

e-Business Systems Ltd

ACN 107 353 695

Circular for Shareholders

Extraordinary general meeting

- to be held in Brisbane on Friday 1 June 2012

SUMMARY OF BUSINESS TO BE CONSIDERED

PROPOSED SALE OF CORPNET (AUSTRALIA) PTY LTD

PREPARATORY TO A PROPOSED WINDING-UP OF E-BUSINESS SYSTEMS LTD IN DUE
COURSE

This document is dated 2 May 2012 and contains:

letter from the chairman
explanatory memorandum
notice of EGM
proxy form

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

You should consult your legal, financial or other professional adviser as soon as possible if you are in any doubt how to deal with this document

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TERMINOLOGY

In this document:

- References to 'Corpnet' are to Corpnet (Australia) Pty Ltd ABN 31 092 390 951;
- 'EBS' refers to e-Business Systems Ltd ABN 33 107 353 695;
- 'SANZ' means SafeWorld Australia & New Zealand Pty Ltd ABN 64 106 813 932;
- 'Safe Worlds' means the Safe Worlds e-business system the subject of the master distribution agreement between IBS-(BVI) Limited & SANZ dated 14 September 2005; and
- 'Spheritec' is Spheritec Pty Ltd ABN 49 115 851 477.

LETTER FROM THE CHAIRMAN

365 Montague Road
West End
Queensland 4101

2 May 2012

Dear Shareholder,

Introduction

EBS announced yesterday that it had exchanged contracts with Logicalis Australia Pty Limited for the proposed sale of Corpnet. Completion of the proposed transaction is conditional in particular on the approval of EBS shareholders.

We are extremely pleased to be able to announce this transaction and to explain the proposal to you in this circular. We regard the proposed transaction (which involves a headline consideration of \$2.7m and a possible additional earn-out payment of up to \$0.6m) as highly positive for shareholders and recommend you to vote in favour of the resolution for approval of the sale.

With this letter you will receive notice of EGM to consider the proposal together with a form of proxy for voting in case you are unable to attend the EGM. The EGM is to be held in Brisbane on Friday 1 June.

Further information on the proposal appears in the explanatory memorandum that also accompanies this letter. Please read it carefully so you are properly informed.

Background on Corpnet

We regard Corpnet as a good business. It has a strong market reputation as a reliable IT services provider and enjoys excellent relationships with its customers and key vendor partners. It also has a consistent track record of profitability.

The strategy for EBS has always been to leverage the performance and reputation of Corpnet to develop a substantial IT services group with a diversified services portfolio and wider geographic reach. Since 2008, market conditions have been extremely tough, with the impacts of the GFC and (more recently - in January last year) the Brisbane floods. Despite the challenges posed by these adverse conditions Corpnet has managed to grow its business organically, while maintaining a strong cash position with very little debt, and has been recognised with a number of industry awards for growth and performance.

The strong reputation that Corpnet has gained as a provider of data management and managed services in the Queensland market has always positioned it favourably both as a solid platform for growth via acquisition and as a viable target for a strategic acquirer in a market that is ripe for consolidation.

Group Background

EBS acquired Corpnet on 11 November 2008; since then Corpnet has been its wholly-owned subsidiary. The transaction involved the issue of shares to the former current shareholders who together acquired a majority interest in EBS in a reverse takeover. Following completion the group comprised EBS (as holding company) and three wholly-owned subsidiaries – Corpnet, Spheritec and SANZ.

Since 2008 the Spheritec business has declined due to changes in the market and lack of scalability in its technology platform. The board therefore made the decision that it was not prudent to make the considerable investment that the business required, and it has now been closed. EBS' other subsidiary, SANZ, has remained inactive pending delivery of Safe Worlds as a functional

commercial product. We have been unable to engage as we would like with IBS (the technology & commercialisation manager for Safe Worlds) and have had to conclude that Safe Worlds will almost certainly not be delivered so as to generate any shareholder value under the master distribution agreement.

Corpnet has therefore since the merger been EBS' only operating company of any substance and, since the closure of Spheritec, our only operating business.

Current Trading

For the half-year ended 31 December EBS recently reported an after-tax profit of \$88,727 reflecting a pre-tax operating profit performance of \$198,502. These are consolidated group figures, rather than stand-alone figures for Corpnet alone, as we have not reported separate single-company results.

