

**SVC GROUP LIMITED**

**ACN 009 161 522**

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**NOTICE OF GENERAL MEETING**

**AND**

**EXPLANATORY MEMORANDUM**

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Date of Meeting: 26<sup>th</sup> November 2012

Time of Meeting: 10.30 am (Sydney time)

Place of Meeting: Level 8, 55 Hunter St, Sydney, NSW, 2000

## **TIMETABLE**

Notice of General Meeting despatched to Shareholders	26 October 2012
General Meeting to consider resolutions	26 November 2012
Notification to ASX of results of EGM	26 November 2012
Trading in SVC shares on an 'ex return of capital basis'	28 November 2012
Spinoff Record Date	4 December 2012
Despatch Date	6 December 2012
SVC announces completion of capital reduction	6 December 2012

### **Not a Prospectus**

This document is not a prospectus lodged under Chapter 6D of the Corporations Act.

### **Enquiries**

This document is important and it should be read in its entirety. If you have any questions relating to this document please contact Richard Pritchard on 02 99515430 or

[richard.pritchard@svcgroupp.com.au](mailto:richard.pritchard@svcgroupp.com.au)

### **Definitions**

A number of terms and abbreviations used in this Notice of Meeting and EXPLANATORY STATEMENT have defined meanings set out in section 10.

**NOTICE** is given that a General Meeting of SVC Group Limited ACN 009 161 522 (the **Company**) will be held at Level 8, 55 Hunter St, Sydney on 26 November 2012 at 10.30 am

## **BUSINESS**

Shareholders are invited to consider the following item of business at the General Meeting:

### **RESOLUTION – APPROVAL FOR AN EQUAL REDUCTION OF CAPITAL**

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

*“That, for the purposes of ASX Listing Rules, sections 256B and 256C of the Corporations Act 2001 (Cth) and for all other purposes:*

- a) the Company’s interest in the Zambia Assets be transferred to a wholly-owned subsidiary of the Company, to be newly incorporated for the purposes of the Spinoff (such subsidiary to be named “ZTR Resources Limited”);*
- b) the Board of the Company be authorised at its discretion to effect a reduction in the issued share capital of SVC, without cancelling any shares, by an amount equal to the market value (as assessed by the Directors of the Company) of the total issued capital of ZTR on the record date; and*
- c) the reduction be satisfied by the Company making a pro-rata in specie distribution of all the shares held by the Company in ZTR to holders of fully paid ordinary shares in the Company registered as at the Spinoff Record Date on and subject to the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

#### **Short Explanation:**

Under the Corporations Act, the Company must seek Shareholder approval by ordinary resolution to an equal reduction of capital. Please refer to the Explanatory Statement for details. The Spinoff Record Date is 4 December 2012.

#### **Voting Exclusion:**

The Company will disregard any votes cast on this resolution by any person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if this resolution is passed, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**By order of the Board**



**Richard Pritchard**  
Chairman and Company Secretary

## **EXPLANATORY STATEMENT**

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the General Meeting and should be read in conjunction with the accompanying Notice.

### **1 RESOLUTION: Background and Overview of the Spinoff Proposal**

#### **1.1 Core Assets**

The Board has determined that the Zambia Assets are not core to the Company's future. As it is likely that the Company will be required to raise funds for their development, it has been determined that the Zambia Assets be transferred to a separate non- ASX listed public company.

Under the proposal, it is proposed that the Company undertake the Spinoff, with the result that:

- a) the Company's interest in the Zambia Assets be transferred to a wholly-owned subsidiary of the Company, to be newly incorporated for the purposes of the Spinoff (such subsidiary to be ZTR);
- b) the Company's 100% shareholding in ZTR be transferred to the Company's Shareholders by way of a pro-rata in specie distribution, with the result that the Company's Shareholders each hold shares in ZTR in the same proportion as they do in the Company as at the Spinoff Record Date; and
- c) the Company's Shareholders' shareholdings in the Company are unaffected by the Spinoff.

#### **1.2 Board's considerations and recommendations**

The Board has considered at length the development and funding of the Zambia Assets. It has decided that they be transferred out of SVC to a non ASX-listed entity owned by the current owners of SVC was for the benefit of its shareholders.

