

TRS INVESTMENTS LTD

Correspondence:
PO Box 26448
Epsom
Auckland 1344

Registered Office:
Level 2
Tower Building
50 Customhouse Quay
Wellington

24 June 2016

Dear Shareholder

Please find **enclosed** notice of the TRS Investments Limited (**TRS** or **Company**) special meeting which will be held on 13 July 2016 at the Jubilee Building, 545 Parnell Road, Parnell, Auckland 1052, starting at 10am. Shareholder registration opens at 9.30am.

TRS has been looking for a number of years to acquire a business by way of a reverse listing. Several potential transactions have been progressed past due diligence but have not, for a variety of reasons, ultimately been completed. The transactions proposed and described in this notice of meeting represent a different approach for TRS and their principal effect is to implement a change in majority shareholder. The proposed majority shareholder, HuaHan International Holdings (Hong Kong) Co. Limited (**HuaHan**), is keen to use TRS as a platform for new business opportunities.

The proposed transactions are not a reverse listing or reverse takeover of a business. No assets are being acquired. HuaHan wishes to take a significant interest in TRS and then investigate and support new investment opportunities. HuaHan offers TRS resources, expertise and contacts for pursuing future investments and building value in TRS. No investments are currently being negotiated and shareholders should note that it is highly likely that future investments will require shareholder approval. This Notice of Meeting discusses the proposed investment strategy for shareholder information.

The ordinary resolutions being put forward at the meeting are intended to approve transactions where:

- Beconwood Securities Pty Limited (**Beconwood Securities**) are authorised to transfer certain shares for nil consideration in TRS to:
 - Trinity Portfolio Limited (a company associated with Joseph van Wijk);
 - Keith Jackson; and
 - Andrew Fiori-Dea.
- Trinity Portfolio Limited, Keith Jackson, Andrew Fiori-Dea and Beconwood Superannuation Pty Limited (**Beconwood Superannuation**) (respectively) sell significant parcels of their shares in TRS to HuaHan.
- Shares in lieu of directors' fees are issued to Trinity Portfolio Limited (for Joseph van Wijk), Keith Jackson, and Andrew Fiori-Dea.
- Certain debts of TRS with related parties are settled and TRS obtains access to a \$1 million line of credit to meet working capital requirements.

If approved, the Board of TRS considers these transactions to be of significant benefit for TRS, as they will:

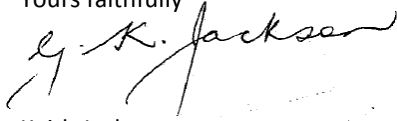
- introduce a strategic shareholder with substantial resources and a desire to build value in TRS;
- secure a \$1 million line of credit for working capital at an attractive rate avoiding dilution to shareholders at the current share price; and
- settle all outstanding term debts of TRS, including the settlement of any directors' fees up to the date of completion of these transactions.

Shareholders may submit specific questions to the Board at any time in advance of the meeting by emailing me at ktjack@xtra.co.nz.

The enclosed shareholder voting form has detailed instructions on how shareholders may lodge their vote or appoint a proxy to vote on their behalf if they are unable to attend.

I look forward to seeing you at the meeting.

Yours faithfully

A handwritten signature in black ink that reads "Keith Jackson". The signature is written in a cursive style with a large, sweeping initial "K".

Keith Jackson
Chairman

NOTICE OF SPECIAL MEETING

Notice is hereby given that a special meeting of shareholders of TRS Investments Limited (**Company**) will be held on 13 July 2016 at the Jubilee Building, 545 Parnell Road, Parnell, Auckland 1052, starting at 10am. Shareholder registration opens at 9.30am.

AGENDA

- A. The Chairman's introduction.
- B. Presentation to shareholders.
- C. Shareholder discussion.
- D. Resolutions.

RESOLUTIONS

The following resolutions are put to shareholders to facilitate and implement the proposed transactions whereby HuaHan will become a 55% shareholder of the Company and provide financial accommodation to the Company (**Transactions**).

ORDINARY RESOLUTIONS

To consider and, if thought fit, to pass the following Ordinary Resolutions:

Resolution 1

Share Transfers: Pursuant to Rule 7(c) of the Takeovers Code and conditional on the passing of Resolutions 2, 3, 4 and 5 that:

- (a) the transfer of 55,000,000 fully paid ordinary shares in the Company for nil consideration from Beconwood Securities to Andrew Fiori-Dea;
- (b) the transfer of 116,000,000 fully paid ordinary shares in the Company for nil consideration from Beconwood Securities to Keith Jackson; and
- (c) the transfer of 228,000,000 fully paid ordinary shares in the Company for nil consideration from Beconwood Securities to Trinity Portfolio Limited (**Trinity**),

are, on the terms detailed in this Notice of Meeting, approved.

Resolution 2

Share Acquisitions: Pursuant to Rule 7(c) of the Takeovers Code and conditional on the passing of Resolutions 1, 3, 4 and 5 that:

- (a) the acquisition of 38,442,311 fully paid ordinary shares in the Company by HuaHan from Andrew Fiori-Dea for approximately \$0.000854585 per share;
- (b) the acquisition of 115,696,504 fully paid ordinary shares in the Company by HuaHan from Keith Jackson for approximately \$0.000854585 per share;
- (c) the acquisition of 161,888,072 fully paid ordinary shares in the Company by HuaHan from Trinity for approximately \$0.000854585 per share; and
- (d) the acquisition of 350,963,879 fully paid ordinary shares in the Company by HuaHan from Beconwood Superannuation for approximately \$0.000854585 per share,

are, on the terms detailed in this Notice of Meeting, approved.

Resolution 3

Directors Fees: Pursuant to Rule 3.5.1, 7.3.1(a) and 7.5.1 of the Listing Rules and Rule 7(d) of the Takeovers Code and conditional on the passing of Resolutions 1, 2, 4 and 5 that a total monetary sum be payable to all directors of the Company for directors' fees of \$90,000 (as a one off payment) and that payment of this sum be satisfied by way of an issue of equity securities in the Company as follows:

- (a) 20,722,548 fully paid ordinary shares in the Company to Andrew Fiori-Dea for approximately \$0.000854585 per share;
- (b) 33,104,777 fully paid ordinary shares in the Company to Keith Jackson for approximately \$0.000854585 per share; and
- (c) 51,487,006 fully paid ordinary shares in the Company to Trinity (on behalf of Joseph van Wijk) for approximately \$0.000854585 per share,

and on the terms otherwise detailed in this Notice of Meeting.

Resolution 4

Related Party Transaction: Pursuant to Rule 9.2.1 of the Listing Rules and conditional on the passing of Resolutions 1, 2, 3 and 5 that the Company's entry into and performance of the:

- (a) Loan Facility Agreement with HuaHan where the Company may borrow up to \$1 million from time to time from HuaHan (**Loan Facility Agreement**);
- (b) Settlement Deed with Tasman Capital Limited (**Tasman**), under which the Company agrees to repay a debt owing to Tasman, through the payment of \$60,000 (**Tasman Settlement Deed**);
- (c) Settlement Deed with Beconwood Securities under which the Company agrees to pay Beconwood Securities \$20,000 in settlement of a debt to Beconwood Securities (**Beconwood Settlement Deed**); and
- (d) The payment of directors fees on the basis described in Resolution 3,

are together, as a series of related transactions and on the terms detailed in this Notice of Meeting, approved.

