



SUNVEST CORPORATION LIMITED

ABN 77 008 132 036

Registered Office: Level 57, MLC Centre, 19-29 Martin Place, Sydney NSW 2000

Principal Administrative Office: 92 Loftus Street, Bundeena NSW 2230

Phone +61 (0) 402 841 662 Email info@sunvestcorp.com.au

Website <https://sunvestcorp.com.au>

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to assist shareholders to more fully understand the reasons for and effects of the resolutions that will be put to shareholders at the General Meeting of shareholders to be held on 12 August 2022 commencing at 12 noon Sydney time.

BACKGROUND

As announced by the Company on 1 July 2022, the Board has considered the current position of the Company. The Company has a relatively small shareholder base, with the majority of Shares (83.9%) held or controlled by one shareholder group. There is limited liquidity in the trading of Shares on ASX and the trading price reflects a value that is less than the net asset value of the Shares based on the latest half year accounts lodged by the Company on 18 February 2022.

The costs of maintaining a listing on ASX are significant and include listing fees, external consultant and adviser fees (such as audit fees and registry costs) and the administrative burden of compliance with the Listing Rules.

After considering these factors, the Board has determined that the best course of action for the Company would be to offer Shareholders the opportunity to realise their investment in the Company if they wish to do so and then request that the Company be removed from the Official List of ASX.

To achieve this, the Company is seeking to undertake an equal access buy-back to enable Shareholders to have all of their Shares bought back and cancelled by the Company. Following completion of the equal access buy back, and subject to obtaining shareholder approval, the Company will be de-listed from ASX and will become an unlisted public company.

The intention of the Board in undertaking this process is to offer to deliver to Shareholders an amount determined by the net asset value of the Shares in the Company after taking into account the funds that will be required to be retained by the Company to undertake the equal access buy-back and the de-listing, as well as an amount for ongoing working capital requirements. The Company intends to liquidate all of its current investments, so the only remaining asset of the Company upon completion of the equal access buy-back and de-listing will be cash. Subject to the shareholding position of the Company following completion of the equal access buy-back and de-listing, the Board may then look to wind up the Company.

The Board considers that the proposed path enables Shareholders an appropriate opportunity to liquidate their investment in the Company.

SPECIAL BUSINESS

Resolution No.1

Approval to buy-back shares

Resolution No. 1 seeks Shareholder approval for the Company to conduct a buy-back of up to 12,159,024 ordinary fully paid shares, being all of the shares now on issue (**Buy-Back**). For clarity the Company notes that not all ordinary fully paid shares will be acquired as the Chairman has indicated that he will not accept this offer in full if all other Shareholders accept the Buy-Back in full.

Resolution No.1 is conditional on shareholders also approving the proposed De-Listing the subject of Resolution No. 2. The Board considers it inappropriate for the De-Listing to proceed without



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Shareholders having the ability also to realise all or part of their investment in the Company. Likewise, if the De-Listing is not approved, the Company will not proceed with the Buy-Back.

Under a buy-back, a company buys back its own shares from its shareholders. Any shares bought back are then cancelled, with the result that the total number of the Company's shares on issue is reduced by the number of shares bought back.

The Directors consider the Buy-Back an integral part of the proposal to apply for de-listing from the ASX Official List. The Directors have determined that the most efficient and equitable process of achieving some liquidity for Shareholders is for the Company to offer to buy back Shares from the Shareholders.

The Company has conducted 6 buy-backs of shares with the last buy-back commencing in November 2013. The purpose of the previous buy-backs was mainly related to capital management.

If the De-Listing is implemented, the Company's Shares will no longer be tradeable on ASX and it will be more difficult for a Shareholder to dispose of their Shares. The Buy-Back provides all Shareholders with an opportunity to potentially realise their investment in the Company.

All Shareholders will receive a Buy-Back Offer Booklet and accompanying acceptance form to be sent to Shareholders in respect of the Buy-Back (**Buy-Back Documents**). The terms and conditions of the Buy Back will be set out in detail in the Buy-Back Documents.

Legislative framework

Section 257A of the Corporations Act provides that a company may buy back its own shares if:

- (a) the buy-back does not materially prejudice the company's ability to pay its creditors; and
- (b) the company follows the procedures required by Division 2 of Part 2J.1 of the Corporations Act.

The Buy-Back is being undertaken as an equal access scheme. An equal access scheme is a scheme that satisfies all the following conditions:

- (a) the offers under the scheme relate only to ordinary shares;
- (b) the offers are to be made to every person who holds ordinary shares to buy back the same percentage of their ordinary shares;
- (c) all of those persons have a reasonable opportunity to accept the offers made to them;
- (d) buy-back agreements are not entered into until a specified time for acceptances of offers has closed; and
- (e) the terms of all the offers are the same.