Importantly, under the proposal for the Spinoff, the Company's Shareholders will not be required to pay any consideration for the ZTR Shares, as the Company will effect an appropriate capital reduction in its books to reflect the in specie distribution. Further, the Company's Shareholders will retain their interest in their Shares in the Company, with the prospects of realising value from the Company's main undertaking.

Whilst it is the Board's present intention to exercise its discretion to implement the transactions contemplated by this Notice (subject to the passing of the Resolution and obtaining the relevant approvals), the Board remains committed to acting in the best interests of Shareholders, and as such may elect not to proceed with the proposed Spinoff and in specie distribution, in the event that there is a change in the Company's circumstances which render the proposed transactions less favourable, and/or if a superior alternative presents itself to the Company.

### **2 The Spinoff**

To give effect to the proposal, the Company proposes to sell the Zambia Assets to ZTR, which will be newly incorporated. ZTR will upon incorporation (until the completion of the in specie distribution) be a wholly-owned subsidiary of the Company.

It is proposed that the Company will then distribute in specie the ZTR Shares to its Shareholders. The intended result is that ZTR will have a 100% interest in the Zambia Assets and the Company's Shareholders will become the only shareholders of ZTR.

To give effect to this intention and subject to the passing of the Resolution by Shareholders:

- a) The Company will incorporate ZTR as a wholly-owned unlisted public company;

- b) ZTR will acquire from the Company the whole of its shareholding in Zambian Resource Ventures Pty Limited;
- c) The Company will then make an in specie distribution of 100% of the ZTR Shares to the Company's Shareholders on a pro-rata basis for nil cash consideration;
- d) The Company will make an appropriate reduction to its capital to reflect the deemed value of the in specie distribution; and
- e) The Company will require an indemnity from ZTR as part of the Spinoff against any loss suffered or incurred by the Company in connection with the Zambia Assets.

### **3 In specie distribution by way of capital reduction**

The Company proposes to make the in specie distribution with no cash consideration flowing from the Company's Shareholders. To compensate for the lack of cash consideration, the Company proposes to make an appropriate equal reduction to its capital to reflect the distribution, which capital reduction forms the subject of the Resolution. The Company will undertake the capital reduction, which will have the effect of reducing the Company's historical paid up share capital (contributed equity), without cancelling any shares, by the amount equivalent to the deemed value of the ZTR Shares, being \$113,400 (the **Reduction Amount**). The Reduction Amount has been assessed by the Company's management and Board, and reflects the deemed value of the ZTR Shares with regard to the recent placement capital raising.

The Reduction Amount anticipates a capital reduction of approximately \$0.00082 per Share (based on the number of Shares on issue in the Company as at the date of the Notice). The reduction of capital will be satisfied by the Company making a pro-rata in specie distribution of 100% of its shareholding in ZTR to all Shareholders of the Company as at the Spinoff Record Date.

### **3.1 Legal Requirements**

#### **3.1.1 Corporations Act**

Section 256B(1) of the Corporations Act provides that a company may reduce its share capital if the reduction:

- (a) is fair and reasonable to the company's shareholders as a whole;
- (b) does not materially prejudice the company's ability to pay its creditors; and
- (c) is approved by shareholders under section 256C of the Corporations Act.

The proposed capital reduction is an equal reduction as:

- (a) it relates only to ordinary Shares;
- (b) it applies to each holder of ordinary Shares in proportion to the number of ordinary Shares they hold; and
- (c) the terms of the reduction are the same for each holder of ordinary Shares.

As the proposed capital reduction is an equal reduction, section 256C of the Corporations Act requires Shareholder approval of the proposed reduction by way of an ordinary resolution. The Directors consider that the proposed reduction of capital by the in specie distribution of ZTR Shares on a pro rata basis to the existing Shareholders of the Company:

- (a) does not materially prejudice the Company's ability to pay its creditors;
- (b) the reduction of capital will not result in the Company being insolvent at the time of the capital reduction or
- (c) become insolvent as a result of the capital reduction; and
- (d) is fair and reasonable to Shareholders as a whole because Shareholders are all treated in the same manner as the distribution of ZTR Shares is on a pro rata basis.

#### **3.1.3 Listing Rule 7.20**

In accordance with Listing Rule 7.20, the following information is provided:

- (a) As a result of the proposed in specie distribution, the number of Shares on issue in the Company will not change.

