

**MULTI CHANNEL SOLUTIONS LIMITED
(TO BE RENAMED “BRONSON GROUP LIMITED”)
ACN 006 569 124**

NOTICE OF GENERAL MEETING

TIME: 10.00am (AEDST)
DATE: Tuesday 16 December 2014
PLACE: Unit 1, 2 Turbo Road, Kings Park, NSW, 2148

This Notice of 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.

Hall Chadwick has concluded that the transactions the subject of Resolutions 2 and 4 outlined in this Notice of General Meeting are NOT FAIR BUT REASONABLE to Shareholders. All Shareholders should refer to the Independent Expert’s Report enclosed with this Notice of General Meeting.

Should you wish to discuss the matters in this Notice of General Meeting please do not hesitate to contact the Managing Director on 02 9672 8777.

CONTENTS PAGE

Key details of the General Meeting	page 3
Notice of General Meeting	page 4
Explanatory Statement	page 8
Glossary	page 27
Annexure A: Independent Experts Report	page 30

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders to which this Notice of General Meeting relates will be held at:

- 10.00am (AEDST) on Tuesday, 16 December 2014
- Unit 1, 2 Turbo Road, Kings Park, NSW, 2148

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

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:

- post to Roger Smith, Unit 1, 2 Turbo Road, Kings Park, NSW, 2148;
- send by facsimile to Roger Smith on (02) 9671 1808 (within Australia) or +61 2 9671 1808 (outside Australia),

so that it is received not later than 10.00am (AEDST) on Sunday, 14 December 2014.

Proxy Forms received later than this time will be invalid. VOTING

ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 12pm (Sydney time) on Monday, 15 December 2014.

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders will be held at 10.00am (AEDST) on Tuesday, 16 December 2014 at Unit 1, 2 Turbo Road, Kings Park, New South Wales.

The Explanatory Statement to this Notice of General Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of General Meeting.

Terms and abbreviations used in this Notice of General Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

1. RESOLUTION 1 - Consolidation of Shares

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

“That, subject to the passing of Resolutions 2 and 4 to 8 (inclusive), for the purposes of Section 254H of the Corporations Act, clause 9.1(b) of the Company’s Constitution and for all other purposes, approval is given for the issued share capital of the Company to be consolidated on the basis that:

- (a) every 5 Shares be consolidated into 1 Share; and*
- (b) every 5 Options be consolidated into 1 Option and the exercise price of each Option to be amended in inverse proportion to this ratio in accordance with ASX Listing Rule 7.22.1, and where this consolidation results in a fraction of a Share or Option being held by a Shareholder or Optionholder (as applicable), the Directors be authorised to round that fraction up to the nearest whole Share or Option and otherwise as described in the Explanatory Statement.”*

The Chairman intends to vote all undirected proxies in favour of this resolution.

2. RESOLUTION 2 – Issue of Shares to the Triple R Parties under the Alliance Agreement

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

“That, subject to the passing of Resolutions 1 and 4 to 8 (inclusive), for the purposes of section 611 (item 7) of the Corporations Act and for all other purposes, approval is given for:

- (a) the allotment and issue of a maximum of 100,000,000 Shares (on a post-consolidation basis) to Triple R (or its nominees); and*
- (b) the acquisition of a relevant interest by the Triple R Parties in a maximum of 137,000,000 Shares (on a post-consolidation basis),*

which will increase the Voting Power of the Triple R Parties in the Company to a maximum of 32.73% on the terms and conditions as set out in the Explanatory Statement.”

Short Explanation: The Company seeks approval to issue Shares to the Triple R Parties under the Alliance Agreement under item 7 in the table in section 611 of the Corporations Act. Shareholder approval is required because the Triple R Parties will acquire a relevant interest in Shares and their Voting Power in the Company will increase to a maximum of 32.73%, which is more than the 20% threshold prescribed by the Corporations Act.

Shareholders should carefully consider the Independent Expert Report prepared by Hall Chadwick Pty Ltd for the purposes of this Resolution. The Report comments on the fairness and reasonableness of the Share issue agreed under the Alliance Agreement to non-associated Shareholders in the Company. The Report has determined that the issue of Shares to Triple R (or its nominees) in accordance with this Resolution is not fair but reasonable to the non-associated Shareholders of the Company.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if the 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.

The Chairman intends to vote all undirected proxies in favour of this resolution.

3. RESOLUTION 3 - Ratification of Placement Shares

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 Rule 7.4, approval be given in respect of the issue of 39,885,662 fully paid ordinary Shares (on a pre-consolidation basis and 7,977,133 Shares on a post-consolidated basis) at a deemed issue price of \$0.004 per Share to the White Parties on 22 October 2014 on the terms and conditions as set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this resolution by any person who participated in the issue the subject of this Resolution and any of their associates. 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.

The Chairman intends to vote all undirected proxies in favour of this resolution.

4. RESOLUTION 4 – Issue of Shares to the White Parties on conversion of debt

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

"That, subject to the passing of Resolutions 1, 2 and 5 to 8 (inclusive), for the purposes of section 611 (item 7) of the Corporations Act and for all other purposes, approval is given for the White Parties:

- (a) to be issued and allotted 81,530,468 Shares (on a post-consolidation basis or 407,652,336 Shares on a pre-consolidated basis) on completion of the Debt Conversion; and*
- (b) to acquire a relevant interest in 89,807,601 Shares (on a post-consolidation basis or 449,037,998 Shares on a pre-consolidated basis),*

which will increase the Voting Power of the White Parties in the Company to a maximum of 27.33% on the terms and conditions in the Explanatory Statement."

Short Explanation: The Company seeks approval to issue Shares to the White Parties as part of the Debt Conversion under item 7 in the table in section 611 of the Corporations Act. Shareholder approval is required because the White Parties will acquire a relevant interest in Shares and their Voting Power in the Company will increase to a maximum of 27.33%, which is more than the 20% threshold prescribed by the Corporations Act.

Shareholders should carefully consider the Independent Expert Report prepared by Hall Chadwick Pty Ltd for the purposes of this Resolution. The Report comments on the fairness and reasonableness of the Debt Conversion to non-associated Shareholders in the Company. The Report has determined that the conversion of the Company's debts owed to the White Parties in accordance with this Resolution is not fair but reasonable to the non-associated Shareholders of the Company.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if the 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.

The Chairman intends to vote all undirected proxies in favour of this resolution.

5. RESOLUTION 5 - Issue of Shares to the Unrelated Creditors on conversion of debts

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

"That, subject to the passing of Resolutions 1, 2, 4 and 6 to 8 (inclusive), for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 28,811,443 Shares (on a post-consolidation basis) to the Unrelated Creditors on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if the 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.

The Chairman intends to vote all undirected proxies in favour of this resolution.

6. RESOLUTION 6 - Issue of Shares to Des Smale on conversion of debts

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

"That, subject to the passing of Resolutions 1, 2, 4, 5, 7 and 8, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 7,250,000 Shares (on a post-consolidation basis) to Scanbeer Pty Ltd as trustee for the Smale Family Superannuation Fund, an entity which is controlled by Des Smale, a director of the Company, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if the 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.

The Chairman intends to vote all undirected proxies in favour of this resolution.

7. RESOLUTION 7 - Issue of Shares to Peloton Capital Pty Ltd in lieu of fees

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

"That, subject to the passing of Resolutions 1, 2, 4, 5, 6 and 8, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 7,000,000 Shares (on a post-consolidation basis) to Peloton Capital Pty Ltd on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if the 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.

The Chairman intends to vote all undirected proxies in favour of this resolution.