In order for the Company to proceed with the Buy-Back, it must comply with section 257C of the Corporations Act, which requires that (where the equal access scheme buy-back will result in more than 10% of the company's shares being bought back in a 12 month period, as will likely be the case with the Buy-Back) the terms of the agreements deemed to be entered to give effect to the Buy-Back must be either approved by Shareholders before entry or must be conditional on the approval of Shareholders by an ordinary resolution of Shareholders to be passed at a general meeting.



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Section 257C of the Corporations Act provides that the Company must include with the notice of meeting sent to shareholders, a statement setting out all information known to the Company that is material to the decision how to vote on the resolution. However, the Company does not have to disclose that information if it would be unreasonable to require the Company to do so because the Company had previously disclosed the information to its Shareholders.

Additionally, before the notice of meeting is sent to Shareholders, the Company must lodge with ASIC a copy of:

- (a) the notice of meeting; and
- (b) any document relating to the Buy-Back that will accompany the notice of meeting sent to Shareholders.

Pursuant to section 257H of the Corporations Act, if the Buy-Back is approved by Shareholders, then immediately upon completion of the Buy-Back, the Company must cancel the Shares bought back under the Buy Back and notify ASIC of the number of Shares so cancelled.

The information contained in this Explanatory Memorandum is provided to shareholders in accordance with section 257C (2), being information that is material to making a decision on how shareholders will vote on the resolution.

Summary of the Buy-Back

The Company will issue a Buy-Back Offer Booklet accompanied by an acceptance form (**Buy-Back Documents**) which will set out the full terms and conditions of the offer to have their Shares bought back (**Buy-Back Offer**). Set out below is a summary of the terms of the Buy-Back Offer.

The Company is offering to buy back up to 100% of Shares held by Shareholders at the Buy-Back Price of \$0.59 per Share (**Buy-Back Price**) (representing a total buy back of \$7,173,824) and subject to other conditions set out in more details in the Buy Back Documents.

- | | |
|-----------------------|---|
| Buy Back size | The Company is seeking to buy back up to 12,159,024 Shares (representing a total maximum buy back of \$7,173,824). Each Eligible Shareholder may accept the Buy-Back Offer for up to 100% of their Shares. The final size of the Buy-Back will depend on the level of acceptances by Shareholders. While the Company is offering to acquire 100% of the issued capital, the Company has been advised by the Chairman that, if all other Shareholders accept the Buy-Back Offer in full, he does not intend to accept the Buy-Back Offer in full, meaning that the Company will have some shares remaining on issue upon completion of the Buy-Back. |
| Buy Back Price | <p>The Buy-Back Price is \$0.59 per Share. The Buy-Back Price will be satisfied by the payment of cash.</p> <p>The Buy-Back Price has been calculated by reference to the net assets of the Company (less an adjustment for anticipated costs of the Buy-Back, De-Listing and associated management of the Company) divided by the number of shares on issue.</p> |



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Eligible Shareholders

Shareholders are eligible to participate in the Buy-Back if Shares are registered in their name on the record date (5.00pm Sydney time, on 19 August 2022).

The Company recommends that Shareholders located in jurisdictions other than Australia seek legal and tax advice in relation to the Buy-Back Offer.

Participation

Eligible Shareholders can accept the Buy-Back Offer in respect of up to 100% of the Shares registered in their name at the record date. Participation in the Buy-Back Offer is voluntary for all Eligible Shareholders.

Conditions

The Buy-Back Offer is subject to:

- (a) Shareholder approval by the passing of Resolution No. 1; and
- (b) Shareholders also approving the De-Listing which is the subject of Resolution No. 2.

If the above conditions are not satisfied, the Buy-Back Offer will not proceed. Any acceptances received by the Company will be deemed to be of no force or effect and any agreement deemed to have been entered to buy back Shares will be terminated.

Funding

Payment for Shares bought back will be funded from the Company's cash reserves.

Current Share Price

The last sale price of the Company's Shares, was 57cents on 1 July 2022. Prior to that there had been no other trades in the Company's shares since 17 January 2022.

Options available to Shareholders

If the Buy-Back is approved, the Company will invite Shareholders to sell all of their Shares back to the Company at the Buy-Back Offer Price. All Shares bought back under the Buy-Back will be cancelled. Participation in the Buy-Back is completely voluntary and Shareholders can elect whether to sell some, all or none of their Shares under the Buy-Back.