The general pattern of trading by Corpnet has historically involved more than half its operating profit being generated in the second half of the financial year. This financial year is likely to be no different, and we expect the FY12 result to be better than the FY11 one, although this should not be taken as a forecast. The anticipated improvement is, in part, due to management initiatives undertaken in the business and is, in part, as a reflection of the usual seasonal pattern of trading.

Background to Proposed Transaction

Corpnet's strong reputation in the Queensland market providing data management and managed services has attracted the interest of Logicalis as a strategic acquirer looking to expand its Queensland presence and to leverage Corpnet's expertise nationally.

Discussions with Logicalis were first undertaken last year. The board reviewed the opportunity carefully and judged it a viable option to provide a cash return to shareholders while offering Corpnet staff greater career development opportunities and its customers a broader services offering.

Preliminary discussions led to receipt of a high-level conditional proposal from Logicalis. The proposal was then negotiated to the point where broad agreement on terms was reached and recorded in a letter of intent which was duly exchanged with Logicalis at the end of January. The letter of intent remained conditional on various matters including an extensive due diligence investigation by Logicalis as well as approval by EBS shareholders. Logicalis has now conducted a detailed due diligence review of Corpnet covering commercial, financial, accounting, tax and legal matters which cleared the way for negotiation of the formal sale agreement exchanged earlier today.

The board has carefully considered the proposal and is strongly in favour of the transaction. It is proposed, subject to completion of the transaction, that EBS should in due course be wound up so as to facilitate a full return of capital to shareholders. This is the logical course of action once EBS no longer holds any trading subsidiary – as would be so following sale of Corpnet. The board currently intends that a resolution for voluntary winding-up of EBS will be put to shareholders at the AGM to be held later in the year.

It must be noted that all discussions with Logicalis have been held subject to appropriate confidentiality terms.

Logicalis

Logicalis is an enterprise-scale IT integration and services group with operations in a range of countries spanning Europe, the Americas and the Asia-Pacific region. The head company, Logicalis Group Limited, is based in the UK and is a wholly owned subsidiary of Datatec Limited which is listed on AIM in London as well as on the Johannesburg stock exchange. The most recent audited financial statements for Logicalis Group Limited show consolidated group EBITDA (earnings before interest, tax, depreciation & amortisation) of US\$53.3m and operating profit of US\$31.6m on revenue of US\$1.05b. Further information on Logicalis can be found on its website at www.logicalis.com.

In 2010 the group entered the Australian marketplace with the acquisition of Netstar and is now seeking to expand its local business substantially. Corpnet is seen by Logicalis as an important step in meeting this objective due to Corpnet's strong position in the growing Queensland market.

Logicalis also sees Corpnet as complementary in terms of its product and service offerings where Corpnet has a well-developed managed services offering including a Cloud capability. Corpnet also has a number of longstanding and close relationships with vendor partners including EMC and Hitachi Data Services.

For Logicalis the proposed transaction represents a strategic acquisition in the local Australian IT services marketplace; for EBS it represents full and fair value for shareholders from a strategically focused buyer and the opportunity for Corpnet to grow and prosper as part of a substantial and internationally diversified group.

Outline of Proposed Transaction

As mentioned above, EBS has exchanged contracts for the sale of Corpnet to Logicalis Australia Pty Limited; this is the Australian subsidiary of Logicalis Group Limited and the local operating company.

The transaction is a share deal involving the sale by EBS of the whole of the issued share capital of Corpnet for cash. The consideration payable at completion is \$2.7m subject to adjustment according to, firstly, the level of Corpnet's net assets at completion and, secondly, its financial performance for the current financial year. Adjustment terms are summarised as follows:

- o Payment dollar for dollar by EBS to Logicalis if and to the extent that Corpnet's net assets at completion are less than \$1.1m; and
- o Payment on a three-times multiple (to a maximum of \$600,000) by Logicalis to EBS if and to the extent that Corpnet FY12 EBIT (earnings before interest & tax) exceed \$350,000 – ie three dollars for every dollar of EBIT above the \$350,000 threshold to a maximum aggregate payment of \$600,000.

