

**FINBAR INTERNATIONAL LIMITED**

**(ACN 009 113 473)**

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**NOTICE OF ANNUAL GENERAL MEETING**

**EXPLANATORY MEMORANDUM**

**AND**

**PROXY FORM**

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**Date of Meeting**

Tuesday 31 October 2006

**Time of Meeting**

11.00 a.m.

**Place of Meeting**

"Reflections"  
Ground Floor  
Finbar Building  
15 Labouchere Road  
South Perth  
Western Australia

**Finbar International Limited  
(ACN 009 113 473)**

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the shareholders of Finbar International Limited ("Company") will be held at Reflections, Ground Floor, Finbar Building, 15 Labouchere Road, South Perth, Western Australia on Tuesday 31 October 2006 at 11.00 a.m. for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

An Explanatory Memorandum containing information in relation to each of the following Resolutions accompanies this Notice of Annual General Meeting.

Please note terms used in the Resolutions contained in this Notice of Annual General Meeting have the same meaning as set out in the glossary of the Explanatory Memorandum accompanying this Notice.

**AGENDA**

**BUSINESS**

**1. Financial Statements**

To consider and receive the Financial Report, the Directors Report and the Auditors Report of the Company for the year ended 30 June 2006.

**2. Remuneration Report**

To consider and, if thought fit, to pass the following as an ordinary resolution:

"To adopt the Remuneration Report of the Company for the year ended 30 June 2006."

Note - the vote on the resolution is advisory only and does not bind the Directors or the Company.

**3. Election of Mr Loh Kee Kong as a Director**

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That Mr Loh Kee Kong, who retires by rotation pursuant to clause 13.2 of the constitution and offers himself for re-election and being eligible is re-elected as a director of the Company."

**4. Election of Mr Richard Dean Rimington**

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That Mr Richard Dean Rimington, who retires by rotation pursuant to clause 13.2 of the constitution and offers himself for re-election and being eligible is re-elected as a director of the Company."

**5. Adoption of New Constitution**

To consider and, if thought fit, to pass the following as a special resolution:

"That with effect from the close of this meeting that the Constitution of the Company is repealed and the Constitution in the form tabled at the meeting and initialled by the Chairman for the purpose of identification is adopted as the constitution of the Company."

**6. Approval of Placement**

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

"That pursuant to and in accordance with Rule 7.1 of the Listing Rules and for all other purposes the Directors be authorised to allot and issue up to 11,867,340 fully paid ordinary shares in the capital of the Company at an issue price to be determined by the Directors but not less than the minimum price determined in accordance with Listing Rule 7.3.3 such allotment and issue to be to offshore institutional investors, local institutional and sophisticated investors nominated at the discretion of the Directors."

The Company will, in accordance with section 224 of the *Corporations Act*, disregard any votes cast on Resolution 5 by a person who may participate in the proposed allotment. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of a person who may participate in the proposed allotment.

**By order of the Board**

*Darren Pateman*

**Darren Pateman**  
Company Secretary

Dated this 27<sup>th</sup> day of September 2006.

## PROXIES

- ♦ Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
- ♦ A shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote at this meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
- ♦ A proxy may, but need not be a shareholder of the Company.
- ♦ The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorising in writing or, if such appointor is a corporation, either under seal or under hand of the officer of his attorney duly authorised.
- ♦ The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and must reach the Registered Office of the Company at least 48 hours prior to the Annual General Meeting. For the convenience of shareholders a Proxy Form is enclosed.

For the purposes of regulation 7.11.37 of the Corporations Regulations, the Company determines that members holding ordinary shares at 5.00 p.m. Western Standard Time on Monday 30 October 2006 will be entitled to attend and vote at the Annual General Meeting.

**Finbar International Limited  
(ACN 009 113 473)**

**EXPLANATORY MEMORANDUM**

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting ("Notice") of the Company.

The Directors recommend shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Capitalised terms used in the Explanatory Memorandum are defined in the Glossary appearing at the end of this Explanatory Memorandum.

The following information should be noted in respect of the various matters contained in the accompanying Notice:

**1. Financial Statements**

As required by section 317 of the Corporations Act, the Financial Report, the Directors Report and the Auditors Report of the Company for the most recent financial year will be laid before the meeting.

Shareholders will be provided with the opportunity to ask questions about the reports or about the Company generally but there will be no formal resolution put to the meeting.

**2. Remuneration Report**

As required by section 250R(2) of the Corporations Act a resolution that the Company's Remuneration Report be adopted must be put to the vote. The report is contained within the Directors Report.

Section 250R(2) of the Corporations Act provides that the vote on the resolution is advisory only and does not bind the Directors or the Company.

Shareholders will be provided with the opportunity to ask questions about or make comments on the Remuneration Report.

**3. Election of Mr Loh Kee Kong as a Director**

Mr Loh retires by rotation and offers himself for re-election.