- (b) In determining the number of ZTR Shares an eligible Shareholder of the Company will receive, fractional entitlements arising on the reduction of capital will be rounded up.
- (c) There are no options currently on issue in the Company as at the date of this Notice.

#### **3.1.4 Listing Rule 11.4**

Based on the information provided to ASX by the Company relating to the in specie distribution, the Company has been advised by ASX that Listing Rule 11.4 does not apply to the in specie distribution.

#### **3.2 Effect of the proposed capital reduction on the Company**

If Shareholder approval is obtained for the reduction of capital and the Directors proceed to implementation, it will have the effect of reducing the Company's total equity by the Reduction Amount, \$113,400.

#### **3.3 Effect of the proposed capital reduction on Shareholders of the Company**

The effect of the proposed equal reduction is that Shareholders in the Company will receive a pro-rata distribution in specie of 1 ZTR Share for every 10 Share in the Company held on the Spinoff Record Date, taking into account fractional entitlements.

Upon the Resolution being passed by Shareholders, the Company will incorporate ZTR.

There are taxation consequences in respect of the distribution of the ZTR Shares to Shareholders of the Company. Details of the general taxation effect of the transactions are set out below in this Explanatory Statement.

#### **4 Advantages and Disadvantages of the proposal**

The principal advantages and disadvantages to Shareholders of the proposed equal reduction are as follows.

##### **4.1 Advantages**

- (a) All Shareholders retain their interest in the Company's Zambia Assets through their individual pro-rata shareholdings in ZTR.
- (b) All Shareholders retain their current percentage ownership interest in the capital of the Company, with the prospect of realising value from the Company's main undertaking.
- (c) The separation of the Zambia Assets allows ZTR's management (which will be the current Company's management) to specifically focus on generating value from the Zambia Assets, without having to comply with corporate overheads associated with an ASX-listed entity.
- (d) Importantly, Shareholders will not be required to pay any consideration for the ZTR Shares, as the Company will effect an appropriate capital reduction in its books to reflect the in specie distribution.

##### **4.2 Disadvantages**

- (a) There is no guarantee that the ZTR Shares will increase in value.
- (b) It is not proposed that ZTR acquire a listing on any public exchange, including the ASX; as such if Shareholders elect not to participate in the share buyback, there may be no ready market in ZTR Shares and these shares are likely to be illiquid.
- (c) ZTR will need to raise funds to meet its day-to-day operations. This may result in the original SVC shareholders being diluted.
- (d) There are potential taxation consequences in respect of the in specie distribution of the ZTR Shares to the Company's Shareholders. Details of the general taxation effect of the transaction are set out in section 7 of this Explanatory Statement.

- (e) The Board considers that the advantages of the proposed demerger and in specie distribution outweigh the disadvantages.

## 5 Additional Important Information for Shareholders

### 5.1 Capital Structure of the Company

The Company has 137,639,069 Shares on issue as at the date of this Notice. The number of Shares on issue in the Company will remain unchanged as a result of the proposed in specie distribution and capital reduction.

As at the date of this Notice there are no options to acquire shares on issue in the Company.

### 5.2 Overseas Shareholders

The proposed in specie distribution of the ZTR Shares to the Company's overseas registered Shareholders under the reduction of capital will be subject to the legal and regulatory requirements in their relevant jurisdictions. In the opinion of the Directors, the requirements of jurisdictions outside Australia and New Zealand where a Shareholder is resident restrict or prohibit the distribution of ZTR Shares or otherwise impose on the Company an unreasonable burden, and therefore the ZTR Shares to which the relevant Shareholders are entitled will be allocated to a nominee to be appointed by the Company.

The nominee will hold the relevant ZTR Shares on trust for the relevant shareholders and once there is a market for these ZTR Shares (during the share buyback which ZTR proposes to conduct upon completion of the in specie distribution of ZTR Shares) they will be sold by the nominee who will then account to the relevant Shareholders for the net proceeds of sale after deducting the costs and expenses of the sale. The net proceeds of sale to such Shareholders may be more or less than the notional dollar value of the return of capital as set out in this Explanatory Statement.

