

# Ascend Group Limited

ACN 114 162 631

(Subject to a Deed of Company Arrangement)

## NOTICE OF GENERAL MEETING OF SHAREHOLDERS

24 August 2009

Dear Shareholder,

### ASCEND GROUP LIMITED

(A.C.N. 114 162 631)

(Subject to a Deed of Company Arrangement)

### GENERAL MEETING OF SHAREHOLDERS

On the 23 February 2009, Ascend Group Limited ('AGL') and its wholly owned subsidiary Ascend Asset Management Pty Ltd ('AAM') were placed into voluntary administration and securities of AGL were suspended from trading on the National Stock Exchange ('NSX') on 30 October 2009.

Following creditors' meeting held on 5 March 2009, 30 March 2009 and 3 June 2009, AGL and AAM entered into deeds of company arrangement ('DOCA's') that provided for the payment of funds into AGL, the sale of some of AGL's assets and settlement of creditors claims.

Following the General Meeting of Shareholders to be held on the 24 September 2009 (and subject to all resolutions being passed at the meeting) there will be a distribution of funds to AGL and AAM's creditors.

The Directors of AGL have accepted a proposal from Empire Securities Group Pty Ltd ('Empire') to reconstruct and recapitalise AGL in order that AGL can fund the DOCA's and continue as a going concern. ('Proposal')

The Proposal is summarised as follows:

#### **1. Issue of Shares**

AGL will undertake the following capital raising:

- i. An issue to Empire and or its nominated nominees of 147,959,154 shares at an issue price of 0.06286 cents each and 97,168,142 Options exercisable at 15 cents and expiring 30 June 2015 to raise \$93,000.
- ii. AGL will pay the \$93,000 to the Deed Administrator to satisfy AGL's obligations under the AGL DOCA.

#### **2. Sale of AAM**

- i. AAM is a wholly owned subsidiary of AGL.
- ii. AGL is a creditor of AAM for approximately \$400,000.
- iii. AGL shareholders approve the Directors forgiving the debt owed by AAM to AGL on the condition that:
  - the shareholders of AGL approve the directors transferring all of the shares owned by AGL in AAM to Empire or its nominated nominee; and
  - Empire injects \$107,000 into AAM to satisfy AAM's obligations under the AAM DOCA.

**3. *Change Board***

That Stephen Wee retire and be replaced by Nominees of Empire.

**4. *Re-listing of Securities***

Following completion of all matters set out above, it is intended that AGL will take the necessary steps to seek reinstatement to trading of its securities on the NSX. Reinstatement, is of course, at the discretion of the NSX.

Please find enclosed the Notice of Meeting and Proxy Form for the General Meeting being held at the Offices of Martin Place Securities Pty Ltd, Level 3, 14 Martin Place, Sydney, NSW, 2000 on Thursday 24 September 2009 at 11.00 a.m. AEST.

The announcement of the General Meeting is to resolve the following:

- Issue and Allotment of Shares
- Approve Sale of AAM
- Election of the Directors

Should you have any questions in relation to the Notice of Meeting please contact Alan Beasley, C/- Martin Place Securities Pty Ltd (02) 9222 9111.

*The Deed Administrator of the Company is not responsible for the contents of this letter, the Notice of General Meeting, or the accompanying Explanatory Statement. The Deed Administrator does not accept any responsibility for any disclosure in or failure to include any disclosure in those documents.*

Kind regards

**Ascend Group Limited**

**Alan Beasley**  
Chairman

# Ascend Group Limited

ACN 114 162 631

(Subject to a Deed of Company Arrangement)

## NOTICE OF GENERAL MEETING OF SHAREHOLDERS

Notice is given that a General Meeting of Ascend Group Limited will be held at the Offices of Martin Place Securities Pty Ltd, Level 3, 14 Martin Place, Sydney, NSW, 2000 on Thursday 24 September 2009 at 11.00 a.m. AEST.

If you are unable to attend the meeting, we encourage you to complete and return the enclosed Proxy form. The completed Proxy Form must be received at the Registered Office of the Company, at least 48 hours before the commencement of the meeting.

An explanatory Statement is attached; members should read this in full.