In our view these terms represent full and fair value for Corpnet from a buyer that sees strategic significance in the transaction proposed. Measured against last year's flood-impacted result, and at an indicative transaction value (before any adjustment) of \$2.7m, the consideration receivable represents a multiple of 14.6 based on Corpnet's stand-alone EBIT of \$184,837 for FY11; the corresponding multiple based on the maximum consideration of \$3.3m is 17.9. The initial consideration of \$2.7m and the maximum amount of \$3.3m payable by Logicalis represent value of 3.34c and 4.08c respectively for each ordinary share in EBS.

Shareholder approval is required under the terms of EBS' constitution for the transaction to proceed. A notice of EGM is included with this letter for this purpose.

It is expected that completion will take place immediately after the EGM on Friday 1 June subject to approval by shareholders.

EBS itself is not undertaking any warranty obligations in relation to the transaction. Warranties are instead being given by Agim Isai and certain other EBS shareholders with substantial equity interests. The absence of warranty obligations for EBS has been negotiated with Logicalis in order to facilitate early distribution of net proceeds to shareholders and orderly winding-up at the earliest practicable date – see under 'Winding-Up' below.

Please refer to the explanatory memorandum accompanying this letter for a summary of the principal terms of the sale agreement.

Application of Proceeds

The calculation of net proceeds available for distribution to shareholders is affected by tax rules applicable to consolidated tax groups such as that of which EBS is the head company for tax purposes. Tax advice has been sought but is still subject to detailed review. This review will be undertaken in conjunction with the process agreed with Logicalis for establishing the proper amount due by Corpnet to EBS in respect of its tax obligations accrued on exit (upon completion of the proposed transaction) from the tax consolidated group.

In light of the above, and subject to further tax advice in course of preparation, the board will decide on the amount and timing of an initial distribution out of the net proceeds of sale. Shareholders will be informed in general terms of further tax advice in due course. It is hoped that it will be available for the EGM on 1 June.

It is expected (subject to the points made in the last two paragraphs) that the headline

consideration of \$2.7m receivable on completion will fund an initial distribution of up to \$1.90m inclusive of franking credits. This is equivalent to a fully franked cash dividend of \$1.33m.

A further payment may be made around October depending on final determination of any adjustment to the consideration – see under '*Outline of Proposed Transaction*' above. We also expect a small final payout in due course at the end of the proposed winding-up. It is likely that any interim payment would also be made by way of dividend rather than as capital; any final payment on winding-up would probably represent a final payment of capital.

The board currently intends to make an initial distribution to shareholders (as outlined above) during July. Both the amount and the precise timing of payment will depend on receipt of definitive tax advice and calculations.

You should consider your tax position in light of your own particular circumstances and consult your own tax adviser as appropriate. EBS is not able to give tax advice, and the comments above are made as general guidance only and should not be relied upon as advice.

Payment will be made in each case by direct credit transfer (where a shareholder has given bank account details for electronic payments) and otherwise by cheque made out to the shareholder (with the name as it appears in the register of members) and sent by post (at the shareholder's own risk) to the registered address.

You should note that the proxy form accompanying this letter includes a section for notification of your bank account details for electronic payment purposes. Please use this section on the proxy form - it will help us with administration if you use the form provided (and not some other form of communication) for this purpose. We reserve the right not to act on any other form of communication for this purpose and to make payment by cheque instead.

Winding-Up

It is logical that EBS should in due course be wound up as, following the proposed sale of Corpnet, it will no longer have any business and will exist purely as a shell.

There are already various listed entities available for reverse takeover, including a number listed on the ASX, and we do not therefore believe that there is likely to be any realisable residual value in EBS itself. For this reason, in the absence of any third party proposal to use EBS as a vehicle for a project or business that is likely to generate some value for shareholders, we intend to put a resolution for voluntary winding-up at the AGM to be held in November.

Winding-up is not being proposed at the EGM because of the need for certain preliminary action to be taken before EBS can sensibly be put under the control of a liquidator. This action is, in summary, as follows:

- Completion of the sale to Logicalis;
- Finalisation and settlement of adjustment payments for net assets and under the earn-out arrangements – see under '*Outline of Proposed Transaction*' above;
- Preparation of audited financial statements in relation to EBS for FY12;
- Winding-up/deregistration of Spheritec; and
- Sale or winding-up/deregistration of SANZ.