8. RESOLUTION 8 - Issue of Shares to Roger Smith in lieu of fees

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

"That, subject to the passing of Resolutions 1, 2 and 4 to 7, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 4,000,000 Shares (on a post-consolidation basis) to Roger Smith, a director of the Company, on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Voting Exclusion: A vote on this resolution must not be cast (in any capacity) by or on behalf of a

member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report contained within the Annual Report or a closely related party of such member. However, such persons 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 this Resolution; or
- (b) the voter is the chair of the meeting and the appointment of the chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the chair to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

The Chairman intends to vote all undirected proxies (where he has been appropriately authorised) in favour of this Resolution. If you wish to vote against this resolution or you wish to abstain from voting on this resolution you should mark the relevant box in the attached Proxy Form. Please see the directions on the Proxy Form relating to authorisation of the Chairman to vote undirected proxies.

The Chairman intends to vote all undirected proxies in favour of this resolution.

9. RESOLUTION 9 - Approval to Change Company Name

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

“That, pursuant to Section 157(1) of the Corporations Act and for all other purposes, the name of the Company be changed to “Bronson Group Limited”.

The Chairman intends to vote all undirected proxies in favour of this resolution.

BY ORDER OF THE BOARD



Des Smale
Director

30 October 2014

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 10.00am (AEDST) on Tuesday 16 December 2014 at Unit 1, 2 Turbo Road, Kings Park, NSW, 2148.

Independent Expert's Report

An Independent Expert's Report has been prepared by Hall Chadwick to comment on whether the:

- (a) issue of Shares to Triple R (or its nominees) under the Alliance Agreement and New Alliance Agreement; and
- (b) issue of Shares to the White Parties on conversion of the debts owed by the Company to the White Parties,

are fair and reasonable to non-associated Shareholders.

Given that Hall Chadwick is the auditor of the Company, the Company also engaged Lawler Partners to provide an independent valuation of the Shares to be issued to Triple R under Resolution 2.

Shareholders should note that Hall Chadwick has concluded that the issues of Shares to each of the White Parties and Triple R are not fair but reasonable to non-associated Shareholders.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. RESOLUTION 1: CONSOLIDATION OF SHARES

Resolution 1 seeks approval from Shareholders to consolidate the number of Shares on issue on a 5:1 basis (**Consolidation**). The Consolidation will only be implemented by the Directors if the Debt Conversion and issues of Shares under the Alliance Agreement are approved by Shareholders and, accordingly, Resolution 1 is conditional on Shareholders approving Resolutions 1, 2 and 4 to 8 (inclusive).

The purpose of the Consolidation is to reduce the number of Shares and Options on issue and to correspondingly increase the imputed value of the each Share and Option to make the investment in the Company's securities more attractive to institutional and other investors and position the Company for long term growth.

Under Section 254H of the Corporations Act, the Company may, by a resolution passed at a general meeting of Shareholders, convert all or any of its shares into a larger or smaller number of shares. ASX Listing Rule 7.22 requires the number of options on issue to be consolidated in the same ratio as the ordinary share capital and the exercise price of such options to be amended in the inverse proportion to that ratio. If Resolution 1 is passed, the number of Shares and Options on issue will be reduced on a 5:1 basis. After the Consolidation becomes effective, the Company will arrange for new holding statements to be issued to Shareholders.

Not all Shareholders will hold that number of Shares which can be evenly divided by 5. Where a fractional entitlement occurs, the Directors will round that fraction up to the nearest whole Share. It is not considered that any taxation consequences will exist for Shareholders arising from the Consolidation, however, Shareholders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company nor the Directors (or the Company's advisers) accept any responsibility for the individual taxation consequences arising from the Consolidation.

1.1 Impact on capital structure

If Resolutions 1, 2 and 4 to 8 (inclusive) are passed, and all Milestones relating to the issue of Shares to Triple R are achieved (see sections 2.2 and 2.3 for further details), the number of Shares on issue will be reduced from 2,092,962,586 Shares (including all Shares approved for issue at the General Meeting) to approximately 418,592,518 and the number of Options on issue will be reduced from 30,000,000 Options exercisable at 4 cents per Option to 6,000,000 exercisable at 20 cents per Option. The effect that the Consolidation and the transactions the subject of Resolutions 1, 2 and 4 to 8 will have on the capital structure of the Company is set out in the table below:

	Pre-consolidation		Post-consolidation	
	Shares	Options¹	Shares	Options²
Current	950,003,037	30,000,000	190,000,607	6,000,000
Resolution 2 – Issue of Shares to Triple R³	500,000,000	-	100,000,000	-
Resolution 4 – Issue of Shares to the White Parties	407,652,336	-	81,530,468	-
Resolution 5 – Issue of Shares to Unrelated Creditors	144,057,215	-	28,811,443	-
Resolution 6 – Issue of Shares to Des Smale	36,250,000	-	7,250,000	-
Resolution 7 – Issue of Shares to Peloton Capital	35,000,000	-	7,000,000	-
Resolution 8 – Issue of Shares to Roger Smith	20,000,000	-	4,000,000	-
Total	2,092,962,588	30,000,000	418,592,518	6,000,000

1.2 Timetable

Th

The indicative timetable for the Consolidation is as follows:

Date of General Meeting	16 December 2014
Notification to ASX of results of Resolution 1	16 December 2014
Last day for trading pre-Consolidated Shares	17 December 2014
Commencement of trading in the consolidated securities on a deferred settlement basis starts	18 December 2014
Last day to register transfers on a pre-Consolidation basis	22 December 2014
First day for the Company to send notice to each security holder. First day for the Company to register securities on a post-Consolidation basis and first day for issue of holding statements.	23 December 2014
Deferred settlement market ends. Last day for Consolidated securities to be entered into the holders' security holdings and for the Company to issue and send the certificates and notice to the holders.	31 December 2014

2. RESOLUTION 2: ISSUE OF SHARES TO TRIPLE R UNDER THE ALLIANCE AGREEMENT

As detailed in the Company's ASX announcement dated 20 February 2014, on 19 February 2014 the Company entered into an Alliance Agreement with Triple R pursuant to which Triple R will source and supply exclusive products for distribution by the Company and its subsidiaries, Bronson Marketing and Home and Business Consumer Products LLC.

As detailed in the ASX announcement dated 20 February 2014, the Alliance Agreement entered into in February 2014 required the Company to issue to Triple R (subject to all relevant shareholder and regulatory approvals):

- (a) 50,000,000 Shares (on a pre-consolidated basis) upon entry into the Alliance Agreement; and

¹ Options exercisable at 4 cents on or before 30 November 2014.

² Options exercisable at 20 cents on or before 30 November 2014.

³ The issue of 500,000,000 Shares (on a pre-consolidated basis) to Triple R will be conditional upon the achievement of certain performance milestones. See section 2.3 for further details.

- (b) up to 100,000,000 Shares (on a pre-consolidated basis) and 100,000,000 Options (on a pre-consolidated basis) upon the achievement of various performance milestones within 12 months from the date of the Alliance Agreement.

Accordingly, on 19 February 2014, the Company issued 50,000,000 Shares (on a pre-consolidated basis) to Triple R in accordance with its obligations under the Alliance Agreement.

As detailed in the ASX Announcement dated 18 September 2014, the encouraging progress resulting from the Company's the alliance with Triple R to date has given the Company a better understanding of the market opportunity and the Board believe it is in the Company's best interests to extend and further solidify the alliance with Triple R and incentivise the key personnel involved with implementing the alliance. Accordingly, the Company engaged Peloton Capital to advise the Board in respect of:

- (a) the renegotiation of Triple R's engagement and remuneration structure to better capitalise on the market opportunity afforded by Triple R and incentivise the key personnel involved with implementing the alliance with Triple R; and
- (b) the Company's debt, equity and cost structures with view to create flexibility for the Company to manage its expected long term growth.