### 5.3 Directors' Interests and Recommendations

Set out below is a table which indicates the securities in which the incumbent Directors have a relevant interest prior to the capital reduction and the number of ZTR Shares in which they are likely to have an interest if the Resolution is passed and implemented:

Director	Existing Shares in SVC	New Shares in ZTR*
Mr Allen Govey	343,618	34,362
Mr Richard Pritchard	1,741,854	174,186
Mr Anthony Crimmins	Nil	Nil

*\*based on a ratio of 1 ZTR Share for every 10 Shares in the Company held as at the Spinoff Record Date.*

After considering all relevant factors, the Directors recommend that the Company's Shareholders vote in favour of the Resolution for the following reasons:

- (a) after a full and proper assessment of all available information they believe that the proposed transaction is in the best interests of the Company's Shareholders; and
- (b) in the opinion of the Directors, the benefits of the proposed transaction outweigh its disadvantages as referred to in section 4.

## 6 Information on ZTR

### 6.1 Newly Incorporated Company

ZTR will be incorporated following receipt of Shareholder approval pursuant to the Resolution and will be a wholly-owned subsidiary of the Company (until completion of the in specie distribution).

It will be an unlisted public company.

ZTR presently has no business operations other than by virtue of the proposed acquisition of the Zambia Assets from the Company.

The proposed board of directors of ZTR is as described in section 6.2.

## **6.2 Proposed Board of ZTR**

It is presently intended that the Board of ZTR be comprised of the incumbent Directors of the Company as set out below.

Richard Pritchard - Proposed Non-Executive Chairman

Anthony Crimmins - Proposed Non-Executive Director

Allen Govey - Proposed Non-Executive Director

## **6.3 Proposed Capital Structure of ZTR**

It is proposed that ZTR's issued capital will comprise of 13,763,907 shares (being one tenth of the number of Shares on issue in the Company as at the date of this Notice).

## **6.4 Information about ZTR Shares**

Full details of the rights attaching to the ZTR Shares will be set out in ZTR's constitution, a copy of which will be available upon request upon incorporation. It is proposed that the following rights will attach to the ZTR Shares:

### **6.4.1 Voting Rights**

At meetings of shareholders of ZTR, subject to any rights and restrictions attaching to any class of ZTR's shares:

- a. each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- b. on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- c. on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid ordinary share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share.

### **6.4.2 Rights on Winding Up**

Subject to the rights of holders of shares with special rights in a winding up (at present there are none), on a winding up of ZTR, the liquidator may, with the sanction of a special resolution of ZTR:

- a. divide among the shareholders in kind all or any of ZTR's assets; and
- b. for that purpose, determine how he or she will carry out the division between the different classes of shareholders, but may not require a shareholder to accept any shares or other securities in respect of which there is any liability.

The liquidator may, with the sanction of a special resolution of ZTR, vest all or any of the ZTR's assets in a trustee on trusts determined by the liquidator for the benefit of the contributories.

### **6.4.3 Transfer of shares**

Subject to ZTR's constitution, the Corporations Act and any other relevant legislation, shares in ZTR are freely transferable.

#### **6.4.4 Dividend entitlement**

Subject to the rights of persons (if any) entitled to shares with special rights as to dividends:

- a. all fully paid shares on which any dividend is declared or paid, are entitled to participate in that dividend equally; and
- b. each partly paid share is entitled to a fraction of the dividend declared or paid on a fully paid share of the same class, equivalent to the proportion which the amount paid (not credited) on the share bears to the total amounts paid and payable, whether or not called, (excluding amounts credited) on the share.

#### **6.4.5 Changes to share capital**

Subject to ZTR's constitution and the Corporations Act, the directors may issue and allot, or dispose of, shares:

- a. on terms determined by the directors;
- b. at the issue price that the directors determine; and
- c. to shareholders whether in proportion to their existing shareholdings or otherwise, and to such other persons as the directors may determine.

For the purpose of giving effect to any consolidation or division of shares, the directors may settle any difficulty which arises with respect to fractions of shares as they think expedient.

#### **6.4.6 Changes to rights attaching to shares**

The rights attached to any class of shares may be varied in accordance with the Corporations Act.