A Shareholder who does not wish to participate in the Buy-Back does not need to do anything. If a Shareholder does not participate in the Buy-Back the number of Shares that they hold in the Company will remain the same, but their percentage shareholding in the Company will increase if other Shareholders elect to participate in the Buy-Back.

Shareholders may continue to sell their Shares on-market, unless and until they make an Application under the Buy-Back. It is possible that Shares may trade on-market above or below the Buy-Back Price from time to time.

The Ex-Entitlement Date for the Buy-Back is 18 August 2022. Shares acquired after the Ex-Entitlement Date will not confer any entitlement to



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participate in the Buy-Back. Shareholders should consult their own tax adviser for specific taxation advice in connection with participation in the Buy-Back in order to assess the impact on their own particular circumstances.

Treatment of Buy-Back

The Buy-Back will be treated in the hands of participating Shareholders as a return of capital. Shareholders should seek their own advice in respect to taxation and other implications.

Cancellation of Buy-Back Shares

Section 257H of the Corporations Act requires that a company must not dispose of the shares it buys back, and that immediately after the registration of the transfer of bought-back shares to the company, the shares are cancelled. Shares purchased by the Company under the Buy-Back are proposed to be cancelled on 18 October 2022 in accordance with the indicative timetable set out below.

Timing

The Buy-Back will be open from 22 August 2022 until 5:00pm (Sydney time) on 10 October 2022. It is expected the Buy-Back proceeds will be distributed on or about 18 October 2022.

The indicative timetable for the proposed Buy-Back and De-Listing is set out below:

Event	Date ¹
Proxy cut off time	10 August 2022
General meeting	12 August 2022
Ex-entitlement Date for the Buy-Back ²	18 August 2022
Buy-Back Record Date	19 August 2022
Despatch of Buy-Back Offer Documents to Eligible Shareholders	22 August 2022
Buy-Back Offer opens	22 August 2022
Buy-Back Offer closes	10 October 2022
Announcement of the outcome of the Buy-back and transfer to the Company of Shares bought back and cancellation of those Shares	11 October 2022
Payment of cash consideration	18 October 2022
The Company confirms with ASX that the Buy-Back has completed	18 October 2022
Suspension date prior to De-Listing	19 October 2022
The Company is de-listed	20 October 2022

Notes

1. The timetable is indicative only and is subject to change. Under ASX Listing Rule 3.20, the Company must give ASX not less than four business days' notice of a change to the proposed Record Date. The Company will also inform Shareholders of any changes to the indicative timetable by an ASX announcement. In the event that Resolution No. 1 is passed, the Directors will dispatch the Buy Back Documents as soon as possible after the Meeting.
2. Shares acquired on or after this date will not be registered in the new Shareholder's name in time for the Buy-Back Record Date, so will not confer an entitlement to participate in the Buy-Back.



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Reasons for undertaking the Buy-Back

The Directors consider the proposed Buy-Back an integral part of the proposed De-Listing of the Company from the ASX Official List.

The main reason the proposed Buy-Back (which will precede the De-Listing) is recommended to Shareholders is because of the persistent and significant discount of the Company's market share price compared to the underlying value of each Share based on the net asset position of the Company.

Other secondary but important reasons for undertaking the Buy-Back and De-Listing overall are the small size of the Company and the relative high fixed costs of running an ASX listed public company.

The Buy-Back proposed by the Company is intended to provide Shareholders with a way to exit their investment in the Company ahead of the proposed De-Listing.

Current issued shares of Sunvest Corporation Limited

The Company currently has on issue 12,159,024 ordinary fully paid shares and it is recommended that Shareholders approve the Buy-Back of up to that number.

The Company has received a commitment from one of the directors, Bruce Burrell, that if it is necessary, he will not accept the Buy-Back Offer in respect of 10,000 Shares to ensure that the Company still has share capital following the Buy-Back.

If all of the Shareholders accept the offer to have 100% of their Shares bought back, then there will be 10,000 Shares on issue. This is on the basis that Bruce Burrell has agreed that he will ensure at least 10,000 Shares held by him are not bought back where all other Shareholders accept the Buy-Back Offer.

Effect of the Buy-Back on control of the Company

While the opportunity to participate in the Buy-Back is equal as between Eligible Shareholders, participation is voluntary. Some Shareholders may choose not to participate or not to sell the maximum number of their Shares. Shareholders who do not participate in this Buy-Back will have the same number of Shares after this Buy-Back as they had before but their proportional ownership interest in the Company will increase when the Shares bought back from Shareholders who participate in this Buy-Back are cancelled. The actual effect of this Buy-Back on the control of the Company will not be known until the Buy-Back is completed.