Please see the accompanying explanatory memorandum for further information in relation to all these matters.

Directors' Recommendation

My fellow directors and I unanimously support the proposed sale of Corpnet and related arrangements as being in the interests of the company and its shareholders. In support of our view we draw attention in particular to the following:

- The consideration payable by Logicalis in our view represents full and fair value for shareholders;
- Logicalis are accepting warranty obligations from a limited number of substantial shareholders rather than from EBS; and
- The transaction terms facilitate early distribution of funds to shareholders and an orderly winding-up (subject to shareholder approval) in due course.

We all recommend that you should vote in favour of the resolution to be proposed at the EGM – see under 'Extraordinary General Meeting' below.

Agim Isai has undertaken to vote in favour of the resolutions to be proposed at the EGM in respect of all shares registered in his name – see also under 'Voting Commitments by Substantial Shareholders' below.

Directors' Interests

Neither Paul Lynch nor I (as the two other directors – both non-executive) has any shareholding interest (direct or indirect) in EBS. Agim Isai (the sole executive director) holds, beneficially or non-beneficially, a total of 16,929,555 EBS ordinary shares representing (in aggregate) 20.95% of the issued ordinary share capital.

Neither I nor either of the other directors has any shareholding or other interest in Corpnet.

Extraordinary General Meeting

The purpose of the EGM is to consider a single resolution to approve the proposed sale of Corpnet as required by EBS' constitution.

Please refer to the accompanying notice of EGM for details of the EGM (which is to be held in Brisbane on Friday 1 June) and accompanying proxy form for voting in case you are unable to attend in person.

Voting Commitments by Substantial Shareholders

You should note that certain shareholders with a substantial equity interest (including Agim Isai) have entered into irrevocable undertakings in favour of EBS to vote in favour of the resolution to be proposed at the EGM; these undertakings extend also to any subsequent resolution to approve winding-up at the AGM in November as anticipated under 'Winding-Up' above.

Voting commitments have been given in this way in relation to approximately 64% of the issued ordinary share capital.

Conclusion

You should read this document carefully for further details of what is proposed and seek independent advice from a qualified source if there is any aspect you do not understand or if you are unsure how to vote on what is proposed.

My fellow directors and I encourage you to attend the EGM, if you are able to do so, and to vote at it.

Yours sincerely



Geoff Marshall
Chairman
e-Business Systems Ltd

EXPLANATORY MEMORANDUM

This explanatory memorandum sets out information relevant to the proposed sale of Corpnet. It should be read in conjunction with the information contained in the rest of this document – in particular in the chairman's letter above.

Summary of Sale Agreement

The parties to the agreement, which is dated 1 May, are EBS, Logicalis Australia Pty Limited, and Agim Isai, and three other individuals (Scott Hartwell, Jonathan Pannell & Robert Mancinelli) who are all founders of Corpnet, as warrantors.

The agreement provides for EBS to sell the whole of the issued share capital of Corpnet to Logicalis Australia Pty Limited free from all encumbrances for a cash consideration payable as follows:

- o \$2.7m upon completion of the transaction; and
- o A further sum of up to \$600,000 equal to three times the amount, if any, by which Corpnet EBIT (earnings before interest & tax) for FY12 exceeds \$350,000 - ie a three-times multiple on EBIT within the range \$350,000 to \$550,000.

There is also provision for EBS to pay Logicalis Australia Pty Limited (dollar for dollar) an amount equal to any shortfall in the net asset value of Corpnet below \$1.1m at completion.

For these purposes both net assets and EBIT are to be determined by agreement between EBS and Logicalis Australia Pty Limited (on a basis consistent with Corpnet's financial statements for the period ended 30 June 2011 & otherwise in accordance with applicable accounting standards) and, in default of agreement, by an independent accounting firm acting in an expert capacity.

Any adjustment payment (on account of net assets or earn-out) is due (by EBS or Logicalis Australia Pty Limited) within ten days following determination. Logicalis Australia Pty Limited has an obligation to ensure production of calculations by Corpnet by the end of July (net assets) and the end of September (earn-out) for these purposes.

