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**SPRINTEX LIMITED**

**ACN 106 337 599**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 4:00pm

**DATE:** 28 November 2012

**PLACE:** Barringtons House  
283 Rokeby Road  
SUBIACO WA 6008

The Sprintex Limited 2012 Annual Report is available online at [www.sprintex.com.au](http://www.sprintex.com.au).

*This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Annual General Meeting please do not hesitate to contact the Company Secretary on +61 (0) 8 6141 3500.*

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## IMPORTANT INFORMATION

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### TIME AND PLACE OF MEETING

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Notice is given that the annual general meeting of the Shareholders to which this Notice of Annual General Meeting relates will be held at 4:00pm on 28 November 2012 at Barringtons House, 283 Rokeby Road, Subiaco WA 6008.

### YOUR VOTE IS IMPORTANT

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The business of the Annual General Meeting affects your shareholding and your vote is important.

### VOTING ELIGIBILITY

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the annual general meeting are those who are registered Shareholders at 26 November 2012.

### VOTING IN PERSON

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To vote in person, attend the Annual General Meeting at the time, date and place set out above.

### VOTING BY 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:

- each member has a right to appoint a proxy;
- the proxy need not be a member of Sprintex Limited; and
- 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 clause 14.2(d) of the Constitution, 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:

- if proxy holders vote, they must cast all directed proxies as directed; and
- 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 is 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:**

- 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); and

- 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; and
- 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
- 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:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of Sprintex Limited members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - 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.

**DEFINED TERMS**

Capitalised terms in this Notice of Annual General Meeting and Explanatory Statement are defined either in the “Glossary” Section or where the relevant term is first used.

**QUESTIONS TO AUDITORS**

Questions relating to financial statements will be taken by the company auditors at the Annual General Meeting.

**ASIC AND ASX**

A final copy of this Notice of Annual General Meeting and Explanatory Statement has been lodged with ASX. Neither ASX nor any of their respective officers takes any responsibility for the contents of this document.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s annual financial report for the financial year ended 30 June 2012.”*

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

#### **Voting Prohibition Statement:**

A vote on this Resolution 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 (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this 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.

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#### 2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR DAVID WHITE

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

*“That, for the purpose of clause 15.3 of the Constitution and for all other purposes, Mr David White, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

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#### 3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR MICHAEL WILSON

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

*“That, for the purpose of clause 15.4 of the Constitution and for all other purposes, Mr Michael Wilson, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

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#### 4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES TO PRIVATE INVESTORS

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

*“That, for the purpose of Listing Rule 7.4 of the Listing Rules and for all other purposes, Shareholders ratify the allotment and issue by the Company of 60,345,192 Shares at an issue price of \$0.02 per Share on the terms and conditions in the Explanatory Statement accompanying this Notice.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution 4 by any person who participated in the issue and any person associated with that person. However, the Company will not disregard any votes cast on Resolution 4 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person is the Chairman of the Meeting acting 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.

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**5. RESOLUTION 5 – APPROVAL TO ALLOT AND ISSUE SHARES UPON THE EXERCISE OF OPTIONS TO MR RICHARD SIEMENS (OR HIS ASSOCIATES)**

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

*"That, for the purposes of item 7 in the table in section 611 of the Corporations Act and for all other purposes approval is given for the Company to allot and issue up to 66,470,367 Shares, upon the exercise of 66,470,367 Options, to Mr Richard Siemens (or his associates) on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

**Short Explanation:** Shareholder approval is sought under item 7 in the table of section 611 of the Corporations Act so that Mr Richard Siemens (or his associates) may acquire a relevant interest in Shares of the Company in excess of the permissible thresholds in the Corporations Act.

Stantons International Securities has prepared an Independent Expert Report which comments on the fairness and reasonableness of the allotment and issue of 66,470,367 Shares to Mr Richard Siemens (or his associates) upon the exercise of 66,470,367 Options exercisable at \$0.02 per Option. The Independent Expert Report concludes that allotment and issue of 66,470,367 Shares to Mr Richard Siemens (or his associates) is fair and reasonable to the non-associated Shareholders. Shareholders are urged to carefully consider the Independent Expert's Report.

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Richard Siemens (or his associates), a party to the transaction, any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary Shares, if this Resolution is passed and any associate of those persons. However, the Company need not disregard a vote if:

- (a) 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
- (b) 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.

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**6. RESOLUTION 6 – APPROVAL TO ALLOT AND ISSUE SHARES UPON THE EXERCISE OF OPTIONS TO MR MICHAEL WILSON (OR HIS ASSOCIATES)**

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

*"That, for the purposes of item 7 in the table in section 611 of the Corporations Act and for all other purposes approval is given for the Company to allot and issue up to 66,758,865 Shares, upon the exercise of 66,758,865 Options, to Mr Michael Wilson (or his associates) on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

**Short Explanation:** Shareholder approval is sought under item 7 in the table of section 611 of the Corporations Act so that Mr Michael Wilson (or his associates) may acquire a relevant interest in Shares of the Company in excess of the permissible thresholds in the Corporations Act.

Stantons International Securities has prepared an Independent Expert Report which comments on the fairness and reasonableness of the allotment and issue of 66,758,865 Shares to Mr Michael Wilson (or his associates) upon the exercise of 66,758,865 Options exercisable at \$0.02 per Option. The Independent Expert Report concludes that allotment and issue of 66,758,865 Shares to Mr Michael Wilson (or his associates) is fair and reasonable to the non-associated Shareholders. Shareholders are urged to carefully consider the Independent Expert's Report.

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Michael Wilson (or his associates), a party to the transaction, any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, if this Resolution is passed and any associate of those persons. However, the Company need not disregard a vote if:

- (a) 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
- (b) 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.

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Dated: 23 October 2012

By Order of the Board

Mr Jay Stephenson  
**COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting. This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting preceding this Explanatory Statement.

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### 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 1.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2012.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

#### 1.2 Voting consequences

Under recent changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report in two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**) at the second annual general meeting.

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the Company's annual financial report for the financial year ended immediately before the second annual general meeting) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

#### 1.3 Proxy Restrictions

Shareholders appointing a proxy for Resolution 1 should note the following:

***If you appoint a member of the Key Management Personnel as your proxy***

If you elect to appoint a member of Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that member, ***you must direct the proxy how they are to vote***. Undirected proxies granted to these persons will not be included in any vote on Resolution 1.

***If you appoint the Chair as your proxy***

If you elect to appoint the Chair as your proxy, you ***do not*** need to direct the Chair how you wish them to exercise your vote on Resolution 1, however if you do not direct the Chair how to vote, ***you must tick the acknowledgement on the proxy form to acknowledge that the Chair may exercise their discretion in***

***exercising your proxy even though Resolution 1 is connected directly or indirectly with the remuneration of Key Management Personnel.***

***If you appoint any other person as your proxy***

You **do not** need to direct your proxy how to vote, and you **do not** need to tick any further acknowledgement on the proxy form.

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## **2. RESOLUTIONS 2 AND 3 – RE-ELECTION OF DIRECTORS**

Clause 15.3 of the Constitution requires any Director appointed by Directors either to fill a casual vacancy or as an additional Director must retire at the next general meeting and is then eligible for re-election at that meeting. Mr David White will retire in accordance with clause 15.3 and seeks re-election.

Clause 15.4 of the Constitution requires that one-third of the Directors (or, if there is not a whole multiple of three, then the number nearest but not exceeding one-third) must retire at every annual general meeting of the Company and that no Director (other than the Managing Director) may retain office for more than three years or until the third annual general meeting following the Director's appointment (whichever is the longer). Mr Michael Wilson will retire in accordance with clause 15.4 of the Constitution and seek re-election.

