you will find:

1. Notice of Meeting.
2. An Explanatory Statement containing an explanation of and information about, the proposed resolutions to be considered at the Annual General Meeting.
3. Proxy Form.

**RECAPITALISATION PROPOSAL OF  
ECSI LIMITED ACN 004 240 313 (SUBJECT TO DEED OF COMPANY ARRANGEMENT)**

**GENERAL INFORMATION**

This Notice of Meeting and Explanatory Statement provides information and seeks approval for the recapitalisation of the Company in accordance with the Recapitalisation Proposal.

Completion of the Recapitalisation Proposal will result in:

- a. the conversion of Convertible Notes to extinguish all liabilities of the Company to Convertible Note Holders;
- b. the raising of funds for the working capital of the Company;
- c. termination of the Deed of Company Arrangement and retirement of the Deed Administrator; and
- d. forgiveness of the Claims of the Creditors.

Further details of the Recapitalisation Proposal are provided in the Explanatory Statement. Definitions of capitalised terms used in this Notice of Meeting and Explanatory Statement are set out in the Glossary.

In considering the Recapitalisation Resolutions, Shareholders must bear in mind the current financial circumstances of the Company.

**If Shareholders reject the Recapitalisation Proposal, it is probable that the Company will proceed into liquidation. In those circumstances, it is unlikely that there will be any return to Shareholders.**

The Recapitalisation Resolutions are therefore important and affect the future of your Company. You are urged to give careful consideration to the Notice of Meeting and the contents of the Explanatory Statement.

## NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of ECSI Limited (subject to a deed of company arrangement) (**Company**) will be held at 11:00am on 30 January 2014 at Perpetual Consulting Group, Level 11, 499 St. Kilda Road, Melbourne VIC 3004.

## AGENDA

### 1 Discussion of Annual Reports

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To consider the Annual Report, Financial Statements, and the reports of the directors and the auditor for the years ended 30 June 2012 and 30 June 2013.

Note: there is no requirement for shareholders to approve these reports and financial statements.

### 2 Resolution 1: Adoption of Remuneration Report

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To consider and, if thought fit, to pass the following resolution, with or without amendment, as an ordinary resolution:

*"That for the purposes of section 250R(2) of the Corporations Act, the remuneration report (which forms part of the Directors' report for the year ended 30 June 2013) be adopted".*

**Note:** Although section 250R(3) of the Corporations Act provides that the vote on this Resolution is advisory only and does not bind the Directors, there are potentially serious consequences associated with a "No" vote greater than 25%. Please see section 2 of the Explanatory Statement for details.

**Voting Exclusion:** A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the key management personnel, details of whose remuneration are included in the remuneration report; or
- (b) a closely related party of such a member.

However, a person described above may cast a vote on Resolution 1 if:

- (a) the voter is appointed as proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the voter is the chair of the meeting and the appointment of the chair as proxy:
  - (i) does not specify the way the proxy is to vote on the resolution; and
  - (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the company or, if the company is part of a consolidated entity, for the entity.

### 3 Resolution 2: Re-election of Mr Wilton Yao

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To consider and, if thought fit, to pass the following resolution, with or without amendment, as an ordinary resolution:

*"That, for the purposes of clause 82(a) of the Constitution and for all other purposes, Mr Wilton Yao (Non-Executive Director), a Director who was appointed on 3 May 2011 retires, and being eligible, is re-elected as a Director."*

### 4 Resolution 3: Issue of Shares on the conversion of Convertible Loans

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To consider and, if thought fit, to pass the following resolution, with or without amendment, as an ordinary resolution:

*"That, subject to Resolution 4 being passed, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of Shares to the Convertible Loan Holders as detailed in the accompanying Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by the Convertible Loan Holders and any of their associates, a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 3 is passed, and any of their associates, except where the votes are cast: (a) by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or (b) by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Resolution 4: Issue of New Shares to Mi Media Holdings Limited**

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To consider and, if thought fit, to pass the following resolution, with or without amendment, as an ordinary resolution:

*"That, subject to Resolution 3 being passed, for the purposes of item 7 of section 611 of the Corporations Act, and for all other purposes, approval is given to the issue of Shares to Mi Media Holdings Limited or its nominees as detailed in the accompanying Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mi Media Holdings Limited and its associates, except where the votes are cast: (a) by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or (b) by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By order of the Board



Chairman

30 December 2013



## PROCEDURAL NOTES

These notes form part of the Notice of Meeting.