### 1. RESOLUTION 1 - ALLOTMENT AND ISSUE OF SECURITIES

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

*"That approval is given for the Company to allot and issue up to 147,959,154 Shares at an issue price of not less than 0.06286 cents each and 97,168,142 Options exercisable at 15 cents and expiring 30 June 2015 to raise up to \$93,000 and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

### 2. RESOLUTION 2 - ALLOTMENT AND ISSUE OF SHARES

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

*"That approval is given for the Company to allot 2,000,000 Shares and 2,000,000 Options exercisable at 15 cents and expiring 30 June 2015 to Mr Kevin Lynn in exchange for services rendered."*

### 3. RESOLUTION 3 – SALE OF SHARES IN AAM

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

*"That, subject to the passing of all other Resolutions, all the shares held by AGL in AAM be sold to Empire and debt of approximately \$400,000 be forgiven by AGL".*

Short Explanation: The Company will continue to retain the BUSINESS but will dispose of its subsidiary AAM. Please refer to the Explanatory Statement for details.

### 4. RESOLUTION 4 – RE-ELECTION OF DIRECTOR - MR ALAN BEASLEY

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

*"That, subject to the passing of all other Resolutions, in accordance with the Company's Constitution and for all other purposes, Mr Alan Beasley, having consented to act, is re-appointed as a director of the Company."*

## 5. RESOLUTION 5 – RE-ELECTION OF DIRECTOR - MR PETER LE MESSURIER

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

*"That, subject to the passing of all other Resolutions, in accordance with the Company's Constitution and for all other purposes, Mr Peter Le Messurier, having consented to act, is re-appointed as a director of the Company."*

## 6. RESOLUTION 6 – ELECTION OF DIRECTOR - MR GERARD FARLEY

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

*"That, subject to the passing of all other Resolutions, in accordance with the Company's Constitution and for all other purposes, Mr Gerard Farley, having consented to act, is appointed as a director of the Company from the date of settlement under the Reconstruction Deed."*

## 7. RESOLUTION 7 – ELECTION OF DIRECTOR - MR GAVAN FARLEY

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

*"That, subject to the passing of all other Resolutions, in accordance with the Company's Constitution and for all other purposes, Mr Gavan Farley, having consented to act, is appointed as a director of the Company from the date of settlement under the Reconstruction Deed."*

## 8. RESOLUTION 8 – SECTION 195 APPROVAL

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

*"That, subject to and conditional on the passing of Resolutions 1 to 5 (inclusive), for the purposes of Section 195(4) of the Corporations Act and for all other purposes, Shareholders approve and authorise the Directors to complete the transactions as contemplated in this Notice."*

**Short Explanation:** Approval of Resolutions 1 – 7 (inclusive) may result in the Directors appointed by this General Meeting having a "material personal interest" in the Recapitalisation Proposal, completion of the Deed of Company Arrangement and other matters referred to in this Notice. In the absence of this Resolution 8, the Directors may not be able to form a quorum at any meetings necessary to carry out the transactions contemplated by this Notice which may mean that the Deed of Company Arrangement cannot be completed and as a consequence, the Company being placed in liquidation.

### Voting by Proxy

- A member who is entitled to attend and cast a vote at the General Meeting may appoint a proxy. If the member is entitled to cast two or more votes at the meeting, the member may appoint up to two proxies to attend and vote on the member's behalf. If a member appoints two proxies, each proxy must be appointed to represent a specified proportion or number of the member's votes. Absent this specification, each proxy will need to exercise half the votes.
- A proxy need not be a member

The following addresses and facsimile number are specified for the purposes of receipt of proxy appointments:

**Addresses:**

**By hand:**

Ascend Group Limited  
C/- Martin Place Securities Pty Ltd  
Level 3, 14 Martin Place  
SYDNEY NSW 2000

**By mail:**

Ascend Group Limited  
C/- Martin Place Securities Pty Ltd  
GPO Box 5263  
SYDNEY NSW 2001

**By Facsimile:** (02) 8224 9699

**By Email:** [abcapitalpartners@yahoo.com.au](mailto:abcapitalpartners@yahoo.com.au)

*The Deed Administrator of the Company is not responsible for the contents of this letter, the Notice of General Meeting, or the accompanying Explanatory Statement. The Deed Administrator does not accept any responsibility for any disclosure in or failure to include any disclosure in those documents.*