### **7 Taxation**

The following comments are based on the application of Australian taxation laws in force at the date of this Notice. The views expressed in this summary are not intended as specific advice to Shareholders. The application of tax legislation may vary according to the individual circumstances of Shareholders. In this regard, the comments below are only relevant to those Shareholders who are Australian residents for tax purposes and who hold their Shares on capital account (i.e. have not been held for the purpose of resale or as trading stock). It should be emphasised that these comments are general in nature, may not be applicable to your individual circumstances and cannot be relied upon for accuracy or completeness. In particular, Section 45B of the *Income Tax Assessment Act 1936* (the **1936 Act** or **ITTA 1936**) may treat returns of capital as unfranked dividends in certain circumstances. These provisions can only be applied by the Commissioner of Taxation and their application can differ depending on the circumstances of particular transactions.

**You should therefore seek and rely on your own taxation advice in relation to the taxation consequences of the distribution. Neither the Company nor any of its officers, or its advisers accept liability or responsibility with respect to such consequences.**

#### **7.1 Application of Capital Gains Tax provisions under the 1997 Act**

Generally, the mere receipt of the ZTR shares should not give rise to any immediate taxable capital gain to any Shareholder, although, depending on individual circumstances, a net capital gain may arise where the value of the ZTR shares received exceeds the cost base of the shares in the Company held (discussed in detail below). However, all shareholders should note that for Capital Gains Tax (CGT) purposes and subsequent CGT calculations, the cost base of the ZTR shares will be equal to its market value at the time they are transferred to you.

Should a capital gain arise to a Shareholder, the Shareholder may defer any capital gain realised under Capital Gains Tax Demerger Roll-over Relief (Demerger Relief) pursuant to Division 125 of the Income Tax Assessment Act 1997 (the 1997 Act) if the conditions of Demerger Relief are satisfied. As previously discussed above, a capital gain should only arise to the shareholder if the value of the ZTR shares received exceeds the cost base of the shares in the Company. The Company will not be applying for a Class Ruling in relation to the Demerger Relief pursuant to the 1997 Act and the non-application of the integrity rule in section 45B of the Income Tax Assessment Act 1936 (Cth). The onus will be on each shareholder to obtain independent advice as to the applicability of Demerger Relief to their respective circumstances in terms of Division 125 of the 1997 Act. Each shareholder who is eligible for Demerger Relief is required to recalculate the cost base of their SVC and ZTR shares for CGT purposes. This is done by apportioning the total cost base of SVC shares held by the shareholder just before the in-specie distribution between the SVC shares held by that shareholder just after the in-specie distribution and ZTR shares distributed to the shareholder. The Income Tax Assessment Act, 1997 requires that the apportionment must be done on a reasonable basis, based on the market values of SVC Shares and ZTR Shares just after the in specie distribution, or a reasonable approximation of those market values. These adjustments apply separately to all Shareholders who are eligible for demerger roll-over, regardless of whether Demerger Relief is chosen or not. Further information in relation to the apportionment of tax cost bases will be provided by SVC to Shareholders after the in-specie distribution occurs. Without the Demerger Relief the in-specie distribution could result in a capital gain to Shareholders and/or an assessable dividend to Shareholders. Specifically, Demerger Relief will be available if:

- a) you own an ownership interest in a company (your original interest); and
- b) the company is the head entity of a demerger group; and
- c) a demerger happens to the demerger group; and
- d) under the demerger, a CGT event happens to your original interest and
- e) you acquire a new or replacement interest (your new interest) in the demerged entity.

The Australian tax consequences pertaining to Shares in the Company and associated with the return of capital may, in general terms, be summarised as follows:

a) The return of capital is to be made from the Company's share capital account. Generally, a return of capital does not give rise to the receipt of an assessable dividend. However, in some instances, a return of capital in the context of a demerger, may constitute a deemed unfranked dividend if the Commissioner of Taxation forms the opinion that Sections 45B and 45BA of the Income Tax Assessment Act 1936 (**the Capital Streaming Rules**) should apply to the transaction. This is discussed in further detail below;

b) Whenever a company undertakes a return of capital to its shareholders, it is necessary to consider the application of the Capital Streaming Rules. Broadly, the Capital Streaming Rules will apply where shareholders are being provided capital benefits in substitution for dividends. The Capital Streaming Rules will apply if:

- I. there is a scheme under which a person is provided with a demerger benefit or capital benefit by the company;
- II. under the scheme a taxpayer, who may or may not be the person provided with the demerger benefit or capital benefit, obtains a tax benefit; and
- III. having regard to the relevant circumstances of the scheme, it would be concluded that the person, or one of the persons, who entered into or carried out the scheme or any part of the scheme did so for a purpose (whether or not the dominant purpose but not including an incidental purpose) of enabling a taxpayer to obtain a tax benefit.