2.2 New Alliance Agreement

On 20 October 2014, the Company and Triple R entered into a New Alliance Agreement with Triple R which provides for a longer term relationship and incentive structure to be put in place. The directors consider that the new incentive structure will align both parties to drive sales and margin growth. As outlined below the New Alliance Agreement also provides for the secondment by Triple R to the Company of an experienced retail executive, Mr Hans Luttringer to assist in the implementation and operation of the alliance:

- (a) subject to any Shareholder or regulatory approvals required, the Company has agreed to issue to Triple R (or its nominees):
 - (i) 10,000,000 Shares (on a post-consolidated basis or 50,000,000 Shares on a pre-consolidated basis) in consideration for their agreement to enter into a new Alliance Agreement and for Triple R to dedicate an experienced executive to assist in the operation of the alliance;
 - (ii) 15,000,000 Shares (on a post-consolidated basis or 75,000,000 Shares on a pre-consolidated basis) upon Bronson Marketing achieving an increase in net sales by \$2,000,000 in a financial year (**Milestone 1**);
 - (iii) 20,000,000 Shares (on a post-consolidated basis or 100,000,000 Shares on a pre-consolidated basis) upon Bronson marketing achieving an increase in net sales by \$4,000,000 in a financial year (**Milestone 2**);
 - (iv) 25,000,000 Shares (on a post-consolidated basis or 125,000,000 Shares on a pre-consolidated basis) upon Bronson marketing achieving an increase in net sales by \$6,000,000 in a financial year (**Milestone 3**); and
 - (v) 30,000,000 Shares (on a post-consolidated basis or 150,000,000 Shares on a pre-consolidated basis) upon Bronson marketing achieving an increase in net sales by \$8,000,000 in a financial year (**Milestone 4**),

(together, **Incentive Shares**).

The Board will retain the discretion as to the appropriate margins to be achieved and sales to be included in the calculation of Bronson's increase in net sales for the purpose of verifying Triple R's entitlement to be issued the Incentive Shares. Further, these Milestones must be achieved by 30 June 2018 otherwise the rights to the Incentive Shares will lapse; and

- (b) Triple R will not be issued any options to acquire Shares.

The revised remuneration structure incentivises Triple R to produce significant and sustainable returns for the Company and develops the Company's relationship with Triple R as a key supplier and manufacturer of quality exclusive products.

To put the performance criteria as outlined above in context, the sales for the Company for FY 14 was approximately \$3.7m. Accordingly, the attainment of one or all of the above milestones will have a material impact to the performance of the Company's operations.

Pursuant to the Alliance Agreement, Triple R will source unique retail products for marketing and distribution by the Company in Australia and other agreed markets.

With an established product development and manufacturing base in China currently producing an extensive range of outdoor and leisure products exported to U.S.A. and Europe, the principals of Triple R have over 25 years' experience in product development, manufacturing and the marketing of a wide range of consumer products.

The Triple R principals have also successfully developed relationships with major international retailers including Walmart and Canadian Tire.

The Triple R alliance aims to provide Multi Channel with a China based partnership which is highly experienced in product development and with access to competitive reliable manufacturing capabilities.

Agreement with Key Executives

The Company and Triple R have entered into agreements with Messers Luttringer and Standfast pursuant to which some of the Incentive Shares issued to Triple R may be transferred to each of Messers Luttringer and Standfast as Milestones are achieved, subject to each of their contributions toward the Company achieving the Milestones. If any Incentive Shares are transferred to Messers Luttringer or Standfast, such issues will be subject to any statutory and Shareholder approvals required at that time.

Mr Standfast will be retained by the Company to assist in the implementation and operation of the alliance. Mr Standfast has over 30 years' experience in product sourcing and development for the promotional and retail markets.

Mr Standfast is the principal of Magazine Offers which was established in the early 1980's where it successfully conducted reader offers and newspaper promotions in Australia and the UK. In the early 1990's, Mr Standfast became involved in Direct Response Television (DRTV) and Home Shopping and supplied products to home shopping companies such as TVSN in Australia as well as QVC and HSN in the USA and QVC UK.

Mr Standfast has just successfully completed a 3 year contract with Brand Developers to establish retail distribution and partnerships with major groups including Big W, Harvey Norman and David Jones. Mr Standfast exceeded all KPI's and delivered unprecedented growth to the business in this contract period.

Mr Luttringer will be seconded to the Company by Triple R to assist in the implementation and operation of the alliance. Mr Luttringer has over 30 years' experience working with overseas manufacturers and managing major retail clients, in particular in the areas of product development, sourcing and sales management. Mr Luttringer has developed long standing successful relationships with major retail chains such as Big W and Harvey Norman and he has worked extensively with China based factories developing a wide range of consumer products.

Most recently Mr Luttringer has held general manager positions with several major brands and has exceeded growth and profit budgets. Mr Luttringer has just completed a very successful 3 year contract to build the retail store support for Australia's leading TV Direct marketer where he again exceeded expectations and KPIs.

Importantly, Messers Standfast and Luttringer have previously worked with the principals of Triple R and the Company will benefit from their extensive experience and strong retail relationships. The Company confirms that neither Mr Standfast nor Mr Luttringer are Associates of Triple R and will not acquire a relevant interest in any Shares held by, or to be issued to, Triple R.

Triple R have also entered into an agreement with Des Smale (**Smale Agreement**), the managing director and majority shareholder of the Company, pursuant to which Des Smale (or his associates) has agreed to transfer to Triple R (or its nominee):

- (a) 15,000,000 Shares (on a post-consolidated basis or 75,000,000 Shares on a pre-consolidated basis) upon the execution of the New Alliance Agreement; and
- (b) 12,000,000 Shares (on a post-consolidated basis or 60,000,000 Shares on a pre-consolidated basis) upon the achievement of Milestone 1.

Accordingly, the initial transfer of 75,000,000 Shares (on a pre-consolidated basis) from Des Smale to Triple R has already occurred. Des Smale has agreed to transfer these Shares to Triple R in consideration for Triple R entering in to the New Alliance Agreement on the basis that the arrangement under the New Alliance Agreement is in the best interests of all Shareholders and will create significant Shareholder wealth and growth for the Company. Accordingly, neither Des Smale nor any of his associates will receive any consideration for the transfer of Shares to Triple R under the Smale Agreement.

2.3 Effect on the Company's capital structure

If Resolutions 1, 2 and 4 to 8 (inclusive) are approved, the Company's capital structure as at the achievement of each Milestone is set out in the table below⁴:

	Shares (on a post-consolidated basis)	Shares and interest of Triple R Parties ⁵	Shares and interest of Des Smale	Shares and interest of White Parties
Upon implementation of transactions approved under Resolutions 2 and 4 to 8 but prior to achievement of Milestone 1 ⁶	328,592,518	35,000,000 10.65%	86,707,899 26.39%	89,807,601 27.33%
Upon achievement of Milestone 1 ⁷	343,592,518	62,000,000 18.04%	74,707,879 21.74%	89,807,601 26.14%
Upon achievement of Milestone 2 ⁸	363,592,518	82,000,000 22.55%	74,707,879 20.55%	89,807,601 24.7%
Upon achievement of Milestone 3 ⁹	388,592,518	107,000,000 27.54%	74,707,879 19.22%	89,807,601 23.11%

⁴ Assuming no other Shares are issued and the Options currently on issue are not exercised.

⁵ Assuming no Shares are transferred to Messers Luttringer and Standfast as detailed in section 2.2.

⁶ After the Meeting but before the achievement of Milestone 1, the Company will issue 10,000,000 Shares (on a post-consolidated basis or 50,000,000 on a pre-consolidated basis) to Triple R or its nominees.

⁷ The Company must issue 15,000,000 Shares (on a post-consolidated basis) and Des Smale must transfer 12,000,000 Shares (on a post-consolidated basis) to Triple R (or its nominees).

⁸ The Company must issue 20,000,000 Shares (on a post-consolidated basis) to Triple R (or its nominees).

⁹ The Company must issue 25,000,000 Shares (on a post-consolidated basis) to Triple R (or its nominees).