By Order of the Board

Mr Alan Beasley  
Chairman  
Sydney  
24 August 2009

**Ascend Group Limited**  
(Subject to a Deed of Company Arrangement)  
ACN 114 162 631

**EXPLANATORY STATEMENT**

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This Explanatory Statement has been prepared for the shareholders of Ascend Group Limited (**'AGL'**) in connection with a General Meeting of the Company to be held at the Offices of Martin Place Securities Pty Ltd, Level 3, 14 Martin Place, Sydney, NSW, 2000 at 11.00 am (AEST) on Thursday 24 September 2009.

In considering the resolutions, Shareholders must bear in mind the current financial circumstances of AGL and its wholly owned subsidiary AAM. If Resolutions 1 to 8 are passed and the proposed re-structuring and recapitalisation set out in the Proposal is completed, AGL will in due course seek the reinstatement of its Shares to official quotation on the NSX. Reinstatement is, of course, subject to the discretion of the NSX.

If Shareholders reject the proposed restructuring, the future of the Company is uncertain.

*The Deed Administrator of the Company is not responsible for the contents of this letter, the Notice of General Meeting, or the accompanying Explanatory Statement. The Deed Administrator does not accept any responsibility for any disclosure in or failure to include any disclosure in those documents.*

**1. OVERVIEW**

**1.1 Background**

AGL requests that its securities be suspended from trading on the official list of the NSX on 30 October 2008, pending a proposed restructuring of the Company. On 23 February 2009, Mr Manfred Holzman was appointed as Administrator of AGL and AAM pursuant to Section 436C of the Corporations Act.

Following creditors' meetings held on 5 March 2009, 30 March 2009 and 3 June 2009, AGL and AAM entered into deeds of company arrangement ('DOCA's') that provided for the payment of funds into AGL, the sale of some of the Company's assets and settlement of creditors claims.

Following the General Meeting of Shareholders to be held on the 24 September 2009 (and subject to all resolutions being passed at the meeting) there will be a distribution by the Deeds Administrator to the AGL and AAM's creditors.

The Directors of AGL have accepted a proposal from Empire Securities Group Pty Ltd ('Empire') to reconstruct and recapitalise AGL in order that AGL can continue as a going concern. (**'Proposal'**).

**Details of Deeds of Company Arrangement ('DOCA's')**

The Deeds of Company Arrangements has been entered into by AGL, AAM and the Deed Administrator and incorporates the terms of the Recapitalisation Proposal.

The key terms of the AGL DOCA are as follows:

- the Company retains the rights to, and for the purpose of exploiting the business of Financial Services and Funds Management;
- at completion of the two DOCA's (**Completion**) AGL will transfer, assign and set over all of the Company's assets as at Completion except for the BUSINESS to the trustee of the trust fund formed for the benefit of creditors of AGL (**Trust Fund**);
- a sum of \$ 93,000 will be raised in the Company in return for the issue of Shares representing 60% of the Company and 97,168,142 Options exercisable at 15 cents and expiring 30 June 2015 (Resolutions 1);
- immediately following the Meeting, Empire will provide funds (to be satisfied by the issue of Shares pursuant to Resolution 1) to AGL and AAM and will arrange for AGL and AAM to immediately pay to the Deed Administrator \$ 93,000 and \$107,000 respectively to settle all secured and unsecured creditor claims in return for AGL and AAM being contemporaneously removed from administration;
- all of the shares owned by AGL in AAM will be sold to Empire and debt of approximately \$400,000 be forgiven by AGL".

- Stephen Wee at the date of the DOCA will resign and nominees of Empire will be appointed as directors of AGL;
- subject to the necessary shareholder approvals (Resolution 1), AGL will raise the equity referred to in Resolution 1;
- the control of the Company shall remain with the Deed Administrator until the DOCA is terminated;
- all creditors are bound by the DOCA and are required to prove in accordance with the DOCA and not against AGL or AAM;
- a deposit of \$50,000 was paid by Empire to the AGL Deed Administrator and Empire will pay a further \$43,000 to the AGL Deed Administrator who will pay the same to the trustee of the Trust Fund;
- Empire will pay a further \$107,000 to the AAM Deed Administrator;
- the Company will transfer to the trustee of the Trust Fund all of the assets of the Company except the BUSINESS, and the Deed Administrator shall deliver possession of all of the records of the Companies to the AGL Directors;
- the trustee of the Trust Fund will distribute the funds in the trust account to meet the creditors of the Company.