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## **3. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE TO PRIVATE INVESTORS**

### **3.1 General**

On 24 January 2012, the Company issued 3,000,000 Shares, at an issue price of \$0.02 per Share to private investors. On 19 March 2012, the Company announced a further issue of 57,345,192 Shares, at an issue price of \$0.02 per Share to private investors.

The subscribers pursuant to these issues were not related parties of the Company.

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those 60,345,192 Shares (**Share Ratification**).

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, if the number of those equity securities will in themselves or when aggregated with the equity 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.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it.

By passing Resolution 4 and ratifying the issues, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### **3.2 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Share Ratification:

- (a) 60,345,192 Shares were allotted;
- (b) the issue price was \$0.02 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were allotted and issued to private investors who are not related parties of the Company;



- (e) the Company intends to use the funds raised for general working capital purposes; and
- (f) a voting exclusion statement for Resolution 4 is included in the Notice of Meeting preceding this Explanatory Statement.

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#### **4. RESOLUTIONS 5 & 6 – APPROVAL TO ALLOT OF ISSUE SHARES UPON THE EXERCISE OF OPTIONS TO MR RICHARD SIEMENS AND MR MICHAEL WILSON (OR THEIR ASSOCIATES)**

##### **4.1 CORPORATIONS ACT REQUIREMENTS**

- (a) Prohibition on certain acquisitions of relevant interests in voting shares.

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in the voting shares in a company, if as a result of the acquisition that person's or someone else's voting power in the company increases from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%.

Section 608 of the Corporations Act provides that a person has a relevant interest in the securities if they:

- (i) are the holder of the securities; or
- (ii) have power to exercise, or control the exercise, or control the exercise of, a right to vote attached to securities; or
- (iii) 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 of these powers, each of them is taken to have that power.

The voting power of a person is determined under section 610 of the Corporations Act. It involves calculating the number of voting shares in the company in which the person and the person's "associates" (as defined in Division 2 of Part 1.2 of the Corporations Act) have a relevant interest.

A person ("second person") will be an "associate" of the other person ("first person") if:

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

- (b) Exception to the section 606 prohibition

There are various exceptions to the prohibition in section 606. Section 611 contains a table setting out circumstances in the acquisitions of relevant interests are exempt from the prohibition. Item 7 of this table provides an exemption where a resolution is passed at a general meeting of the company before the acquisition is made. The parties involved in the acquisition and their associates are not able to cast a vote on the resolution.

Mr Richard Siemens (or his associates) holds 66,470,367 Options in the Company and Mr Michael Wilson (or his associates) holds 66,785,865 Options in the Company. The Options are exercisable at \$0.02 per Option on or before 30 June 2013.

The exercise of the Options in the Company held by Mr Richard Siemens (or his associates) and/or Mr Michael Wilson (or his associates) may result in Mr Richard Siemens (or his associates) and/or Mr Michael Wilson (or his associates) acquiring a relevant interest in voting shares in the Company, such that their voting power in the Company would increase from a starting point that is above 20% and below 90%. Full details of the increases in voting power that may result from the exercise of the Options held by Mr Richard Siemens (or his associates) and/or Mr Michael Wilson (or his associates) is set out below.

The Shares issued on the exercise of the Options held by Mr Richard Siemens (or his associates) or Mr Michael Wilson (or his associates), will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.

The purpose of Resolutions 5 is to seek Shareholder approval for the allotment and issue by the Company of up to 66,470,367 Shares to Mr Richard Siemens (or his associates) following the exercise by Mr Richard Siemens (or his associates) of up to 66,470,367 Options at an exercise price of \$0.02 per Option. Should all the 66,470,367 Options be exercised this would generate \$1,329,407 for the Company.

The purpose of Resolutions 6 is to seek Shareholder approval for the allotment and issue by the Company of up to 66,785,865 Shares to Mr Michael Wilson (or his associates) following the exercise by Mr Michael Wilson (or his associates) of up to 66,785,865 Options at an exercise price of \$0.02 per Option. Should all the 66,785,865 Options be exercised this would generate \$1,335,177 for the Company.

## **4.2 CORPORATIONS ACT REQUIREMENTS – SECTION 611 ITEM 7**

By passing Resolutions 5 and 6, Mr Richard Siemens (or his associates) and Mr Michael Wilson (or his associates) will not be prohibited from acquiring a relevant interest in Shares (upon exercise of their Options) in excess of the takeover threshold in the Corporations Act.

The following paragraphs set out information required to be provided to Shareholders under item 7 in the table in section 611 of the Corporations Act and ASIC Regulatory Guide 74.

Shareholders are also referred to the Independent Expert's Report attached to this Notice of Meeting as Annexure 1.

### **(a) *Identity of the person proposing to make the acquisition and their associates***

Mr Richard Siemens (a Director of the Company) has advised the Company that he is an "associate" of China Automotive Holdings Limited. China Automotive Holdings Limited holds 66,470,367 Options. China Automotive Holdings Limited is to be issued a total of 66,470,367 Shares upon the exercise of these Options.

Mr Richard Siemens will have a relevant interest in the 66,470,367 Shares to be issued, upon the exercise of 66,470,367 Options, to China Automotive Holdings Limited by reason of sections 608(1) (the power to exercise or control the right to vote or dispose of the securities) and section 608(3) (a person has a relevant interest in securities held by a body corporate in which that person's voting power is above 20% or a person controls a body corporate) of the Corporations Act.

Mr Michael Wilson (a Director of the Company) has advised the Company that he is an associate of Mrs Megan Wilson. Mr Michael Wilson and Mrs Megan Wilson hold 66,785,865 Options. Mr Michael Wilson and Mrs Megan Wilson are to be issued a total of 66,785,865 Shares upon the exercise of these Options.

Mr Michael Wilson will have a relevant interest in the 66,758,865 Shares to be issued, upon the exercise of 66,758 865 Options, to himself and Mrs Megan Wilson by reason of section 608(1) of the Corporations Act (as joint holders of the securities).

(b) *Increase in voting power in the Company resulting from the acquisition on exercise of Options*

As at the date of this Notice Mr Richard Siemens (or his associates) have a relevant interest in 20.19% of Shares in the Company and have 20.19% voting power in the Company.

As at the date of this Notice Mr Michael Wilson (or his associates) have a relevant interest in 20.27% of Shares in the Company and have 20.27% voting power in the Company.

If Resolutions 5 and 6 are passed, Mr Richard Siemens (or his associates) will be issued with 66,470,367 Shares upon the exercise of their Options and Mr Michael Wilson (or his associates) will be issued with 66,758,865 Shares upon the exercise of their Options.