If all Shareholders take up the Buy-Back Offer in respect of 100% of their Shares, then the only remaining Shareholder in the Company will be Bruce Burrell holding 10,000 Shares. In this case, the remaining cash reserves (after payment of costs associated with the Buy-Back and De-Listing) would be nominal.

Funding for the Buy-Back

The Directors will ensure that the Company remains solvent at all times prior to and after the conclusion of the Buy-Back.

The Directors will arrange for the Company's share portfolio and any other assets to be sold for cash which will be added to the existing cash reserves.



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The Company's creditors, including current and future income tax liabilities, will be determined and cash will be set aside to pay the creditors in full. In calculating the Buy-Back Price and the maximum amount payable to Shareholders under the Buy-Back, the Company has assessed its expected liabilities and taken them into account.

Taxation implications

The proposed Buy-Back has no material taxation consequences which will impact on the Company.

The Company had no carried forward tax losses at 30 June 2022.

Shareholders participating in the Buy-Back Offer will need to assess their personal tax position when deciding whether or not to participate in the Buy Back Offer. Under Australian law the Buy-Back will be treated in the hands of participating Shareholders as a return of capital.

The Company recommends that all Shareholders should obtain their own tax advice in relation to the Buy-Back.

ASX announcements

The Company will make all required announcements to ASX when the Buy-Back commences, when share are bought back (on a daily basis) and when the Buy-Back expires or is cancelled by directors.

Shareholders who do not participate in the buy-back

Directors believe that the majority of Shareholders will participate in the Buy-Back.

However, it is highly likely, if not certain, that not all Shareholders will participate in the Buy-Back including Shareholders in respect of which the Company does not have current address details and therefore who do not receive this Notice of Meeting or the Buy-Back Documents.

Shareholders who do not participate in the Buy-Back will have the same number of Shares after the Buy-Back as they had before but their proportional ownership interest in the Company will increase when the Shares bought back from Shareholders who participate in the Buy-Back are cancelled.

Financial Statements and Financial Effect

The audited financial statements of the Company for the year ending 30 June 2021 were lodged with ASIC on 19 August 2021. A copy of the Annual Report of the Company was dispatched to shareholders on 15 October 2021.

The audit reviewed financial statements for the half-year ended 31 December 2021 were lodged with ASX on 18 February 2022.

The major changes to the Company's financial position resulting from the Buy Back are that the Company's cash reserves will decline by approximately \$7,173,8247 and a corresponding fall in the issued capital when the Buy-Back Shares are cancelled.

As at the date of this Explanatory Memorandum, the Company has approximately \$7,588,000 in available cash and an estimated \$200,000 in trade payables. If the Buy-Back is approved by Shareholders, the Company will, under the Buy-Back, offer to buy-back up to 12,159,024 Shares. The Company's cash assets would decrease to the extent that Shareholders elect to participate in the Buy-Back. The maximum decrease in the Company's cash assets (assuming the Company buys back 100% of



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the Shares permitted under the Buy-Back and noting the Chairman's position regarding not accepting the Buy-Back Offer in full for his holding in these circumstances), would be approximately \$7,173,8247 based on the Buy-Back Price.

The Directors will arrange for an audited annual report for the year ended 30 June 2022 to be prepared in accordance with their obligations under the *Corporations Act 2001* (Cth).

Impact on the Company' solvency

The Directors are satisfied that, having regard to the total number of Shares that can be bought under the Buy-Back, the amount of cash that will be applied to the consideration payable under the Buy-Back and the basis for funding the Buy-Back, the Company will remain solvent and will continue to be able to pay its debts as and when they fall due.

The Directors have determined that the Buy-Back will not materially prejudice the Company's ability to pay its creditors.

Fairness and Reasonableness of the Buy-Back

The Board has given due consideration to the fairness and reasonableness of the Buy-Back.

In determining the pricing of the Buy-Back, the Directors gave due consideration to a number of matters, including the Company's current status and progress and developments and the funding options available to the Company. In determining the level of the Buy-Back, the Directors considered the financial position of the Company, the level of funding reasonably required for working capital purposes and the anticipated level of interest from Shareholders.

The Directors of the Company believe that this proposal represents a genuine opportunity for Shareholders of the Company to realise liquidity in their investment.

The intention of the Buy-Back is to give Shareholders the opportunity to realise their investment in the Company and return funds to the Shareholders. The Company does not intend to conduct an ongoing business for which funds are being retained. If all Shareholders accept the Buy-Back Offer in full, then the Company's funds will be directed towards payment of the Buy-Back Price, save for costs and working capital.