In addition, the DOCA contains standard terms and conditions typical of a document of this type. Settlement and effectuation of the DOCA may only occur once Shareholders approve Resolutions 1 to 8 set out in the Notice.

## **1.2 Summary of the Proposal**

The Proposal is reflected in a Reconstruction Agreement between the AGL and AMM, the directors of the AGL and Empire dated 29 May 2009, the material terms of which can be summarised as follows:

### **A. Issue of Shares**

AGL will undertake the following capital raising:

1. An issue to Empire and or its nominated nominees of 147,959,154 shares at an issue price of 0.06286 cents each and 97,168,142 Options exercisable at 15 cents and expiring 30 June 2015 to raise \$93,000.
2. AGL will pay the \$93,000 to the Deed Administrator to satisfy AGL's obligations under the AGL DOCA.

### **B. Sale of AAM**

AGL is a creditor of AAM for approximately \$400,000. AAM is a wholly owned subsidiary of AGL. AGL shareholders approve the Directors forgiving the debt owed by AAM to AGL on the condition that:

1. the shareholders of AGL approve the transfer of all of the shares owned by AGL in AAM to Empire or its nominated nominee ; and
2. Debt of approximately \$400,000 be forgiven by AGL;
3. Empire injects \$107,000 into AAM to satisfy AMM's obligations under the AAM DOCA.
4. AAM will retain the Australian Financial Services Licence and its holding of approximately 16% in the Ascend Funds – Escalation Fund the value of which is not able to be determined due to the illiquidity of the underlying securities and liabilities of the fund which are the subject of a dispute between the fund and the responsibility entity.

### **C. Change of Directors**

That Stephen Wee will retire and be replaced by Nominees of Empire;

### **D. Settlement:**

Subject to satisfaction or waiver of the above conditions, on settlement of the Reconstruction Agreement:

- (i) Empire will make available \$93,000 to AGL and \$107,000 to AAM to satisfy their respective DOCA obligations;
- (ii) the Shares under Resolution 2 will be issued; and

- (iii) Stephen Wee will retire and be replaced by Nominees of Empire.

The purpose of the General Meeting is to obtain the necessary Shareholder approvals to implement the Proposal.

### 1.3 Effect if Resolutions not approved

If Shareholders do not approve all of the Resolutions set out in the Notice, the Proposal will not be implemented and the trading suspension imposed by the NSX will remain in force. In this event, the Directors will need to consider other alternatives to recapitalise AGL, which may not be forthcoming in the current economic climate and it is highly likely that AGL and AAM will be placed into liquidation (with no return to shareholders).

### 1.4 Proposed Business Plan

If the Resolutions are approved by Shareholders, and the Proposal is successfully implemented, the new board of directors of AGL intends to review the existing operations of AGL with a view to implementing some of the proposals previously considered by the former management.

At present it is anticipated that AGL will continue to be a Financial Services company with Fund Management Activities. In addition to the above, the new board of directors of AGL will be reviewing new transactions (that may or may not be in the same sector) with the objective of creating Shareholder value.

### 1.5 Use of Funds and Budget

The capital raisings under the Proposal will be used to provide funds to the creditors' trusts to settle all DOCA Claims;

### 1.6 Pro-forma Capital Structure

If the Proposal is successfully implemented, the capital structure of AGL will be as follows.

| Description                     | Shares             | Options            |
|---------------------------------|--------------------|--------------------|
| Currently on issue              | 96,639,439         | 64,778,758         |
| Issued pursuant to Resolution 1 | 147,959,154        | 97,168,142         |
| Issued pursuant to Resolution 2 | 2,000,000          | 2,000,000          |
| <b>Total</b>                    | <b>246,598,590</b> | <b>163,946,900</b> |

Notes:

- The table above is based on issued securities as the date of the Notice.
- The Options on issue are as follows:

| Description                                       | Number            |
|---|-------------------|
| AMJO \$0.15 options expiring 30 June 2015         | 39,995,678        |
| Unlisted \$0.15 options expiring 30 June 2015     | 6,283,080         |
| Unlisted \$0.25 options expiring 31 December 2017 | 5,200,000         |
| Unlisted \$0.30 options expiring 31 December 2017 | 6,800,000         |
| Unlisted \$0.40 options expiring 31 December 2017 | 6,500,000         |
| <b>Total</b>                                      | <b>64,778,758</b> |

### 1.7 Proposed Directors

Empire has asked that the following nominees are appointed as directors of AGL with effect from the settlement of the DOCAs.

#### Alan Beasley

Alan has over 30 years experience in Investment Management spanning across Australian equities, International equities and portfolio management for institutional investors, including BT Australia, Goldman Sachs, Massachusetts Financial Advisors and BNP Paribas Investment Management Australia. Alan was the founding Managing Director of Ascend Asset Management Pty Ltd formed in 2004 and is now Executive Chairman of Ascend Group Ltd and controlled entities.

**Peter Le Messurier**

Peter has over 35 years sharebroking experience and has held several Executive positions including State Manager of D&D Tolhurst Limited, South Australia and Director of the South Australian Asset Management Corporation (Chair of Super Fund and a member of its Audit and Insurance Committee).

Peter was a director of GTL Energy Limited as well as Commissioner of the South Australian Lotteries Commission and member of its Audit Committee.

Peter has worked on a number of community projects including Chair of the Adelaide Metropolitan Area Consultative Committee (an initiative to boost employment) and a member of the Youth Employment Task Force. Peter is a former Board member of the Royal Adelaide Hospital.

**Gerard Farley**

Mr Farley is the Chief Executive Officer and director of the Funds Manager and leads the Advisory Committee. Mr Farley has run the mining and resources division, advising institutional and corporate clients in relation to their primary and secondary investment, for James Capel Inc (HSBC) in London and New York, and Merrill Lynch in New York, from 1984 to 1990. In Australia Mr Farley has continued his success in senior advisory roles with several leading brokerage firms including the State Bank of New South Wales' First State Securities. Mr Farley is currently consulting to Findlay & Co Stockbrokers & Underwriters. Over the past decade Mr. Farley discovered, funded and invested up to 40% collectively alongside his clients in each of a number of very successful early stage mining companies, such as Annaconda (Minara Resources Ltd.), Bendigo Mining Ltd, Bunnine Ltd, Kingsgate Consolidated Ltd, Mt Edon Gold Ltd., Independence Group Ltd., Legend Mining Ltd., Caspian Holdings PLC. Mr Farley is currently a director and financier of Randquest Syndicate Limited to what is potentially the largest new Gold and Uranium IPO in the world for some 15 years, in London and Toronto March 2007. (Competent Persons Report cites inferred resource of 60 million oz of gold). The companies above have a combined market cap of over \$2 billion where collectively they were capitalised under \$100 million.

**Gavan Farley**

Gavan Farley is a director of the Fund and a consultant to Empire Funds Management. Gavan Farley has over 30 years in international business experience, ranging from tourism and resorts in London, Paris, Africa and the Caribbean, to high technology engineering solutions with Farley Laserlab, (\$75m/ year producer of Laser Cutting Systems now owned by HG Tech - Wuhan China) Currently resident in Chicago, Mr Farley runs a marketing and product launch consultancy (AME Associates) specialising in bringing companies and products to launch in the US market. Mr. Farley will spend between 50 and 60% of his time in Sydney working with Empire and associated entities.

Mr. Farley, obtained his business qualifications with a Business Studies Diploma from Footscray Institute of Technology (now Victoria University) Melbourne Australia, and an MBA-Finance from the University of Birmingham UK. He has spent over 15 years in the UK, 11 in the USA and a further five years in Africa & the Caribbean.

**2. RESOLUTION 1 - ALLOTMENT AND ISSUE OF SHARES****2.1 Background**

Resolution 1 seeks Shareholder approval for the allotment and issue of up to Empire and/or its nominees of 147,959,154 Shares at an issue price of 0.06286 cents each and 97,168,142 Options exercisable at 15 cents and expiring 30 June 2015 to raise \$93,000 ('Placement Shares') in accordance with the Reconstruction Deed.