SPECIAL RESOLUTION

To consider and, if thought fit, to pass the following Special Resolution:

Resolution 5

Major Transaction: Pursuant to section 129 of the Companies Act 1993 and conditional on the passing of Resolutions 1, 2, 3, and 4, that the Company's entry into and performance of the transactions contemplated by Resolutions 3 and 4 are, on the terms detailed in this Notice of Meeting, approved.

Relationship to Market Price

At the time the Transactions were announced the market price of a share in the Company was \$0.001. The Transactions (under Resolutions 2 and 3) will be undertaken at a price per share of \$0.000854585. This represents a discount of 14.54% from the market price of a share at the time the Transactions were announced. Shareholders should particularly consider the appropriateness of this discount in relation to the issue price of shares for directors' fees under Resolution 3. The Independent Report discusses the fairness of the issue price under Resolution 3 (see section 3).

As at the close of trading on 23 June 2016, the market price for the Company's shares was \$0.003.

Other Business

To consider any other matter that may properly be brought before the meeting.

Proxies

Any shareholder of the Company who is entitled to attend and vote at the meeting may appoint a proxy to attend and vote on their behalf. A corporation which is a shareholder may appoint a representative to attend the meeting on its behalf in the same manner as it could appoint a proxy. A proxy does not need to be a shareholder of the Company.

The Chairman of the Meeting (Mr. Keith Jackson) can be appointed as a proxy. However, Mr. Jackson is disqualified from voting on Resolutions 1 to 4 as is further described below. Accordingly please ensure, should the Chairman be appointed as your proxy, that you include express voting instructions on the proxy form for those Resolutions. The Chairman will be unable to act as a discretionary proxy on those Resolutions. The Chairman intends to vote in favour of Resolution 5 where he is a discretionary proxy.

To appoint a proxy you should complete and sign the enclosed Proxy Form and either return it by mail or fax to the share registrar of the Company:

By delivery:

TRS Investments Limited
C/-Computershare Investor Services Limited
Level, 2/159 Hurstmere Road
Takapuna
Auckland 0622

By mail:

TRS Investments Limited
C/-Computershare Investor Services Limited
Private Bag 92119
Victoria Street West
Auckland 1142

By Fax: +64 9 488 8787

Alternatively, to appoint your proxy and vote online please go to the Computershare Investor Services website at www.investorvote.co.nz and follow the instructions. You will be required to enter your holder number and FIN for security purposes. A shareholder will be taken to have signed the Proxy Form by lodging it in accordance with the instructions on the website.

The completed Proxy Form must be received by no later than 48 hours before the meeting, being 10am on Monday, 11 July 2016. Online proxy appointments must also be completed by this time. Registered shareholders at that time will be the only persons entitled to vote at the meeting and only the shares registered in those holders' names at that time may be voted at the meeting.

Ordinary Resolution

Resolutions 1, 2, 3, and 4 are ordinary resolutions. An ordinary resolution is a resolution passed by a simple majority of votes of those holders of securities of the Company which carry votes, are entitled to vote and are voting on the resolutions in person or by proxy.

Special Resolution

Resolution 5 is a special resolution. A special resolution is a resolution passed by a majority of 75% or more of the votes of those shareholders entitled to vote and voting on the resolution in person or by proxy.

If Resolution 5 is passed and any shareholder has cast all the votes attached to the shares registered in that shareholder's name and having the same beneficial owner, against that resolution, then that shareholder is entitled to require the Company to purchase those shares in accordance with section 110 of the Companies Act 1993 (**Act**). The Appendix to this Notice of Meeting sets out the applicable procedure for this.

Shareholders should note that the Act provides for the Company to acquire (or procure the acquisition of) the relevant shares at a fair and reasonable price as at the close of business on the day before the date of the Meeting. The 2016 full year result for the year to 31 March 2016 was recently released to the market and details the Company's current financial position. In particular, the Company has negative equity at 31 March 2016 and limited cash on hand (the full year report to 31 March 2016 can be found here:

<https://www.nzx.com/companies/TRS/announcements/283045>). The price offered for your shares would not take account of any value that the Transactions may potentially create for your shares and without the benefit of the Transactions it is likely that a fair and reasonable price for shares will be nil, given the Company has negative equity.

On this basis, shareholders considering exercising this right are strongly encouraged to first seek independent professional advice from a financial adviser. In particular, if you do desire to exit your shareholding, seek advice on whether you may get better value for your shares by selling on-market against exercising these rights.

Voting Restrictions

In relation to Resolutions 1, 2, 3 and 4, and pursuant to Listing Rule 9.3.1 and Rule 17 of the Takeovers Code (as applicable), Joseph van Wijk, Trinity, Andrew Fiori-Dea, Keith Jackson, Beconwood Superannuation and Beconwood Securities and their “Associated Persons” (as that term is defined in the Listing Rules) and their “Associates” (as that term is defined in the Takeovers Code) are each disqualified from voting any securities that they hold in the Company.

Under the Takeovers Code, “Associates” are, in summary, where the persons are or through a third person, acting jointly or in concert, where one person acts or is accustomed to act in accordance with the wishes of the other person, where the persons are related companies or where the persons have a business relationship, personal relationship, or an ownership relationship such that they should, under the circumstances, be regarded as associates. Under the Listing Rules, “Associated Persons” has a similar definition.

The Company will disregard any votes cast on Resolutions 1, 2 3 and 4 (as applicable) by any persons to whom the foregoing applies. Any discretionary proxies given to persons disqualified from voting under the requirements set out above will not be valid. Proxies that give express voting instructions to such persons will however be accepted.

Interdependence of Resolutions

Resolutions 1, 2, 3, 4 and 5 are interdependent and must all be passed by shareholders in order for any of those resolutions to be effective.

Independent Adviser’s Report

Accompanying this Notice of Meeting is an Independent Adviser’s Report from Simmons Corporate Finance Limited (the **Independent Report**) on the transactions contemplated by Resolutions 1, 2 and 3 as required by Rules 15(h) and 16(h) of the Takeovers Code. The Independent Report is also an Appraisal Report in relation to Resolution 4 as is required by Listing Rule 9.2.5.

NZX Approval

This notice of meeting has been approved by NZX Limited (**NZX**). However, NZX does not take responsibility for any statement contained in this Notice of Meeting.

Listing Rule References

In this Notice of Meeting, references to the Listing Rules are references to the listing rules of the NZX Main Board Market.

Non-Interested Director

As announced to the market on 1 May 2016, Johannes Lodewikus Pretorius Cilliers (**John Cilliers**) was appointed as a director of the Company from that date.

John Cilliers has been actively involved in NZAX listings and compliance, business acquisitions, commercialisation and the implementation of systems to support organisational growth. John Cilliers is the CFO and Company Secretary of NZAX listed Lateral Corporation Limited. He was formerly the CFO of Pulse Energy Limited.