### **1 Determination of Shareholders' Right to Vote**

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In accordance with regulations 7.11.37 of the *Corporations Regulations 2001*, the Board has determined that for the purposes of the meeting, a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Company's share register as at 28 January 2014.

### **2 Appointment of Proxy**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- (a) each member has a right to appoint a proxy;
- (b) the proxy need not be a member of the Company; and
- (c) a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- (a) if proxy holders vote, they must cast all directed proxies as directed; and
- (b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- (c) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (b) the appointed proxy is not the chair of the meeting;
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:

- (i) the proxy is not recorded as attending the meeting; or
- (ii) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

### **3 Bodies Corporate**

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A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of the Company's shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

### **4 Incorporation of Explanatory Statement**

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The Explanatory Statement attached to this Notice of Meeting, is hereby incorporated into and forms part of this Notice of Meeting.

### **5 Questions from Shareholders**

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At the Annual General Meeting, the Chairman will allow a reasonable opportunity for Shareholders to ask questions in relation to the Resolutions to be put to the meeting.

In addition, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management of the Company and the Remuneration Report.

Nick Benabow of William Buck as the auditor responsible for preparing the auditor's report for the years ended 30 June 2012 and 30 June 2013 (or his representative) will attend the Annual General Meeting. The Chairman will also allow a reasonable opportunity for Shareholders to ask the auditor questions about:

- (a) the conduct of the audit;
- (b) the preparation and content of the auditor's report;
- (c) the accounting policies adopted by the Company in relation to the preparation of financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.



## EXPLANATORY STATEMENT

This information forms part of the Notice of Meeting. The main purpose of this Explanatory Statement is to provide Shareholders with information concerning the Resolutions.

The Explanatory Statement and all attachments are important documents. They should be read carefully. The Directors recommend Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

### 1 The Recapitalisation Resolutions

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#### 1.1 Background to the reconstruction of the Company

On 11 June 2013 the Company appointed the Administrator as administrator of the Company.

On 10 September 2013, the Company's Creditors resolved pursuant to s439C(a) of the Corporations Act that the Company execute a deed of company arrangement.

Mi Media Holdings Limited has made a proposal to reconstruct and recapitalise the Company substantially on the terms of the Recapitalisation Proposal.

Pursuant to the resolution at a meeting of Creditors on 10 September 2013 held under section 439A of the Corporations Act, the Creditors resolved pursuant to section 439C of the Corporations Act that the Company enter into a Deed of Company Arrangement. On or about 20 September 2013, the Company and the Administrator executed the DOCA and the Administrator became the administrator of the DOCA (**Deed Administrator**). The DOCA has been varied to allow sufficient time for the conditions of the DOCA (as described below) to be satisfied. These conditions must be satisfied by 31 January 2014 otherwise the Company is to be placed into liquidation.

The Company will not be released from administration unless Resolutions 3 and 4 (inclusive) are passed at the Meeting and all the other terms of the DOCA and the Recapitalisation Proposal have been met.

#### 1.2 Principal features of the Recapitalisation Proposal

The principal features of the Recapitalisation Proposal are set out below:

- (a) Issue of Shares to Convertible Loan Holders. This process enables all of the Company liabilities to Convertible Loan Holders to be extinguished. This issue is dealt with by Resolution 3 and more information regarding this resolution is set out in section 5 of the Explanatory Statement.
- (b) Issue of Shares to MMH to raise \$200,000 for use by the Company. Details of the proposed use of funds is set out in section 1.9. This issue is dealt with by Resolution 4 and more information regarding this resolution is set out in section 6 of the Explanatory Statement.
- (c) Acquisition of Shares by MMH for the sum of \$100,000 from a Shareholder, which will occur prior to the Meeting.
- (d) In February 2013 the Company announced the terms of a loan it received for funding the acquisition of Mi-Roader and for working capital. As part of the Recapitalisation Proposal, the repayment of this loan is to be extended by 12 months and the lender is to agree to waive any and all of its rights in respect of any current default under the terms of the loan.