**Summary of Option Terms**

A summary of the terms and conditions of Ascend Group Limited's Options to be granted under resolution 1 is as follows:

- the Options expire at 5.00 pm Sydney time on 30 June 2015. Any option not exercised before that time automatically lapses;
- any portion of the total number of Options held may be exercised by the holder;
- each Option carries the right to subscribe for one share, subject to the adjustment provisions which are set out below;

- Subject to the adjustment provisions which are set out below, the exercise price of the Options is \$0.15 per share, payable in full on application. Shares will be credited as a fully paid share on payment of the exercise price;
- Options are fully transferable, subject to the same restrictions which apply to shares;
- Options are exercisable by the delivery to the registered office of the Company a notice in writing stating the intention of the holder to exercise a specified number of Options, accompanied by a cheque made payable to the Company for the subscription money due, subject to the funds being cleared funds. The exercise of only a portion of the Options held does not affect the holder's rights to exercise the balance of any Options held;
- the Company must issue the shares no later than 14 business days after receipt of the notice of exercise of the Options and the exercise money;
- shares issued on the exercise of Options will rank, as from the date of issue, equally in all respects with the then shares;
- a statement of holding will be issued for the Options. The reverse side of each statement will set out the rights of the Option holder and a notice that is to be completed when exercising the Options;
- if the Company is listed on any Australian Stock Exchange, the Company must make application to have shares issued on an exercise of Options listed for official quotation by that stock exchange no later than three business days after the issue of the shares;
- Options will not entitle the holder to participate in any new pro-rata issue of securities of the Company. However, an entitlement to participate will apply following the exercise of the Options. Option holders will be afforded the period of at least nine business days before the record date of a new pro-rata issue of securities to exercise the Options;
- if the issued capital of the Company is reconstructed the number of Options or the exercise price of the Options or both must be reconstructed (as appropriate) so that there will not be any benefits conferred on Option holders which are not conferred on shareholders. Subject to the rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital the terms for the exercise of Options must remain unchanged in all other respects;
- the Options do not give any right to participate in any dividends declared by the Company. Shares issued on the exercise of the Options rank equally for dividends with other shares;
- the number of shares issued on the exercise of Options will be adjusted for pro rata bonus issues made before exercise of Options. The effect of this adjustment will be that, on the exercise of the Options, the number of shares received by the Option holder will include the number of bonus shares that would have been issued if the Options had been exercised before the record date for bonus issues. The exercise price of the Options will not change because of any bonus issue;
- if there is a pro rata rights issue to shareholders in the Company before the exercise of an Option then subject to any applicable listing rule, the exercise price of the Option will be reduced according to the following formula:

$$O' = \frac{O - E[P - (S + D)]}{N + 1}$$

Where

- O' = the new exercise price of the Option  
O = the old exercise price of the Option  
E = the number of shares into which Option is exercisable  
P = the average market price per share (weighted by reference to volume) of the shares during the 5 trading days ending on the day before the ex rights date or the ex entitlement date  
S = the subscription price for a share under the pro-rata issue  
D = the dividends due but not yet paid on the existing shares (except those to be issued under the issue)  
N = the number of shares with rights or entitlement that must be held to receive a right to one new share

## **2.2 Requirement for Shareholder Approval**

Shareholder approval is sought for the allotment and issue of Placement Securities for the purposes of Chapter 2E of the Corporations Act, which governs the giving of financial benefits to "related parties" of a company; and

## **2.3 Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party unless one of a number of exceptions applies. A "financial benefit" is defined in the Corporations Act in broad terms and includes a public company issuing securities.

For the purpose of this Meeting, a "related party" includes:

- (a) a director;
- (b) an entity over which a director has control; and
- (c) an entity which believes, or has reasonable grounds to believe, that it is likely to become a related party in the future.

Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of that company, the public company must:

- (a) obtain the approval of members in the way set out in Sections 217-227 of the Corporations Act; and
- (b) give the benefit within 15 months after the approval.