Advantages and Disadvantages of the Buy Back

The advantages for the Company and its Shareholders in conducting the Buy Back include the following:

- all Eligible Shareholders will have an equal opportunity to participate in the Buy-Back;
- Eligible Shareholders will have the ability to choose whether or not to participate in this Buy-Back and importantly, will retain flexibility to tailor their participation to suit their own individual circumstances, including accepting for any amount up to 100% of their Shares;
- the Buy-Back will enable Eligible Shareholders to sell some or all of their Shares and realise liquidity in their investment in the Company in advance of the proposed De-Listing the subject of Resolution No. 2;



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- the Buy-Back will enable Eligible Shareholders to sell a significant volume of Shares which may otherwise be difficult to do via the ASX given recent trading levels in the Company's Shares;
- no brokerage is payable on the sale of Shares through the Buy-Back.

The disadvantages for the Company and its Shareholders in conducting the Buy-Back may include the following:

- Shareholders may be able to sell their Shares at a higher price in the future or may receive a higher after-tax return (depending on their tax position), although it is noted that the Company intends to complete the De-Listing following completion of the Buy-Back, so this opportunity may be limited in time;
- Shareholders who sell their Shares under the Buy-Back will forego, to the extent that they sell down their Shareholding, any benefits of remaining a holder of Shares. This includes, for example, the right to benefit from any future value realisation by the Company and the right to exercise any vote on resolutions considered by members in general meeting;
- if Shareholders participate in the Buy-Back, there will be a reduction in the number of Shares on issue which may decrease liquidity of the Company's Shares trading on the ASX. Further, if the De-Listing proceeds, the Company's Shares will no longer be available for trading on the ASX and will be illiquid; and
- the Buy-Back is being funded by the existing cash reserves of the Company and there will be a reduction in available cash and thus the Company's ability to use that cash will be commensurately reduced. The Company will also incur some expenses relating to printing, mailing and share registry costs.

Directors' interests and intentions

Set out below are the interests of each of the Directors of the Company and their Associates (including indirect interests) and their current intentions in respect of the Buy-Back.

Director	Interest	Current Intentions
B. Burrell	332,336 shares	Participate as to 97% (if 100% of Shareholders accept the Buy-Back Offer, otherwise Mr Burrell will participate as to 100%)
C. Rowan	10,199,866 shares	Participate as to 100%
C. Baxter	1,000 shares	Participate as to 100%
M. Rowan-Hull	18,000 shares	Participate as to 100%



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Recommendation of Directors

The Directors recommend that Shareholders vote in favour of Resolution No. 1 for the reasons set out in this Explanatory Memorandum.

No other material information

Other than as set out in this Explanatory Memorandum, and other than information previously disclosed to Shareholders, the Board is not aware of any other information which may reasonably be expected to be material to the making of a decision by shareholders on whether or not to vote in favour of this Resolution 1.

SPECIAL BUSINESS

Resolution No.2

Application to be removed from the ASX Official List

As announced on 1 July 2022 the Company has applied to ASX to be removed from the ASX Official List under Listing Rule 17.11 (**De-Listing**).

As is its usual practice, ASX has imposed a requirement under Listing Rule 17.11 and Guidance Note 33, *Removal of Entities from the ASX Official List*, that the Company obtain shareholder approval to its De-Listing. The De-Listing will not proceed unless it is approved by Shareholders by way of special resolution. Resolution No. 2 is also conditional on Shareholders passing Resolution No. 1 relating to the Buy-Back.

The ASX has granted its in-principle approval for the Company to pursue the De-Listing subject to compliance with the following conditions:

- (a) As noted above, the request for removal must be approved by a special resolution of shareholders of the Company.
- (b) The notice of meeting seeking Shareholder approval for the Company's removal from the official list must:
 - (i) include the time and date at which the Company will be removed from ASX if the approval is given;
 - (ii) details of the processes that will exist after the Company is removed from the Official List to allow shareholders to dispose of their holdings and how they can access those processes;
 - (iii) include a statement to the effect that the removal will take place no earlier than one month after approval is granted; and
 - (iv) include to ASX's satisfaction, information prescribed in section 2.11 of ASX Guidance Note 33.

In accordance with these conditions:

- (a) the Company is seeking Shareholder approval for the De-Listing via a special resolution; and
- (b) this Explanatory Memorandum includes the statements and information required by ASX.

Resolution No. 2 seeks the required Shareholder approval to the De-Listing under and for the purposes of the ASX Listing Rules.



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If Resolution No.2 is passed (as well as Resolution No. 1), the Company will be able to proceed with the De-Listing which will have the consequences set out below.