Mr Loh has served as a non-executive director. Mr Loh has a degree in Accounting from the University of Singapore and is a member of the Institute of Certified Public Accountants of Singapore.

The Board unanimously recommends that shareholders vote in favour of Mr Loh's re-election.

**4. Election of Mr Richard Dean Rimington as a Director**

Mr Richard Dean Rimington, who retires by rotation and offers himself for re-election.

Mr Rimington has served as Executive Director. Mr Rimington is a property developer with 21 years experience in land subdivision, development, construction and marketing with particular focus on high quality medium density residential property which is the core business of the

Company. He is responsible for the project management of the Company's property development operations.

The Board unanimously recommends that shareholders vote in favour of Mr Rimington's re-election.

## **5. Adoption of New Constitution**

The Company's Constitution has not been updated in a substantial fashion since the Company's shares were re-listed on ASX.

It is now appropriate to undertake a full review of the Constitution to bring it into line with the current law and common corporate practice. In particular, developments in electronic commerce, proposed amendments to the Trade Practices Act 1974 (Cth) and various amendments to the Corporations Act and the Listing Rules make amendments to the current Constitution advisable.

As the changes introduced affect numerous provisions in the Constitution, rather than amending the current Constitution, it is proposed that a new Constitution be adopted. The changes introduced under the new Constitution are mostly of an administrative nature and the Company believes they will not have a significant impact on shareholders.

The more significant of the changes are:

- **Electronic notices of meetings**

The new Constitution will explicitly enable the Company to provide notices of general meetings to shareholders electronically (for example by email). The Company proposes to send electronic notices to those shareholders who elect to receive notices in this manner in future to reduce costs.

- **Payment of dividends**

The new Constitution is consistent with common corporate practice and will give the Company more flexibility in how it pays dividends, in particular, making it explicit that the Company may pay dividends by any form of direct credit approved by the Board. The Company encourages shareholders to receive their dividends by electronic direct credit rather than by cheque, as this provides shareholders with faster and more secure dividend payments also provides cost savings to the Company.

- **Dividend reinvestment arrangements**

Shareholder approval of dividend reinvestment arrangements is not required under the new Constitution, in line with current common practice.

- **Indemnity and insurance provided to directors and officers**

The new Constitution will ensure consistency with proposed amendments to the Trade Practices Act (which have yet to be enacted at the date of this Notice) and any other future Australian legislation which may restrict how the Company indemnifies Company officers, by ensuring that the officer indemnity and insurance provisions in the Constitution are restricted to those which are permitted by Australian legislation in force from time to time.

- **Sale of Unmarketable Parcels**

In line with current common practice and as permitted under the Listing Rules the new Constitution will provide the Company with the flexibility to introduce a facility whereby the Company may require the sale of unmarketable parcels of Company shares. This requirement may be applied to a shareholder holding less than a marketable parcel of Company shares, which may be sold for the benefit of that shareholder. The Company

has no present plans to introduce such a facility but seeks the flexibility to do so, in future, should such holdings reach a level where the servicing costs become significant.

Other changes of a more administrative nature proposed to be made under the new Constitution, having had regard to changes in the Corporations Act and the Listing Rules and current common practice, include:

- Updating the procedures relating to registering share transfers, including allowing the Company to impose charges on registration of a share transfer if consistent with the Listing Rules.
- Removing the requirement for shareholder approval of redeemable preference share issues and ensuring articles relating to the issue of preference shares are consistent with the Corporations Act.
- Changes to the quorum required for class meetings to enable the sole holder in a class to constitute a quorum and to enable corporate representatives to call a poll.
- Broadening the lien provisions to cover amounts the Company is required to pay by law, reasonable interest and expenses as well as providing the Company with a contractual right to be reimbursed for certain payments to any tax or government authority relating to a shareholder or their shares.
- Clarifying that any calls made by the Company for payments due by shareholders in respect of shares are subject to any notice requirements under the Listing Rules.
- Clarifying that the Board must refuse to register share transfers in certain circumstances, including during an escrow period, where required by the Listing Rules.
- Allowing the Company to transfer shares to a representative of a shareholder who has become mentally incapacitated (consistent with the replaceable rule in section 1072A of the Corporations Act).
- Broadening procedural flexibility and clarifying the conduct of shareholder meetings, including:
  - introducing more practical means for the Company to notify shareholders of the cancellation, postponement or change of place of a shareholders meeting;
  - clarifying the rights of the Directors to attend and speak at shareholder meetings;
  - specifying how voting entitlements will be determined based on the share register at a specified time before a shareholder meeting;
  - clarifying the role of the Chairman in the conduct and adjournment of shareholder meetings;
  - clarifying that a simple majority of shareholder votes is required to pass a resolution;
  - clarifying poll procedures;
  - updating the procedure for accepting votes by joint shareholders;
  - deleting specifications regarding the form of proxy to be used by the Company; and
  - inserting procedures to be followed if a challenge to a right to attend or vote is made.

- Allowing the Company to give documents to shareholders by electronic means where nominated by the shareholder.