If Resolutions 5 and 6 is passed and the Options are exercised then:

- (i) Mr Richard Siemens (or his associates) may acquire a relevant interest in up to a maximum of 221,567,890 Shares, being their existing holding of 155,097,523 Shares plus 66,470,367 Shares issued after the passing of Resolution 5 and exercise of the Options. This would lead to an increase in Mr Richard Siemens' (or his associates') relevant interest in Shares in the Company increasing by approximately 6.38% or from around 20.27% to approximately 26.65% (assuming only Mr Richard Siemens, or his associates, exercise their Options and there are no other Share issues).
- (ii) Mr Michael Wilson (or his associates) may acquire a relevant interest in up to a maximum of 222,529,546 Shares, being their existing holding of 155,770,681 Shares plus 66,758,865 Shares issued after the passing of Resolution 6 and exercise of the Options. This would lead to an increase in Mr Michael Wilson's (or his associates') relevant interest in Shares in the Company increasing by approximately 6.35% or from around 20.19% to approximately 26.54% (assuming only Mr Michael Wilson, or his associates, exercise their Options and there are no other Share issues).
- (iii) Assuming that both Mr Richard Siemens (or his associates) and Mr Michael Wilson (or his associates) exercise their Options (and there are no other Share issues), the maximum extent of the increase in voting power in the Company of Mr Richard Siemens (or his associates) that will result from the issue of Shares upon the exercise of Options is 4.39%.
- (iv) Assuming that both Mr Richard Siemens (or his associates) and Mr Michael Wilson (or his associates) exercise their Options (and there are no other Share issues), the maximum extent of the increase in voting power in the Company of Mr Michael Wilson (or his associates) that will result from the issue of Shares upon the exercise of Options is 4.41%.
- (v) The voting power that Mr Richard Siemens (or his associates) will have as a result of the issue of Shares upon the exercise of their Options is 24.58% (on an undiluted basis and assuming the Mr Michael Wilson, or his associates, exercise all of their Options).
- (vi) The voting power that the Mr Michael Wilson (or his associates) will have as a result of the issue of the Shares upon the exercise of their Options is 24.68% (on an undiluted basis and assuming the Mr Richard Siemens, or his associates, exercise all of their Options).

The effect of the exercise of Options held by Mr Richard Siemens (or his associates) and Mr Michael Wilson (or his associates) is summarised in the following table:

	Number of Shares held by other Shareholders	Shares held by Mr Richard Siemens (or his associates)	Shares held by Mr Michael Wilson (or his associates)	Total number of Shares	Voting Power of Mr Richard Siemens (or his associates)	Voting Power of Mr Michael Wilson (or his associates)
<b>At Present</b>	457,455,343	155,097,523	155,770,681	768,323,547	20.19%	20.27%
<b>Post exercise of Options<sup>1</sup></b>	457,455,343	221,567,890	222,529,546	901,552,779	24.58%	24.68%
<b>Post exercise of all Rights Issue Options<sup>2</sup></b>	575,848,786	221,567,890	222,529,546	1,019,946,222	21.75%	21.84%

1. Assuming that both Mr Richard Siemens (or his associates) and Mr Michael Wilson (or his associates) exercise their Options and there are no other Share issues.

2. Assuming all Options (including those held by Mr Richard Siemens (or his associates) and Mr Michael Wilson (or his associates)) exercisable at \$0.02 on or before 30 June 2013 issued pursuant to the Company's Rights Issue undertaken in August 2012 are exercised. See paragraphs 7.6 and 7.6 of the Independent Expert Report accompanying this Notice of Meeting for further information.

(c) *Intentions of Mr Richard Siemens (and his associates) and Mr Michael Wilson (and his associates) regarding the future of the Company*

Mr Richard Siemens (and his associates) and Mr Michael Wilson (and his associates) have informed the Company that, as at the date of this Explanatory Statement and on the basis of facts and information available to them, if Shareholders approve Resolutions 5 and 6, they:

- (i) have no intention to change the existing business of the Company;
- (ii) have no current intention to inject further capital into the Company;
- (iii) do not propose that any property be transferred between the Company and it or any person associated with it;
- (iv) have no current intention to otherwise redeploy the fixed assets of the Company; and
- (v) have no current intention to change the Company's existing financial or dividend policies.

(d) *Timing of the proposed exercise of Options*

The Shares will be allotted and issued upon exercise of the Options held by China Automotive Holdings Limited, and Mr and Mrs Wilson, respectively, which may be at any time between the approval of Resolutions 5 and 6 and the expiry of the relevant Options which is 30 June 2013.

(e) *Reasons for the allotment*

The Shares will be allotted and issued to Mr Richard Siemens (or his associates) and Mr Michael Wilson (or his associates) as a result of the exercise of the Options held by Mr Richard Siemens (or his associates) and Mr Michael Wilson (or his associates).

China Automotive Holdings Limited and Mr and Mrs Wilson acquired the 66,470,367 Options and 66,758,865 Options (respectively), through their participation in the Company's pro-rata non-renounceable rights issue which was announced to the ASX on 10 July 2012.

(f) *Directors' interests and recommendations*

Mr Steven Apedaile, Mr David White and Mr Richard O'Brien (being the Directors independent of Mr Richard Siemens (or his associates) and Mr Michael Wilson (or his associates)) recommend that Shareholders not associated with Mr Richard Siemens (or his associates) and Mr Michael Wilson (or his associates) vote in favour of Resolutions 5 and 6.

No votes can be cast on Resolution 5 by Mr Richard Siemens (or his associates). No votes can be cast on Resolution 6 by Mr Michael Wilson (or his associates). Full voting exclusions statements are set out in the Notice of Meeting preceding this Explanatory Statement.

(g) *Independent Expert Report as to whether the and the issue of Shares, upon the exercise of Options, to Mr Richard Siemens (or his associates) and Mr Michael Wilson (or his associates) is fair and reasonable*

The Directors of the Company have commissioned the Independent Expert to prepare a report on the question of whether the issue of Shares, upon the exercise of Options, to Mr Richard Siemens (or his associates) and Mr Michael Wilson (or his associates) is fair and reasonable to the Shareholders not associated with the proposals. That report is attached to this Explanatory Statement at Annexure A.

The Independent Expert concludes that the issue of Shares, upon the exercise of Options, to Mr Richard Siemens (or his associates) and Mr Michael Wilson (or his associates), is, on balance, fair and reasonable to Shareholders not associated with the proposals. Shareholders are urged to read the Independent Expert's Report.

(h) *Impact on the Company if Shareholders do not approve the issue of Shares, upon the exercise of Options, to Mr Richard Siemens (or his associates) and Mr Michael Wilson (or his associates).*

If Resolutions 5 and 6 are not approved by Shareholders, Mr Richard Siemens (or his associates) and Mr Michael Wilson (or his associates) cannot rely on the exception in section 611 item 7 of the Corporations Act and may not be able to exercise all of their Options.

The exercise of all the Options held by Mr Richard Siemens (or his associates) and Mr Michael Wilson (or his associates) would result in a collective cash injection into the Company of \$2,664,584. If Shareholders do not approve Resolutions 5 and 6, this sum of cash may not be received by the Company.

If Resolutions 5 and 6 are not approved, Mr Richard Siemens (or his associates) and Mr Michael Wilson (or his associates) may still be able to exercise some of their Options, as section 611 item 9 of the Corporations Act which will allow Mr Richard Siemens (or his associates) and Mr Michael Wilson (or his associates) to acquire up to a further 3% of the voting interest in the Company every 6 months.

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**5. ENQUIRIES**

Shareholders are requested to contact Mr Jay Stephenson on (+ 61 8) 6141 3500 if they have any queries in respect of the matters set out in these documents.

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## GLOSSARY

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**\$** means Australian dollars.

**Annual General Meeting** or **Meeting** means the annual general meeting convened by the Notice.

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

**ASX** means ASX Limited.

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

**Board** means the current board of directors of Sprintex Limited.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the Chairman of the Annual General Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

**Company** means Sprintex Limited (ACN 106 337 599).

**Constitution** means Sprintex Limited constitution.

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

**Directors** means the current directors of Sprintex Limited.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

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

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

**Options** mean an option to acquire a fully paid ordinary share in the Company exercisable at a price of \$0.02 per Share on or before 30 June 2013.

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

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2012.

**Resolutions** means the resolutions set out in the Notice of Annual General Meeting, or any one of them, as the context requires.

