



ASF GROUP LIMITED
ACN 008 924 570
Bennelong, 2/3B Macquarie Street
Sydney NSW 2000
Telephone: (61 2) 9251 9088
Facsimile: (61 2) 9251 9066
www.asfgroupltd.com

2 July 2014

The Manager
Company Announcements
Australian Stock Exchange Ltd
20 Bridge Street
Sydney 2000
via: www.asxonline.com

Dear Sir/Madam

Cleansing Notice
Notice under Section 708AA(2)(f) of the Corporations Act

This Notice is given by ASF Group Limited ACN 008 924 570 (ASX: AFA) (**Company**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Act**), as modified by Australian Securities and Investment Commission Class Order 08/35 (**CO 08/35**).

On the date of this notice, the Company announced a non-renounceable pro-rata rights issue (**Rights Issue**) of one (1) fully paid ordinary share (**New Share**) for every eight (8) fully paid ordinary shares held at the record date to eligible investors.

Pursuant to the Rights Issue, the Company may issue up to 55,880,000 New Shares at an issue price of \$0.18 each, to raise up to \$10,056,629 (before costs).

The Company States that:

- 1 it will offer the New Shares for issue without disclosure to investors under Part 6D.2 of the Act, as notionally modified by CO 08/35;
- 2 it is providing this notice under section 708AA(2)(f) of the Act, as modified by CO 08/35.
- 3 as at the date of this notice, the Company has complied with:
 - (a) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (b) section 674 of the Act.
- 4 as at the date of this notice, there is no information:
 - (a) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (b) that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (ii) the rights and liabilities attaching to the New Shares.

Set out below is information on the potential effect that the Rights Issue may have on the control of the Company:

- 1 If all Eligible Shareholders take up their entitlement under the Rights Issue, the Rights Issue will have no effect on the control of the Company;
- 2 The proportional shareholdings of shareholders who are not residents in Australia, New Zealand, Hong Kong, Macau and the People's Republic of China may be diluted as those shareholders are not entitled to participate in the Rights Issue;
- 3 If an Eligible Shareholder does not take up their entitlement in full it may have the effect of diluting that shareholder's proportionate shareholding.

In the event of a shortfall, Eligible Shareholders may subscribe for shortfall shares and the Directors reserve the right to allocate the shortfall at their sole discretion. Acceptance of entitlements or the placement of any shortfall may also result in existing shareholders significantly increasing their interest in the Company or obtaining a substantial interest in the Company. However, the shortfall will only be placed to the extent that such placement is in compliance with the takeover provisions of the Corporations Act, which restrict a person from having a relevant interest in voting shares in the Company where they would have voting power in the Company of 20% or more, subject to a number of exemptions, and ASX Listing Rules, which restrict allocation of shortfall shares to a related party of the Company.

- 4 The Rights Issue is fully underwritten by the three largest shareholders of the Company, being FY Holdings Limited, Ruby Bridge Group Ltd and Suntimes International Ltd (together the **Underwriters**). FY Holdings and Suntimes International are related parties of the Company.

Each of the Underwriters has unconditionally agreed to subscribe for the full amount of their entitlement and to underwrite 33.3% of the shortfall that is not taken up or placed to third parties. Set out in the table below is a summary of the effect on the Company if none of the Eligible Shareholders take up any of their entitlements and the Underwriters subscribe for the entire shortfall:

Name of Underwriter	Current voting power	Percentage of shortfall underwritten	Maximum voting power following Rights Issue
FY Holdings Limited	13.97%	33.3%	16.12%
Ruby Bridge Group Limited	12.84%%	33.3%	15.12%
Suntimes International Ltd	8.95%%	33.3%	11.66%

A summary of the underwriting arrangements will be set out in the Offer Document that will be sent to Eligible Shareholders on 11 July 2014.

Further information

- 1 On completion of the Rights Issue, and assuming it is fully subscribed, the issued capital of the Company will comprise approximately 502,831,458 shares.
- 2 The New Shares will rank equally in all respects with the Company's existing shares. If an Eligible Shareholder's entitlement results in a fraction of a New Share, the entitlement will be rounded up to the nearest whole number.
- 3 The Company will use the proceeds raised under the Rights Issue to:
 - (a) fund investments in current portfolio assets, including engaging property development consultants;

- (b) investigate and advance business development opportunities for the Company, with the goal of creating value for shareholders; and
 - (c) provide working capital to the Company generally.
- 4 Trading in the New Shares is expected to commence on 30 July 2014.
- 5 An Appendix 3B applying for quotation of the New Shares will be released to the ASX separately to this letter.

Directors' Recommendation

The Directors of the Company encourage all Eligible Shareholders to participate in the Rights Issue.

William Kuan
Company Secretary
Ph: +612 9251 9088
Fax: +612 9251 9066

For personal use only