A copy of the proposed new Constitution is available for inspection at the Company's office or by contacting the Company Secretary to request a hard copy.

*The Board unanimously recommends that shareholders vote in favour of adopting the new Constitution.*

## **6. Approval of Placement**

The Company has issued shares in the capital of the Company in the previous 12 months.

The Company seeks to have the right to place up to a further 10% of unissued capital at any time during the next 3 months. The information required to be given to shareholders pursuant to the Listing Rule 7.5 is contained in this Explanatory Memorandum.

Listing Rule allows a company to issue without shareholder approval shares, the number of which does not exceed 15% of a number arrived at by adding together the number of shares on issue 12 months ago and the number of incentive shares covered by options for which options shareholder approval has been obtained, and deducting from that percentage calculation, the number of shares issued during the previous 12 months. If the Company proposes to exceed the amount for which shareholder approval is not required, then shareholder approval is required.

To obtain shareholder approval the Company is to advise shareholders:

- of the number of shares or a formula for calculating that number for which approval is sought to issue;
- the fixed issue price per share, or a minimum price that is at least 80% of the average market price of those shares calculated over the last 5 days before issue on which sales were recorded;
- the intended use of the funds raised; and

provide in accordance with Listing Rule 14.11 a voting exclusion statement, excluding from voting those shareholders who will benefit from the issue.

Resolution 6 has been included so that shareholders may approve pursuant to Listing Rule 7.1 the issue of 11,867,340 shares as this number exceeds the number of shares for which shareholder approval is not required. If approved, the issue will increase the number of issued shares by 10%.

The issue price is at the discretion of the Directors but shall not be less than the minimum price described above.

The allottees will be both offshore and onshore institutional or sophisticated investors.

The shares will be issued fully paid and rank pari passu with existing shares.

The funds raised from the issue will be used to fund developments which are development approved, and to seek new development opportunities for the Company.



## **GLOSSARY**

The following terms have the following meanings in this Explanatory Memorandum:

"ASIC" means the Australian Securities and Investments Commission;

"ASX" means the Australian Stock Exchange Limited;

"Board" means the board of Directors;

"Company" means Finbar International Limited;

"Corporations Act" means Corporations Act 2001 (Cth);

"Director" means a director of the Company;

"Listing Rules" means the Listing Rules of the ASX;

"Notice" means the Notice of Annual General Meeting accompanying this Explanatory Memorandum;

"Share" means a fully paid ordinary share in the capital of the Company; and

"WST" means Australian Western Standard Time.

**Finbar International Limited**

**(ACN 009 113 473)**

I/We (name): \_\_\_\_\_

of (address): \_\_\_\_\_

being a member of Finbar International Limited entitled to attend and vote at the Annual General Meeting, hereby:

Appoint: \_\_\_\_\_

Name of Proxy

or, failing that person so named, then the Chairman of the Annual General Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at Reflections, Ground Floor, Finbar Building, 15 Labouchere Road, South Perth, Western Australia on Tuesday 31 October 2006 at 11.00 a.m. WST and at any adjournment of the meeting.

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box. ☐

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

If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

*Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box(s) below:*

I/We direct my/our Proxy to vote in the following manner:

|                                                                   | For                      | Against                  | Abstain                  |
|-------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|
| Resolution 1: Financial Statement                                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2: Remuneration Report                                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3: Election of Mr Loh Kee Kong as a Director           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4: Election of Mr Richard Dean Rimington as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5: Adoption of New Constitution                        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6: Approval of Placement                               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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

|                                                                                                                                                                                                                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| This Proxy is appointed to represent _____ % of my voting right, or if 2 proxies are appointed Proxy 1 represents _____ % and Proxy 2 represents _____ % of my total votes. My total voting right is _____ shares. |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2006.

By:

### INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this Annual General Meeting as the shareholder's proxy. A proxy need not be a shareholder of the Company.
2. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
3. The proxy form must be signed personally by the shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed under either the common seal of the corporation or under the hand of an officer of the company or its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by at least one of the joint shareholders, personally or by a duly authorised attorney.
4. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the company, must accompany the proxy form.
5. To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this Annual General Meeting (that is, by 5.00 p.m. WST on Friday 27 October 2006) by post or facsimile to respective addresses stipulated below.
6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions states above, then the following applies:
  - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
  - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
  - (c) if the proxy is Chairperson, the proxy must vote on a poll and must vote that way; and
  - (d) if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in any way that the proxy sees fit.

7. The Chairman intends to vote in *favour* of all resolutions set out in the Notice.
8. To vote by proxy, please complete and sign the proxy form enclosed and either:
  - (a) send the proxy form by post to Finbar International Limited, PO Box 113, South Perth, WA, 6951; or
  - (b) send the proxy form by facsimile to the Company on facsimile number: + 61 8 9474 4458

so that it is received not later than 5.00 p.m. WST on Friday 27 October 2006.

***Proxy forms received later than this time will be invalid.***