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

**Shareholder** means a holder of a Share.

**WST** means Western Standard Time as observed in Perth, Western Australia.

## PROXY FORM

**APPOINTMENT OF PROXY**  
**SPRINTEX LIMITED**  
**ACN 106 337 599**

### ANNUAL GENERAL MEETING

I/We

of

being a member of Sprintex Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy

OR

☐

the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Annual General Meeting to be held at 4:00pm WST, on 28 November 2012 at Barringtons House, 283 Rokeby Road, Subiaco WA 6008, and at any adjournment thereof.

**The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.**

#### Voting on Business of the Annual General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of Director – Mr David White	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Re-election of Director – Mr Michael Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Ratification of Prior Issue of Shares to Private Investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Approval to allot and issue shares to Mr Richard Siemens (or his associates)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Approval to allot and issue shares to Mr Michael Wilson (or his associates)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

#### Important for Resolution 1

If a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report or Closely Related Party of such a member is your proxy you must direct your proxy how to vote on Resolution 1 unless that person is also the Chair in which case you must, in the absence of a direction how to vote, expressly authorise the Chair to exercise the proxy by marking the box below.

☐

I/we direct the Chair to vote in accordance with his voting intentions on Resolution 1 (except where I/we have indicated a different voting intention above) and acknowledge that the Chair may exercise my/our proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

**If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolution 1 and your votes will not be counted in calculating the required majority if a poll is called on Resolution 1.**

If two proxies are being appointed, the proportion of voting rights this proxy represents is

\_\_\_\_\_ %

**Signature of Member(s):**

**Date:** \_\_\_\_\_

**Individual or Member 1**

**Member 2**

**Member 3**

**Sole Director/Company Secretary**

**Director**

**Director/Company Secretary**

**Contact Name:** \_\_\_\_\_ **Contact Ph (daytime):** \_\_\_\_\_

**INSTRUCTIONS FOR COMPLETING 'APPOINTMENT OF PROXY' FORM**

1. **(Appointing a Proxy):** A member entitled to attend and cast a vote at an Annual General Meeting is entitled to appoint a proxy to attend and vote on their behalf at the meeting. If the member is entitled to cast 2 or more votes at the meeting, the member may appoint a second proxy to attend and vote on their behalf at the meeting. However, where both proxies attend the meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A member who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a member appoints 2 proxies and the appointments do not specify the proportion or number of the member's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
  - **(Individual):** Where the holding is in one name, the member must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
  - **(Power of Attorney):** If you have not already provided 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, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Sprintex Limited, 183 Mulgool Road, Malaga WA 6090 or
  - (b) facsimile to the Company on facsimile number +61 8 +61 8 9262 7288; or
  - (c) email to the Company at [info@sprintex.com.au](mailto:info@sprintex.com.au),

so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy forms received later than this time will be invalid.**



11 October 2012

The Directors  
Sprintex Limited  
183 Mulgul Road  
MALAGA WA 6090

Dear Sirs,

**RE: SPRINTEX LIMITED (ABN 38 106 337 599) ("SPRINTEX" OR "THE COMPANY") MEETING OF SHAREHOLDERS TO CONSIDER A RESOLUTION RELATING TO THE PROPOSAL TO ALLOW MICHAEL JOHN WILSON ("WILSON") AND RICHARD JOHN SIEMENS ("SIEMENS") DIRECTORS OF AND SIGNIFICANT SHAREHOLDERS IN SPRINTEX TO EXERCISE EXISTING SHARE OPTIONS AT 2.0 CENTS EACH, ON OR BEFORE 30 JUNE 2013 - MEETING PURSUANT TO SECTION 611 (ITEM 7 OF THE CORPORATIONS ACT 2001)**

## **1. INTRODUCTION**

- 1.1 We have been requested by the Directors of Sprintex to prepare an Independent Expert's Report to determine the fairness and reasonableness of the transactions referred to in resolutions 5 and 6 as detailed in the Notice of Meeting and Explanatory Statement ("ESS") attached to the Notice to Sprintex shareholders ("the Notice") to be issued to shareholders in October 2012.
- 1.2 Wilson, a director of Sprintex owns 155,770,681 shares in Sprintex, representing approximately 20.27% of the issued capital of Sprintex as at 11 October 2012, along with 66,758,865 share options, exercisable at 2 cents each, on or before 30 June 2013 ("Wilson Options"). Siemens, a director of Sprintex owns 155,097,523 shares in Sprintex, representing approximately 20.19% of the issued capital of Sprintex as at 11 October 2012, along with 66,470,367 share options, exercisable at 2 cents each, on or before 30 June 2013 ("Siemens Options"). In total, there are 768,323,547 shares on issue in Sprintex as at 11 October 2012 and 251,622,675 share options, exercisable at 2 cents each, on or before 30 June 2013 ("2 cent Options"). Both Wilson and Siemens wish to be able to exercise their 2 cent Options (the Wilson Options and the Siemens Options) (collectively, "the Exercise Options") and if either one exercised their 2 cent options, individually either Wilson or Siemens could increase their shareholding in Sprintex by more than 3% in any one six month period.

In the event that only Wilson exercises the Wilson Options, Wilson's shareholding would increase to 222,529,546 shares and there would be 835,082,412 shares on issue (assumes no other share options are exercised and there are no other share issues). Wilson's shareholding would increase by from around 20.27% to approximately 26.65%. The increased shareholding is approximately 6.38%. In the event that only Siemens exercises the Siemens Options, Siemens' shareholding would increase to 221,567,890 shares and there would be 834,793,914 shares on issue (assumes no other share options are exercised and there are no other share issues). Siemens' shareholding would increase from around 20.19% to approximately 26.54%. The increased shareholding is approximately 6.35%. In the event that only Wilson and Siemens exercises the Wilson Options and Siemens Options, Wilson's shareholding would increase to 222,529,546 shares and Siemens' shareholding would be 221,567,890 and there would be 901,552,779 shares on issue (assumes no other share options

are exercised and there are no other share issues). Wilson's shareholding would increase from around 20.27% to approximately 24.68%. The increased shareholding is approximately 4.41%. Siemens shareholding would increase from around 20.19% to approximately 24.58%. The increased shareholding is approximately 4.39%. Collectively, Wilson and Siemens would own a total of 444,097,436 (of 901,552,779 shares on issue), representing an approximate 49.26% shareholding in Sprintex (assuming no other share options are exercised and no other share issues). The collective shareholding increase of Wilson and Siemens would be approximately 8.80%.

- 1.3 Under Paragraph 606 of the Corporations Act 2001 ("TCA"), a person must not acquire a relevant interest in issued voting shares in a company if 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%.

Under Section 611 (Item 7) of TCA, Section 606 does not apply in relation to any acquisition of shares in a company by resolution passed at a general meeting at which no votes were cast in favour of the resolution by the acquirer or the disposer or their respective associates. Section 611 (Item 9) refers to creeping provisions and a shareholder may not increase its shareholding by more than 3% in a six month period. Due to the possible increase in shareholdings of Wilson and Siemens as noted above an independent expert is required to report on the fairness and reasonableness of the transactions relating to the right for Wilson and Siemens to exercise the Wilson Options and Siemens Options respectively as noted in resolution 5 (the Siemen Options) and resolution 6 (the Wilson Options) pursuant to a Section 611 (Item 7) meeting. For the purposes of this report, the 66,758,865 shares that could be issued to Wilson on exercise of the Wilson Options are known as the Wilson Exercise Shares and the 66,470,367 shares that could be issued to Siemens on exercise of the Siemens Options are known as the Siemens Exercise Shares. For the purposes of this report, the total 133,229,232 shares that could be issued collectively to Wilson and Siemens are known as the Exercise Shares.