#### 1.3 Pro forma capital structure

The pro-forma capital structure of the Company on completion of the Recapitalisation Proposal will be as follows:

Resolution	Description	Number of Shares	% of Shareholding
-	Existing Shares	570,536,387	55.91
3	Conversion of Convertible Loans	150,000,000	14.70



4	Issue of New Shares	300,000,000	29.39
-	<b>Total</b>	1,020,536,387	100%

#### 1.4 Effect of the Recapitalisation Proposal

The Deed Administrator has estimated that on a liquidation basis there would be a deficiency of funds to meet creditor claims. Therefore, in the event of liquidation, there is likely to be no return to Shareholders from the Company.

The advantages of passing the Recapitalisation Resolutions and subsequent completion of the Recapitalisation Proposal and effectuation of the DOCA include:

- (a) the Company will not proceed into liquidation; and
- (b) the Company will proceed to acquire the business known as Mi-Roader (further details are set out below in section 1.9) as announced in December 2012. Such acquisition amounts to a change in the nature of the Company's operations for the purposes of ASX Listing Rule 11, accordingly shareholder approval will be sought following effectuation of the DOCA at a subsequent shareholders meeting and the Company will more than likely be required to comply with additional ASX listing and quotation requirements of Chapters 1 and 2 of the ASX Listing Rules. In particular, the Company will need to satisfy the assets test meaning that the Company will need to have net tangible assets of at least \$3 million (after deducting the costs of the issue). The Company will therefore be undertaking a future capital raising to satisfy this test and in order to satisfy ASX's shareholder spread requirements for re-quotation.

The principal disadvantage to existing Shareholders is that their existing shareholdings will be significantly diluted if the issue of Shares is approved under Resolution 3 and Resolution 4. Further dilution is likely to occur from the issue of further Shares as part of the future capital raising proposed as part of the acquisition of Mi-Roader. However, this must be balanced with the fact that should the Recapitalisation Proposal not proceed, the Company would most likely be placed in liquidation.

#### 1.5 Quotation of Shares on ASX

The Company is already admitted to the official list of ASX, however, trading in the Shares was suspended on 23 August 2013. The ASX has indicated that trading in the Shares will continue to be suspended until the Company complies with ASX listing and quotation requirements in respect of the proposed acquisition of Mi-Roader (further details are provided in section 1.9 below).

#### 1.6 Forgiveness of Creditors' Claims

Under the DOCA, the Claims of the Creditors against the Company will be released and extinguished on the conversion of the Convertible Notes, the transfer and issue of Shares to MMH and otherwise the effectuation of the DOCA.

The DOCA will effectuate after all of the DOCA Conditions have been satisfied, and the obligations under it have been performed. However, if any of the DOCA Conditions are not satisfied, then the DOCA may be terminated, and the Company may proceed to liquidation.

#### 1.7 Indicative Timetable

Set out in the table below is the expected timing for completion of the Recapitalisation Proposal and the proposed acquisition of Mi-Roader, noting that the Company's Shares are currently suspended, and that the timetable is subject to compliance with all regulatory requirements. These dates are indicative only and may be varied without prior notice.

Creditors' Meeting	10 September 2013
Execution of DOCA	20 September 2013
Dispatch of Notice of Shareholder Meeting	31 December 2013
Shareholders Meeting for approval of Recapitalisation Proposal	30 January 2014



Retirement of Deed Administrator	30 January 2014
Execution of acquisition documents	31 January 2014
Dispatch of Notice of Shareholder Meeting	14 February 2014
Shareholders Meeting for approval of acquisition of Mi-Roader	17 March 2014
Lodgement of Prospectus with ASIC	18 March 2014
Prospectus offer opens	1 April 2014
Prospectus offer closes	15 April 2014
Allotment of all Shares	17 April 2014
Commencement of trading of Shares on ASX	28 April 2014

## 1.8 Pro forma statement of financial position

Included below is the pro forma Statement of Financial Position for the Company, assuming completion of the Recapitalisation Proposal. The pro forma Statement of Financial Position has been prepared based on the book value of the Company's net assets at 30 June 2013 and adjusted for the Recapitalisation Proposal.