Upon achievement of Milestone 4¹⁰	418,592,518	137,000,000	74,707,879	89,807,601
		32.73%	17.85%	21.45%

Accordingly, if Milestones 2, 3 and 4 are achieved (in accordance with the terms set out in section 2.2 above), the Triple R Parties will acquire a relevant interest in the Company in excess of 20%. The Company is therefore seeking Shareholder approval under section 611 (item 7) of the Corporations Act for the Triple R Parties to acquire a relevant interest of up to 32.73% in the Shares in the Company.

If the Company issues additional Shares without Shareholder approval prior to the achievement of Milestone 4 (for example under its placement capacity under ASX Listing Rules 7.1 or 7.1A), the relevant interest of the Triple R Parties will be diluted. Unless otherwise permitted under the Corporations Act, the Company will obtain all Shareholder and regulatory approvals as required for a Triple R Party to participate in any future placement of Shares which will result in the Triple R Parties increasing its relevant interest in Shares.

2.4 Dilutionary effect on existing Shareholders

If Resolutions 1, 2 and 4 to 8 are approved, the interests of the Company's existing Shareholders will be diluted in several stages, subject to the achievement of each Milestone. The dilutionary effect on existing Shareholders' interests is set out in the table below¹¹:

	Shares (on a post-consolidated basis)	Shares held by current Shareholders excluding Triple R and the White Parties¹²	Voting Power of current Shareholders excluding Triple R and the White Parties
Upon implementation of transactions approved under Resolutions 2 and 4 to 8 but prior to achievement of Milestone 1	328,592,518	203,784,917	62.01%
Upon achievement of Milestone 1¹³	343,592,518	191,784,917	55.82%
Upon achievement of Milestone 2	363,592,518	191,784,917	52.75%
Upon achievement of Milestone 3	388,592,518	191,784,917	49.35%
Upon achievement of Milestone 4	418,592,518	191,784,917	45.81%

2.5 Advantages of the Alliance Agreement

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the proposed Resolutions:

- (a) the performance of the Company's and Triple R's obligations under the Alliance Agreement

¹⁰ The Company must issue 30,000,000 Shares (on a post-consolidated basis) to Triple R (or its nominees).

¹¹ Assuming no other Shares are issued and the Options currently on issue are not exercised.

¹² As at the date of this Notice.

¹³ Upon achievement of Milestone 1, Des Smale must transfer 12,000,000 Shares (on a post-consolidated basis) .

provides the Company with a clear strategic direction and significant opportunities. This provides a more marketable position for a Shareholder than holding shares in a dormant company with no clear strategic direction;

- (b) the Milestones to be achieved under the Alliance Agreement incentivise Triple R to assist the Company in producing significant returns for the Company and its Shareholders; ;
- (c) the revenue earned by the Company (through its subsidiaries) as each Milestone is achieved will significantly improve and strengthen the Company's balance sheet position and improve the Company's liquidity position;
- (d) the acquisition of a strategic stake in the Company by Triple R reinforces the Company's access to the supply and manufacturing resources of Triple R which will create and expand the market opportunities for the Company into the future; and
- (e) The revised Alliance Agreement has enabled the Company to reach agreement with certain Creditors for the conversion of their debt into equity which significantly reduces the debt burden of the Company.

2.6 Disadvantages of the Alliance Agreement

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the proposed Resolutions:

- (a) the issue of the Incentive Shares to Triple R will have a substantial dilutionary effect on the current holdings of Shareholders, and reduce their control of the Company. If all Resolutions are approved by Shareholders and all of the Incentive Shares are issued, the interests of existing Shareholders will be diluted by approximately 54.19%;
- (b) there is no guarantee that Triple R will achieve the Milestones required as a condition to the issue of the Incentive Shares relating to each Milestone within the 3 year period or that Triple R's services will result in a positive economic outcome; and
- (c) the Company may need to raise additional working capital to fund its business objectives in the future. Any future capital raising will further dilute the interests of existing Shareholders.

2.7 Section 606 of the Corporations Act

Section 606 of the Corporations Act prohibits the acquisition of voting Shares or a Relevant Interest in voting Shares of an public company, if that acquisition results in a person's Voting Power in the Company increasing:

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

A person's Voting Power is determined in accordance with section 610 of the Corporations Act. It involves determining the Shares (voting shares) which the person and the person's Associates have a Relevant Interest in.

A person has a Relevant Interest in securities if they:

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

(Relevant Interest).

It does not matter how remote the Relevant Interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have a Relevant Interest in those securities.

2.8 Section 611, Item 7

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition contained in section 606 of the Corporations Act.

This exception applies where the Shareholders (other than those who will be acquiring the shares or their Associates) approve an acquisition, which would otherwise contravene section 606 of the Corporations Act.

The issue of the Incentive Shares (and the issue of the Shares under Resolutions 4 to 8 which are each inter-conditional) will result in the Triple R Parties' Voting Power increasing from 13.15% to a maximum of 32.73% if all Milestones are achieved.

Shareholder approval is therefore required under item 7, section 611 of the Corporations Act to permit the issue of the Incentive Shares to Triple R that would otherwise be in contravention of section 606 of the Corporations Act.

2.9 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

An exception to ASX Listing Rule 7.1 is any issue of securities made with Shareholder approval under section 611 (item 7) of the Corporations Act.

The Company is seeking Shareholder approval to approve the issue of 500,000,000 Shares (on a pre-consolidated basis and 100,000,000 Shares on a post-consolidated basis) to Triple R and the acquisition of a maximum relevant interest in Shares of 32.73% by the Triple R Parties under section 611 (item 7) of the Corporations Act.

Accordingly, if Shareholders approve Resolution 2, the Shares issued to Triple R prior to the General Meeting and upon the achievement of each Milestone will not be counted toward the Company's placement capacity under ASX Listing Rules 7.1 or 7.1A.

2.10 Information required under ASIC Regulatory Guide 74

The following paragraphs set out the 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 for their consideration of Resolution 2:

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

It is proposed that a maximum of 100,000,000 Shares (on a post-consolidated basis and 500,000,000 Shares on a pre-consolidated basis) are to be issued to Triple R upon the achievement of various Milestones.

The associates of Triple R are as follows:

(i) the shareholders in Triple R are as follows:

Shareholder	Interest in Triple R
Chan Kit Ming (Phyllis)	40%
Liu Peii	20%

Zhang Wen Ji	20%
Zhou Jun	20%

- (ii) the sole director of Triple R is Chu Hon Tong (Keith) who is the husband of Chan Kit Ming.

Triple R is a Chinese based company which supplies unique and marketable products for retail distribution. Whilst Triple R is a newly formed company, the stakeholders in Triple R have significant experience and a proven track record of exports exceeding \$200 million in recent years. Triple R is also a major manufacturer with factory operations in Northern China and an affiliated network of factories across China.

(b) *Maximum extent of increase in voting power in the Company resulting from the acquisition*

Each of the Triple R Parties will increase their respective Voting Power in the Company up to a maximum of 32.73% if:

- (i) all Milestones are achieved;
- (ii) no other Shares are issued and the Options currently on issue are not exercised; and
- (iii) Triple R do not transfer any of the Incentive Shares to a third party, such as Messers Luttringer or Standfast.

Please see the table set out under section 2.3 for a breakdown of the relevant interest to be acquired by the Triple R Parties upon the achievement of each Milestone.

(c) *Identity, associations and qualifications of proposed directors*

No additional directors are proposed to be appointed to the Board of the Company.

(d) *Intentions regarding the future of the Company*

Other than as disclosed in this Explanatory Memorandum, the Triple R Parties have no intention to:

- (i) change the on-going business and operations of the Company or undertake any further capital raisings;
- (ii) change the current employment structure of the Company;
- (iii) change the financial or dividend policies of the Company;
- (iv) transfer any property between the Company and any of the Triple R Parties or any person associated with any of the Triple R Parties; or
- (v) re-deploy the fixed assets of the Company.