- 1.4 Under ASIC Regulatory Guideline 111 "Contents of Expert Reports" an Independent Expert's Report is required to report on the fairness and reasonableness of the transaction pursuant to resolutions 5 and 6. The Sprintex directors have requested Stantons International Securities to prepare an Independent Expert's Report to assist the shareholders in determining how to vote on resolutions 5 and 6 as outlined in the Notice and the ESS.

- 1.5 Apart from this introduction, the report considers the following:

- Summary of opinion
- Implications of the proposals
- Future directions of Sprintex
- Basis of valuation of Sprintex shares and the Exercise Options
- Premium for control
- Fairness and Reasonableness of the Proposals with Wilson and Siemens
- Conclusion as to Fairness and Reasonableness
- Sources of information
- Appendix A and our Financial Services Guide

- 1.6 In addition to resolutions 5 and 6, there are four other resolutions being presented to the shareholders of Sprintex and we are not reporting on the merits or otherwise of such resolutions. Resolution 1 relates to the adoption of the Remuneration Report for the year ended 30 June 2012; resolution 2 relates to the re-election of David White as a director of the Company; resolution 3 relates to the re-election of Michael Wilson as a director of the

Company and resolution 4 relates to the ratification of the issue of 60,345,192 shares at 2 cents each to private investors between January 2012 and March 2012. We are not reporting on the merits or otherwise of the matters contained in resolutions 1 to 4.

## 2. SUMMARY OF OPINION

- 2.1 In determining the fairness and reasonableness of the transaction and proposals pursuant to resolutions 5 and 6, we have had regard for the definitions set out by the Australian Securities and Investments Commission (“ASIC”) in its Regulatory Statement 111. Regulatory Statement 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of “fairness” is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the “target” and irrespective of whether the consideration is scrip or cash. An offer is “reasonable” if it is fair. An offer may also be reasonable, if despite not being “fair”, where there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer. Regulatory Statement 111 also states that in all cases, where an acquisition of shares by way of an allotment is to be approved by shareholders pursuant to Section 611 (Item 7) of TCA, a report by an independent expert stating whether or not the proposals pursuant to resolution 5 and 6 are fair and reasonable, having regard to the interests of shareholders other than the proposed allottees (in this case, Siemens and/or Wilson) and whether a premium for potential control is being paid by the allottees, will be required. Regulatory Statement 111 also provides that such an allotment should involve a comparison of the advantages and disadvantages likely to accrue to non-associated shareholders if the transaction proceeds compared with if it does not. Although in this case the proposed potential exercise of the Exercise Options are not takeover offers, we have considered the general principals noted above to determine our opinions on fairness and reasonableness pertaining to the proposals under resolutions 5 and 6.

Accordingly, our report relating to resolutions 5 and 6 is concerned firstly with the fairness and reasonableness of the proposal from the point of view of the existing non associated shareholders of Sprintex, and secondly (in relation to resolutions 5 and 6) whether the price payable for the potential for Wilson and/or Siemens to improve (increase) their shareholding interests in the Company (on exercise of the Wilson Exercise Options and/or the Siemens Exercise Options), includes a premium for increased control.

- 2.2 **In our opinion, taking into account the factors noted below and in section 7 of this report and the comments made in the ESS to Shareholders accompanying the Notice of October 2012, the proposal noted in resolution 5 whereby Sprintex will allow Siemens to exercise the Siemens Options at 2 cents each is on balance, fair and reasonable to the non-associated shareholders of Sprintex at the date of this report.**

**In our opinion, taking into account the factors noted below and in section 7 of this report and the comments made in the ESS to Shareholders accompanying the Notice of October 2012, the proposal noted in resolution 6 whereby Sprintex will allow Wilson to exercise the Wilson Options at 2 cents each is on balance, fair and reasonable to the non-associated shareholders of Sprintex at the date of this report.**

Notwithstanding that the Sprintex share price (closing price of 1.7 cents) as at 10 October 2012 each shareholder needs to examine the share price of Sprintex and market conditions at the time of exercise of vote to ascertain the impact, if any, on resolutions 5 and 6. The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report.

### 3. IMPLICATIONS OF THE PROPOSALS WITH WILSON AND SIEMENS

- 3.1 As at 11 October 2012, there were 768,323,547 fully paid ordinary shares on issue in Sprintex (1,250,000 shares were issued on or around 10 October 2012). The significant fully paid shareholders as at close of business on 26 September 2012 are disclosed as:

<u>Name of Shareholder</u>	<u>No. of Shares</u>	<u>% Interest</u>
Michael John Wilson & Megan Joy Wilson	155,770,681	20.27
China Automotive Holdings Limited (associated with Siemens)	155,097,523	20.19
Steven James Apedaile & Michelle Lynda Apedaile	105,627,045	13.77
Euro Mark Limited	37,340,256	4.87
Kok Keong Kong	33,305,529	4.34
	<hr/> 487,140,534 <hr/>	<hr/> 63.44 <hr/>

- 3.2 The top twenty fully paid shareholders as at 26 September 2012 own approximately 85.06% of the issued capital.
- 3.3 Paragraph 1.1 above refers to the possible change in shareholding of Wilson and Siemens in the event that the Wilson Options and/or the Siemens Options were exercised. Wilson would be required to pay Sprintex the sum of \$1,335,177 and Siemens would need to pay Sprintex the sum of \$1,329,407 (a collective total of \$2,664,584).
- 3.4 The listed share options on issue as at 11 October 2012 are 255,377,175 share options exercisable at 2.0 cent each per share on or before 30 June 2013 of which Wilson owns the 66,758,865 Wilson Options and Siemens owns 66,470,367 Siemens Options. Approximately 97.70% of the listed share options are in the hands of 20 option holders (Wilson 26.53% and Siemens 26.42%).
- 3.5 In relation to the Board of Directors control, the current directors are Messrs Wilson, Siemens, Steven Apedaile (also a substantial shareholder – 105,627,045 shares and substantial listed share option holder – 43,211,592 listed share options), Richard O'Brien and David White. It is not planned to change the Board of Directors in the near future but this may change as the needs arise.

### 4. FUTURE DIRECTION OF SPRINTEX

- 4.1 We have been advised by a director of Sprintex that:
- the immediate short-term plan is, inter-alia, to place the shortfall from the recent Rights Issue. In August 2012, the Company closed the 1 for 6 Rights Issue at 2.0 cents per share (and 3 listed share options for every 1 new share subscribed for). The Company has to 8 October 2012 issued 83,874,225 new shares and 251,622,675 listed share options. It has to 30 November 2012 to place the shortfall of 29,992,079 shortfall shares (and 89,976,237 free attaching listed share options) at 2 cents each to raise a further up to \$599,842. The amount (if any) that may be raised from the shortfall is unknown at the date of this report;
  - no dividend policy has been set and is not proposed to be set until such time as the Company is profitable and has a positive cash flow;
  - The Board of Directors in not planned to change in the near future but may change as the needs arise; and

- the Company is likely to raise further capital and possibly debt finance as and when required to continue to develop the Company's technology and fund its interest in the 50/50 Proreka Sprintex Sdn Bhd Joint Venture ("Joint Venture"). The Joint Venture in Malaysia owns a state of the art 40,000 square foot manufacturing facility. The 50% not owned by Sprintex is owned by Auto V Group Bhd. The facility is planned to be fully operational in late 2012 and have the capacity to produce 20,000 supercharges each year and the Joint Venture facility will be the primary facility supplying supercharges globally. The financing of 80% of the equipment at the Malaysian facility was undertaken via bank financing under a bank facility of RM 5 million (approximately \$1,600,000). The financing was conditional on each of the Malaysian resident directors of the Joint Venture, Auto V Corporation Bhd (the Company's Joint Venture partner) and Auto V Corporation Bhd's parent, Globaltec Formation Bhd. The Company has provided indemnities totalling half of the bank facility, being a maximum of RM 2.5 million (approximately \$800,000) to support the guarantees issued by the above named parties.