If Resolution No. 2 is not passed, the Company will not be able to proceed with the De-Listing.

Resolution No. 1 and Resolution No 2 are conditional on each other. Accordingly if the De-Listing (Resolution No. 2) is not approved by Shareholders the Buy-Back (Resolution No. 1) will not proceed. Likewise, if the Buy-Back (Resolution No. 1) is not approved by Shareholders, the De-Listing (Resolution No. 2) will not proceed.

The De-Listing is considered by the Directors to be in the best interests of the Company for the reasons set out in this Explanatory Memorandum.

The De-listing may be perceived to have some disadvantages and consequences for Shareholders. Possible disadvantages are set out below.

The Board recommends that Shareholders seek legal, financial and tax advice about the potential impact of Resolution No. 2, including the potential advantages and disadvantages of holding shares in a company that is not listed on ASX.

Reasons for and advantages of seeking removal from the Official List

The Company is seeking shareholder approval for removal from the ASX Official List for the following reasons:

(a) Share price v Net asset backing

- (i) The Company's Shares are trading at a significant discount to the net asset backing;
- (ii) Other than sales on 1 July 2022 the discount to net asset backing is approximately 11% and is persistent.
- (iii) Accordingly the ASX market price of the Company's Shares does not accurately reflect the net asset value of those Shares or of the Company.

(b) Low Shareholder numbers

- (i) The Company has only 282 shareholders of which 71 hold less than a marketable parcel; (being a shareholding with a total value of \$500 or less).
- (ii) The Directors do not consider these numbers to be sufficient to maintain a listing on ASX.

(c) Highly concentrated shareholdings

- (i) Directors and management hold approximately 86.8% of the Shares on issue while the top 20 Shareholders hold approximately 94.4% of the Shares on issue.
- (ii) Given these levels of concentration, an orderly and liquid market in the Company's shares is unlikely.

(d) Low levels of trading liquidity



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- (i) Recent trading in the Company's Shares has been limited, both in frequency and volume.
- (ii) These low levels of trading liquidity have resulted in limited trading opportunities for Shareholders who wish to exit their holdings.

(e) Costs and administrative burden associated with being listed

- (i) The fixed costs for running an ASX listed company are very high for a small company.
- (ii) The Company estimates that it will save the following amount in costs as a result of the De-Listing:

ASX listing fees	\$20,000
Share registry fees	\$9,000
Audit and assurance costs	\$30,000
Directors and officers' insurance	\$23,000
Miscellaneous professional fees	\$20,000
Total	\$102,000

Consequences if Resolution No.2 is passed

If Resolution No.2 is passed resulting in De-Listing from ASX the following consequences will apply:

- (a) The Company will proceed with the Buy-Back (subject to Resolution No 1 being passed);
- (b) The Company will be removed from ASX;
- (c) Shareholders will no longer be able to trade their Shares on ASX and shares will only be capable of sale by private transaction; and
- (d) The Company may become an unlisted disclosing entity if it has more than 100 shareholders after completion of the Buy-Back.

What happens if Resolution No.2 is not passed?

If Resolution No 2 is not passed, unless a subsequent proposed de-listing resolution is approved by Shareholders or ASX determines that the Company's Shares should no longer be listed, the Company's Shares will remain listed on ASX and the Company will not proceed with the Buy-Back.

The Directors believe the proposed Buy-Back and the De-Listing should be viewed as the one overall corporate action. The resolutions the subject of this Notice of Meeting are conditional on the other passing. Accordingly, if the De-Listing is not approved the proposed equal access Buy-Back will not proceed.

The ASX may suspend the Company's Shares from trading or de-list the Company due to its small size and lack of shareholder spread.



SUNVEST CORPORATION LIMITED

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Advantages of De-Listing

The Directors consider that the reasons for the De-Listing set out above are effectively the advantages of the De-Listing.

Potential disadvantages of De-Listing

The Directors have considered the potential disadvantages to the De-Listing, particularly the following:

(a) Shareholders' ability to realise their investment in the Company may be diminished

Shares will only be capable of sale by private transaction and Shareholders will be personally responsible for sourcing potential purchasers of their Shares. As a result, the liquidity of Shares will be directly affected and is likely to be further diminished. However, Shareholders will continue to be able to trade off market.

In order to provide Shareholders with the opportunity to realise their investment, the Company proposes to conduct an equal access off-market buy-back which is the subject of the shareholder approval sought under Resolution No 1. In the event that Resolution No 1 is approved by Shareholders, Shareholders will be provided the opportunity to participate in the Buy-Back.