John Cilliers has a Bachelor of Commerce from South Africa and is a member of Chartered Accountants Australia and New Zealand.

The Board felt it was necessary to appoint a further director who is not a party to the Transactions given that the other three directors are. John is considered by the Board to be an "Independent Director" under the Listing Rules. John Cilliers was not involved in the original negotiations and documentation of the Transactions.

John Cilliers, as the sole non-interested director of the Company recommends approval of all Resolutions in this Notice of Meeting. Further detail is provided in the "*Director Recommendation*" below (on page 16).

NZX Waiver – Interested Directors

As noted in this Notice of Meeting, Joseph van Wijk, Keith Jackson and Andrew Fiori-Dea (**Interested Directors**) are interested (as that term is defined in section 139 of the Companies Act 1993) in aspects of the Transactions. In particular, the Interested Directors are:

- receiving shares from Beconwood Securities and the Board is proposing to ratify entry into and performance of the Beconwood Settlement Deed;
- receiving consideration from HuaHan for shares that they will own when the Board is proposing to implement the Loan Facility Agreement;
- the Interested Directors are proposed to receive the Directors Fees; and
- two of the Interested Directors (Joseph van Wijk, Keith Jackson) are also directors of Tasman and the Board is proposing to ratify entry into and performance of the Tasman Settlement Deed,

(together, the **Interests**).

As a result of the Interests, Listing Rule 3.4.3 does not permit the Interested Directors to vote on or be counted in a quorum for a Board meeting in relation to the Transactions. The Company is, therefore, without a waiver from NZX, unable to obtain the required quorum to pass Board resolutions necessary to enter into the Transactions.

At the date of this Notice of Meeting, NZX has indicated that it will grant the Company a waiver from Listing Rule 3.4.3 to permit the Interested Directors to vote on and be counted in a quorum in relation to the Transactions.

EXPLANATORY NOTES

These Explanatory Notes initially apply to all of the Resolutions in this Notice of Meeting. Later in this Notice of Meeting specific disclosures against each Resolution are included (where required by law or the Listing Rules). The Company has been a shell company since 2010 and has pursued various transactions with a view to creating value for shareholders. A full profile of the Company including this history is provided in section 4 of the Independent Report. The Transactions do not change the Company's position as a shell company but do in the opinion of the Board better position the Company to make future investments.

Purpose of Transactions

If the Resolutions are all approved the Company will secure a new majority shareholder in HuaHan. HuaHan will hold 55% of all shares on issue in the Company on completion of the Transactions. Completion will occur within five business days of the Meeting if all Resolutions are approved (**Completion**). In addition to securing a new majority shareholder, the Transactions have also been designed to:

- Settle the outstanding term liabilities of the Company.
- Compensate three of the Directors and settle directors' fees which have not been paid since 1 April 2007.
- Provide the Company with access to working capital so that it can begin working on its investment strategy with the support of HuaHan following Completion.

The Board unanimously supports the Transactions and considers that the Transactions will position the Company well to pursue a new investment strategy with the benefit of an experienced and resourced majority shareholder that has a desire to build a successful and profitable NZX listed investment company.

Risks associated with the Transactions are discussed in section 2 of the Independent Report. This Notice of Meeting also sets out potential negative effects on shareholders from the Transactions, including dilution effects.

The Transactions

HuaHan and the Company signed a Term Sheet in March 2016. The Term Sheet set out the key commercial terms for the Transactions and the Company agreed to facilitate the Transactions for HuaHan. Under the Term Sheet, HuaHan agreed to contribute to the Company's professional and compliance costs incurred as a result of the Transactions. On the signing of the Term Sheet, HuaHan agreed to pay \$20,000 to the Company. On the signing of the documents relating the Transactions, HuaHan agreed to pay a further \$100,000 to the Company.

Except for those provisions relating to the \$120,000 payments noted directly above, the provisions of the Term Sheet are reflected in and surpassed by the conditional agreements entered into by the various parties necessary to document the Transactions. These provisions are described in this Notice of Meeting.

The series of Transactions that are being put to shareholders for approval are as follows:

- **Share Transfers:** The transfer of shares in the Company held by Beconwood Securities to Trinity (a private investment company associated with Joseph van Wijk), Andrew Fiori-Dea, and Keith Jackson in accordance with the Takeovers Code (**Share Transfers**). Beconwood Securities has agreed to transfer these shares to the three directors for nil consideration as compensation and to facilitate the Transactions.
- **HuaHan Acquisitions:** HuaHan acquiring shares held by each of Beconwood Superannuation, Trinity, Andrew Fiori-Dea, and Keith Jackson, in accordance with the Takeovers Code (**HuaHan Purchases**) to achieve a 55% shareholding in the Company. As noted above (page 4, under "*Relationship to market price*"), the shares under the HuaHan Purchases are being acquired at a discount of 14.54% from the market price of a share at the time the Transactions were announced.
- **Directors Fees:** Approving a one-off directors fees payment for Joseph van Wijk, Andrew Fiori-Dea, and Keith Jackson of \$90,000 (in aggregate) which is to be satisfied in full by an issue of shares in the Company

in accordance with the Takeovers Code (**Share Issues**). The directors have not received any directors' fees from the Company since 2007. The Share Issues will remunerate these directors for their services from 1 April 2007 until the completion of these transactions. Further details of the Share Issues are disclosed below.

- **Beconwood Securities Debt:** The Company has a historic liability owing to Beconwood Securities of \$94,233.23. Under the Beconwood Settlement Deed it is proposed that on Completion the Company will satisfy this liability in full through a cash payment of \$20,000. Such funds are intended to be drawn under the Loan Facility Agreement.
- **Tasman Debt:** In early February 2016 the Company was advanced \$40,000 by Tasman. Keith Jackson and Joseph van Wijk are each directors of Tasman and have shareholding interests in Tasman. This advance was necessary in order for the Company to be funded to meet its essential administrative expenses (such as listing fees and auditor fees). The advance was made on the basis that it would, subject to the receipt of any necessary approvals, be capitalised into shares of the Company at \$0.0005 per share. However the Company subsequently began negotiations with HuaHan and it became apparent that such a capitalisation would interfere with the desired outcome of HuaHan achieving a 55% shareholding. As a result the Tasman Settlement Deed has been entered into and provides that this debt will be satisfied in full through a cash payment of \$60,000 at Completion. Such funds are intended to be drawn under the Loan Facility Agreement. This amount is a discount on the aggregate value of the shares that would have been issued to Tasman if the advance had been capitalised compared with the price per share that HuaHan is paying under the Transactions and compared with the current market price.
- **Loan Facility Agreement:** The Company has entered the Loan Facility Agreement with HuaHan which will take effect at Completion if all Resolutions are passed. Under the Loan Facility Agreement HuaHan agrees to provide the Company with an on-call unsecured debt facility of up to \$1 million (**Facility**). The key terms of the Loan Facility Agreement are that:
 - HuaHan may, no earlier than two (2) years from Completion, elect to convert, as full or partial repayment, the amount outstanding under the Facility to ordinary fully paid shares in the Company at \$0.003 per share. This right to convert the Facility into shares in the Company remains subject to any required approvals of the shareholders of the Company at the prevailing time. Shareholder approval to issue such shares would likely be sought under Listing Rule 7.3.1(a) if it is necessary at the time.
 - Amounts outstanding under the Facility attract interest at a rate of 5% per annum.
 - The Facility is provided for a two year term and if it has not been converted at the conclusion of the term, a further term may be negotiated or HuaHan can give a six month termination notice at which time the Facility must be repaid.
 - There are no restrictions in the Loan Facility Agreement preventing the Company from securing alternative debt.