## **5. BASIS OF TECHNICAL VALUATION OF SHARES IN SPRINTEX**

- 5.1 In considering the proposal as outlined in resolutions 5 and 6 we have sought to determine if the exercise price of the Exercise Options is in excess of the current fair value of the shares in Sprintex on issue and then conclude whether the proposals are fair and reasonable to the existing non-associated shareholders of Sprintex (not associated with Wilson and/or Siemens).
- 5.1.2 The proposals pursuant to resolutions 5 and 6 would be fair to the existing non associated shareholders if the exercise price of the Exercise Options is greater than or equal to the implicit value of the shares in Sprintex currently on issue. Accordingly, we have sought to determine a theoretical value that could reasonably be placed on Sprintex shares for the purposes of this report.
- 5.1.3 The valuation methodologies we have considered in determining the current technical value of a Sprintex share are:
- Capitalised maintainable earnings/discounted cash flow;
  - Takeover bid - the price which an alternative acquirer might be willing to offer;
  - Adjusted net asset backing and windup value; and
  - The market value price of Sprintex shares.

### **5.2 Capitalised Maintainable Earnings / Discounted Cash Flows**

- 5.2.1 Sprintex currently does not have a reliable cash flow or profit history from its supercharger manufacturing business therefore this methodology is not entirely appropriate. An external technical valuation of the supercharger technology of Sprintex has not been undertaken as it is considered more appropriate (for the purpose of considering the fairness and reasonableness of the potential exercise of the Exercise Options) to consider the market value of the Sprintex shares based on recent sales and taking into account the issue price of shares. The Sprintex Group to 30 June 2012 has accumulated losses of \$33.008 million and the losses after tax (research and development rebates) for the years ended 30 June 2012 and 30 June 2011 were approximately \$5.191 million and \$4.238 million respectively. The Company has shifted the manufacturing operations to Malaysia via the 50/50 Joint Venture as noted above and cash manufacturing costs are expected to fall materially. A 2012/13 Business Plan has been prepared with some preliminary cash flow forecasts, however in view of the early set up of the Joint Venture, we have not deemed it necessary to value the supercharger business based on preliminary forecasted cash flows that contain assumptions

that may or may not turn out to be reliable. Obviously, the Company has upside (including an improved share price) but it is too early to predict when the Joint Venture will commence to be profitable.

### 5.3 Takeover Bid

- 5.3.1 It is possible that a potential bidder for Sprintex could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. To our knowledge, there are no current bids in the market place and the directors of Sprintex have formed the view that there is unlikely to be any takeover bids made for Sprintex in the immediate future. Refer paragraph 3.6 above for possible shareholding percentages in Sprintex by Wilson and/or Siemens.

### 5.4 Net Asset Backing and Wind-Up Value

- 5.4.1 A summary of the audited consolidated statement of financial position of Sprintex as at 30 June 2012 is summarised below (after allowing for monies received from the Rights Issue received since 30 June 2012 of \$481,394 but assuming all such funds were incurred on operating losses post 30 June 2012).

	<b>Audited 30 June 2012 (as adjusted) \$000's</b>
<b>Current assets</b>	
Cash at bank	940
Pledged bank deposits	112
Trade and other receivables	998
Inventories	1,070
Loans due from a Joint Venture	903
	<hr/> 4,023 <hr/>
<b>Non-current assets</b>	
Investment in a Joint Venture	217
Property, plant and equipment	1,887
Goodwill and intellectual property	39
	<hr/> 2,143 <hr/>
Total assets	<hr/> 6,166 <hr/>
<b>Current liabilities</b>	
Trade and other payables	486
Provisions	144
Interest bearing liabilities	146
Other liabilities	-
	<hr/> 776 <hr/>
Non Current Liabilities	
Interest bearing liabilities	58
	<hr/> 58 <hr/>
Total liabilities	<hr/> 834 <hr/>
<b>Net Assets</b>	<hr/> <hr/> 5,332 <hr/> <hr/>
<b>Equity</b>	
Issued capital	38,726
Reserves	96
Accumulated losses	(33,490)
<b>Net Equity</b>	<hr/> <hr/> 5,332 <hr/> <hr/>



- 5.4.2 Based on the book values at 30 June 2012 as adjusted this equates to a value per issued share (767,073,547 shares on issue) of approximately 0.695 cents (ignoring the value, if any, of non-booked tax benefits).

## 5.5 Market Price of Sprintex Shares

- 5.5.1 We set out below a summary of share prices of Sprintex from 1 May 2012 to 10 October 2012.

	<b>High Last Sale Cents</b>	<b>Low Last Sale Cents</b>	<b>Last Sale Cents</b>	<b>Volumes Trade (000's)</b>
May 2012	2.0	1.5	1.5	1,206
June 2012	2.0	1.5	1.5	1,017
July 2012	2.0	1.5	1.5	4,560
August 2012	1.9	1.0	1.0	6,554
September 2012	1.8	0.8	1.8	8,020
October 2012 (to 10th)	2.0	1.4	1.7	2,772

On 14 June 2012, the Company announced the proposed 1 for 6 Rights Issue at 2 cents per share (along with 3 free attached share options for every 1 share subscribed for). The directors at that stage agreed to subscribe for their entitlement in full that approximated \$1,200,000 being received from the directors of Sprintex (\$1,196,090 received in advance prior to 30 June 2012). The Rights Issue closed on 8 August 2012 and a total of 83,874,225 shares were issued of which the directors of Sprintex subscribed for 59,804,500. The increase in volume in July to September 2012 was as a result of the large increase in available shares to be traded on ASX. On 26 September 2012, the Company announced a “significant order and North American agreement with Performance Motorsports Inc (PMI) for the recently developed supercharger system for the new Toyota/Subaru joint venture sports car branded as the Scion FR-S in North America” (known in Australia as the Toyota 86 and the Subaru BRZ). The share price the next day leaped from the 1.0/1.3 cents range to trade on 27/28 September 2012 at between 1.6 cents and 1.8 cents. In early October 2012, the shares in Sprintex have traded on ASX at between 1.4 cents and 2.0 cents.

- 5.5.2 No independent valuations have been prepared on the technology interests of Sprintex and we do not consider it necessary to obtain an independent valuation for the purposes of this report. We note that the market has been informed of all of the current projects and joint ventures entered into between Sprintex and other parties. We also note it is not the present intention of the directors of Sprintex to liquidate the Company and therefore any theoretical value based upon wind up value or even net book values (as adjusted), is just that, theoretical. The shareholders, existing and future, must acquire shares in Sprintex based on the market perceptions of what the market considers a Sprintex share to be worth. The market has either generally valued the vast majority of junior/mid size technology/manufacturing companies at significant discounts or premiums to appraised technical values and this has been the case for a number of years although we also note that there is an orderly market for Sprintex shares and the market is kept fully informed of the activities of the Company. The market capitalisation of Sprintex as at 9 October 2012 was approximately \$13.807 million. Sprintex’s market capitalisation is greater than the net equity position of around \$5.332 million as at 30 June 2012 as adjusted.