Pending completion EBS is obliged to ensure the business is operated by Corpnet in the usual course and that Corpnet does not undertake certain actions (eg asset sales & debt forgiveness) without the consent of Logicalis Australia Pty Limited. The agreement also obliges Logicalis Australia Pty Limited to ensure that Corpnet continues to operate in the ordinary course, and on a stand-alone basis, following completion until the end of FY12 - the earn-out period.

Completion is conditional upon specified matters – in particular EBS shareholders approving the proposed transaction at the EGM and Corpnet not suffering any material adverse change (as defined) since exchange. The parties are to use reasonable endeavours to ensure that the agreement becomes unconditional in accordance with its terms. The agreement may be terminated if it does not become unconditional and, in any such case, ceases to have effect except as regards accrued rights for any prior breach and continuing mutual confidentiality obligations.

On completion Logicalis Australia Pty Limited is to make payment of the initial consideration (\$2.7m) by direct credit transfer to EBS' bank account against delivery of specified items by EBS including in particular an executed transfer for the shares in Corpnet. There are also various other provisions of a mechanical nature regulating the steps to be taken at, and consequent upon, completion of the transaction. These include: registration of Logicalis Australia Pty Limited as the holder of the Corpnet shares and resignation of the outgoing company secretary.

There are provisions for appropriate announcements to be made via the NSX in agreed terms following exchange and again following completion of the proposed transaction.

Under the agreement each of Agim Isai and Jonathan Pannell (as continuing current executives) agrees to be subject to certain restraints covering competitive activities in Australia for a period of two years following completion and soliciting customers and enticing staff for a period of three years following completion. The agreement contains certain warranties on the part of the warrantors (Agim Isai, Jonathan Pannell, Scott Hartwell & Robert Mancinelli but not EBS) in favour of Logicalis Australia Pty Limited. These warranties relate to a range of commercial, financial accounting, tax and legal matters relevant to Corpnet and its business. Liability for breach of warranty lapses two years after completion of the transaction except for matters of title relating to

shares and tax matters and except for any claim previously notified in writing. There are also maximum claims limits as follows:

- o Individual limits for the benefit of each warrantor equal to his shareholding interest (direct or indirect) in EBS – ie 21% for Agim Isai and 14% for each of Jonathan Pannell, Scott Hartwell and Robert Mancinelli; and
- o An aggregate claims limit equal to 63% of the consideration.

Payment to Warrantors

The assumption by the warrantors of responsibility under the warranties in place of EBS itself (as explained under 'Summary of Sale Agreement' above) is a significant step in facilitating the proposed transaction on terms that allow early distribution of net proceeds to shareholders. The directors would otherwise have been forced to hold the net proceeds on deposit against the possibility of a warranty claim. This contingent risk to EBS (had it given warranties) is judged by the board to be low but would still represent a substantial impediment to distribution of funds to shareholders; it would also delay winding-up and therefore result in EBS incurring additional holding costs that can be eliminated with an early and orderly winding-up.

The board has therefore resolved to make a payment to the warrantors (Agim Isai, Jonathan Pannell, Scott Hartwell & Robert Mancinelli) totalling \$70,000 (plus GST) in recognition of their assumption of responsibility under the warranties in place of EBS itself. This will be paid immediately following, and is conditional upon, completion. The amount was decided after taking account of the likely cost of warranty insurance as well as the time value of early distribution to shareholders. Legal advice was also sought.

Agim Isai (as a director) made formal disclosure of his interest and took no part in the decision.

Action in Preparation for Winding-Up

It is envisaged that a further resolution will be put to shareholders at the AGM (likely to be held in November) for EBS to be wound up. Winding-up is not being proposed at the EGM because of the need for certain preliminary action to be taken before EBS can sensibly be put under the control of a liquidator. This action is summarised briefly as follows:

- o **Completion of Sale to Logicalis**
This will follow the EGM on Friday 1 June subject to the resolution in the notice of EGM being duly passed by shareholders;
- o **Finalisation & Settlement of Adjustment Payments with Logicalis**
 - Financial statements will be prepared as the basis for determination of any payment due by EBS to Logicalis by way of adjustment in relation to the net asset value of Corpnet as at completion – see under 'Summary of Sale Agreement' above; and
 - Financial statements will also be prepared as the basis for determination of Corpnet's FY12 EBIT and any earn-out payment due to EBS by Logicalis – see under 'Summary of Sale Agreement' above;
- o **Audit**
Financial statements in relation to EBS for FY12 will be audited in parallel with determination of any earn-out payment due to EBS by Logicalis as above;
- o **Distribution of Net Proceeds**
Funds will be distributed to shareholders in accordance with the arrangements outlined under 'Application of Proceeds' in the chairman's letter above;
- o **Winding-Up/ Deregistration of Spheritec**
Action will be taken to wind up or de-register Spheritec (which has ceased trading & has no liabilities & only minimal residual assets) with the ASIC; and
- o **Sale or Winding-Up/Deregistration of SANZ**
Action will also be taken to wind up or de-register SANZ unless it can be sold in the meantime as explained under 'Safe Worlds' below.

Safe Worlds

SANZ holds the master distribution rights for Safe Worlds in relation to Australia and New Zealand

under the agreement entered into with IBS-(BVI) Limited on 14 September 2005. A summary of this agreement appears in the circular to shareholders dated 10 October 2008 – see:

- o http://www.ebusinesssystems.com.au/filelib/2008/circular_with_annual_report_10_oct.pdf;
or
- o <http://www.nsxa.com.au/ftp/news/021720738.PDF>.

Under the agreement Safe Worlds is proposed as a generic e-business platform. The agreement also envisages various custom-applications (including digital TV & mobile applications) which are reserved specifically to IBS-(BVI) Limited but which would, if implemented, entitle SANZ to a share of third party transaction revenue generated. The development status of Safe Worlds is still unknown – either the generic system or any particular application – but we do know that, for some time now, the whole focus of IBS (as technology & commercialisation manager) has been on digital TV and, more recently, also on a proposed mobile application. These applications are both specific exclusions from the distribution rights held by SANZ although they could nevertheless result in a revenue 'trail' on payments deriving from users in Australia and New Zealand. However, in view of the continuing protracted delays in delivery and the absence of meaningful reporting, we have concluded that Safe Worlds is likely never to be delivered as a functional commercial product as envisaged under the agreement. This conclusion also has implications for shareholders with converting performance shares issued at the time of the Corpnet merger in November 2008 – see under 'Converting Performance Shares' below.

The above summary provides the background to our decision to offer SANZ for sale (as an alternative to winding-up or deregistration) before EBS itself is wound up. Our preference is of course for SANZ to be sold, and not wound up or deregistered, as a way to extract some residual value (however slight) for shareholders.

SANZ will be made available (on an 'as seen' basis & therefore without warranties) to any third party willing to pay for it. We envisage that no third party is likely to have any interest unless already an EBS shareholder but will consider bids from EBS shareholders and others alike.

Our objective is to realise whatever value can be achieved, in cash, as soon as possible. We are looking to complete a sale on or before 30 September 2012. Any shareholder (or other party) should give formal written notice of interest (as indicated below) on or before 30 June 2012.

Bids will be treated in confidence with the aim of optimising value for shareholders within the timeframe indicated.

Any bidder will be provided with unaudited management accounts for SANZ as at 30 June 2012 and a copy of the master distribution agreement, as well SANZ's statutory registers, but will not otherwise be given an opportunity to conduct further investigation.

Any bid will be treated as subject to contract unless and until formal conclusion of a sale. Sale documentation will comprise a form of share transfer, together with resignations of SANZ officers, against receipt by EBS of the following:

- o An executed short-form agreement (which EBS will prepare & provide on request to any interested party) confirming the basis of the transaction – ie without recourse to EBS or any past or present officer; and
- o Payment in full (in funds available for immediate use) by direct credit transfer to EBS' nominated account.

Any shareholder (or other party) with an interest in possibly acquiring SANZ should notify us by e-mail (admin@ebusinesssystems.com.au) as soon as possible and in any case no later than 30 June 2012.

In the absence of genuine interest from a shareholder (or other party) that the board judges to be credible on or before 30 June 2012 EBS reserves the right to proceed to wind up or de-register SANZ as an alternative to sale.

Converting Performance Shares

These shares were created at the time of the Corpnet merger in November 2008 as a means of capturing 'blue sky' value in Safe Worlds for the benefit of pre-merger shareholders. This was to have been achieved through automatic conversion of these shares into equity subject to achievement of a specified financial milestone by Safe Worlds.