The various share transactions are illustrated in the table below:

Parties to the Transactions	Current Shareholding of Parties	Current Shareholding Percentage of Parties	Beconwood Securities transfer of Shares to Directors (Resolution 1)	Holding after Beconwood Securities transfer of Shares to Directors	Holding Percentage after Beconwood Securities transfer of Shares to Directors	Sale of Shares to HuaHan (Resolution 2)	Holding after Sale of Shares to HuaHan	Percentage Holding after Sale of Shares to HuaHan	Allocation of Directors Fees Paid in Shares (Resolution 3)	Holding After Allocation of Directors Fees Paid in Shares	Percentage Holding After Allocation of Directors Fees Paid in Shares
Beconwood Superannuation	410,963,879	37.11%	-	410,963,879	37.11%	- 350,963,879	60,000,000	5.42%	-	60,000,000	4.95%
Beconwood Securities	399,000,000	36.03%	- 399,000,000	-	0.00%	-	-	0.00%	-	-	0.00%
Trinity (Joseph van Wijk)	77,123,810	6.96%	228,000,000	305,123,810	27.55%	- 161,888,072	143,235,738	12.93%	51,487,006	194,722,744	16.06%
Keith Jackson	2,532,453	0.23%	116,000,000	118,532,453	10.70%	- 115,696,504	2,835,949	0.26%	33,104,777	35,940,726	2.96%
Andrew Fiori-Dea	-	0.00%	55,000,000	55,000,000	4.97%	- 38,442,311	16,557,689	1.50%	20,722,548	37,280,237	3.07%
HuaHan	-	0.00%	-	-	0.00%	666,990,766	666,990,766	60.23%	-	666,990,766	55.00%
Totals	889,620,142	80.33%	-	889,620,142	80.33%	-	889,620,142	80.33%	105,314,331	994,934,473	82.04%
Total Shares on Issue	1,107,396,153	100.00%							105,314,331	1,212,710,484	100.00%

The aggregate monetary value of the Transactions for the directors is set out in the following table:

Value of Shares of Directors in Transactions	Value Received By Directors			Represented by	
	Value of Beconwood Securities Shares transferred to Directors (Resolution 1)	Value of Directors' Fees Paid in Shares (Resolution 3)	Aggregate Value for each Director under Transactions	Cash Proceeds for Directors from HuaHan Purchases (Resolution 2)	Value of Shares retained by Directors following Completion
Trinity (Joseph van Wijk)	\$ 194,845.28	\$ 44,000.00	\$ 238,845.28	\$ 138,347.04	\$ 100,498.24
Keith Jackson	\$ 99,131.81	\$ 28,290.83	\$ 127,422.64	\$ 98,872.44	\$ 28,550.20
Andrew Fiori-Dea	\$ 47,002.15	\$ 17,709.17	\$ 64,711.32	\$ 32,852.20	\$ 31,859.12
Totals	\$ 340,979.24	\$ 90,000.00	\$ 430,979.24	\$ 270,071.68	\$ 160,907.56

See further details on the fairness of this value to directors in section 2.6 of the Independent Report and the recommendation of the non-interested director below under the heading “*Director Recommendation*”.

The Company has facilitated the Transactions to ensure they are conducted in an orderly manner and achieve the desired outcomes for all parties.

In order to assess the merits of the Transaction, shareholders should consider section 2.2 of the Independent Report (*Summary of the Evaluation of the Merits of the HuaHan Transactions*). Possible disadvantages to shareholders from the Transactions are also discussed in section 2 of the Independent Report and should also be considered.

About HuaHan

HuaHan is registered and incorporated in Hong Kong, and is affiliated through common family ownership with the HuaHan Group of companies (**HuaHan Group**), a global conglomerate headquartered in Singapore. HuaHan has provided the following information at the request of the Company.

The HuaHan Group operates mainly in China, and is owned by the Liu family of Chengdu, the capital of the Sichuan Province in Southwestern China. The HuaHan Group has total assets of around ¥1.6 billion CNY (NZ\$339 million) and net assets of around ¥620 million CNY (NZ\$131 million).

The HuaHan Group is involved in industries including real estate, eco-mining, ecological agriculture, pharmaceuticals and down feather products.

The real estate activities of the HuaHan Group currently include the operation and management of three projects; the Longwu Digital Media Zone, the Hongkui Technology Industry Zone and the Mingqi Gongguan Enterprise Zone. The total land area of these industrial zones is around 67,000m² and has actual floor space within the buildings of around 230,000m². The total value of the land and buildings of these projects are estimated to be around ¥1.29billion CNY (NZ\$273 million).

The eco-mining activities include Luzhou Difeng Stone Limited (**Luzhou**) which is 70% owned by the HuaHan Group. Luzhou mining is conducted over an area of 23,500m² and has known stone reserves of 1.894 million metric tons with production value of around ¥260 million CNY (NZ\$55 million) over the life of the project.

HuaHan has informed TRS that the HuaHan Group ecological agriculture projects include an agreement to convert 800 hectares of farm land to ecological agriculture and form an agriculture industrial group. Ecological agriculture is designed to promote sustainable agriculture with methods that include the prevention of soil erosion, water infiltration and retention, carbon sequestration and increased biodiversity.

The pharmaceutical operations of the HuaHan Group include the distribution of pharmaceutical products of around ¥30 million CNY per annum (NZ\$6 million).

HuaHan Group is also involved in the production of down-feather products including down-feather coats and down-feather duvets that are exported to Taiwan, Japan and other regions. The annual sales from down-feather products is around ¥ 12 million per annum (NZ\$3 million).

Investment Strategy of TRS

Following completion of the Transactions, HuaHan will provide the Company with the Facility to be drawn down as needed by the Company. The Facility is designed to provide TRS with working capital to operate and meet its day-to-day operational and administrative costs. HuaHan intends to support the securing of larger sums of funding as required once suitable investment opportunities are identified and investigated.

Following Completion, HuaHan will work with TRS to source investment and growth opportunities leveraging their experience, distribution channels and resources.

Although no definitive decision has been made on any future investment, or the timetable for any such investment, following discussions between HuaHan and the Company, initial investment opportunities will likely be sought in three areas:

1. exporting New Zealand products to China;
2. real estate development in New Zealand; and
3. the acquisition of Chinese assets.

The Company has a significant opportunity to leverage the distribution channels of the HuaHan Group to export New Zealand products. It is considered that strong opportunities particularly exist for New Zealand milk and meat products.

A significant opportunity is also seen in real estate development in New Zealand. HuaHan has considerable real estate development experience in China. HuaHan also believe that they have a significant number of partners who may co-invest in suitable real estate developments in New Zealand.