## 7.2 CGT Relief

Assuming that the return of capital does not trigger the operation of the Capital Streaming Rules, and you are an individual or trustee, and Demerger Relief is not chosen or not available we note that the consideration received on the return of capital will be treated as a reduction in the cost base or reduced cost base of your shares in the Company and, in the event that the value of the ZTR Shares exceeds that cost base, a taxable capital gain that is subject to a 50% discount is likely to be available.

Complying superannuation funds and other similar complying funds are able to take advantage of the discount outlined above but with a one third discount rather than a 50% discount.

Assuming that the return of capital does not trigger the operation of the Capital Streaming Rules, and Demerger Relief is not chosen or not available Shareholders have the following options:

- (a) if you are an individual, trust or complying superannuation fund then the abovementioned discounts may be available, providing you have held the shares for more than 12 months prior to the return of capital;
- (b) if you have held your shares in the Company for less than 12 months prior to the return of capital or are a shareholder that is a company, then the consideration received on the return of capital will be treated as a reduction in the cost base or reduced cost base of your shares in the Company and, in the event that the value of the ZTR Shares exceeds that cost base, a taxable capital gain will arise;
- (c) if you are a non-resident of Australia for taxation purposes you will not be subject to CGT unless your SVC shareholding represents Taxable Australian Property for the purposes of Division 855 of the 1997 Act. This should only be the case where you (or you and your associates together) held 10% or more interest in the Company at:
  - I. the time of the return of capital; or
  - II. throughout the 12 month period that began no earlier
  - III. than 24 months before the time of the return of capital and ended no later than that time; and
  - IV. the principal underlying value (i.e. more than 50%) of SVC is derived from Australian real property.

It is noted that Shares in the Company will also be considered Taxable Australian Property if the Shares are owned through an Australian Permanent Establishment of the non-Australian resident shareholder. Shareholders may be able to obtain relief from Australian CGT via the application of any relevant double taxation agreement. We recommend that non-Australian resident Shareholders seek specific advice by reference to their own circumstances so as determine their Australian CGT position.

The taxation consequences to SVC Shareholders (resident and non-resident) who may hold Shares in the Company on revenue account or through a company or superannuation fund will depend on their specific circumstances and, accordingly, Shareholders such as banks, insurance companies, share traders and professional investors should seek their own specific advice.

The in specie distribution of the ZTR Shares will result in a CGT event to the Company tax consolidated group. However, under the Demerger Relief provisions of Subdivision 125-C of the 1997 Act any capital gain or capital loss that is made by the SVC group will be disregarded.

## **8 Lodgement with ASIC**

The Company has lodged with the ASIC a copy of this Notice and the Explanatory Statement in accordance with section 256C(5) of the Corporations Act. If the Resolution is passed the reduction of capital will take effect in accordance with the timetable set out in Appendix 7A of the Listing Rules.

An indicative timetable in accordance with Appendix 7A of the Listing Rules is set out on page 1 of this Notice.

## **9 Other Material Information**

There is no information material to the making of a decision by a Shareholder in the Company whether or not to approve the Resolutions the subject of this Meeting (being information that is known to any of the Directors and which has not been previously disclosed to Shareholders) other than as disclosed in this Explanatory Statement.

## **10 Definitions**

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

**ASX** means the Australian Securities Exchange.

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

**Board** means the board of Directors of the Company as at the date of this Notice.

**SVC** or the **Company** means SVC Group Limited ACN 009 161 522.

**ZTR** means a company to be incorporated subject to Shareholder approval under the Resolution for the purposes of being a Spinoff vehicle, and will be upon incorporation (until the completion of the in specie distribution) a wholly-owned subsidiary of the Company.

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

**ZTR Shares** means the total issued capital of ZTR, which is proposed to be 137,639,069 fully paid ordinary shares.

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

**Directors** mean the directors of the Company as at the date of this Notice.

**General Meeting** means the general meeting of shareholders convened by this Notice.

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

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

**Notice** means this Notice of General Meeting.

**Spinoff** means

- a. the demerger of the Company under which the Company proposes to transfer its interest in the Zambia Assets to ZTR, its 100% wholly owned subsidiary; and subsequently,
- b. pursuant to the Capital Reduction, make a pro-rata in specie distribution of 100% of its shareholding in ZTR to the Company's Shareholders.