The converting performance shares would automatically convert into ordinary shares if SANZ (which holds the master distribution rights for Safe Worlds in Australia & New Zealand) were to generate aggregate revenue of \$25.0m or more (at a gross margin of 50% or more) during any consecutive period of twenty-four months where more than half of that period (ie more than twelve months) falls on or before 30 June 2014.

This deadline is now little more than two years away, and we have no reliable information as to the development status and delivery of Safe Worlds, which in turn means it is impossible to plan (or resource up) for roll-out. We do not therefore see how SANZ could ever achieve the necessary revenue and gross margin target and, in these circumstances, see no possibility of converting performance shares ever converting into equity.

The converting performance shares carry no economic rights other than the contingent right of conversion into equity. There is in particular no right for the holders to participate in any distribution on revenue or capital account. This means that they will not participate in the dividend proposed consequent upon sale of Corpnet (see under '*Application of Proceeds*' in the chairman's letter above) and will simply 'disappear' in the proposed eventual winding-up.

Only the holders of ordinary shares will therefore be entitled to participate in distribution of net proceeds following completion of the proposed transaction.

Action Points for Shareholders

Shareholders are asked to do the following;

- Confirm any interest in SANZ as explained under '*Safe Worlds*' above;
- Vote at the EGM either in person or by completion and delivery of a proxy form in accordance with the instructions noted on it; and
- Confirm bank account details (in the section included as part of the proxy form) for payment purposes to receive payment by direct credit transfer, rather than by cheque, using the space included in the proxy form – see under '*Application of Proceeds*' in the chairman's letter above.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Time & Place

Notice is hereby given that an extraordinary general meeting of e-Business Systems Ltd ACN 107 353 695 will be held at the registered office, 365 Montague Road, West End, Queensland 4101, at 10:00am (local Brisbane time) on Friday 1 June 2012.

Business

The following resolution will be proposed as an ordinary resolution:

Proposed Sale of Corpnet – Ordinary Resolution

'That the proposal for the company to dispose of the whole of the issued share capital of Corpnet (Australia) Pty Ltd (in accordance with the proposal set out in the circular) be and hereby is approved for the purposes of rule 19.7 of the constitution and generally with full power for the directors to act accordingly, as they may in their discretion think fit, with a view to carrying the proposed transaction into effect.'

Note: The term 'circular' in this resolution refers to the document to shareholders dated 2 May 2012 comprising:

- o letter from the chairman;
- o explanatory memorandum;
- o notice of AGM; and
- o proxy form.

Voting Instructions

The following instructions apply in relation to voting at the meeting in person:

1. Each member present (which includes a member present as proxy, attorney or body corporate representative) may cast one vote. However, if a member holds two or more appointments, and these appointments direct the member to vote in different ways, then the proxy may not vote on a show of hands.
2. On a poll shareholders have one vote for each fully paid share and, for each partly paid share held, a fraction of a vote equal to the proportion paid up or credited as paid up towards total amount on the share.

In order to vote at the meeting by proxy please complete and return the proxy form in accordance with the instructions noted on it. It is important, for your proxy to be valid, that it should be duly completed and lodged with our registrar, Security Transfer Registrars Pty Ltd, so as to be received by them no later than forty-eight hours before the meeting – ie no later than 10:00am (local Brisbane time) on Wednesday 30 May 2012.

The company has determined in accordance with of the Corporations Act that, for the purpose of voting at the meeting or any adjourned meeting, shares will be taken to be held by those persons shown in the register of members as at close of business on Wednesday 30 May 2012.

The directors
e-Business Systems Ltd

2 May 2012

PROXY FORM

Please see overleaf

PROXY FORM

REGISTERED OFFICE:
365 MONTAGUE ROAD
WEST END
QUEENSLAND 4101

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535, APPLECROSS WA 6953
770 Canning Highway,
APPLECROSS WA 6153
T: (08) 9315 2333
F: (08) 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Please complete

NAME: _____

ADDRESS: _____

SRN No.:

NSX Code:

EBS

SECTION A: Appointment of Proxy

I/We being a member(s) of registered holders of the company and entitled to attend and vote hereby appoint:

☐

OR

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The meeting chairperson
(mark with an "X")

Name of the person you are appointing (if this person is someone other than the chairperson of the meeting)

the person named, or if no person is named, the chairperson 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 directions (or if no directions have been given, as the proxy sees fit) at the extraordinary general meeting of the company to be held at 10:00am (local Brisbane Time) on Friday 1 June 2012 at the registered office, 365 Montague Road, West End, Queensland 4101, and at any adjournment of that meeting.