The Company may also consider investing in Chinese assets. HuaHan may be able to source attractive opportunities for the Company to acquire Chinese based assets and businesses. The Board is aware that considerable due diligence will be required to pursue any purchase of such assets but such an investment may be worthwhile if the yield derived from the assets are considerably higher than the finance costs and if risks can be mitigated.

Until the Company undertakes an investment it will continue to have no assets of substance. Accordingly, it is probable that the Company will need to revert to shareholders for the approval of any investment under the Listing Rules. At such time full details of such a proposed investment would be disclosed for shareholder consideration. There is a risk that following Completion no investments are secured or that there are delays in securing investments. Should that occur, the status quo of the Company as a listed shell will be maintained. However, the Company would in this situation have the benefit of the Loan Facility Agreement for meeting its general and administration expenses.

Board Composition

At Completion it is intended that the Board composition of the Company will not substantially change. Joseph van Wijk, Keith Jackson and John Cilliers intend to remain in office as directors. Andrew Fiori-Dea has advised that he intends to retire as a director at Completion. The Board of the Company has invited HuaHan to nominate a person to join the Board on the basis that such nominee will be appointed to the Board at Completion.

Mr. Hao Sun (Ryan) has been put forward as the nominee director of HuaHan and will be appointed as an Executive Director. From Completion, Hao Sun will reside in New Zealand (subject to the required immigration approvals) and he will act as Corporate Counsel and will handle relations with HuaHan on all legal matters in China. Hao Sun is a qualified Chinese lawyer and has a Bachelor of Laws from China. Hao Sun gained extensive experience in international investment and commercial law in his role with the law firm Bei Jing Yingke, DaLian Branch. In particular he guided Chinese corporate clients with making direct investments into the United States.

In accordance with the Listing Rules, Hao Sun would retire and stand for re-election as a director of the Company at the 2016 annual shareholders meeting.

Effect of Resolutions Passing

If shareholders pass the Resolutions, the Transactions will be completed at Completion and the various share transactions will take effect contemporaneously. Further, the Loan Facility Agreement will become unconditional and available to the Company to draw on as required. Finally, the liabilities of the Company to Tasman and Beconwood Securities will be settled in full.

If the Transactions are approved:

- the Company will be resourced to pursue its investment strategy;
- the Company will not have to repay the \$120,000 previously advanced to it by HuaHan and it will be treated as a reimbursement of the Company's transaction costs;
- the Company will appoint at least one new director; and
- the Company will have a more diversified shareholder base that includes an aligned, strategic partner.

This Notice of Meeting should be read in conjunction with the Independent Report, which assesses the fairness of the Transactions.

Effect of Resolutions Not Passing

All Resolutions are interdependent and so all must be passed by shareholders in order for the Transactions to proceed. If the Transactions are not approved:

- the Company will have 30 days from the date of the Meeting to repay \$120,000 to HuaHan (being the amount HuaHan has already paid to the Company to cover professional and compliance costs associated with the Transactions). Unless the Company received further investment from another third party within this 30 day period, the Company has no ability to repay this amount. There is no such further investment lined up and whether the Company could repay this amount is a speculative point at this time. If this amount cannot be repaid in this timeframe, the Company must issue to HuaHan a number of shares in the Company that is necessary in order for HuaHan to hold 19.99% of all shares on issue in the Company. This represents 276,676,029 shares at an issue price of \$0.0004337 per share. This represents a discount of 56.63% from the market price of a share at the time the Transactions were announced. The Board could potentially place such shares to HuaHan under Listing Rule 7.3.5 or a shareholder approval to issue such shares under Listing Rule 7.3.1(a) may be sought. This would be determined by the Board at the relevant time;
- the Company will continue to have liabilities exceeding assets and negative equity;
- the Company will not have sufficient working capital to meet its day to day operational costs;
- the Company will need to urgently look for other sources of new capital or debt to continue to maintain its listing; and
- a failure to quickly secure new capital may result in an insolvency event for the Company.

If the Company is required to issue shares to satisfy the \$120,000 repayment noted above, the dilution effect on shareholders would be:

Current Shares on issue	1,107,396,153
Shares issued to HuaHan	276,676,029
Total shares on issue after share issue to HuaHan	1,384,072,182
Example shareholder: pre-issue percentage holding	10%
Example shareholder: post-issue percentage holding	8.001%

Requirements for Shareholder Approval

Shareholder approval for Resolutions 1, 2, 3, and 4 are required under a number of applicable Listing Rules and the Takeovers Code. Resolution 5 seeks approval under section 129 of the Companies Act 1993. How the Transactions trigger these requirements and relevant disclosures against each of these requirements are set out below.

RESOLUTION 1 AND RESOLUTION 2 AND RESOLUTION 3 – Takeovers Code

The Company is a "Code Company" under the Takeovers Code meaning that there are restrictions on persons together with their associates acquiring voting rights (or the control of voting rights) above a 20% threshold. A permitted procedure under the Takeovers Code is that the Company's non-associated shareholders approve an acquisition of voting rights above this threshold. Resolutions 1, 2 and 3 seek such approvals.

Takeovers Code Disclosures – Resolution 1

Immediately prior to HuaHan acquiring shares in the Company, Beconwood Securities will transfer shares to each of Trinity, Andrew Fiori-Dea and Keith Jackson. Resolution 1 authorises these transfers for the purposes of the Takeovers Code. Trinity, Andrew Fiori-Dea and Keith Jackson will then each sell down some shares they hold to HuaHan.

This first transfer of shares from Beconwood Securities requires approval under the Takeovers Code for two reasons:

- Trinity, Andrew Fiori-Dea, Keith Jackson, Beconwood Securities and Beconwood Superannuation are acting jointly or in concert in respect of the Transactions. This means they are associates for the purposes of the Takeovers Code.
- Upon Trinity receiving the shares under this share transfer from Beconwood Securities it will hold or control over 20% of all voting rights in the Company (but then Trinity will immediately sell down some of this holding to HuaHan and move below 20%).

The table below sets out the specific disclosures required by Rule 15 of the Takeovers Code under the Share Transfers:

	Rule 15, Takeovers Code	Compliance Information
(a)	the identity of the following (i) the person acquiring the voting securities; and	Trinity – 228,000,000 shares. Keith Jackson – 116,000,000 shares. Andrew Fiori-Dea - 55,000,000 shares.
	(ii) (if different from the person described in paragraph (i)), any person who will become a controller of an increased percentage of voting securities in the code company as a result of the acquisition.	Joseph van Wijk (as controller of Trinity)
	(iii) the person disposing of the voting securities	Beconwood Securities Pty Limited
(b)	particulars of the voting securities to be acquired, including: (i) the number being acquired;	399 million ordinary shares (in aggregate and individually acquired as set out above)
	(ii) the percentage of all voting securities that that number represents; and	36.030% ¹
	(iii) the percentage of all voting securities that will be held or controlled by the person acquiring the voting securities after completion of the acquisition; and	Trinity – 27.55% Keith Jackson – 10.70% Andrew Fiori-Dea – 4.97%
	(iv) the aggregate of the percentages of all voting securities that will be held or controlled by the person acquiring the voting securities and by that person's associates after completion of the acquisition; and	80.33% (in aggregate) pre-Completion under the HuaHan Purchases, as follows: <ul style="list-style-type: none"> • Trinity – 27.55%; • Beconwood Superannuation – 37.11%; • Beconwood Securities – Nil%; • Keith Jackson – 10.70%; and • Andrew Fiori-Dea – 4.97%.
(c)	not applicable	
(d)	the consideration for the acquisition or the manner in which the consideration will be determined and when the consideration is payable; and	Beconwood Securities is transferring the shares for nil consideration to each of Trinity, Keith Jackson and Andrew Fiori-Dea. The Share Transfers will occur on Completion and are conditional on all arrangements being in place for the HuaHan Purchases to be completed immediately after the Share Transfers are completed.