(e) *The terms of the proposed acquisition*

Please see section 2.2 for further details.

(f) *Timing of the proposed acquisition*

Please see sections 2.2 and 2.3 for further details.

(g) *Reasons for the acquisition*

Please see sections 2, 2.2, 2.3 and 2.4 for further details.

(h) *Directors' interests and Recommendations*

The Board (who are all independent in respect of the Alliance Agreement) recommends that Shareholders not associated with the Triple R Parties vote in favour of Resolution 2.

(i) *Independent Expert Report as to whether the issue of Shares is fair and reasonable*

Please see the Independent Experts Report contained in Annexure A to this Explanatory Statement. Hall Chadwick has determined that the issue of Incentive Shares to Triple R is not fair but reasonable to the non-associated Shareholders.

(j) *Impact on the Company if Shareholders do not approve the issue of Shares*

If Shareholders do not approve the issue of the Incentive Shares to Triple R under section 611, item 7 of the Corporations Act, the Board will issue Shares to Triple R as required under the Company's placement capacity to the extent possible and seek the relevant Shareholder and statutory approvals if required as and when the relevant Milestones are achieved. If Shareholder approval is not obtained at the General Meeting, the uncertainty regarding future Shareholder approvals may have an adverse effect on the relationship between the Company and Triple R and disincentivise Triple R in the performance of its services. The Company will also incur additional costs in calling and convening Shareholder meetings to consider the issue of each tranche of Incentive Shares.

3. RESOLUTIONS 3, 4, 5 & 6 – ISSUE OF SHARES ON CONVERSION OF DEBTS

3.1 Background

As at the date of the Meeting, the Company currently owes approximately \$2,351,838 in loans and convertible notes to several creditors (**Creditors**) which are due for repayment at various times within the next 12 months. In the course of negotiations with Triple R regarding the New Alliance Agreement, Triple R requested that the debt position of the Company be reduced to better position the Company to manage the long term growth expected as a result of the alliance with Triple R. The Company consequently agreed with the Creditors to convert their respective debts into a total of 117,591,911 Shares (on a on a post-consolidated basis or 587,959,555 Shares on a pre-consolidated basis).

As detailed in section 2, in conjunction with the revised remuneration structure under the New Alliance Agreement, the Board is focussed on reducing the Company's debt in order to capitalise on the market opportunities expected to be afforded by the alliance with Triple R and to position the Company to deliver stronger returns for Shareholders. The Debt Conversion removes all non-bank, interest bearing debt of the Company and is expected to save the Company approximately \$285,000 in financing costs per annum and provides the Company with the required flexibility when examining its future finance requirements.

The details of the proposed Debt Conversion is set out in the table below:

Creditor	Loan amount	Convertible note amount	Share issue price ¹⁴	Shares to be issued ¹⁵	Total interest upon completion of Debt Conversion ¹⁶
John White	\$135,000	\$470,228.67	\$0.02	30,261,434	10.51%

¹⁴ On a post-consolidated basis or \$0.004 on a pre-consolidated basis.

¹⁵ On a post-consolidated basis.

¹⁶ After the issue of the initial 50,000,000 Shares to Triple R and all Shares approved under Resolutions 4 to 8 and including any pre-existing interest held by the Creditor.

Sharon White	\$45,152	\$980,228.67	\$0.02	51,269,034	16.82%
John Hugo	-	\$51,205	\$0.02	2,560,250	0.78%
Yolande Heath	-	\$125,000	\$0.02	6,250,000	1.90%
Eanne White	-	\$130,000	\$0.02	6,500,000	1.98%
Jennifer Scully	\$100,000	-	\$0.02	5,000,000	1.52%
John Blackford	\$120,023.85	-	\$0.02	6,001,193	1.83%
Sylvia Kariko	\$50,000	-	\$0.02	2,500,000	0.77%
Des Smale	\$145,000 ¹⁷	-	\$0.02	7,250,000	26.39%

The Company is seeking the following Shareholder approvals to implement the Debt Conversion:

- (a) as detailed in the Company's ASX announcement dated 21 October 2014, \$159,542.65 of the Company's debt owed to John and Sharon White was discharged by the issue of 39,885,662 Shares (on a pre-consolidated basis and 7,977,134 Shares on a post-consolidated basis) (**Prior White Shares**) on 22 October 2014 and accordingly, approval is being sought under ASX Listing Rule 7.4 for the issue of the Prior White Shares under Resolution 3;
- (b) given that John and Sharon White are associates, they will acquire a relevant interest in each others Shares and accordingly, Resolution 4 seeks Shareholder approval under section 611 (item 7) of the Corporations Act for:
 - (i) the issue of 81,530,468 Shares (on a post-consolidated basis) (**White Shares**) to the White Parties; and
 - (ii) the White Parties to acquire a relevant interest in 89,807,601 Shares (on a post-consolidated basis) resulting in a maximum Voting Power of 27.33%;
- (c) as Yolande Heath, John Hugo, Eanne White, Jennifer Scully, Sylvia Kariko and John Blackford are unrelated investors, approval is being sought under ASX Listing Rule 7.1 for the issue of a total of 28,811,443 Shares (on a post-consolidated basis) to the Unrelated Creditors under Resolution 5; and
- (d) as Des Smale is a director of the Company, approval is being sought under section 208 of the Corporations Act and ASX Listing Rule 10.11 for the issue of 7,250,000 Shares (on a post-consolidated basis) to Des Smale (**Smale Shares**) under Resolution 6. Given that the issue of the Smale Shares is conditional on Shareholders approving the issue of Shares under Resolutions 2 and 4 to 8, and that Des Smale has transferred 75,000,000 Shares (on a pre-consolidated basis) to Triple R prior to the date of this Notice of Meeting, the relevant interest in Shares held by Des Smale and his associates will not increase as a result of the issue of the Smale Shares. Accordingly, Shareholder approval under section 611 (item 7) of the Corporations Act is not required.

3.2 Terms of Debt Conversion

The Company has entered into a share issue agreement with each of the White Parties, the Unrelated Creditors and Des Smale (together, the **Creditors**) on the following key terms:

- (a) each Creditor has agreed to accept Shares in discharge of the Company's obligation to repay loans advanced by each Creditor;

¹⁷ If Resolution 6 is approved, the Company's debt owed to Des Smale will be reduced from \$789,833 to \$644,833.

- (b) the amounts to be discharged and the number of Shares to be issued to each Creditor are set out in the table in section 3.1 above;
- (c) the issue of Shares to the Creditors is subject to the Company obtaining Shareholder approval by 31 December 2014; and
- (d) if the Company does not obtain Shareholder approval for the issue of the Shares to the Creditors by 31 December 2014, each share issue agreement will terminate and the underlying loan or convertible note agreement (as applicable) will continue in full force.

3.3 ASX Listing Rule 7.1

Subject to a number of exceptions, ASX Listing Rule 7.1 limits the number of securities that a company may issue without shareholder approval in any 12 month period to 15% of its issued securities.

ASX Listing Rule 7.4 allows for shareholders to subsequently approve an issue of securities, provided the issue was not in breach of ASX Listing Rule 7.1. Shareholders are being asked to approve the issue of the Prior White Shares in accordance with ASX Listing Rule 7.4.

If the Prior White Shares are treated as having been made with shareholder approval pursuant to ASX Listing Rule 7.4, the Company's capacity to issue further securities under ASX Listing Rule 7.1 is restored. The Directors consider it prudent to retain the capacity to issue further securities and accordingly seek Shareholders' approval to the issue of the Prior White Shares as set out in Resolution 3.