## **2.4 Technical information required by Sections 217-227 of the Corporations Act**

The following information is provided to satisfy the requirements of Sections 217-227 of the Corporations Act:

- (a) the maximum number of Placement Securities to be issued to the Related Parties (being the proposed financial benefit) are set out in the table in Section 1.6 of this Explanatory Statement;
- (b) none of the Related Parties have any relevant interest in securities in the Company as at the date of this Notice;
- (c) the Related Parties have not received any remuneration or emoluments from the Company in the past. In the event the Related Parties are appointed directors of the Company in accordance with the terms of the Reconstruction Deed, it is anticipated that the Company will pay the Related Parties director's fees as follows:
  - (i) Mr Gerard Farley: \$2,500 per month as non-executive director of the Company;
  - (ii) Mr Gavan Farley: \$2,500 per month as non-executive director of the Company.
- (d) the latest available closing price of a Share, immediately prior to suspension from trading on the NSX on 30 October 2008 was 12.5 cents;
- (e) the purpose of the grant of Placement Securities to Related Parties is to allow the Related Parties to participate in the capital raisings as part of the Proposal;
- (f) the Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing Placement Securities to the Related Parties upon the terms proposed;
- (g) the Directors (Alan Beasley, Stephen Wee and Peter Le Messurier) recommend that Shareholders vote in favour of Resolution 1 as they consider the Proposal is in the best interests of the Company. The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 1; and

- (h) additional information in relation to Resolution 1 is set out throughout this Explanatory Statement. Shareholders should therefore read this Explanatory Statement in its entirety before making a decision as to how to vote in relation to Resolution 1.

### **3. RESOLUTION 2 – ALLOTMENT AND ISSUE OF SHARES**

Mr Lynn has been and is assisting the Company to restructure and re-list on the NSX. Mr Lynn agreed to accept shares and options in exchange for cash payments, at a time when the Company has no funds to meet his invoice.

### **4 RESOLUTION 3 – SALE OF AAM**

#### **Background**

AAM is a wholly owned subsidiary of AGL. AGL is a creditor of AAM for approximately \$400,000. AGL shareholders approval is sought to allow the Directors forgive the debt owed by AAM to AGL on the condition that:

1. the shareholders of AGL to approve the directors in transferring all of the shares owned by AGL in AAM to Empire or its nominated nominee; and
2. Empire injects \$107,000 into AAM to satisfy AAM's obligations under the AAM DOCA.

### **5. RESOLUTIONS 4, 5, 6 and 7 - RE-ELECTION OF MR ALAN BEASLEY AND MR PETER LE MESSURIER, ELECTION OF MR GERARD FARLEY AND MR GAVAN FARLEY AS DIRECTORS**

The Constitution provides that new directors may be appointed by a resolution of Shareholders passed at a General Meeting. Resolutions 4, 5, 6 and 7 seek the re-election of Mr Alan Beasley and Mr Peter Le Messurier and election of Mr Gerard Farley and Mr Gavan Farley as Directors respectively.

A summary of the qualifications and experience Mr Alan Beasley, Mr Peter Le Messurier, Mr Gerard Farley and Mr Gavan Farley are set out in Section 1.7 of this Explanatory Statement

### **6. RESOLUTION 8 – SECTION 195 APPROVAL**

Approval of Resolutions 1 – 5 may result in the Directors appointed at the Meeting having a "material personal interest" in the matters referred to in this Notice. In the absence of this Resolution 8, the Directors may not be able to form a quorum at any meetings necessary to carry out the transactions contemplated in this Notice which may mean that the DOCA cannot be completed and as a consequence, the Company may be placed into liquidation.

# GLOSSARY

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**Administrator** means the administrator appointed to the AGL and AAM on 23 February 2009, being Mr Manfred Holzman.

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

**AGL means** Ascend Group Limited (ACN 114 162 631)

**AGL DOCA** means the deed of company arrangement dated 3 June 2009 in relation to AGL entered into by AGL and the Administrators as amended from time to time.

**AAM** means Ascend Asset Management Pty Ltd (ACN 112 871 842) of which AGL is the ultimate holding company.

**AAM DOCA** means the deed of company arrangement dated 3 June 2009 in relation to AAM entered into by the AAM and the Administrator as amended from time to time.