¹ The Share Issues will occur after the Share Transfers and HuaHan Purchases have been completed and are not taken into account in this percentage or the following percentages in this table.

	Rule 15, Takeovers Code	Compliance Information
(e)	the reasons for the transaction; and	Beconwood Securities has agreed to compensate Joseph van Wijk, Keith Jackson and Andrew Fiori-Dea and to also facilitate the Transactions with HuaHan. Beconwood Securities has agreed to do this out of its own shareholding as the current holder (with Beconwood Superannuation) of a 73.141% shareholding in the Company. The Company has no available cash and if it was compensating the directors it would need to do so through further issues of equity securities causing dilution to other shareholders. This transaction therefore reduces dilution to other shareholders given that the only consideration being given to these directors from the Company is the Share Issues for directors' fees. By minimising dilution in this way the shareholder spread of the Company will not be substantially concentrated as a consequence of the Transactions. The Listing Rules require the Company to maintain shareholder spread within prescribed limits.
(f)	a statement to the effect that the acquisition, if approved, will be permitted under rule 7(c) of the Takeovers Code as an exception to rule 6 of the Takeovers Code; and	The transfer of ordinary shares under the Share Transfers, if approved, will be permitted under rule 7(c) of the Takeovers Code as an exception to rule 6 of the Takeovers Code.
(g)	a statement by the person acquiring the voting securities setting out particulars of any agreement or arrangement (whether or not legally enforceable) that has been, or is intended to be, entered into between the person and any other person (other than between that person and the person disposing of the voting securities in respect of the matters referred to in paragraphs (a) to (e)) relating to the acquisition, holding, or control of the voting securities to be acquired, or to the exercise of voting rights in the code company; and	Each of Joseph van Wijk (as nominee for Trinity), Keith Jackson and Andrew Fiori-Dea have entered into a conditional share purchase agreement with HuaHan under which HuaHan has agreed to purchase: <ul style="list-style-type: none"> • 38,442,311 shares from Andrew Fiori-Dea; • 115,696,504 shares from Keith Jackson; and • 161,888,072 shares from Trinity, each at a sale price of around \$0.000854585 per share payable in cash. The HuaHan Purchases will be completed immediately after the Share Transfers are completed.
(h)	the report from an independent adviser that complies with rule 18; and	The Independent Report from Simmons Corporate Finance Limited accompanies this notice of meeting.
(i)	the statement by the directors of the Code company referred to in rule 19.	The non-interested director of the Company recommends approval of Resolution 1 for the reasons set out below in the "Director Recommendation" on page 13 below.

Takeovers Code Disclosures – Resolution 2

The table below sets out the specific disclosures required by Rule 15 of the Takeovers Code in respect of the proposed acquisition of shares by HuaHan under the HuaHan Purchases:

	Rule 15, Takeovers Code	Compliance Information
(a)	the identity of the following (i) the person acquiring the voting securities; and	HuaHan International Holdings (Hong Kong) Co. Ltd
	(ii) (if different from the person described in paragraph (i)), any person who will become a controller of an increased percentage of voting securities in the code company as a result of the acquisition.	N/A
	(iii) the person disposing of the voting securities	Beconwood Superannuation – 350,963,879 shares. Trinity – 161,888,072 shares. Andrew Fiori-Dea – 38,442,311 shares. Keith Jackson – 115,696,504 shares.
(b)	particulars of the voting securities to be acquired, including: (i) the number being acquired;	666,990,766 ordinary shares in the Company in aggregate.
	(ii) the percentage of all voting securities that that number represents; and	60.23% ²
	(iii) the percentage of all voting securities that will be held or controlled by the person acquiring the voting securities after completion of the acquisition; and	60.23%
	(iv) the aggregate of the percentages of all voting securities that will be held or controlled by the person acquiring the voting securities and by that person's associates after completion of the acquisition; and	60.23%
(c)	not applicable	
(d)	the consideration for the acquisition or the manner in which the consideration will be determined and when the consideration is payable; and	Around \$0.000854585 per share, being \$570,000 in aggregate. The consideration is payable by HuaHan at Completion.
(e)	the reasons for the transaction; and	To secure a new strategic partner for the Company and gain access to resources for implementing its investment strategy.
(f)	a statement to the effect that the acquisition, if approved, will be permitted under rule 7(c) of the Takeovers Code as an exception to rule 6 of the Takeovers Code; and	The acquisition of ordinary shares under the HuaHan Purchases, if approved, will be permitted under rule 7(c) of the Takeovers Code as an exception to rule 6 of the Takeovers Code.

² Immediately following completion of the HuaHan Purchases the Share Issues will be completed. The Share Issues will dilute this percentage held by HuaHan to 55.00%

	Rule 15, Takeovers Code	Compliance Information
(g)	a statement by the person acquiring the voting securities setting out particulars of any agreement or arrangement (whether or not legally enforceable) that has been, or is intended to be, entered into between the person and any other person (other than between that person and the person disposing of the voting securities in respect of the matters referred to in paragraphs (a) to (e)) relating to the acquisition, holding, or control of the voting securities to be acquired, or to the exercise of voting rights in the code company; and	There is no agreement or arrangement (whether or not legally enforceable) that has been, or is intended to be, entered into between the person and any other person relating to the acquisition, holding, or control of the voting securities to be acquired, or to the exercise of voting rights in the Company.
(h)	the report from an independent adviser that complies with rule 18; and	The Independent Report from Simmons Corporate Finance Limited accompanies this notice of meeting.
(i)	the statement by the directors of the Code company referred to in rule 19.	The non-interested director of the Company recommends approval of Resolution 2 for the reasons set out below in the “ <i>Director Recommendation</i> ” on page 13 below.

Takeovers Code Disclosures – Resolution 3

Immediately following Completion the Company will undertake the Share Issues (for \$0.000854585 per share) to Trinity, Andrew Fiori-Dea, and Keith Jackson. Trinity, Andrew Fiori-Dea, Keith Jackson, Beconwood Securities and Beconwood Superannuation are acting jointly or in concert in respect of the Transactions, and as such are “Associates” under the Takeovers Code. While no one of these persons will, individually, hold 20% or more of the voting rights in the Company following the share disposals to HuaHan in Resolution 2, they will, in aggregate, hold over 20%.