## 5.6 Preferred value of Sprintex fully paid shares (range) to arrive at fairness conclusion

- 5.6.1 Notwithstanding the prospectivity of Sprintex’s supercharger manufacturing business, without cash the Company cannot continue to manufacture and develop the supercharger

technology assets and meet its short term working capital requirements. The closing share price as at 10 October 2012 does not necessarily reflect fair value of the Company's shares. If Sprintex can manage the working capital requirements over the next few months and the relatively new Joint Venture proves successful, then arguably the fair value of a Sprintex share would be in excess of the 2.0 cent exercise price of the Exercise Options owned by Wilson and Siemens (and all of the 2 cent Options). The share price in the future is unknown but it may be fair to say that if the continued development and exploitation of the Company's supercharger business assets are enhanced then it is likely that the share price would be higher than the share price over the past few months to 10 October 2012. The future ultimate value of a Sprintex share will depend upon, inter alia:

- the future prospects of its supercharger manufacturing business and the Joint Venture;
- the state of the vehicle (and supercharger) markets (and prices) in Australia and overseas;
- the state of Australian and overseas stock markets;
- the strength of the Board and management and/or who makes up the Board and management;
- general economic conditions;
- the ability of the Company to secure funding requirements for its development;
- the liquidity of shares in Sprintex; and
- possible ventures and acquisitions entered into by Sprintex.

5.6.2 Generally, the market is a fair indicator of what a share is worth, however the theoretical technical value based on the underlying value of assets and liabilities may be lower or higher. In the case of Sprintex, current liquidity and working capital is not strong for the short term and it is noted that the current cash and receivables as at 30 June 2012 as adjusted totalled approximately \$1,938,000 whilst trade creditors, accruals, short term debts and provisions totalled approximately \$776,000. The short to medium term cash position is relatively poor taking into account the cash requirements of the Company for the balance of 2012 and 2013 particularly in providing continued funding for the Joint Venture and for general working capital. Arguably, based on the price history from 1 June 2012 to 10 October 2012, the market value of a Sprintex share lay mainly in the range of 1.5 cents to 2.0 cents but has not traded at 2.0 cents since 12 July 2012 (except for one sale on 8 October 2012) and this was before the Rights Issue that was undertaken at 2.0 cents but with an incentive by way of three 2 cent Options for every one share subscribed for. However, the share price since 25 August 2012 (after the closure of the Rights Issue on 8 August 2012) has been between 0.8 cents and 2.0 cents with trading in the low 1's for most of September 2012 (and since 22 August 2012). The last sale on 10 October 2012 was 1.7 cents.

We have put more of a weighting on the market value rather than the net asset backing approach. In our view, for the purposes of ascribing a value to a Sprintex share for the purposes of arriving at a conclusion on the fairness and reasonableness of the proposals under resolutions 5 and 6, the current fair market value of a Sprintex share based on prices between 1 June 2012 and to 10 October 2012 lies in the range of 1.0 cents and 2.0 cents but noting that the low was 0.8 cents and the high was 2.0 cents.

## **6. PREMIUM FOR CONTROL**

6.1 Premium for control for the purposes of this report, has been defined as the difference between the price per share, which a buyer would be prepared to pay to obtain or improve a controlling interest in the Company and the price per share which the same person would be required to pay per share, which does not carry with it control or the ability to improve control of the Company.



- 6.2 Under TCA, control may be deemed to occur when a shareholder or group of associated shareholders control more than 20% of the issued capital. In this case, Wilson's shareholding (currently approximately 20.27%) on exercise of the Wilson Options at 2 cents each to ordinary fully paid shares in Sprintex may become 222,529,546 shares in Sprintex representing an approximate 26.65% shareholding in the absence of any other share issues by Sprintex. In this case, Siemens shareholding (currently approximately 20.19%) on exercise of the Siemen Options at 2 cents each to ordinary fully paid shares in Sprintex may become 221,567,890 shares in Sprintex representing an approximate 26.54% shareholding in the absence of any other share issues by Sprintex. Accordingly, we have addressed whether a premium for potential increased control will be paid.
- 6.3 The 10 October 2012 market value of a Sprintex share approximated 1.8 cents and it is noted that the shares in the two months to 10 October 2012 traded mainly in the 1.0 cent to 1.9 cent range, although it is noted that the net book asset backing per share is now disclosed at approximately 0.695 cents per share. Therefore, Wilson and/or Siemens can arguably be considered to be to be paying a premium for a potential increased control based on the ordinary share price of a Sprintex share in the range of 1.0 cents (100% premium) to 1.9 cents (5.26% premium) but would not be paying for a premium for a potential increase in control based on the Rights Issue price of July/August 2012. It is noted that based on an unaudited book net asset backing of approximately 0.695 cents per share, Wilson and/or Siemens would be paying a premium for increased control. The ultimate market price at the date(s) either Wilson or Siemens wish to exercise the Wilson and/or Siemens Options is unknown but we note that the value could be higher than the share price of the Company of 10 October 2012.

## **7. FAIRNESS AND REASONABLENESS OF THE PROPOSALS WITH WILSON AND/OR SIEMENS**

We set out below, some of the advantages, disadvantages and other factors pertaining to the proposals under resolutions 5 and 6.

### **Advantages**

- 7.1 If shareholders do not approve resolutions 5 and 6 the Exercise Options cannot be exercised by Wilson and/or Siemens until such time as other 2 cent Option holders exercise their 2 cent Options so that if Wilson and/or Siemens exercise their Exercise Options, they would not breach the 3% creep rule noted in paragraph 1.3 above (or alternatively only exercise the Exercise Options in numbers so as to not breach the 3% creep rule). This may reduce the ability of the Company to raise further funds. If the Exercise Options are exercised, the Company would receive \$1,335,177 from Wilson and \$1,329,407 from Siemens.
- 7.2 The exercise price of the Exercise Options is at 2.0 cents per share that is at a premium to the share price of a Sprintex share traded on ASX since 22 August 2012 (except for one sale at 2 cents on 8 October 2012). The last capital raising by the Company was undertaken at 2.0 cents per share in July/August 2012 via the Rights Issue referred to above but the share price has drifted downwards over the past 2 months.
- 7.3 There is a continuing incentive for Wilson and Siemens to ensure Sprintex becomes a viable supercharger system manufacturer and development company as both Wilson and Siemens may have a significant increased shareholding interest in Sprintex if all of the Exercise Options are exercised. Between them they own approximately 40.45% of the shares on issue in Sprintex as at 11 October 2012 and if both exercised their 2 cent Options (and no other shares issued), the collective shareholding of Wilson and Siemens would approximate 49.26%. There is a huge incentive for Wilson and Siemens to make Sprintex a successful company and have the share price rise considerably. All shareholders would benefit from a rise in the share price.

### **Disadvantages**

- 7.4 The number of fully paid ordinary shares on issue may rise by up to 133,229,232 on exercise of the Exercise Options at 2.0 cents per share to 901,552,779 before any other share issues. In total this could represent an approximate 17.33% increase in the ordinary shares of the Company. This dilutes the shareholding of the existing non associated shareholders.
- 7.5 An influential potential increase in shareholding of the Company may be given to Wilson and/or Siemens on exercise of the Exercise Options.