(b) More limited means by which the Company can raise capital

In general terms, the Company will not have the ability to raise capital from the issue of securities by means of limited disclosure fundraising documents. As a result, the main means for the Company to raise equity funds after the De-Listing will be by way of an offer of securities pursuant to a full form prospectus or by way of placement to sophisticated and other investors who do not require a prospectus.

(c) Listing Rules will no longer apply to the Company

The reduction in obligations associated with a listing on ASX will include relief from some reporting and disclosure requirements, removal of certain restrictions on the issue of Shares by the Company, requirements concerning significant changes to the Company's activities and relief from requirements to address ASX Corporate Governance Principles and Recommendations. The absence of continued restrictions in these areas may be perceived to be a disadvantage to some Shareholders.

Buy-Back Facility

The Company is seeking Shareholder approval of the Buy-Back which is the subject of Resolution No. 1.

The Buy-Back will be conducted prior to the Company's application for De-Listing. The Buy-Back will allow Shareholders to sell their Shares for a nominated period up to 10 October 2022.

The major shareholder in the Company – Mrs. Carole Rowan (a director of the Company) has advised she intends to fully participate in the proposed Buy-Back.

Effect of the De-Listing



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(a) Removal date

If Shareholders approve the Resolution, the Company anticipates that it will be removed from the Official List on a date to be determined by ASX following the completion of the Buy-Back on 18 October 2022. In any event, under the conditions imposed by ASX, the De-Listing cannot occur any earlier than one month after the date on which Shareholder approval is obtained.

The indicative timetable for the Buy-Back and De-Listing is set out previously in the Explanatory Memorandum. Subject to the Corporations Act and Listing Rules, the Company reserves the right to amend the indicative timetable without prior notice to Shareholders.

(b) Share numbers and share capital

It is not known how many Shares will be on issue after completion of the Buy-Back. All the issued shares are ordinary Shares. There are no other classes of shares on issue in the Company and all the Shares are fully paid. The De-Listing will have no impact on the number of Shares on issue.

(c) Assets, liabilities and creditors

The Directors believe the De-Listing will not adversely affect the Company's capacity to meet its existing and anticipated obligations and pay its debts as and when they fall due. The Directors consider the De-Listing will result in certain cost savings for the Company.

(d) Continued business

In order to facilitate the Buy-Back, the Company proposes to liquidate each of its investments so that the only asset held by the Company will be cash. As a result, following the De-Listing, the Company will not have a business undertaking.

(e) Continued regulation

If the Company is removed from the Official List, the Listing Rules will no longer apply to it. While the Listing Rules will cease to apply to the Company, Shareholders will retain the protections afforded to them under the Corporations Act. The Company will continue to be subject to its obligations under the Corporations Act and the Company's Constitution, including:

- (i) while the Company has 100 or more Shareholders (i.e. is an "unlisted disclosing entity"), the Company will still be required to give continuous disclosure of material matters in accordance with the Corporations Act by filing notices with ASIC under section 675 of the Corporations Act and the Company will still be required to lodge annual audited and half-yearly financial statements in accordance with the requirements of the Corporations Act, however if the Company ceases to be an unlisted disclosing entity there will be no ongoing requirement for the Company to give continuous disclosure of material matters under section 675 or lodge half-yearly financial statements reviewed by an auditor but as a public company it will continue to be required to lodge annual audited financial statements;



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- (ii) while the Company has 50 or more Shareholders, the acquisition and control of Shares will continue to be subject to the takeover provisions in Chapter 6 of the Corporations Act;
- (iii) the restrictions on the giving of a financial benefit to a related party under Chapter 2E of the Corporations Act will continue to apply to the Company as a public company; and
- (iv) most of the provisions of the Constitution will not be affected by the Company ceasing to be listed and there is no present proposal to change the Company's Constitution following the De-Listing.

(f) Share trading

If the De-Listing is approved by Shareholders, and Shareholders wish to sell their securities on ASX, they will need to do so before the Company is removed from the Official List of ASX. Shareholders should note in this regard that the Company is proposing the Buy-Back facility will enable Shareholders to dispose of their Shares in an orderly fashion.

After the De-Listing, Shareholders wishing to trade their Shares will be entitled to transfer their Shares off-market to a willing third-party purchaser in accordance with the Company's Constitution. Such a market may not be liquid and Shareholders will be personally responsible for sourcing potential purchasers of their Shares.

As indicated above, normal company transactions where an offer is made to all Shareholders, for example a takeover bid or a scheme of arrangement, would still be undertaken pursuant to the requirements in the Corporations Act. In the event of such a transaction, in line with regulatory requirements, Shareholders would receive all relevant information required to assess any such proposal.