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue of the Prior White Shares:

- (a) under the Company's placement capacity under ASX Listing Rule 7.1, on 22 October 2014 the Company issued 39,885,662 Shares (on a pre-consolidated basis) in discharge of a debt of \$159,542.65 owing to the White Parties. Accordingly, the Prior White Shares were issued at a deemed issue price of \$0.004 per Share;
- (b) the Prior White Shares 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;
- (c) the Prior White Shares were allotted and issued to John and Sharon White, who are unrelated and sophisticated investors as follows:
 - (i) 19,942,831 Shares were issued to John White in discharge of a debt of \$79,771.33 owed by the Company to John White; and
 - (ii) 19,942,831 Shares were issued to Sharon White in discharge of a debt of \$79,771.33 owed by the Company to Sharon White;
- (d) as the Prior White Shares were issued in discharge of the Company's obligation to repay a total of \$159,542.65 owing to the White Parties, no funds were raised from the issue of the Prior White Shares.

3.4 Information required in respect of Resolution 4 under ASIC Regulatory Guide 74

The following paragraphs set out the 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 for their consideration of Resolution 4:

- (a) *Identity of the persons proposing to make the acquisition and their associates*

It is proposed that the Company issue:

- (i) 30,261,433 Shares (on a post-consolidated basis) to John White; and

- (ii) 51,269,053 Shares (on a post-consolidated basis) to Sharon White.

John and Sharon White are Associates by virtue of being spouses. No other party will obtain a relevant interest in the White Shares.

John White was a non-executive director of the Company from December 2009 to 4 March 2014 and, in conjunction with his wife Sharon, has been a long-term supporter of the Company, providing financial support when required by way of loans and subscription of convertible notes on arms length, commercial terms.

John and Sharon White own and operate a successful mailing house facility.

(b) *Maximum extent of increase in voting power in the Company resulting from the acquisition*

As detailed in sections 2.3 and 3.1, the White Parties will acquire a relevant interest in 89,807,601 Shares (on a post-consolidated basis), which represent a maximum Voting Power of 27.33% (assuming no Milestone is achieved and the Company does not issue any further Shares or Options). If the Milestones under the Alliance Agreement are achieved and the Incentive Shares are issued to Triple R, the White Parties' interest may be diluted to 21.45% (assuming no other Shares or Options are issued).

(c) *Identity, associations and qualifications of proposed directors*

No additional directors are proposed to be appointed to the Board of the Company.

(d) *Intentions regarding the future of the Company*

Other than as disclosed in this Explanatory Memorandum, the White Parties have no intention to:

- (i) change the on-going business and operations of the Company or undertake any further capital raisings;
- (ii) change the current employment structure of the Company;
- (iii) change the financial or dividend policies of the Company;
- (iv) transfer any property between the Company and either of the White Parties or any person associated with either of the White Parties; or
- (v) re-deploy the fixed assets of the Company.

(e) *The terms of the proposed acquisition*

Please see sections 3.2 for further details.

(f) *Timing of the proposed acquisition*

If Resolution 4 is approved, the Company intends to issue the White Shares to the White Parties as soon as possible after the date of the General Meeting and in any event, no later than one month after Resolution has been approved.

(g) *Reasons for the acquisition*

As mentioned in section 3.1, the Board believe that the conversion of the majority of its debt into Shares will:

- (i) expedite the Company's growth;
- (ii) remove the risk that the Creditors will demand repayment of their respective debts at a time when the Company may not have the cashflow to repay those amounts; and

- (iii) better position the Company to deliver stronger returns for Shareholders.

Further, as mentioned above, the Company agreed to reduce its debt in order to facilitate the negotiations with Triple R under the New Alliance Agreement.

The Board believes that the arrangements under the New Alliance Agreement and the Debt Conversion, apart of which the conversion of 100% of the debt owed to the White Parties is critical, is in the best interests of the Company.

(h) *Directors' interests and Recommendations*

The Board (who are all independent of the White Parties) recommends that Shareholders not associated with the White Parties vote in favour of Resolution 4.

(i) *Independent Expert Report as to whether the issue of Shares is fair and reasonable*

Please see the Independent Experts Report contained in Annexure A to this Explanatory Statement. The Independent Expert has determined that the issue of the White Shares to the White Parties is not fair but reasonable to the non-associated Shareholders.

(j) *Impact on the Company if Shareholders do not approve the issue of Shares*

As Resolutions 1, 2 and 4 to 8 are conditional on each of those Resolutions being passed, if Shareholders do not approve the issue of the White Shares to the White Parties under section 611, item 7 of the Corporations Act, the Debt Conversion and Consolidation will not be implemented and the Share issues to Triple R under the New Alliance Agreement will require Shareholder approvals to be sought in the future (if required). As the Company will remain indebted to the Creditors, the Board will continue to seek alternate funding arrangements, however, on the basis of the current circumstances facing the Company, the Board are of the view that the arrangements under the Debt Conversion provide the most favourable terms for the Company.

3.5 Information required in respect of Resolution 5 under ASX Listing Rule 7.3

As detailed above, the Company is seeking Shareholder approval under ASX Listing Rule 7.1 for the issue of 28,811,443 Shares (on a post-consolidated basis) to the Unrelated Creditors.

A brief summary of ASX Listing Rule 7.1 is set out in section 3.3 above.

If Shareholders approve Resolution 5, the Shares issued to the Unrelated Creditors will not be counted toward the Company's placement capacity under ASX Listing Rules 7.1 or 7.1A.

3.6 Information required under ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 5:

- (a) the maximum number of Shares to be issued to the Unrelated Creditors is 28,811,443 Shares (on a post-consolidated basis or 144,057,215 Shares on a pre-consolidated basis) (**Unrelated Creditor Shares**);
- (b) the Unrelated Creditor Shares will be issued to the Unrelated Creditors no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Unrelated Creditor Shares will be issued in discharge of debts owed by the Company to the Unrelated Creditors totaling \$576,228.85. Accordingly no funds will be raised from the issue of the Unrelated Creditor Shares. The deemed issue price for each Unrelated Creditor Share is \$0.02 (on a post-consolidated basis or \$0.004 on a pre-consolidated basis);

- (d) the Unrelated Creditor Shares issued 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;
- (e) the Unrelated Creditor Shares will be allotted and issued to the Unrelated Creditors in the proportions detailed in the table set out in section 3.1 above. No Unrelated Creditor is a related party of the Company; and
- (f) no Shares will be issued by the Company pursuant to this Resolution 5 where to do so would result in any party acquiring a relevant interest of more than 19.9% of the issued Share capital of the Company.

3.7 Information required in relation to Resolution 6

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

Notwithstanding that the issue of the Smale Shares is on the same terms as those negotiated with the Unrelated Creditors and therefore may qualify under the "arms length terms" exception provided in section 210 of the Corporations Act, the Board believes it is prudent to obtain Shareholder approval under section 208 of the Corporations Act in respect of the issue of the Smale Shares.

ASX Listing Rule 10.11 requires shareholder approval to be obtained in respect of an issue of equity securities (which includes options) to a Director unless an exception applies. As detailed above, the Company has agreed to issue, subject to obtaining shareholder approval, a total of 7,250,000 Shares (on a post-consolidated basis) to Scanbeer Pty Ltd as trustee of the Smale Family Superannuation Fund, which is an entity controlled by Des Smale, a Director of the Company, in discharge of a loan of \$145,000 provided by Des Smale to the Company.

Accordingly, Resolution 6 seeks Shareholder approval under ASX Listing Rule 10.11 and section 208 of the Corporations Act for the issue of up to a total of 7,250,000 Shares (on a post-consolidated basis) to Scanbeer Pty Ltd as trustee of the Smale Family Superannuation Fund. If Shareholders approve Resolution 6, the Smale Shares will not count towards the Company's 15% placement capacity under ASX Listing Rule 7.1 or 7.1A.