**NSX** means National Stock Exchange Limited.

**NSX Listing Rules** means the Listing Rules of NSX.

**Board** means the board of directors of the AGL.

**Constitution** means AGL's constitution.

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

**Directors** mean the current directors of the Company.

**DOCAs** mean the AGL DOCA and the AAM DOCA.

**AEST** means Australian Eastern Standard Time.

**Explanatory Statement** means the Explanatory Statement accompanying the Notice of Meeting.

**Empire** means Empire Securities Group Pty Ltd Pty Ltd (ACN 128 319 219).

**Placement Securities** means 147,959,154 Shares to be issued at a price of 0.06286 cents each and 97,168,142 Options exercisable at 15 cents and expiring 30 June 2015 to be issued to Empire or parties nominated by Empire.

**Meeting or General Meeting** means the meeting convened by the Notice.

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

**Proposal** means the proposal by **Empire** to recapitalise the Company as set out in the Reconstruction Deed

**Reconstruction Agreement** means the Reconstruction Deed between the AGL, AAM and Empire dated on or about 29 May 2009.

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

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

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

*The Deed Administrator of the Company is not responsible for the contents of this letter, the Notice of General Meeting, or the accompanying Explanatory Statement. The Deed Administrator does not accept any responsibility for any disclosure in or failure to include any disclosure in those documents.*

## Ascend Group Limited

ACN: 114 162 631

Please return your Proxy forms to:

Ascend Group Ltd

GPO BOX 5263 SYDNEY

NSW 2001 Australia

Telephone: 9222 9111

Fascimile: (02) 8224 9699

Email: abcapitalpartners@yahoo.com.au

### APPOINTMENT OF PROXY

If you would like to attend and vote at the General Meeting, please bring this form with you. This will assist in registering your attendance.

To: [Shareholder's Details]

I/We being a member(s) of Ascend Group Limited and entitled to attend and vote hereby appoint

**A** the Chairman of the Meeting (mark box)

☐

**OR** if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholders) you are appointing as your proxy

Or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following instructions (or if no directions have been given, as the proxy sees fit) at the General Meeting of the Company to be held Thursday 24 September 2009 at 11.00 a.m. AEST and at any adjournment of that meeting.

Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using this form an additional form of proxy is available on request from the share registry. Proxies will only be valid and accepted by the Company if they are signed and received not later than 48 hours before the meeting. The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

**B** To Direct your proxy how to vote on any resolution please insert **X** in the appropriate box below.

|  | For                      | Against                  | Abstain*                 |  | For                      | Against                  | Abstain*                 |
|--|--------------------------|--------------------------|--------------------------|--|--------------------------|--------------------------|--------------------------|
| <b>Resolution 1</b><br>Approve Issue of Shares                   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <b>Resolution 5</b><br>Re-election of Peter Le Messurier as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Resolution 2</b><br>Approve Issue of Shares                   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <b>Resolution 6</b><br>Election of Gerard Farley as a Director         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Resolution 3</b><br>Approve Sale of AAM                       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <b>Resolution 7</b><br>Election of Gavan Farley as a Director          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Resolution 4</b><br>Re-election of Alan Beasley as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <b>Resolution 8</b><br>Section 195 Approval                            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### C SIGNATURE OF SECURITY HOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Securityholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Securityholder3 (Individual)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the securityholder's constitution and the Corporations Act 2001(Cwlth). Ascend Group Ltd advises that Chapter 2C of the Corporations Act 2001 requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the entity in which you hold securities. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form.

## How to complete this Proxy Form

### 1 Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### 2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in section A. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in section A. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

### 3 Votes on Items of Business

You should direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### 4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form,

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

### 5 Signing Instructions

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

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either security holder may sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

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

### Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by Tuesday 22 September 2009, 11.00 a.m. AEST, , being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using by **posting, delivery, facsimile or email to**

— Ascend Group Limited

By Delivery to: Martin Place Securities Pty Ltd, Level 3, 14 Martin Place, Sydney, NSW, 2000

By Post to: GPO Box 5263, Sydney NSW 2001

By Facsimile: (02) 8224 9699

By Email: [abcapitalpartners@yahoo.com.au](mailto:abcapitalpartners@yahoo.com.au)