### **Other Factors**

- 7.6 There is no guarantee that Wilson and/or Siemens will exercise the Exercise Options but would probably do so if the share price is in excess of 2.0 cents and there is some evidence in the turnaround of the operations of the Company.
- 7.7 The exercise price of 2.0 cents relating to the Exercise Options may be less than the market value of a Sprintex share trading on ASX at the date(s) of exercise and thus Wilson and/or Siemens would not be paying a premium for increased control. However, it is noted that the exercise price of the Wilson Options and Siemens Options is at the same price that all other 2 cent Option holders can exercise their 2 cent Options. Wilson and Siemens received their Exercise Options as a result of subscribing to the 1 for 6 Rights Issue of July/August 2012 and thus no additional benefit was provided to them as compared with all other shareholders. If all 2 cent Options were exercised, the Company would receive new funds of \$5,032,453 (based on the exercise of 251,622,675 2 cent Options on or before 30 June 2013). Under such a scenario, Wilson's shareholding interest would be approximately 21.84% (now 20.27%) and Siemens's shareholding interest would be approximately 21.75% (now 20.19%).

## **8. CONCLUSION AS TO FAIRNESS AND REASONABLENESS**

- 8.1 In our opinion, taking into account the factors noted above and in section 7 of this report and the comments made in the ESS to Shareholders accompanying the Notice of October 2012, the proposal noted in resolution 5 whereby Sprintex will allow Siemens to exercise the Siemens Options at 2 cents each is on balance, fair and reasonable to the non-associated shareholders of Sprintex at the date of this report.

In our opinion, taking into account the factors noted above and in section 7 of this report and the comments made in the ESS to Shareholders accompanying the Notice of October 2012, the proposal noted in resolution 6 whereby Sprintex will allow Wilson to exercise the Wilson Options at 2 cents each is on balance, fair and reasonable to the non-associated shareholders of Sprintex at the date of this report.

Notwithstanding that the Sprintex share price (closing price of 1.7 cents) as at 10 October 2012 each shareholder needs to examine the share price of Sprintex and market conditions at the time of exercise of vote to ascertain the impact, if any, on resolutions 5 and 6.

## **9. SOURCES OF INFORMATION**

- 9.1 In making our assessment as to whether the proposal pursuant to resolutions 5 and 6 are fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company that is relevant to the current circumstances. In addition, we have held discussions with the management of Sprintex about the present and future operations of Sprintex. Statements and opinions contained in this report are given in

good faith, but in the preparation of this report, we have relied in part on information provided by the directors and management of Sprintex.

9.2 Information we have received, includes, but is not limited to:

- Drafts of Notice of General Meeting of Shareholders and ESS of Sprintex for the General Meeting of Shareholders the Company plans for November 2012;
- Discussions with management of Sprintex;
- Top 20 shareholding and share option details of Sprintex as at 26 September 2012;
- Share prices of Sprintex since 1 October 2011 to 10 October 2012;
- Annual Report of Sprintex for the year ended 30 June 2012;
- Announcements made by Sprintex to the ASX from 1 January 2011 to 10 October 2012;
- The preliminary cash flow forecasts of the Joint Venture for 2012/13;
- A research paper on Sprintex by a research provider dated July 2011;
- Information on Sprintex as provided on the ASX web site and Sprintex's web site; and
- The 2012/13 Business Plan of Sprintex.

9.3 Our report includes Appendix A and our Financial Services Guide attached to this report.

Yours faithfully

**STANTONS INTERNATIONAL SECURITIES**



**John Van Dieren - FCA**  
**Director**

## **APPENDIX A**

### **AUTHOR INDEPENDENCE AND INDEMNITY**

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities dated 11 October 2012, relating to the proposals to allow Siemens and Wilson to exercise the Siemens Options and Wilson Options as outlined in paragraph 1.2 of the report and resolutions 5 and 6 respectively in the Notice of Meeting to Shareholders and the Explanatory Statement proposed to be distributed to the Sprintex shareholders in October 2012.

At the date of this report, Stantons International Securities does not have any interest in the outcome of the proposals. There are no relationships with Sprintex, Wilson and other than acting as an independent expert for the purposes of this report. Before accepting the engagement Stantons International considered all independence issues and concluded that there were no independence issues in accepting the assignment to prepare the Independent Experts Report. There are no existing relationships between Stantons International Securities and the parties participating in the transactions detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at a maximum of \$15,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Stantons International Securities nor John P Van Dieren have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

Stantons International Securities does not hold any securities in Sprintex. There are no pecuniary or other interests of Stantons International Securities that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities and Mr J Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

### **QUALIFICATIONS**

We advise Stantons International Securities is the holder of an Australian Financial Services Licence (no 418019) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions that involve securities. The directors of Stantons International Audit and Consulting Pty Ltd are the directors of Stantons International Securities. Stantons International Securities has extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

Mr John P Van Dieren, FCA, the person responsible for the preparation of this report, has extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

### **DECLARATION**

This report has been prepared at the request of the Directors of Sprintex in order to assist them to assess the merits of allowing Siemens and/or Wilson to exercise the Exercise Options as outlined in resolutions 5 and 6 to the Explanatory Statement to Shareholders to which this report relates. This report has been prepared for the benefit of Sprintex shareholders and does not provide a general expression of Stantons International Securities opinion as to the longer term value of Sprintex its subsidiaries, Joint Ventures and their assets. Stantons International Securities does not imply, and it

should not be construed, that is has carried out any form of audit on the accounting or other records of the Sprintex Group or the Joint Venture. Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

### **DISCLAIMER**

This report has been prepared by Stantons International Securities with due care and diligence. However, except for those responsibilities, which by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omission (including responsibility to any person for negligence) is assumed by Stantons International Securities, Stantons International Audit and Consulting Pty Ltd, their directors, employees or consultants for the preparation of this report.

### **DECLARATION AND INDEMNITY**

Recognising that Stantons International Securities may rely on information provided by Sprintex and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities experience and qualifications), Sprintex has agreed:

- (a) To make no claim by it or its officers against Stantons International Securities (and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which Sprintex may suffer as a result of reasonable reliance by Stantons International Securities on the information provided by Sprintex; and
- (b) To indemnify Stantons International Securities (and Stantons International Audit and Consulting Pty Ltd) against any claim arising (wholly or in part) from Sprintex or any of its officers providing Stantons International Securities any false or misleading information or in the failure of Sprintex or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities.

A draft of this report was presented to Sprintex directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

**FINANCIAL SERVICES GUIDE  
FOR STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD  
(Trading as Stantons International Securities)  
Dated 11 October 2012**

1. Stantons International Securities ABN 84 144 581 519 and Financial Services Licence 418019 (“SIS” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. **Financial Services Guide**

In the above circumstances we are required to issue to you, as a retail client a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 418019;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. **Financial services we are licensed to provide**

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. **General Financial Product Advice**

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

**5. Benefits that we may receive**

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

**6. Remuneration or other benefits received by our employees**

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

**7. Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

**8. Associations and relationships**

SIS is ultimately a wholly division of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. Stantons International Audit and Consulting Pty Ltd also trades as Stantons International that provides audit, corporate services, internal audit, probity, management consulting, accounting and IT audits.

From time to time, SIS and Stantons International Audit and Consulting Pty Ltd and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

**9. Complaints resolution**

**9.1 Internal complaints resolution process**

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer  
Stantons International Securities  
Level 2  
1 Walker Avenue  
WEST PERTH WA 6005

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

**9.2 Referral to External Dispute Resolution Scheme**

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited ("FOSL"). FOSL is an independent company that has been established to provide free advice and



assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited  
PO Box 3  
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08  
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details set out above.

Telephone	08 9481 3188
Fax	08 9321 1204
Email	<a href="mailto:jvdieren@stantons.com.au">jvdieren@stantons.com.au</a>