ECSI Limited Pro forma balance sheet	
	ECSI A\$
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash	115,000
Trade & other receivable	0
less: Provision doubtful	
Debts	0
Financial Assets	0
<b>Total Current Assets</b>	<b>115,000</b>
<b>Non-Current Assets</b>	
Fixed Assets	0
Intangible Assets	0
<b>Total Non Current Assets</b>	<b>0</b>
<b>Total Assets</b>	<b>115,000</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Financial Liabilities	296,500
Trade and Other Payable	0
<b>Total Current Liabilities</b>	<b>296,500</b>
<b>Total Liabilities</b>	<b>296,500</b>

Net Assets	-181,500
<b>EQUITY</b>	
Contributed Equity	93,930,850
Retained Earnings	94,112,350
<b>Total Equity</b>	<b>-181,500</b>

## 1.9 Acquisition of Mi-Roader

It is proposed that the Company will acquire Mi-Roader from MMH for a consideration of \$9 million for the issue of Shares in the Company which will result in MMH owning approximately 78.39% of the Shares of the Company. Assuming \$5 million is raised in the Company's subsequent capital raising MMH will then own 55.93% of ECSI. The Company and MMH are currently negotiating a share sale agreement in relation to this proposed acquisition.

The acquisition of Mi-Roader will result in a significant change to the nature and scale of the Company's activities. As a result, the Company has consulted with the ASX regarding the transaction. ASX has indicated that it will more than likely require the Company to seek shareholder approval for the transaction and to re-comply with the listing and quotation requirements of the ASX in accordance with ASX Listing Rule 11.2. The listing and quotation requirements of the ASX include, amongst other things:

- (a) issuing a prospectus;
- (b) meeting the shareholder spread requirements, that is either:
  - (i) 400 holders each having a parcel of Shares with a value of at least \$2,000 (excluding restricted securities);
  - (ii) 350 holders each having a parcel of Shares with value of at least \$2,000 and non-related parties holding at least 25% of the total number of Shares; or
  - (iii) 300 holders each having a parcel of Shares with value of at least \$2,000 and non-related parties holding at least 50% of the total number of Shares
- (c) meeting ASX's assets test, being net tangible assets of at least \$3 million (after deducting the costs of the issue) or a market capitalisation of at least \$10 million; and
- (d) having the entity's quoted securities issued or sold for at least 20 cents in cash.

In order to meet the above requirements, the Company will issue a prospectus for the offer of Shares to raise at least \$5 million. Relevant shareholder approvals will be sought at the meeting to approve the acquisition of Mi-Roader. It is proposed that the Company will call a further meeting of Shareholders as soon as practicable following the retirement of the Deed Administrator and most likely in March 2014.

## 2 Financial reports and the reports of the Directors and Auditor

The Corporations Act requires the financial report and the reports of the Directors and Auditor to be laid before the Annual General Meeting.

The Company is laying before members at this Meeting the financial and other reports relating to the financial years ending 30 June 2012 and 30 June 2013.



Shareholders will be given a reasonable opportunity to raise questions on these reports at the meeting.

### **3 Resolution 1: Remuneration Report**

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#### **3.1 Background**

The Annual Report for the year ended 30 June 2013 will contain a Remuneration Report which will set out the remuneration policy for the Company and reports the remuneration arrangements in place for Directors and Executives.

The Corporations Act (under section 250R) requires the agenda for an annual general meeting to include a resolution for the adoption of the Remuneration Report. The vote on the resolution is advisory only and is not binding on the Directors or the Company. Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director) must go up for re-election.

The remuneration report:

- (a) describes the policy behind, and the structure of, the remuneration arrangements of the Company and the link between the remuneration of employees and the Company's performance;
- (b) sets out the remuneration arrangements in place for each Director and for certain members of the senior management team; and
- (c) explains the differences between the basis for remunerating Non-Executive Directors and executives of the Company.

A reasonable opportunity for discussion of the remuneration report will be provided at the meeting.