After the De-Listing, the Directors will continue to assess appropriate measures to enable continuing shareholders to realise the value of their investment in the Company.

Remedies available to shareholders

If a Shareholder considers the removal from the Official List is contrary to the interest of the shareholders as a whole or is oppressive, unfairly prejudicial or unfairly discriminatory or it is believed that the removal involves unacceptable circumstances a Shareholder may pursue remedies under Part 2F.1 or Part 6.10 Division 2, subdivision B of the Corporations Act.

Under section 233 of the Corporations Act, the court can make any order that it considers appropriate in relation to the Company, including an order that the Company be wound up or an order regulating the conduct of the Company's affairs in the future.

If a Shareholder considers the proposed De-Listing involves "unacceptable circumstances", it may apply to the Australian Takeovers Panel (**Takeovers Panel**) for a declaration of unacceptable circumstances and other orders under Part 6.10 Division 2 Subdivision B of the Corporations Act (refer also to Guidance Note 1: Unacceptable Circumstances issued by the Takeovers Panel). Under section 657D of the Corporations Act, if the Takeovers Panel has declared circumstances to be unacceptable, it may make any order that it thinks appropriate to protect the rights or interests of any person or group of



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persons, where the Takeovers Panel is satisfied that those rights or interests are being affected, or will be or are likely to be affected, by the circumstances.

Intention of the major Shareholder

The major Shareholder Mrs. Carole Rowan (a director of the Company) who holds approximately 83.9% of the issued Shares has advised she intends to vote in favour of Resolution No. 1 and Resolution No.2.

Mrs. Rowan has also advised she intends to fully participate in the proposed Buy-Back.

Voting exclusions

There are no Shareholders excluded from voting on Resolution No. 2.

Directors' voting intentions

The Directors (each of whom hold Shares in the Company) intend to vote in favour of both Resolution No. 2.

No other additional information

Other than as set out in this Explanatory Memorandum, there is no other additional information that is known to the Directors that may reasonably be expected to be material to the making of a decision by Shareholders whether or not to vote in favour of Resolution 2.

Director recommendation

Subject to Resolution No. 1 being passed, the Directors recommend that Shareholders approve the Company's removal of the Company from the ASX Official List.

INTERPRETATION

ASIC means the Australian Securities and Investments Commission;

ASX means the Australian Securities Exchange.

Board means the board of directors of the Company;

Buy-Back means the proposed buy-back of shares for which Shareholder approval is sought pursuant to Resolution No. 1.

Buy-Back Offer means the offer to shareholders to buy back 100% of the shares held by them at the Buy-Back Price.

Buy-Back Price means \$0.59 per Share.

Chair means the person who chairs the Meeting;

Closely Related Party (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member;



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- (b) a child of the member's spouse;
- (c) a dependant of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of this definition;

Company means Sunvest Corporation Limited;

Constitution means the current constitution of the Company;

Corporations Act means the *Corporations Act 2001* (Cth) as amended, varied or replaced from time to time;

De-Listing means the proposed removal of the Company from the Official List for which Shareholder approval is sought pursuant to Resolution No. 2;

Director means a director of the Company;

Explanatory Memorandum means this explanatory memorandum accompanying the Notice of Meeting;

Listing Rule means the official listing rules of the ASX as amended from time to time;

Meeting or **General Meeting** means the general meeting to be held on 12 August 2022;

Notice of Meeting or **Notice** means the notice of meeting giving notice to shareholders of the Meeting, accompanying this Explanatory Memorandum;

Official List means the official list of ASX;

Ordinary Resolution means a resolution passed by more than 50% of the votes cast at a general meeting of shareholders;

Resolution means a resolution proposed at the Meeting;

Share means an ordinary fully paid share in the issued capital of the Company;

Shareholder means a holder of Shares in the Company; and

Special Resolution means a resolution passed by more than 75% of the votes cast at a general meeting of shareholders.



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Proxy, representative and voting entitlement instructions

Proxies and representatives

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. Where a shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a shareholder of the Company.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under section 250D of the Corporations Act 2001 (Cth).

The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the Corporations Act.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be deposited at, posted to the address listed below or emailed 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

Sunvest Corporation Limited
Level 57, MLC Centre,
19-29 Martin Place, Sydney, NSW, 2000
or

PO Box 3002
Bundeena NSW 2230

or

by scanning and emailing to the email address below

Email: info@sunvestcorp.com.au

End of Explanatory Memorandum

Shareholders are invited to contact the Company should they have any queries regarding the General Meeting or the proposed resolutions.
They should contact Bruce Burrell at any of the contact details set out on the header to the Notice of Meeting or Explanatory Memorandum