As noted in section 3 of the Independent Report, the Independent Report was prepared in accordance with Listing Rule 6.2.2.

	Rule 16, Takeovers Code	Compliance Information
(a)	the identity of the allottee and, if different from the allottee, the identity of any person who will become a controller of an increased percentage of voting securities in the code company as a result of the allotment or allotments.	Trinity; Andrew Fiori-Dea; and Keith Jackson
(b)	particulars of the voting securities to be allotted, including: (i) the number being allotted; and	<ul style="list-style-type: none"> • 20,722,548 fully paid ordinary shares being allotted to Andrew Fiori-Dea; • 33,104,777 fully paid ordinary shares being allotted to Keith Jackson; and • 51,487,006 fully paid ordinary shares being allotted to Trinity.
	(ii) the percentage of the aggregate of all existing voting securities and all voting securities being allotted that that number represents; and	9.510% in aggregate but between the respective parties as follows: Trinity – 4.649% Andrew Fiori-Dea – 1.871% Keith Jackson – 2.989%

	Rule 16, Takeovers Code	Compliance Information
	(iii) the percentage of all voting securities that will be held or controlled by the allottee after completion of the allotment; and	Trinity – 16.057% Andrew Fiori-Dea – 3.074% Keith Jackson – 2.964%
	(iv) the aggregate of the percentages of all voting securities that will be held or controlled by the allottee and the allottee’s associates after completion of the allotment.	27.042% in aggregate as follows: Trinity – 16.057% Andrew Fiori-Dea – 3.074% Keith Jackson – 2.964% Beconwood Superannuation – 4.948%
(c)	not applicable	
(d)	the issue price for the voting securities to be allotted and when it is payable.	Approximately \$0.000854585 per share, being \$90,000 in aggregate.
(e)	the reasons for the allotment.	As satisfaction of the directors’ fees for which approval is also sought under Resolution 3.
(f)	a statement to the effect that the allotment, if approved, will be permitted under rule 7(d) of the Takeovers Code as an exception to rule 6 of the Takeovers Code.	The allotment of ordinary shares under the Share Issues, if approved, will be permitted under rule 7(d) of the Takeovers Code as an exception to rule 6 of the Takeovers Code.
(g)	a statement by the allottee setting out particulars of any agreement or arrangement (whether legally enforceable or not) that has been, or is intended to be, entered into between the allottee and any other person (other than between the allottee and the code company in respect of the matters referred to in paragraphs (a) to (e) relating to the allotment, holding, or control of the voting securities to be allotted, or to the exercise of voting rights in the code company.	There is no agreement or arrangement (whether or not legally enforceable) that has been, or is intended to be, entered into between the allottee and any other person relating to the allotment, holding, or control of the voting securities to be allotted, or to the exercise of voting rights in the Company.
(h)	the report from an independent adviser that complies with rule 18.	The Independent Report from Simmons Corporate Finance Limited accompanies this notice of meeting.
(i)	the statement by the directors of the Code company referred to in rule 19.	The non-interested director of the Company recommends approval of Resolution 3 for the reasons set out in the section entitled “ <i>Director Recommendation</i> ” below.

Director Recommendation – Rule 19 of the Takeovers Code

The Director of the Company that is not interested in the Transactions, being John Cilliers, recommends that shareholders vote in favour of Resolutions 1, 2 and 3 for the purposes of the Takeovers Code.

The grounds supporting this recommendation are:

1. The Company is a listed shell with no business operations. The Transactions will be the first step to acquiring or growing an asset base.
2. The Company has pursued other transactions to reverse list a business into the Company over a number of years. These attempts have ultimately been unsuccessful. The Transactions represent a new approach which has significantly less dilution effects on shareholders than under a reverse listing.
3. The Company requires access to working capital to maintain its listed status and corporate existence. The Transactions provide access to such working capital through the Loan Facility Agreement.
4. The Transactions introduce an important strategic partner to the share register with significant resources and expertise. The Company will secure the opportunity to leverage those resources and expertise for sourcing, investigating and executing new investments for the benefit of all shareholders.
5. The three directors have not received directors fees or any other form of remuneration from the Company since 1 April 2007. Over this period the Company has had no executive or management team and has been solely administered by these directors. This is a very modest cost to the Company for the assistance that has been provided to the Company over a considerable period of time. The value of the benefits received by the three directors (as set out on page 9) is fair particularly given their length of unremunerated assistance to the Company.
6. The three directors are otherwise being compensated by Beconwood Securities and this manner of compensation represents no cost to the Company or dilution to its shareholders.

RESOLUTION 3 – Directors Fees

Resolution 3 authorises the Board of the Company to undertake the Share Issues, being an issue of 105,314,331 (in aggregate) new ordinary shares in the Company (**New Shares**) to Trinity, Andrew Fiori-Dea, and Keith Jackson. All of the New Shares will be issued by the Company immediately following Completion of the HuaHan Purchases. Approval of these share issues under the Transactions is sought pursuant to Listing Rules 3.5.1, 7.3.1(a) and 7.5.1 and under Rule 7(d) of the Takeovers Code.

The Share Issues are the only issue of securities occurring under the Transactions and are accordingly the only aspect of the Transactions that have a dilutionary effect on shareholders. This dilution is demonstrated below:

Current Shares on issue	1,107,396,153
Shares issued under Share Issue	105,314,331
Total shares on issue after Share Issue	1,212,710,484
Example shareholder: pre-issue percentage holding	10%
Example shareholder: post-issue percentage holding	9.13%

As the shares being acquired under the HuaHan Purchases make up the entire proportion of HuaHan's post-transaction shareholding (and are already issued shares), the dilution effects of the Transactions are not considered material by the Board.

Rule 3.5.1

The Company is seeking approval from its shareholders to make a one-off payment of directors' fees of \$90,000, to be settled through the Share Issues. Listing Rule 3.5.1 requires that shareholders approve the payment of any directors' fees.

This proposed payment of directors' fees recognises that the three relevant directors (Joseph van Wijk, Keith Jackson and Andrew Fiori-Dea) have acted as directors of the Company without remuneration (in the case of Joseph van Wijk and Keith Jackson no remuneration has been paid since 1 April 2007 and in the case of Andrew Fiori-Dea no remuneration has been paid since his appointment on 11 May 2009). This proposed payment remunerates them up until the completion of these transactions. The Company has no employees (and has had none over this period) and the directors have been solely responsible for administering and maintaining the Company and finding a suitable opportunity to return value to the Company.

The approval is not sought as an ongoing approval. The new Board of the Company will, following Completion, consider an appropriate level of directors' fees and put a recommendation to shareholders for consideration if required.

Rules 7.3.1(a)

Listing Rule 7.3.1(a) provides that shareholders must approve the precise terms and conditions of the Share issues and that the Share Issues must be completed within 12 months of the date the authorising resolution is passed. Specific disclosures as required by Listing Rule 6.2.1 for an issue under Listing Rule 7.3.1(a) are:

Share Issue	
Number of Shares to be Issued:	105,314,331
Purpose of Issue:	As remuneration in lieu of directors' fees.
Issue Price:	\$90,000, in aggregate, being around \$0.000854585 per share
Parties to whom Shares will be Issued:	Andrew Fiori-Dea – 20,722,548 Keith Jackson – 33,104,777 Trinity (on behalf of Joseph van Wijk) – 51,487,006
Time Period for the Issue:	The shares will be issued immediately following completion of the HuaHan Purchases.
Ranking of New Shares:	The New Shares will rank equally in all respects with all other ordinary shares on issue in the Company.