#### **3.2 Recommendation**

The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of Resolution 1.

The Chairman will be casting undirected proxy votes held by him in favour of Resolution 1, except for any proxies, undirected or otherwise, from Key Management Personnel which are restricted.

### **4 Resolution 2: Re-election of Mr Wilton Yao**

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#### **4.1 Background**

Clause 82(a) requires one-third of the Directors (other than the Managing Director) to retire from office at every annual general meeting. The Directors to retire are the Director(s) longest in office since last being elected. In accordance with the ASX Listing Rules, the Company is also required to hold an election of Directors at each Annual General Meeting.

In accordance with the Constitution, Mr Wilton Yao (Non-Executive Director) is required to retire from office, and being eligible, seeks re-election as a Director.

#### **4.2 Wilton Yao, BA**

Mr. Yao has been involved in the business broking industry for more than 10 years and specialises in franchise recruitment and development. He has worked with a number of franchise firms to develop franchise businesses for both local and international markets. Mr. Yao has also been involved in managing several retail and franchise businesses for many years and has considerable experience and knowledge in management and marketing. Mr. Yao has strong connections with overseas investors, especially from mainland China and he has worked closely with Australian Government organisations and local companies to promote successful investment projects for Chinese investors. He has served on the Board of one ASX listed

company, and also provides consulting services to a number of ASX listed companies, focusing on project exploration and seeking investment funds from overseas investors.

## **5 Resolution 3: Issue of Shares on the conversion of Convertible Loans**

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### **5.1 Background**

In 2012, the Company received three loans of \$50,000 each from the Convertible Loan Holders, on the basis that, subject to shareholder approval, the principal amount of the Convertible Loans would be converted to Shares in satisfaction of the Company's obligation to repay the Loans.

Resolution 3 is an ordinary resolution and seeks Shareholder approval under ASX Listing Rule 7.1 for the issue of:

- (a) 50,000,000 Shares to Soon Jeung Yuen;
- (b) 50,000,000 Shares to Chancery Holdings Pty Ltd; and
- (c) 50,000,000 Shares to Molly Kelly,

on the conversion of Convertible Loans.

None of the Convertible Loan Holders are related parties of the Company.

### **5.2 ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

As the proposed issues under Resolution 3 will result in an issue of more than 15% of the Company's capital in a 12 month period, Shareholder approval is required under Listing Rule 7.1 for the issue of Shares.

Accordingly, the Company is seeking the approval of Shareholders to issue 150,000,000 shares to the Convertible Loan Holders in exchange for the conversion of the sum of \$150,000 in aggregate (which the Company has already received in cash in late 2012).

All of these Shares will, on issue, rank equally in all respects with the Shares.

### **5.3 Information required by ASX Listing Rule 7.3**

The following information is provided in accordance with ASX Listing Rule 7.3:

- (a) the number of Shares to be issued is 150,000,000;
- (b) the Shares will be issued as soon as possible following the Meeting and in any event no later than 3 months after the date of the Meeting;
- (c) the issue price of the Shares is \$0.001 per Share;
- (d) the persons whom the Company will issue the Shares to are the Convertible Note Holders;
- (e) the Shares will, on issue, rank equally in all respects with the Shares; and
- (f) no funds will be raised by the issue of Shares to the Convertible Note Holders, however the Company previously received cash in the sum of \$150,000.00 when the Convertible Notes were issued.

### **5.4 Recommendation**

The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution.



## 6 Resolution 4: Issue of Shares to MMH

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### 6.1 Background

Pursuant to the terms of the DOCA, the Company has agreed to issue 300 million Shares to MMH, subject to shareholder approval. Shareholder approval under item 7 of section 611 of the Corporations Act is required because the issue of 300 million Shares to MMH will result in MMH acquiring a relevant interest in voting shares in excess of 20%.

Each Share is being issued to MMH at \$0.0066 per Share, accordingly the Company will raise \$200,000 as a result of this issue. As noted earlier, some of these funds will be used to settle claims of Creditors. The remainder of the funds raised following satisfaction of the claims of Creditors is estimated to be \$115,000. These remaining funds will be used by the Company for the acquisition costs associated with the proposed acquisition of Mi-Roader (as previously announced to the market in December 2012) and for general working capital purposes.