**Spinoff Record Date** means 4 December 2012.

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

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

**Zambia Assets** mean the shares owned by SVC in Zambia Resource Ventures Limited ACN 153 602 487

## PROXY, REPRESENTATIVE AND VOTING ENTITLEMENT INSTRUCTIONS

### VOTING BY PROXY

- (a) A shareholder entitled to attend and vote at the Extraordinary General Meeting may appoint one proxy or, if the shareholder is entitled to cast 2 or more votes at the meeting, 2 proxies, to attend and vote instead of the shareholder.
- (b) Where 2 proxies are appointed to attend and vote at the meeting, each proxy may be appointed to represent a specified proportion or number of the shareholder's voting rights at the meeting.
- (c) A proxy need not be a shareholder of the Company.
- (d) A proxy may be an individual or a body corporate. If a body corporate is appointed, the proxy form must indicate the full name of the body corporate and the full name or title of the individual representative of the body corporate for the meeting.
- (e) A proxy form accompanies this notice. If a shareholder wishes to appoint more than 1 proxy, they may make a copy of the proxy form attached to this notice. For the proxy form to be valid it must be received together with the power of attorney or other authority (if any) under which the form is signed, or a certified copy of that power of authority by **5.00 pm**

**(Sydney time) on Friday 23 November 2012:**

- by post at SVC Group Limited, PO Box 3786, Sydney, NSW 2001, Australia or
- by facsimile: 02 9951 5454

### VOTING AND OTHER ENTITLEMENTS AT MEETING

A determination has been made by the Board of the Company under regulation 7.11.37 of the *Corporations Regulations 2001* that shares in the Company which are on issue at **7.00 pm (Sydney time) on 23 November 2012** will be taken to be held by the persons who held them at that time for the purposes of the Annual General Meeting (including determining voting entitlements at the meeting).

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

A proxy form is attached to this Notice.

### SIGNING INSTRUCTIONS

You must sign the proxy form as follows in the spaces provided:

- Individual: Where the holding is in one name, the holder must sign.
- Joint Holding: Where the holding is in more than one name, all of the security holders should sign.
- Power of Attorney: To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone.

Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary.

Please indicate the office held by signing in the appropriate place.

**PROXY FORM**

I/WE

of

being shareholder(s) of SVC GROUP LIMITED ("Company")

hereby appoint

of:

of failing him/her

of:

or failing him/her the Chairman as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the Company to be held at Level 8, 55 Hunter St, Sydney, NSW, 2000 on 26<sup>th</sup> November 2012 commencing at 10.30am (Sydney time).and at any adjournment thereof in respect of all of my/our shares in the Company unless otherwise specified below.

If you wish to indicate how your proxy is to vote, please tick the appropriate places below.

If the Chairman is appointed as your proxy, or may be appointed by default, and if you do **not** wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in this box:

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he/she has an interest in the outcome of the resolution and votes cast by him/her other than as proxy holder will be disregarded because of that interest. The Chairman advises that it is his/her intention to vote in favour of all resolutions in respect of any undirected proxies which may be granted in favour of the Chairman

If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is [ ]%. (An additional proxy form will be supplied by the Company on request.)

If you wish to appoint the proxy to exercise voting power over only some of your shares, the number of shares in respect of which this proxy is to operate is ..... shares (Note: proxy will be over all shares if left blank)

If no directions are given, the Proxy may vote as the Proxy thinks fit or may abstain. By signing this appointment you acknowledge that the Proxy (whether voting in accordance with your directions or voting in their discretion under an undirected Proxy) may exercise your proxy even if he/she has an interest in the outcome of the resolution and even if votes cast by him/her other than as proxy holder will be disregarded because of that interest.

I/we direct my/our proxy to vote as indicated below:

RESOLUTION	For	Against	Abstain
1. APPROVAL FOR AN EQUAL REDUCTION OF CAPITAL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Individual or Security holder 1

Sole Director and  
Sole Company Secretary

(If appointed)

Security holder 2

Director

Security holder 3

Director/Company Secretary

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Contact Daytime Telephone

\_\_\_\_\_  
Date