3.8 Information required in respect of Resolution 6 under section 219 of the Corporations Act

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act, the following information is provided in relation to the proposed issue of the Smale Shares under Resolution 6:

- (a) Scanbeer Pty Ltd as trustee of the Smale Family Superannuation Fund is a related party of the Company by virtue of being controlled by Des Smale, the Managing Director of the Company;
- (b) the maximum amount of Shares (being the nature of the financial benefit) to be provided to Des Smale is 7,250,000 Shares (on a post-consolidated basis);
- (c) the deemed issue price of the Smale Shares is \$0.02 per Share (on a post-consolidated basis or \$0.004 per Share on a pre-consolidated basis);
- (d) the Smale Shares are to be issued in discharge of the Company's obligation to repay \$145,000 of the debt owing to Des Smale. Accordingly no funds will be raised from the

issue of the Smale Shares, however, the Company's outstanding debt will be reduced by \$145,000;

- (e) the value of the Smale Shares is the amount of the liability discharged as a result of the issue of the Smale Shares, being \$145,000. However, the Company notes that the issue price of the Smale Shares was based on the Company's Share price as at the time that the share issue agreement with Des Smale was entered into. Accordingly, the ultimate value of the Smale Shares (but not their issue) is subject to change depending on the rise or fall of the price of the Company's Shares traded on ASX, which, at any given point, may be less than or more than the issue price of the Smale Shares;
- (f) given that the issue of the Smale Shares under Resolution 6 is conditional upon the approval of the issues of Shares under Resolutions 2 and 4 to 8, the dilutionary effect of the issue of the Smale Shares cannot be accurately measured against existing Shareholders interests without including the effect of those related issues of Shares. Accordingly, if Resolutions 2 and 4 to 8 are approved the dilutionary effect on the interests of existing Shareholders is detailed in the table set out in section 2.4 above;
- (g) the Smale Shares will be issued as soon as possible and no later than 1 month after the date of the Meeting (or such later date as permitted by an ASX waiver or modification of the ASX Listing Rules);
- (h) as at the date of this Notice of Meeting, Des Smale has a relevant interest in 397,289,494 Shares (on a pre-consolidated basis) and 10,000,000 Options exercisable at 4 cents on or before 30 November 2014. This interest represents approximately 41.82% of the Shares on issue as at the date of this Notice. If Resolutions 2 and 4 to 8 are approved, Des Smale's relevant interest will decrease in the manner set out in the table at section 2.3 above;
- (i) based on the information available, including that contained in this Explanatory Statement, all of the Directors (other than Des Smale) recommend that Shareholders vote in favour of Resolution 6 for the following reasons:
 - (i) as mentioned in section 3.1, the Board believe that the conversion of the majority of its debt into Shares will expedite the Company's growth and better position the Company to capitalise on the market opportunities that are expected to realise under the alliance with Triple R. The reduction of the Company's debt, including the debt owed to Des Smale, was critical factor in facilitating Triple R's agreement under the New Alliance Agreement;
 - (ii) Des Smale has already transferred 75,000,000 Shares (on a pre-consolidated basis and 15,000,000 Shares on a post-consolidated basis) to Triple R in consideration for Triple R entering in to the New Alliance Agreement and has agreed to transfer a further 60,000,000 Shares (on a pre-consolidated basis and 12,000,000 Shares on a post-consolidated basis) to Triple R upon the achievement of Milestone 1. Des Smale did not receive, and will not receive, any consideration for these transfers and has entered into this agreement with Triple R to further incentivise Triple R without increasing the dilutionary impact on existing Shareholders. In the context of these circumstances, the Board believe that the conversion of a part of Des Smale's debt into Shares represents notional compensation for Des Smale's contribution toward facilitating the Triple R negotiations;
 - (iii) the Directors (other than Des Smale) believe that the conversion of \$145,000 of the debt owing to Des Smale on the same terms as those agreed with the other Unrelated Creditors, provides the most cost effective and commercial means of reducing the Company's debt position and, as a part of the broader Debt Conversion, is in the best interests of the Company.

3.9 Information required under ASX Listing Rule 10.13

In accordance with ASX Listing Rule 10.13, the following information is provided to Shareholders:

- (a) the Shares will be issued to Scanbeer Pty Ltd as trustee for the Smale Family Superannuation Fund, an entity controlled by Des Smale, the Managing Director of the Company;
- (b) the maximum number of Shares that will be issued to Scanbeer Pty Ltd as trustee for the Smale Family Superannuation Fund is 7,250,000 (on a post-consolidated basis);
- (c) the Company will issue the Smale Shares within 1 month after the date of the General Meeting;
- (d) the Smale Shares are being issued in discharge of the Company's obligation to repay \$145,000 owing to Des Smale. Accordingly, no funds will be raised from the issue of the Smale Shares; and
- (e) each Smale Share is deemed to be issued at \$0.02 per Share on a post-consolidated basis or (\$0.004 per Share on a pre-consolidated basis).

3.10 Recommendation

The Directors (other than Des Smale) recommend that Shareholders vote in favour of Resolution 6.

4. RESOLUTION 7 – ISSUE OF SHARES TO PELOTON CAPITAL

The Company has engaged Peloton Capital to assist the Board with a broad company review and advise the Board in relation to the renegotiation of the Alliance Agreement and restructure of the Company's cost, debt and equity structures.

Peloton Capital has agreed to be issued 7,000,000 Shares (on a post-consolidated basis or 35,000,000 Shares on a pre-consolidated basis) (**Peloton Shares**) at a deemed issue price of \$0.02 per Share (on a post-consolidated basis or \$0.004 per Share on a pre-consolidated basis) in lieu of its fees incurred by the Company in relation to these services.

The Company is seeking Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of the Peloton Shares. A brief summary of ASX Listing Rule 7.1 is set out in section 3.3 above. If Shareholders approve Resolution 7, the Peloton Shares will not be counted toward the Company's placement capacity under ASX Listing Rules 7.1 or 7.1A.

4.1 Information required under ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 7:

- (a) 7,000,000 Shares (on a post-consolidated basis or 35,000,000 Shares on a pre-consolidated basis);
- (b) the Peloton Shares will be issued to Peloton Capital no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Peloton Shares will be issued in lieu of fees rendered by Peloton Capital for its advisory services provided to the Board. Accordingly no funds will be raised from the issue of the Peloton Shares. The Peloton Shares will be issued at a deemed issue price of \$0.02 per Share (on a post-consolidated basis or \$0.004 per Share on a pre-consolidated basis);
- (d) the Peloton Shares issued 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;
- (e) the Peloton Shares will be allotted and issued to Peloton Capital which is not a related party of the Company; and
- (f) no Shares will be issued by the Company pursuant to this Resolution 7 where to do so

would result in any party acquiring a relevant interest of more than 19.9% of the issued Share capital of the Company.

5. RESOLUTION 8 – ISSUE OF SHARES TO ROGER SMITH

The Company has agreed, subject to obtaining Shareholder approval, to issue 4,000,000 Shares (**Smith Shares**) (on a post-consolidated basis or 20,000,000 Shares on a pre-consolidated basis) at a deemed issue price of \$0.02 per Share (on a post-consolidated basis or \$0.004 per Share on a pre-consolidated basis) to Roger Smith, as reasonable remuneration for his services as a non-executive director of the Company during the financial year ended 30 June 2014. Accordingly, the Company is seeking Shareholder approval under ASX Listing Rule 10.11 for the issue of the Smith Shares.

The Board has determined that the Smith Shares, at a deemed value of \$16,000, constitute reasonable remuneration for Mr Smith. Further, on the basis that the Smith Shares will be issued at the same issue price of the Shares to be issued to unrelated third parties under the New Alliance Agreement and Debt Conversion, the issue price of the Smith Shares is consistent with a commercial, arms length transaction. However, notwithstanding that the issue of the Smith Shares falls within the exceptions provided in sections 210 and 211 of the Corporations Act, the Board believes it is prudent to obtain Shareholder approval and accordingly, the Company is also seeking Shareholder approval under section 208 of the Corporations Act for the issue of the Smith Shares.