As set out in the Notice of Meeting, MMH and their associates are precluded from voting on Resolution 4.

As at the date of the Meeting, MMH will hold 80 million Shares in the Company which it will have acquired from a former shareholder of the Company.

### 6.2 Item 7 of section 611 of the Corporations Act

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company which the person and the person's associates have a relevant interest.

A person (**second person**) will be an 'associate' of the other person (**first person**) if one or more of the following paragraphs applies:

- (a) the first person is a body corporate and the second person is:
  - (i) a body corporate the first person controls;
  - (ii) a body corporate that controls the first person; or
  - (iii) a body corporate that is controlled by an entity that controls the first person;
- (b) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
- (c) the second person is a person with whom the first person is acting or proposes to act in concert in relation to the company's affairs.

A person has a relevant interest in securities if they:

- (a) are the holder of securities;
- (b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition, whereby a person may make an otherwise prohibited acquisition of a relevant interest in a company's voting shares with shareholder approval.

### **6.3 Information required by Corporations Act and ASIC Regulatory Guide**

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Resolution 4.

- (a) the person making the acquisition is Mi Media Holdings Limited;
- (b) as at the date of the Meeting MMH's voting power in the Company will be 14.01%. The voting power that MMH will have as a result of the issue of Shares to it pursuant to Resolution 4 is 37.22%;
- (c) as noted above, Shareholders should note the following in relation to the future of the Company if Shareholders approve the issue of Shares to MMH pursuant to Resolution 4:
  - (i) in December 2012 the Company announced a proposal to acquire Mi-Roader, a global digital media technology business (global radio and music services), currently owned by MMH. The Company will continue to proceed with this acquisition. This acquisition will be subject to shareholder approval, which the Company proposes to put to Shareholders at the earliest possible opportunity following the effectuation of the DOCA and the retirement of the Deed Administrator. The acquisition will also be subject to regulatory approvals, including more than likely the requirement for the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules;
  - (ii) simultaneous with the acquisition of Mi-Roader, the Company will also seek to raise further funds through the issue of a prospectus to raise another \$5 million. Shareholders should note that a further issue of Shares will be dilutive to non-participating Shareholders;
  - (iii) the Company presently has no employees; and
  - (iv) the Company has no dividend policy and there is no immediate intention to change the financial or dividend policies of the Company;
- (d) Mr Ashley Kelly a Director of the Company holds 230,000 shares in MMH; and
- (e) no person is intended to become a Director of the Company if Shareholders approve Resolution 4. However, MMH can nominate up to 2 Directors to the board of the Company once the acquisition of Mi-Roader is approved by Shareholders. Details of any relevant nominees will be included in the notice of meeting for the meeting to approve the acquisition of Mi-Roader.

### **6.4 Recommendation**

Given the time and costs associated with the commissioning of an independent expert's report and the current financial status of the Company, the Directors have elected to seek Shareholder approval without obtaining such a report in respect of this Resolution. However, the Directors consider that this Explanatory Statement includes all information that is material to the decision of Shareholders on how to vote on Resolution 4.

The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of Resolution 4 because approval of this resolution is a condition to the DOCA and it is probable that the Company will proceed to liquidation if the conditions of the DOCA are not satisfied. In that scenario it is unlikely that there will be any return to Shareholders.

## **GLOSSARY**

The following words and expressions used in the Notice of Meeting and Explanatory Statement have the following meanings unless the context requires otherwise:



**Administrator** means Giovanni Maurizio Carrello.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited ACN 98 008 624 691

**Board** means the board of directors of the Company.

**Business Day** has the meaning given to that term in the Listing Rules.

**Company** means ECSI Limited (subject to a deed of company arrangement) (ACN 004 240 313).

**Constitution** means the Company's constitution.

**Convertible Loan** means a loan provided by a Convertible Loan Holder to the Company.

**Convertible Loan Holder** means Soon Jeung Yuen, Chancery Holdings Pty Ltd and/or Molly Kelly, as the context requires.

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

**Deed Administrator** means the Administrator.

**Director** means a director of the Company.

**DOCA** means the deed of company arrangement entered into between the Administrator and the Company on or about 19 September 2013.

**Explanatory Statement** means the explanatory statement accompanying the notice of meeting for the annual general meeting of the Company to be held on 30 January 2014.

**Listing Rules** means the Listing Rules of the ASX.

**Meeting** means the meeting to which this Notice of Meeting relates.

**MMH** means Mi Media Holdings Limited ACN 130 028 063.

**Notice of Meeting** means this notice of annual general meeting including the Explanatory Statement and the Proxy Form.

**Proxy Form** means the proxy form accompanying the Notice of Meeting.

**Recapitalisation Proposal** means the proposal to recapitalise the Company as described in section 1.2 of the Explanatory Statement.

**Recapitalisation Resolutions** means Resolutions 3 and 4.

**Resolution** means a resolution proposed in the Notice of Meeting.

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

**Shareholder** means a holder of Shares.

# ECSI Limited (subject to a deed of company arrangement): Proxy Form

## Section 1: Security Holder

Name(s)

Address

Security Holder Reference Number

## Section 2: Appointment of Proxy

I/We being a member/s of the Company hereby appoint:

☐ **The Chairman of the Meeting**  
(mark with an "x")

OR

(Write here the name of the person you are appointing if this person/s is someone other than the chairman of the meeting)

(Write here the name of the person you are appointing if you are appointing a second proxy)

Write here % of votes  
or number of shares if  
appointing 2 proxies

Write here % of votes  
or number of shares if  
appointing 2 proxies

or failing the person/s named, or if no person/s is named, the Chairman of the meeting, as my/our proxy and to vote in accordance with the directions in Section 3 below (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of ECSI Limited (subject to a deed of company arrangement) to be held at Perpetual Consulting Group, Level 11, 499 St. Kilda Road, Melbourne VIC 3004 at 11 am on 30 January 2014 and at any adjournment of that meeting.

## Section 3: Items of Business

I/We direct as follows:

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Wilton Yao	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Shares on conversion of Convertible Loans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Shares to Mi Media Holdings Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Please note:

- (1) If you have appointed a proxy and mark the ABSTAIN box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.
- (2) Undirected proxies received by the Chairman of the meeting will be voted in favour of each Resolution. If you have appointed the Chairman of the meeting as your proxy (or the Chairman of the meeting becomes your proxy by default), you can direct the Chairman of the meeting to vote for, against or to abstain from voting on, Resolution 1 (Remuneration Report) by marking the relevant box opposite Resolution 1 above. Note that under Section 2 of this Proxy Form, if the Chairman of the meeting is your proxy and you do not mark any of the boxes opposite Resolution 1, you are directing the Chairman to vote in favour of Resolution 1 (Remuneration Report).

## Section 4: Authorised Signature/s

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Security Holder 1 (Individual)

Sole Director and Sole Company Secretary

Security Holder 2 (Individual)

Director

Security Holder 3 (Individual)

Director/Company Secretary (delete one)

Contact Name

Contact daytime telephone

Email

Date



## YOUR VOTE IS IMPORTANT - PLEASE READ THE INFORMATION BELOW

If you are unable to attend the meeting, you are encouraged complete and lodge this form.

### Appointing a proxy

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

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

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of shares for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of shares for each in Section 2 overleaf.

A proxy need not be a shareholder of the Company.

### Signing Instructions

Individual: Where the holding is in one name, the shareholder must sign.

Joint Holding: Where the holding is in more than one name, all of the shareholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a company secretary, a sole director can also sign alone. Otherwise this form must be signed by a director jointly with either another director or a company secretary. Please sign in the appropriate place to indicate the office held.

### Attending the Meeting

Please bring this form to assist registration. If a representative of a corporate shareholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from George Karafotias upon receipt of a written request addressed to Perpetual Consulting Group, Level 11, 499 St. Kilda Road, Melbourne VIC 3004.

**For your vote to be effective it must be received no later than 11:00am on 28 January 2014**

### Lodging a proxy form

Send completed forms to:

By Fax:	
By Mail:	
In Person:	