Rule 7.5.1

Listing Rule 7.5.1 provides that no issue of securities shall be made by the Company if there is a significant likelihood that the issue will result in any person or group of associated persons materially increasing their ability to exercise, or direct the exercise of (either then or at any future time) effective control of the Company. This applies where that person or group of associated persons is entitled before the issue to direct the exercise of not less than 1% of the total votes attaching to securities of the Company unless the precise terms and conditions of the issue have been approved by an ordinary resolution of the Company.

Trinity currently holds approximately 6.96% of all shares on issue in the Company. It will then receive shares from Beconwood Securities under the Share Transfers and hold 27.55% of all shares on issue in the Company. Trinity will then immediately sell down shares to HuaHan under the HuaHan Purchases and hold 12.93% of all shares on issue in the Company. The Share Issues will then be undertaken and Trinity will have a final percentage shareholding in the Company of 16.06%.

RESOLUTION 4 – Related Party Transactions

Listing Rule 9.2.1 provides that except with the prior approval of an ordinary resolution the Company may not enter a material transaction with a related party. Resolution 4 seeks such approvals.

The Transactions proposed by Resolution 4 are together a material transaction under the Listing Rules because they comprise a series of linked transactions for the incurring of obligations of up to \$1,170,000 in aggregate, being:

- The Loan Facility Agreement of \$1 million.
- The Beconwood Settlement Deed payment by the Company of \$20,000.
- The Tasman Settlement Deed payment of \$60,000.
- The Share Issues to satisfy Directors Fees of \$90,000.

This aggregate value is in excess of 10% of the average market capitalisation of the Company. The Company, as at 23 June 2016, had a market capitalisation of approximately \$3,322,188.

The following related parties are interested in the Resolution 4 transactions to the following extent:

- Andrew Fiori-Dea and Keith Jackson are related parties as directors of the Company and are each recipients of the Share Issues (Listing Rule 9.2.3(a)).
- Tasman is an associated person of Joseph van Wijk and Keith Jackson who are each directors of and shareholders in Tasman. Tasman is therefore a related party of the Company (Listing Rule 9.2.3(c)).
- Trinity is an associated person of Joseph van Wijk and therefore a related party of the Company (Listing Rule 9.2.3(c)).
- Beconwood is a related party of the Company as a holder of a relevant interest in 10% or more of equity securities of the Company (Listing Rule 9.2.3(b)).

The Independent Report accompanying this Notice of Meeting is an Appraisal Report under the Listing Rules and is required due to the Transactions constituting a related party transaction. The Independent Report gives an opinion on the fairness of the Transactions. Section 3 of the Independent Report gives an evaluation of the fairness of these related party transactions.

RESOLUTION 5 – Major Transaction

Shareholder approval is required under section 129 of the Companies Act 1993 as the Transactions constitute a 'major transaction'. In particular, the Loan Facility Agreement under the Transactions represents an obligation of the Company the value of which is more than half the value of the Company's assets before the Transactions.

Appendix: Minority Buyout Rights Procedure

If the shareholders of the Company pass the special resolution set out in Resolution 1, a shareholder that has cast all the votes attached to the shares registered in their name (and having the same beneficial owner) against that special resolution is entitled to require the Company to purchase those shares in accordance with section 110 of the Act.

To exercise that right, that shareholder must give notice requiring the Company to repurchase those shares within 10 working days of the passing of the special resolution. The Board of the Company must, within 20 working days of receiving such notice:

- (a) agree to purchase the shares; or
- (b) arrange for some other person to agree to purchase the shares; or
- (c) apply to the Court for an order exempting it from purchasing the shares under section 114 or section 115 of the Act; or
- (d) arrange, before the resolution becomes effective, for the resolution to be rescinded by special resolution in accordance with section 106 of the Act or decide in the appropriate manner not to take the action concerned (as the case may be); and
- (e) give written notice of the Board's decision to the relevant shareholder.

Where the Board agrees to the purchase of the shares by the Company, it must within 5 working days of giving notice under (e) above, give written notice of the price to the shareholder that it offers for those shares. The price must be a fair and reasonable price (as at the close of business on the day before the date that the resolution was passed) and calculated as follows:

- (a) first, the fair and reasonable value of the total shares in each class to which the shares belong must be calculated (the Class Value);
- (b) secondly, each Class Value must be adjusted to exclude any fluctuation (whether positive or negative) in the Class Value that has occurred (whether before or after the resolution was passed) that was due to, or in expectation of, the event proposed or authorised by the resolution;
- (c) thirdly, a portion of each adjusted Class Value must be allocated to the shareholder in proportion to the number of shares they hold in the relevant class.

However, a different methodology from that set out above may be used to calculate the fair and reasonable price for the shares if using the methodology set out above would be clearly unfair to the shareholder or the Company. The written notice to the shareholder must state how (a) to (c) above was calculated or why using this methodology was clearly unfair to the Company or the shareholder.

A shareholder may object to the price offered for the shares by giving notice of their objection to the Company within 10 working days of receiving notice of the price offered. If the shareholder does not object or accepts the offer, the Company must purchase the shares at the nominated price no later than 10 working days after the date that the offer is accepted or the date that is 10 working days after the date that notice of the price offered was given to the shareholder. These time periods may be adjusted by agreement between the Company and the shareholder.

If an objection to the price has been received by the Company, the following issues must be submitted to arbitration:

- (a) the fair and reasonable price for the shares, on the basis set out in section 112(2) and (3) of the Act; and
- (b) the remedies available to the shareholder or the Company in respect of any price for the shares that differs from that determined by the Board of the Company under section 112 of the Act.

The Company must, within 5 working days of receiving the objection, pay to the shareholder a provisional price in respect of each share equal to the price offered by the Board. If the price determined for the shares by the arbitrator:

- (a) exceeds the provisional price paid, the arbitrator must order the Company to pay the balance owing to the shareholder; or

- (b) is less than the provisional price paid, the arbitrator must order the shareholder to pay the excess to the Company.

Except in exceptional circumstances, the arbitrator must award interest on any balance owing or excess to be paid. If a balance is owing to the shareholder, the arbitrator may award to the shareholder, in addition to or instead of an award of interest, damages for loss attributable to the shortfall in the initial payment. Any sum that must be paid in accordance with the arbitrator's decision must be paid no later than 10 days after the date of the arbitrator's determination, unless the arbitrator specifically orders otherwise.

Where the Company agrees to arrange a third party to purchase the shares, the provisions set out above apply (subject to such modifications as may be necessary) to that purchase of the shares. Every shareholder whose shares are purchased through a third party pursuant to such an arrangement is indemnified by the Company in respect of loss suffered by reason of the failure by the third party who has agreed to purchase the shares to purchase them at the price nominated or fixed by arbitration, as the case may be.