5.1 Information required in respect of Resolution 8 under section 219 of the Corporations Act

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act, the following information is provided in relation to the proposed issue of the Smith Shares under Resolution 8:

- (a) the Smith Shares will be issued to Roger Smith who is a related party by virtue of being a Director of the Company;
- (b) the maximum amount of Shares (being the nature of the financial benefit) to be issued to Roger Smith is 4,000,000 Shares (on a post-consolidated basis or 20,000,000 Shares on a pre-consolidated basis);
- (c) the deemed issue price of the Smith Shares is \$0.02 per Share (on a post-consolidated basis or \$0.004 per Share on a pre-consolidated basis);
- (d) the Smith Shares are to be issued as remuneration for services provided to the Company by Roger Smith in his capacity as non-executive director of the Company. Accordingly no funds will be raised from the issue of the Smith Shares;
- (e) the deemed value of the Smith Shares is \$16,000 being the number of Shares agreed to be issued between the Company and Roger Smith at a deemed issue price consistent with the issue price agreed under the recent placement of Shares to an unrelated investor and the Debt Conversion. On the basis of a market review, the Directors (other than Roger Smith) consider this remuneration to be significantly lower than the market remuneration payable for non-executive director services. The Company notes that the agreed issue price of the Smith Shares was based on the Company's Share price as at the date that the agreement with Roger Smith was entered into. Accordingly, the ultimate value of the Smith Shares (but not their issue) is subject to change depending on the rise or fall of the price of the Company's Shares traded on ASX, which, at any given point, may be less than or more than the deemed issue price of the Smith Shares;
- (f) given that the issue of the Smith Shares under Resolution 8 is conditional upon the approval of the issues of Shares under Resolutions 2 and 4 to 8, the dilutionary effect of the issue of the Smith Shares cannot be accurately measured against existing Shareholders interests without including the effect of those related issues of Shares. Accordingly, if Resolutions 2 and 4 to 8, including the issue of Shares to Roger Smith, are approved the dilutionary effect on the interests of existing Shareholders is detailed in the table set out in section 2.4 above;

- (g) the Smith Shares will be issued as soon as possible and no later than 1 month after the date of the Meeting (or such later date as permitted by an ASX waiver or modification of the ASX Listing Rules);
- (h) as at the date of this Notice of Meeting, Roger Smith has an interest in 7,217,072 Shares (on a pre-consolidated basis) and 10,000,000 Options exercisable at 4 cents on or before 30 November 2014. This interest represents approximately 0.76% of the Shares on issue as at the date of this Notice. If the Smith Shares are issued, Roger Smith's interest will increase to 1.65%¹⁸; and
- (i) based on the information available, including that contained in this Explanatory Statement, all of the Directors (other than Roger Smith) recommend that Shareholders vote in favour of Resolution 8 as the issue of the Smith Shares provides cost effective remuneration to Roger Smith in consideration for the services rendered to the Company over the previous financial year in respect of which he has received no other remuneration. The issue of the Smith Shares also further aligns Roger Smith's interests with those of Shareholders.

5.2 Information required in relation to Resolution 8 under ASX Listing Rule 10.13

ASX Listing Rule 10.11 requires shareholder approval to be obtained in respect of an issue of equity securities (which includes options) to a Director unless an exception applies.

As detailed above, the Company has agreed to issue, subject to obtaining shareholder approval, a total of 4,000,000 Shares (on a post-consolidated basis and 20,000,000 Shares on a pre-consolidated basis) to Roger Smith, a Director of the Company, as remuneration for his services provided in his capacity as non-executive director of the Company over the financial year ended 30 June 2014.

Accordingly, Resolution 8 seeks Shareholder approval under ASX Listing Rule 10.11 for the issue of a total of 4,000,000 Shares (on a post-consolidated basis) to Roger Smith. If Shareholders approve Resolution 8, the Smith Shares will not count towards the Company's 15% placement capacity under ASX Listing Rule 7.1 or 7.1A.

5.3 Information required under ASX Listing Rule 10.13

In accordance with ASX Listing Rule 10.13, the following information is provided to shareholders:

- (a) the Shares will be issued to Roger Smith, a non-executive Director of the Company;
- (b) the maximum number of Shares that will be issued to Roger Smith is 4,000,000;
- (c) the Company will issue the Smith Shares within 1 month after the date of the General Meeting;
- (d) the Smith Shares are being issued as reasonable remuneration for services provided by Roger Smith in his capacity as non-executive director of the Company over the financial year ended 30 June 2014. Accordingly, no funds will be raised from the issue of the Smith Shares; and
- (e) each Smith Share is deemed to be issued at \$0.02 (on a post-consolidated basis or \$0.004 on a pre-consolidated basis).

5.4 Recommendation

The Directors (other than Roger Smith) recommend that Shareholders vote in favour of Resolution 8.

¹⁸ After the date of the Meeting and assuming that no Options are exercised and that the initial 10,000,000 Shares (on a post-consolidated basis) are issued to Triple R (or its nominees) and the Shares the subject of Resolutions 4 to 7 have been issued.

6. RESOLUTION 9 – CHANGE OF NAME

The new name proposed to be adopted under Resolution 9 is “Bronson Group Limited”.

The Directors believe that this new name more accurately reflects the Company’s increased focus on its Australian operations through its Australian subsidiary, Bronson Marketing.

The Directors recommend that Shareholders vote in favour of this Resolution.

ENQUIRIES

Shareholders may contact Mr Roger Smith on +61 2 9672 8777 if they have any queries in respect of the matters set out in this Notice of Meeting.

GLOSSARY

\$ means Australian dollars.

AEDST means Australian Eastern Daylight Saving Time

Alliance Agreement means the alliance agreement between the Company, Triple R and Bronson dated 19 February 2014 which was terminated upon entry into the New Alliance Agreement.

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 the Company.

Bronson Marketing means Bronson Marketing Pty Limited ACN 070 902 073.

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

Company means Multi Channel Solutions Limited ACN 006 569 124.

Consolidation means the consolidation of Shares pursuant to Resolution 1.

Constitution means the Company's constitution.

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

Creditors means the Creditors of the Company set out in the table contained in section 3.1 of the Explanatory Statement.

Debt Conversion means the conversion of convertible notes and loans into Shares which are the subject of Resolutions 3, 4, 5 and 6.

Directors mean the current directors of the Company.

Equity Securities has the meaning given to it under the ASX Listing Rules.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

General Meeting means the meeting convened by the Notice of Meeting.

Hall Chadwick means Hall Chadwick Corporate (NSW) Limited ACN 080 462 488.

Independent Experts Report means the independent experts report prepared by Hall Chadwick in relation to Resolutions 2 and 4 as set out in Annexure A to this Notice of Meeting.

Milestone means any of Milestones 1, 2, 3 or 4 as defined in section 2.2 of the Explanatory Statement.

New Alliance Agreement means the Alliance Agreement dated 20 October 2014 between Triple R, the Company and Bronson.

Notice of Meeting or **Notice of General Meeting** means this notice of General Meeting including the Explanatory Statement.

Option means an option to acquire a Share.

Peloton Capital means Peloton Capital Pty Ltd ACN 149 540 018.

Relevant Interest has the same meaning as in the Corporations Act.

Resolution means a resolution set out in this Notice of Meeting, as the context requires.

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

Shareholder means a holder of a Share.

Triple R means Triple R International Company Limited, a company incorporated in Hong Kong, of Flat A, 12/F., Tak Lee Commercial Building, 113 – 117 Wanchai Road, Hong Kong.

Triple R Parties means Triple R, Chu Hon Tong (Keith) and Chan Kit Ming (Phylis).

Unrelated Creditors means Eanne White, Yolande Heath, Jennifer Scully, John Blackford, John Hugo and Sylvia Kariko.

Voting Power has the same meaning as in the Corporations Act.

White Parties means John White and Sharon White.

ANNEXURE A
INDEPENDENT EXPERTS REPORT