SECTION B: Voting Directions to Your Proxy

Please mark with "X" in the box to indicate your voting directions to your proxy:

Resolution**For****Against****Abstain***

Proposed sale of Corpnet to Logicalis – *ordinary resolution*

☐☐☐

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

* 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.

☐

If you wish to appoint the chairperson as your proxy and you do not wish to direct the chairperson how to vote, please mark an "X" in the box.

By marking this box, you acknowledge that the chairperson may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

SECTION C: Please Sign Below

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder 1

Sole Director and Sole Company Secretary

Security Holder 2

Director

Security Holder 3

Director / Company Secretary

☐

Change of Name or Address: If your registration details are incorrect, please mark this box and make the correction on this form.

My/Our contact details in case of enquiries are:

Contact Name

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Contact Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Continued overleaf – please complete bank account details (as indicated overleaf) for payment purposes

Shareholders are entitled to appoint up to two proxies (whether shareholders or not) to attend the meeting and vote on their behalf.

If you wish to appoint two proxies, please phone Security Transfer Registrars on +61-8-9315-2333 to obtain your second proxy form. Both forms must be completed with the nominated amount (number/percentage) clearly printed on it. If you do not specify the nominated amount, each proxy may exercise half of your voting rights.

PLEASE RETURN THE FORMS FOR BOTH PROXIES TOGETHER IF YOU WISH TO APPOINT TWO PROXIES

NOTES

1. Name & Address

This is the name and address on the share register of e-Business Systems Ltd. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. Appointment of a Proxy

If you wish to appoint the chairperson of the meeting as your proxy please mark 'X' in the box in Section A. Please also refer to Section B of this proxy form and ensure you mark the box in that section if you wish to appoint the chairperson as your proxy. If the person you wish to appoint as your proxy is someone other than the chairperson 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 chairperson of the meeting will be your proxy. A proxy need not be a shareholder of e-Business Systems Ltd.

3. Directing your Proxy How to Vote

To direct the proxy how to vote place an 'X' in the appropriate box against each item in Section B. Where more than one proxy is to be appointed, and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

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 on +61 8 9315 2333, or you may photocopy this form.

To appoint a second proxy you must:

- On each of the first proxy form and the second proxy form state the percentage of your voting rights or number of securities 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 of your votes; and
- Return both forms in the same envelope.

5. Signing Instructions

Individual: Where the holding is in one name, the shareholder must sign.

Joint Holding: Where the holding is in more than one name, all of the shareholders must sign.

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

Company: 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 may sign alone. Otherwise this form must be signed by a director jointly with either another

director or the company secretary. Please indicate the office held in the appropriate place.

If a representative of the company is to attend the meeting, the appropriate 'certificate of appointment of corporate representative' should be lodged with e-Business Systems Ltd before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the company's share registry.

Lodgement of Proxy

This proxy form (and any power of attorney under which it is signed) must be received no later than 10:00am (local Brisbane time) on Wednesday 30 May 2012 being 48 hours before the time for holding the meeting. Any proxy form received after that time will not be valid for the scheduled meeting. Please lodge the proxy form with the company's share registry. You are encouraged to submit your proxy by mail or fax. The delivery addresses for the company's share registry (Security Transfer Registrars) are as follows:

Delivery Addresses

By mail: **Security Transfer Registrars Pty Ltd
PO box 535, Applecross, WA 6953**

By hand: Suite 1, 770 Canning Highway,
Applecross, WA 6153

By fax: + 61-8-9315-2233

By e-mail: registrar@securitytransfer.com.au

Please complete (in the box below) bank account details for payment purposes as referred to in the circular dated 1 May 20012

Bank Account Details

Name of bank:

Branch address:

BSB:

Account name:

Account number:

