



**OLDFIELDS HOLDINGS LIMITED
ABN 92 000 307 988**

NOTICE OF ANNUAL GENERAL MEETING

DATE AND TIME OF MEETING

**27 November 2019
2.00PM (AEDT)**

PLACE OF MEETING

**OLDFIELDS HOLDINGS LIMITED
8 FARROW ROAD
CAMPBELLTOWN NSW 2560**

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND SHOULD BE CAREFULLY READ. IF YOU ARE IN DOUBT AS TO THE ACTION YOU SHOULD TAKE IN RELATION TO THIS DOCUMENT OR THERE IS ANY MATTER YOU DO NOT UNDERSTAND YOU SHOULD CONTACT YOUR PROFESSIONAL ADVISER FOR ADVICE.

Important Notices

General

This document is important. You should read it in full before making any decision as to how to vote on the Resolutions to be considered at the Annual General Meeting (**Meeting**). A Proxy Form for the Meeting is enclosed.

Purpose of this Notice

This document comprises a Notice of General Meeting and an Explanatory Memorandum issued by the Company (together, the **Notice**). The Notice provides Shareholders with information that is material to your decision whether or not to vote in favour of the Resolutions to be considered at the Meeting.

ASX and ASIC

A copy of this Notice has been lodged with ASX and ASIC. None of ASX, ASIC nor any of their officers takes any responsibility for the contents of this Notice.

Preparation and responsibility

Other than as set out below, this Notice has been prepared by the Company.

Drew Townsend of Hall Chadwick (**Independent Expert**) has prepared the Independent Expert's Report contained in Annexure A of this Notice and is responsible for that report and any statements based on it. The Independent Expert is not responsible for any other information contained in this Notice. The Independent Expert has given, and has not withdrawn, his consent to the inclusion of the Independent Expert's Report in the Notice in the form and the context in which it appears. Shareholders should read the Independent Expert's Report carefully to understand the scope of the report, the methodology of the assessment, the sources of information and the assumptions made.

Investment decisions

This Notice does not take into account the investment objectives, financial situation, tax position or requirements of any particular person. The information contained in this Notice is not financial product advice. This Notice should not be relied on as the sole basis for any investment decision in relation to Shares. You should seek independent financial and taxation advice before making any decision in relation to Shares or the Resolutions to be considered at the Meeting. It is important that you read this Notice in full before making any decision as to how to vote on the Resolutions to be considered at the Meeting.

Forward looking statements

This Notice contains forward looking statements which are subject to known and unknown risks, uncertainties and other factors that could cause the actual results, performance or achievements of the Company, or the effect or implementation of the Placement (details of which are set out in the Explanatory Memorandum), to vary materially from those expressed or implied in such forward looking statements.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of the Company or any person named in this Notice makes any representation or warranty (either express

or implied) as to the accuracy or likelihood of fulfillment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Shareholders are cautioned not to place undue reliance on those statements. The forward looking statements in this Notice reflect views held only as at the date of this Notice.

Privacy and personal information

The Company and the Registry may collect personal information in the process of implementing the Placement. The personal information may include the names, addresses, other contact details and details of the holdings of Shareholders, and the names of individuals appointed by Shareholders as proxies, corporate representatives or attorneys at the Meeting. The collection of some of this information is required or authorised by the Corporations Act. Shareholders who are individuals and the other individuals in respect of whom personal information is collected have certain rights to access the personal information collected in relation to them. Such individuals should contact the Company at alan.lee@oldfields.com.au or richard.abela@oldfields.com.au if they wish to exercise those rights. If the information outlined above is not collected, the Company may be hindered in, or prevented from, conducting the Meeting or implementing the Placement effectively or at all.

The information may be disclosed to related bodies corporate of the Company, third party service providers, including print and mail service providers and parties otherwise involved in the conduct of the Meeting, professional advisers and to regulatory authorities, and also where disclosure is otherwise required or allowed by law. Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Meeting should ensure that they inform that individual of the matters outlined above.

Defined terms and financial information

Certain terms used in this Notice have been defined in the Glossary section of the Explanatory Memorandum. All financial and operational information contained in this Notice is stated as at the date of this Notice, unless otherwise specified. Currency amounts are in Australian dollars, unless otherwise specified.

Date

This Notice is dated 29 October 2019.

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Executive Summary

At the Company's Annual General Meeting to be held at the Head Office of Oldfields Holding Limited located at 8 Farrow Road, Campbelltown NSW 2560 on 27 November 2019 at 2.00PM (AEDT) (**Meeting**), Shareholders will be asked to consider and approve a number of Resolutions.

ORDINARY BUSINESS

The ordinary business of Meeting will comprise:

- the receipt of the Company's Annual Report, Annual Financial Statements, Directors' and Audit Reports for the year ended 30 June 2019 (being for discussion only and not for resolution);
- a resolution for the re-election of Mr William Lewis Timms as a Director; and
- a resolution to adopt the Company's Remuneration Report for the year ended 30 June 2019.

SPECIAL BUSINESS

Placement to Subscriber

As announced to the market on 26 October 2019, Oldfields Holdings Limited (**Company**) has entered into a binding subscription agreement (**Subscription Agreement**) with EQM Holdings Pty Ltd (ACN 635 693 668) as trustee of the EQM Holdings Trust (**Subscriber**) under which the Subscriber has agreed to subscribe for, and the Company has agreed to issue, shares equal to 51.00% of the total issued capital of the Company on a fully diluted basis (**Subscription Shares**). As consideration for the issue of the Subscription Shares, the Subscriber will pay the Company \$0.06 per Subscription Share (**Subscription Price**). The issue of the Subscription Shares to the Subscriber is subject to a number of conditions precedent.

Background to the Placement

Oldfields has existing \$1.532m debt facilities and \$2.4m in Deferred Senior Loan Notes in place under which the Company has a number of ongoing obligations, including compliance with financial covenants that are tested on a monthly basis. A breach of any financial covenant could result in the Company having to immediately repay all of the outstanding debts. These existing Westpac facilities (including the DSLN) have placed strain on both the Company's cash flows and its ability to grow and expand, given the financial covenants.

On 21 December 2012, the Company issued a deferred senior loan note (**DSLN**) to Westpac Banking Corporation (**Westpac**).

The main terms of the DSLN are as follows:

- the face value is \$2,456,751 with a maturity date at 21 November 2022;
- from 21 December 2017 and up to the maturity date, an interest rate of 12% p.a. applies;
- a redemption premium is payable if the market value is greater than the face value of the DSLN. The premium amount is equivalent to the difference between the face value of the DSLN and the market value. Market value is determined by the volume weighted average share price (VWAP) 15 business days prior to the redemption or maturity date as applicable, multiplied by 23,702,240 reference shares;
- If the market value is calculated to be lower than the face value of the DSLN, the redemption premium is deemed to be nil and the only repayment due will be the face value;
- The market value is currently lower than the face value of the DSLN;

- The DSLN is secured against the assets of the Company and subject to several financial covenants:
 - interest cover ratio;
 - gearing ratio;
 - annual limit on capital expenditure; and
 - cash sweep of 75% of the Company's free cash flow; and
- the Company and Westpac have negotiated a deed of redemption and termination (**Westpac Termination Deed**) under which the Company has agreed to pay Westpac a payout amount of \$1.185m (**Agreed DSLN Payout Amount**) in consideration for Westpac discharging and releasing the Company from any obligations or claims under the DSLN.

The Company also has a bank bill facility of \$0.167 million, an overdraft facility with a current outstanding balance of \$1.141 million and various other card facilities with Westpac. The total outstanding balance of all other Westpac facilities as at the date of this Notice is \$1.532 million. These outstanding balances and the Agreed DSLN Payout Amount (**Agreed Westpac Payout Amounts**) will be fully repaid with the proceeds of the Transaction.

The Company has further entered into various shareholder loans with Mr Lewis Timms and C Timms. Mr Lewis Timms is the Company's Chairman and agreed to loan the Company a total of \$500,000 for working capital purposes, of which all is currently outstanding (**Timms Amounts**). Interest is calculated on the outstanding amounts at BBSY + 3.75%. The loan is unsecured and repayable after the DSLN is fully repaid.

To facilitate the payment of the Agreed Westpac Payout Amounts to Westpac and the repayment of the Timms Amounts to Mr Lewis Timms and C Timms and to provide the Company with additional working capital, the Company has negotiated and agreed the Subscription Agreement with the Subscriber.

Summary of the Placement

Under the terms of the Subscription Agreement, the Company has agreed:

- to issue the Subscription Shares to the Subscriber, with:
 - the number of Subscription Shares to be issued equal to 51.00% of the issued capital of the Company on a fully diluted basis at the time of issue (which the Company anticipates will be approximately **85,530,329** Shares);
 - the Subscriber to pay a Subscription Price of \$0.06 per Subscription Share as consideration for the issue of the Subscription Shares (with the total amount payable for the Subscription Shares anticipated to be approximately **\$5,131,820 (Subscription Amount)** based on the anticipated number of Subscription Shares to be issued);
 - the Subscription Amount to be paid in two tranches, with an interim payment of \$3,100,000 (**Interim Payment**) to be paid following satisfaction of certain conditions precedent which are expected to be satisfied shortly after the Meeting and the balance to be paid on the Settlement Date;
- to utilise the proceeds of the Subscription Amount in the following order of priority:
 - firstly, towards the Agreed Westpac Payout Amounts;
 - secondly, towards repayment of the Timms Amounts; and
 - the balance for general working capital purposes as determined by the Board; and

- to undertake all actions reasonably within its power to appoint the Subscriber's nominees to the Board, with the Subscriber entitled to nominate such number of persons to the Board as to constitute the majority of the Directors.

The Company will be entitled to apply the proceeds of the Interim Payment towards repayment of the Agreed Westpac Payout Amounts and the Timms Amounts prior to the Settlement Date. Under the terms of the Subscription Agreement, the Company is entitled to retain the Interim Payment even if settlement does not occur, unless the Subscription Agreement is terminated due to the Company's breach or other fault of the Company. That is, if the Subscriber fails to comply with its obligation to pay the balance of the Subscription Amount, the Company is not obliged to issue the Subscription Shares but may retain the Interim Payment.

The Subscription Price of \$0.06 is higher than the VWAP of the Company's shares in recent months. As set out in section 9.2.3 of the Independent Expert's Report attached as Annexure A, the movement of the Company's share price and trading volumes up to and including 30 August 2019 are as follows:

	Low \$	High \$	VWAP	Volume
1 month	0.032	0.050	0.046	538,940
2 months	0.030	0.050	0.044	642,830
3 months	0.030	0.050	0.041	1,012,370
6 months	0.030	0.061	0.042	1,182,010
12 months	0.030	0.070	0.048	1,675,260

As set out in section 9.2.5 of the Independent Expert's Report, the Independent Expert has concluded on the basis of the above movements in share price that the market value of the Company's shares (allowing a 10% premium for control) is between \$0.044 and \$0.055 per share, with a midpoint of **\$0.0495** per share.

The Subscription Price of \$0.06 per share therefore represents a premium of 21.21% to this market value of the Company's shares.

Impact on control of the Company

As at the date of this Notice, the Subscriber does not hold an interest in any shares in the capital of the Company. Following completion of the Placement and upon issue of the Subscription Shares to the Subscriber (**Completion**), the Subscriber will directly hold 51.00% of the Company's Shares. In addition, it will have the ability to appoint a majority of the Directors to the Board of the Company.

The issued capital of the Subscriber is held in equal shares by:

- Mr Jie Ma as trustee of the Ma Family Trust; and
- Dean Consolidated Holdings Pty Ltd (ACN 635 729 501) (**DCH**), of which Mr Wayne Ding is the sole beneficial shareholder.

For the reasons set out in further detail in section 8.3 of Part B, each of Mr Ma, DCH and Mr Ding (together, the **Subscriber's Holders**) will have a relevant interest in the Subscription Shares and will indirectly hold 51.00% of the Company's Shares from Completion.

The Independent Directors are of the view that, following Completion, the Subscriber and the Subscriber's Holders will effectively be in a position to control the Company. See section 8.3 of Part B for further details.

Risks and advantages of the Placement

Sections 2 and 3 of Part B respectively set out the reasons why you may wish to vote for or against the Placement. In addition, you are encouraged to consider the key risks of the Placement which are set out in section 4 of Part B.

Reasons to vote in favour of the Placement include the following:

- the Independent Expert has concluded that the Placement is fair and reasonable to Shareholders of the Company other than the Subscriber and its associates;
- the Company will be able to apply the Subscription Amount to repay and be released from all of its current debt arrangements (including in relation to the DSLN and other Westpac facilities and the Timms Amounts) and obtain sufficient working capital to fund its operations in the near-to-medium term;
- if the Placement does not complete there is a risk that the Company's Share price will fall upon termination of the Placement; and
- if the Placement does not complete the Company will need to obtain other equity funding, arrange refinancing and/or realise assets or business divisions which will incur further costs and time with no guarantee that such funding alternatives can be found.

You may have reasons to vote against the Placement which could include:

- the impact of the Placement on the control of the Company (as summarised above and in section 1.7 of Part B below);
- you may disagree with the recommendation of the Independent Directors or the conclusions of the Independent Expert;
- you may disagree with the Subscriber's intentions for the Company (see section 8.3 of Part B below); and
- you may assess that the advantages of the Placement are outweighed by the risks associated with the Placement, including the following (please see section 4 of Part B for a more detailed discussion of the key risks):
 - the balance of the Subscription Amount remaining for working capital purposes may be insufficient, requiring the Company to obtain further equity capital and, potentially, debt funding;
 - 'major shareholder' risk arising from the Subscriber's substantial interest in the Company and its ability to control the Company's operations, which may act as a deterrent to future capital raisings from third parties; and
 - general economic conditions and risk factors, summarised in more detail in section 4.1 of Part B.

Independent Expert's Report

The Independent Directors have appointed Drew Townsend of Hall Chadwick as the Independent Expert to assess whether the Placement is fair and reasonable to the non-associated Shareholders of the Company, being those Shareholders other than the Subscriber associates (**Non-Associated Shareholders**).

The Independent Expert has concluded that the Placement is **fair and reasonable** to the Non-Associated Shareholders.

A complete copy of the Independent Expert's Report is included as Annexure A of this Notice.

Independent Directors' recommendation

Each of the Independent Directors of the Company recommends that Shareholders vote in favour of the Placement Resolutions put to Shareholders and each intends to vote their personal shares and any undirected proxy votes they hold in favour of the Placement.

Next Steps

Certain aspects of the Placement require the approval of Shareholders for the purposes of the Corporations Act. For this reason, the Board proposes to seek that approval at the Company's Annual General Meeting to be held at the Head Office of Oldfields Holding Limited located at 8 Farrow Road, Campbelltown NSW 2560 on 27 November 2019 at 2.00PM (AEDT).

The Placement Resolutions to be put to Shareholders at the Meeting are explained in more detail in sections 8 to 11 of Part B (inclusive) below.

The Independent Directors encourage you to attend the Meeting or appoint a proxy, attorney or (in the case of corporate Shareholders) a corporate representative to vote on your behalf. Instructions for voting are set out on page 10 below.

Please read this Notice and the accompanying Independent Expert's Report carefully and in their entirety as they contain important information that will assist you in making an informed decision on how to vote.

You are also encouraged to seek independent advice from your financial, taxation and other professional advisers prior to making any decision in respect of the Placement.

Further Information

If you have any questions about the Placement please contact Richard Abela (at richard.abela@oldfields.com.au or on (02) 4645 0701) or Alan Lee (at alan.lee@oldfields.com.au or on (02) 4645 0702).

Notice of Annual General Meeting

NOTICE IS GIVEN that this year's Annual General Meeting of the Shareholders of Oldfields Holdings Limited (**Company**) will be held at Oldfields Holdings Limited Head Office, 8 Farrow Road, Campbelltown NSW 2560 on 27 November 2019 at 2.00PM (AEDT).

The Explanatory Memorandum which accompanies and forms part of this Notice describes in more detail the matters to be considered.

Agenda

ORDINARY BUSINESS

Receipt of Annual Report, Annual Financial Statements, Directors' and Audit Reports

(This item of business is for discussion only and is not for resolution)

"To receive and consider the Annual Report and Annual Financial Statements of the Company and the Economic Entity together with the Directors' Report and Audit Report and Remuneration Report for the year ending 30 June 2019."

Resolution 1 Re-Election of William Lewis Timms as a Director

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

"That William Lewis Timms, who retires by rotation in accordance with the Company's Constitution, and being eligible offers himself for re-election as a Director, be re-elected as a Director."

Resolution 2 Remuneration Report

To consider and, if thought fit, to pass with or without amendment, the following resolution as a non-binding ordinary resolution:

"That the Company's Remuneration Report for the year ended 30 June 2019 be adopted."

Voting Prohibition - Resolution 2

Under the Corporations Act, no votes may be cast in favour of Resolution 2 by or on behalf of:

- (a) a member of the Key Management Personnel (**KMP**), details of whose remuneration are included in the Remuneration Report; or
- (b) any closely related parties of a person referred to in paragraph (a) above (such as certain of their family members, dependents and companies they control).

However, this does not prevent those KMPs or any of their closely related parties from voting as a proxy for a person who is not a member of the KMP or a closely related party if:

- (a) the person specifies the way the proxy is to vote on this resolution in the proxy form; or
- (b) the person voting as a proxy is the Chairman and the proxy form does not specify the way the Chairman is to vote but does expressly authorise the Chairman to exercise the proxy even if the resolution is directly or indirectly connected with the remuneration of a member of the KMP.

SPECIAL BUSINESS

Resolution 3 Issue of Subscription Shares to Subscriber

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

"That for the purposes of Chapter 2E and item 7 of section 611 of the Corporations Act and for all other purposes, the issue of the Subscription Shares to the Subscriber as consideration for the payment of the Subscription Amount on the terms and conditions set out in the Explanatory Memorandum be approved."

Voting Prohibition - Resolution 3

Under item 7 of section 611 of the Corporations Act, no votes may be cast in favour of Resolution 3 by:

- (a) the person proposing to make the acquisition; or
- (b) the person (if any) from whom the acquisition is to be made; or
- (c) an associate of a person referred to in paragraphs (a) or (b) above.

In addition, under section 224(1) of the Corporations Act, no vote may be cast in favour of Resolution 3 by:

- (a) a related party of the Company to whom Resolution 3 would permit a financial benefit to be given; or
- (b) an associate of a person referred to in paragraph (a) above.

However, section 224(1) does not prevent the casting of a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 3; and
- (b) it is not cast on behalf of a related party or associate of a kind referred to in section 224(1).

Accordingly, the Company will disregard any votes cast on Resolution 3 by the Subscriber and any of its associates.

Resolution 4 Appointment of Mr David Baird as Non-Executive Director

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

"That, subject to the passing of Resolution 3, for the purposes of rule 6.1(c) of the Company's constitution and for all other purposes, Mr David Baird be appointed as a Non-Executive Director of the Company with effect on and from the issue of the Subscription Shares to the Subscriber".

Resolution 5 Appointment of Mr Jie Ma as Non-Executive Director

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

"That, subject to the passing of Resolution 3, for the purposes of rule 6.1(c) of the Company's constitution and for all other purposes, Mr Jie Ma be appointed as a Non-Executive Director of the Company with effect on and from the issue of the Subscription Shares to the Subscriber".

Resolution 6 Appointment of Mr Jonathan Doy as Non-Executive Director

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

"That, subject to the passing of Resolution 3, for the purposes of rule 6.1(c) of the Company's constitution and for all other purposes, Mr Jonathan Doy be appointed as a Non-Executive Director of the Company with effect on and from the issue of the Subscription Shares to the Subscriber".

OTHER BUSINESS

To transact any other business which may be lawfully brought forward at the Meeting.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'Alan Lee', with a long horizontal flourish extending to the right.

Alan Lee
Company Secretary
29 October 2019

Determination of Shareholders' Right to Vote

For the purposes of Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Directors have determined that the voting entitlements for the purposes of the Meeting will be based on the registered holdings as at 7.00PM (AEDT) on 25 November 2019. Accordingly, those persons will be entitled to attend and vote at the Meeting.

How to Vote

You may vote by attending the Meeting in person, by proxy, attorney or authorised representative.

Proxy Form

A proxy form is enclosed with the Notice. If an additional proxy form is required, the Company's Registry will supply it on request.

Proxies

1. Each Shareholder has a right to appoint a proxy.
2. A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, then each proxy may exercise one-half of the votes. Fractions of votes will be disregarded.
3. A proxy need not be a Shareholder of the Company.
4. To be effective, the Company must receive the completed proxy form and, if the form is signed by the Shareholder's attorney, the authority under which the proxy form is signed (or a certified copy of such) by no later than 2.00PM (AEDT) on 25 November 2019:
 - (1) by mail to its Registry, Boardroom Pty Limited, GPO Box 3993 Sydney NSW 2001; or
 - (2) by facsimile to its Registry on fax number 61 2 9290 9655.
5. Proxies given by corporate shareholders must be executed in accordance with their constitutions, or under the hand of a duly authorised officer or attorney.
6. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy must vote on that item of business as directed. If the proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit.

Other

Words that are defined in the Explanatory Memorandum and Glossary have the same meaning when used in this Notice unless the context requires, or the definitions in the Glossary provide, otherwise.

Explanatory Memorandum

Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of Oldfields Holdings Limited (**Company**) in connection with the business to be conducted at the Annual General Meeting of the Company to be held at Oldfields Holdings Limited Head Office, 8 Farrow Road, Campbelltown NSW 2560 on 27 November 2019 at 2.00PM (AEDT).

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting. Capitalised terms in this Explanatory Memorandum are either defined in the Glossary, or elsewhere, in this Explanatory Memorandum.

Part A: Ordinary Business

1. Resolution 1 - Re-Election of William Lewis Timms as a Director

Under rule 6.1(f) of the Constitution, one-third of the Directors (rounded down to the nearest whole number, if necessary) must retire from office at every annual general meeting, excluding the Managing Director and any Director retiring under rule 6.1(e).

Under rule 6.1(i) of the Constitution, a retiring Director is eligible for re-election without having to give any prior notice of an intention to submit for re-election and holds office as a Director until the end of the meeting at which the Director retires.

Mr Timms is the only Director required to retire at the Meeting under rule 6.1(f) of the Constitution and, being eligible, is standing for re-election.

Mr Timms joined the Board on 18 December 2009. As a current Director, Mr Timms has made and continues to make a significant contribution to the Company. Please see the Directors' Report for the year ended 30 June 2019 for details regarding Mr Timms' experience, qualifications and special responsibilities.

The Board advises that it does not consider Mr Timms to be an independent Director on the basis that he is a substantial shareholder of the Company.

The Board (other than Mr Timms) recommends that the Shareholders resolve to re-elect Mr Timms as a Director.

2. Resolution 2 - Remuneration Report

The Remuneration Report contains matters set out in section 300A of the Corporations Act and is contained within the Company's Annual Report under a separate heading and includes, amongst other things, the Board's policies for determining the remuneration of the Company's Key Management Personnel.

Section 250SA of the Corporations Act requires that Shareholders be allowed reasonable opportunity to ask questions or make comments about the Remuneration Report at the Meeting. Section 250R(2) of the Corporations Act requires that a resolution that the Remuneration Report be adopted be put to the vote at the Meeting. Section 250R(3) of the Corporations Act provides that the vote on Resolution 2 is advisory only and does not bind the Directors or the Company.

Part B: Special Business

1. Placement summary

1.1 Overview

Under the terms of the Subscription Agreement, the Company has agreed to issue the Subscription Shares to the Subscriber as consideration for the payment of the Subscription Amount. The terms of the Subscription Agreement are set out in more detail in section 1.2 below.

Following the issue of the Subscription Shares, the total shareholding of the Subscriber in the Company will be 51.00% of the Company's issued capital. Please see section 1.7 below for details of the changes to the Company's capital structure which will occur on Completion of the Placement.

Please see section 8.3 below for further details regarding the Subscriber and the Subscriber's Holder's relevant interests and voting power in the Company following Completion.

The Company entered into the Subscription Agreement in order to facilitate the payment of the Agreed Westpac Payout Amounts to Westpac and the repayment of the Timms Amounts to Mr Lewis Timms. The proceeds of the Subscription Amount will be used to pay those amounts, with the balance to be used for general working capital purposes. Please see section 1.3 below for further details regarding the DSLN and Westpac Termination Deed and section 1.5 below regarding the Timms Amounts.

The purpose of the special business of this Meeting is to seek the Shareholder approvals required under the Corporations Act in order to undertake the Placement. Those approvals are explained in more detail in sections 8 and 9 below.

1.2 Subscription Agreement

The key terms and conditions of the Subscription Agreement between the Company and the Subscriber dated 26 October 2019 are as follows:

Key Placement Terms

- The Subscriber will pay the Subscription Price of \$0.06 per Subscription Share to the Company as consideration for the issue of the Subscription Shares. The Company anticipates that the total number of Subscription Shares to be issued will be **85,530,329** (representing 51.00% of the Company's issued share capital on a fully diluted basis as at the Settlement Date), and the total Subscription Amount will be **\$5,131,820**.
- The Subscriber must pay the Subscription Amount to the Company in two tranches, with the Interim Payment of \$3,100,000 to be paid 2 business days following satisfaction or waiver of all conditions precedent (summarised below). The Subscriber must then pay the balance of the Subscription Amount by no later than Wednesday, 18 December 2019. If the Subscriber fails to pay by that date, the Company can issue a notice to complete requiring the Subscriber to pay the balance of the Subscription Amount within 60 days. If the Subscriber does not pay the balance of the Subscription Amount within 60 days, the Company can terminate the Subscription Agreement.
- The Company will issue the Subscription Shares to the Subscriber 2 business days after the balance of the Subscription Amount is paid (**Completion Date**).
- The Company has agreed to undertake all actions reasonably within its power to appoint the Subscriber's nominees to the Board, with the Subscriber entitled to nominate such number of persons to the Board as to constitute the majority of the Directors. At this stage, the Subscriber has nominated Mr David Baird, Mr Jie Ma and Mr Jonathan Doy for appointment to the Board.

- The Company has undertaken to apply the proceeds of the Subscription Amount in the following order of priority:
 - firstly, towards the Agreed Westpac Payout Amounts;
 - secondly, towards repayment of the Timms Amounts; and
 - the balance for general working capital purposes as determined by the Board.
- The Company may apply the proceeds of the Interim Payment towards repayment of the Agreed Westpac Payout Amounts and the Timms Amounts prior to the Settlement Date. Under the terms of the Subscription Agreement, the Company is entitled to retain the Interim Payment even if settlement does not occur, unless the Subscription Agreement is terminated due to the Company's breach or other fault of the Company. That is, if the Subscriber fails to comply with its obligation to pay the balance of the Subscription Amount, the Company is not obliged to issue the Subscription Shares but may retain the Interim Payment.

Key Conditions

The Placement is subject to the satisfaction of a number of conditions, including:

- the Company obtaining all necessary Shareholder approvals required by the Corporations Act and the ASX Listing Rules including, without limitation:
 - Shareholder approval pursuant to Chapter 2E of the Corporations Act for the issue of the Subscription Shares to the Subscriber; and
 - Shareholder approval pursuant to item 7 of section 611 of the Corporations Act for the issue of the Subscription Shares to the Subscriber; and
- the Independent Expert concluding that the Placement is fair and reasonable;
- all conditions precedent to the payment of the Agreed Westpac Payout Amounts and completion of the Westpac Termination Deed being satisfied or waived;
- Mr Timms acknowledging and agreeing via a deed (in a form reasonably acceptable to the Subscriber) that the Timms Amounts are the only amounts owing by the Company to Mr Timms; and
- other conditions regarding the ongoing conduct of the Company's business and no changes occurring between the date the Subscription Agreement is signed and the Settlement Date.

If any of the above conditions are not satisfied or waived by 31 December 2019 (**End Date**), either party may terminate the Subscription Agreement by notice to the other party.

Representations and Warranties

The Subscription Agreement contains representations and warranties given by the Company and the Subscriber which are typical for an agreement of this nature, including in relation to:

- the authority of each party to enter into the Subscription Agreement;
- the Subscription Shares being validly issued and fully paid; and
- compliance with relevant laws.

1.3 Westpac Termination Deed

On 21 December 2012, the Company issued a deferred senior loan note (**DSLNL**) to Westpac Banking Corporation (**Westpac**).

The main terms of the DSLNL are as follows:

- the face value is \$2,456,751 with a maturity date at 21 November 2022;
- from 21 December 2017 and up to the maturity date, an interest rate of 12% p.a. applies;
- a redemption premium is payable if the market value is greater than the face value of the DSLNL. The premium amount is equivalent to the difference between the face value of the DSLNL and the market value. The market value is determined by the volume weighted average share price (VWAP) 15 business days prior to the redemption or maturity date as applicable, multiplied by 23,702,240 reference shares;
- If the market value is calculated to be lower than the face value of the DSLNL, the redemption premium is deemed to be nil and the only repayment due will be the face value;
- The market value is currently lower than the face value of the DSLNL;
- The DSLNL is secured against the assets of the Company and subject to several financial covenants:
 - interest cover ratio;
 - gearing ratio;
 - annual limit on capital expenditure;
 - cash sweep of 75% of the Company's free cash flow; and
- the Company and Westpac have negotiated a deed of redemption and termination (**Westpac Termination Deed**) under which the Company has agreed to pay Westpac a payout amount of \$1.185m (**Agreed DSLNL Payout Amount**) in consideration for Westpac discharging and releasing the Company from any obligations or claims under the DSLNL.

1.4 Other Westpac facilities

The Company also has a bank bill facility of \$0.167 million, an overdraft facility with a current outstanding balance of \$1.141 million and various other card facilities with Westpac. The total outstanding balance of all other Westpac facilities as at the date of this Notice is \$1.532 million. These outstanding balances and the Agreed DSLNL Payout Amount (**Agreed Westpac Payout Amounts**) will be fully repaid with the proceeds of the Transaction.

1.5 Timms Amounts

The Company has further entered into various shareholder loans with Mr Lewis Timms and C Timms. Mr Lewis Timms is the Company's Chairman and agreed to loan the Company a total of \$500,000 for working capital purposes, of which all is currently outstanding (**Timms Amounts**). Interest is calculated on the outstanding amounts at BBSY + 3.75%. The loan is unsecured and repayable after the DSLNL is fully repaid.

1.6 Financial Information

The Financial Information set out in Schedule 1 comprises a historical and pro-forma statement of financial position in relation to the Company. The pro-forma statement of financial position has been prepared as at 30 June 2019 and assumes Completion of the Placement and repayment of the Agreed Westpac Payout Amounts and Timms Amounts.

1.7 Pro-forma capital structure

Table 1 below shows the effect on the share capital of the Company following Completion of the Placement.

Table 1: Capital Structure

Pre-Placement Share Structure	No.	%
Non-Associated Shareholders	82,176,198	100%
Subscriber	nil	0%
Total Shares on issue	82,176,198	100.00%
Placement		
Issue of Subscription Shares	85,530,329*	N/A
Total Shares on issue	167,706,527	N/A
Post-Placement Share Structure		
Non-Associated Shareholders	82,176,198	49.00%
Subscriber	85,530,329*	51.00%
Total Shares on issue	167,706,527	100.00%

*Being the number of Shares which the Company anticipates will equal 51.00% of the Company's issued capital on a fully diluted basis at the time of issue.

As can be seen from Table 1 above, the Placement will result in the dilution of the percentage interest of the existing Non-Associated Shareholders in the Company from 100% to 49.00% (in total).

The Subscriber will obtain a relevant interest in 51.00% of the Company as a result of the Placement. In addition, and as explained more fully in section 8.3, for the purposes of Chapter 6 of the Corporations Act:

- each of the Subscriber's Holders will obtain a relevant interest in the Subscription Shares to be issued to the Subscriber; and
- as a result, the voting power in the Company attributed to each of the Subscriber and the Subscriber's Holders will increase from 0% to 51.00%.

Your Independent Directors have formed the view that the relevant interest to be obtained by the Subscriber and the Subscriber's Holders as a result of the Placement is sufficient to give the Subscriber and the Subscriber's Holders practical control of the Company. A summary of the Subscriber and the Subscriber's Holders' intentions in relation to the Company following Completion are set out in section 8.3 below.

2. Why you should vote to approve the Placement

2.1 Summary of reasons

The Independent Directors recommend that you vote to approve the Placement for the following reasons:

- the Independent Expert has concluded that the Placement is fair and reasonable to the Non-Associated Shareholders of the Company;

- the Company will be able to apply the Subscription Amount to repay and be released from all of its current debt arrangements (including in relation to the DSLN and other Westpac facilities and the Timms Amounts) and obtain sufficient working capital to fund its operations in the near-to-medium term;
- if the Placement does not complete there is a risk that the Company's Share price will fall upon termination of the Placement; and
- if the Placement does not complete the Company will need to obtain other equity funding, arrange refinancing and/or realise assets or business divisions which will incur further costs and time with no guarantee that such funding alternatives can be found.

Each of these reasons is considered in more detail below.

2.2 Independent Expert

The Independent Expert has concluded that the Placement is fair and reasonable to the Company's Non-Associated Shareholders.

For a complete copy of the Independent Expert's Report, please see Annexure A to this Notice.

2.3 Repaying debt and obtaining working capital

The existing Westpac facilities (including the DSLN) have placed strain on both the Company's cash flows and its ability to grow and expand, given the financial covenants (e.g. annual limit on capital expenditure, cash sweep of the Company's 75% free cash flow). A breach of any financial covenant could result in the Company having to immediately repay all of the outstanding debts.

If the Placement is approved, the Company will use the Subscription Amount to pay the Agreed Westpac Payout Amounts and repay the Timms Amounts. After these payments, the Company will be in a debt free position with approximately \$1.91m additional working capital for the growth of the Company. The Board considers that the additional working capital will be sufficient for funding the Company's growth in the near future.

2.4 Company share price

If the Placement is not approved there is a risk that the Company's share price will fall back to or below the levels it traded at prior to the announcement of the Placement.

2.5 Company operations

If the Placement is not approved, the Company will need to obtain other equity funding, arrange refinancing of the Westpac facilities and/or realise assets and business divisions of the Company.

It will not likely be able to arrange refinancing of the Westpac facilities in the short to medium term due to the complex structure of the DSLN. It will also likely incur further costs and time with no guarantee that further equity funding alternatives or a buyer for the Company's assets and business divisions can be found.

3. Why you may wish to vote against the Placement

3.1 Summary of Reasons

Although the Independent Directors recommend that you vote in favour of the Placement, you may be influenced by other factors to vote against the Placement, including the following:

- the Placement will have a significant impact on the control of the Company;
- you may disagree with the recommendation of the Independent Directors or the conclusions of the Independent Expert; and
- you may disagree with the Subscriber's intentions for the Company.

Each of these reasons is considered in more detail below.

3.2 Impact on control

As set out in section 1.7 above, the shareholdings of the Company's existing Shareholders will be diluted as a result of the Placement, with the Subscriber to hold 51.00% of the expanded share capital of the Company following Completion.

In addition, the Subscriber will have the ability to appoint a majority of Directors to the Board of the Company. The Independent Directors are of the view that, following Completion, the Subscriber (and the Subscriber's Holders) will effectively be in a position to control the Company. There is a risk that the Subscriber will use its voting power and ability to appoint Directors to the Board to pursue interests which differ from those of other Shareholders.

3.3 Recommendations and Independent Expert's Report

You may disagree with the opinion of the Independent Directors or the conclusion of the Independent Expert that the Placement is fair and reasonable.

3.4 Subscriber's intentions

The Subscriber's intentions with respect to the Company are set out in section 8.3 below. You may disagree with the Subscriber's intentions and strategy for the Company.

4. Key Risks

4.1 Specific Risk Factors

- **Balance of the Subscription Amount remaining for working capital is insufficient** - After the payment of the Agreed Westpac Payout Amounts and repayment of the Timms Amounts, there will be approximately \$1.91m remaining for additional working capital. With the continuous growth of the Company, further equity capital may be required and this may have further dilution effect on the shareholdings of existing Oldfields Shareholders.

The Company may also obtain debt funding for working capital purposes. However, the Board would ensure that the Company's debt and equity position is maintained at an optimal level.

- **Major shareholder risk** – Following the Completion of the Placement, the Subscriber will be the largest shareholder in the Company and, in the opinion of the Independent Directors, will have the ability to control the affairs of the Company. This may act as a deterrent to future equity capital raisings from third parties.

The Company currently also has a number of substantial shareholders on its share register. There is a risk that these shareholders, future substantial shareholders, or other large shareholders may sell their shares at a future date. This could cause the price of Oldfields Shares to decline.

4.2 General Risk factors

In addition to the specific risk factors noted above there are a number of general risk factors that may impact the Company's future performance:

- **Competition** - The Company operates in a competitive market which is subject to moderate barriers to entry. The Company's competitive position may be adversely impacted by an existing or new competitor who attempts to aggressively grow its market share through widespread promotion. If the Company is not successful in competing in such an environment, then this may impact the Company's competitive position resulting in loss of market share, sales and margins and have an adverse impact upon the Company's future financial performance.
- **Availability of inputs and input costs** - Oldfields relies on various procurement relationships for the steady supply of raw materials, finished goods and products such as aluminium, steel, paint tools and accessories, all of which are key to operating its business. Significant supply disruptions could result in a material reduction in the availability of inputs required to support Oldfields operation.

Increases in the prices of these inputs, including those increases caused by foreign exchange movements and transportation costs, could adversely affect Oldfields earnings if selling prices are not adjusted, or if adjusting selling prices adversely impacts customers' demand for Oldfields products.

- **Brand and reputation risks** - The success of Oldfields is largely dependent on its reputation and branding.

Maintaining the strength of the reputation and branding of the Oldfields Group is integral to its ability to maintain relationships with existing customers, appeal to new customers, maintain sales growth and attract key employees. Factors which adversely affect Oldfields reputation may have negative impact on its competitiveness, growth and profitability.

There is an ongoing risk that some incident beyond the control of Oldfields may occur that results in reduced consumer confidence or altered preferences for the Oldfields brand. Such an incident could reduce revenues, deteriorate consumer trust, reduce the desirability of Oldfields, and reduce the prominence of the relevant brand to customers.

- **Foreign Exchange exposure** - An investment in Oldfields will include indirect exposure to currency fluctuations. The impact of foreign exchange rate fluctuations is mitigated by holding suitable levels of inventory, the purchase of forward foreign exchange contracts and through price adjustments passed on to customers. If Oldfields hedging strategies are not successful, Oldfields may experience financial loss.
- **General economic conditions** - Adverse changes in economic conditions such as interest rates, exchange rates, inflation, government policy, national and international economic conditions and employment rates amongst others are outside Oldfields control and have the potential to have an adverse impact on Oldfields and its operations.

5. Action to be taken by Shareholders in relation to the Placement

5.1 Step 1 – Read this Notice and seek advice as appropriate

This is an important document. You should read this Notice, including the Explanatory Memorandum and Independent Expert's Report in full before deciding how to vote on the Placement Resolutions.

If you are in any doubt as to what action you should take, you should seek financial, tax or other professional advice before making any decision in relation to your Shares and how to vote on the Placement Resolutions.

5.2 Step 2 – Vote on the Resolutions at the Meeting

You may vote on the Resolutions to be considered at the Meeting (including the Placement Resolutions) if you are registered as a Shareholder on the Register at 7.00PM (AEDT) on 25 November 2019.

You may vote on the Resolutions by attending the Meeting in person, or by proxy, attorney or, in the case of a corporation which is a Shareholder, by corporate representative.

If you wish to vote in person, you should attend the Meeting at the Head Office of Oldfields Holding Limited located at 8 Farrow Road, Campbelltown NSW 2560 on 27 November 2019 at 2.00PM (AEDT).

If you wish to appoint a proxy for the Meeting, you must complete and lodge the enclosed applicable Proxy Form so that it is received no later than 2.00PM (AEDT) on 25 November 2019.

Completed Proxy Forms must be lodged in accordance with the instructions set out in the enclosed Proxy Form.

6. Interdependence of Placement Resolutions

Resolutions 4, 5 and 6 are subject to and conditional upon Resolution 3 being passed. If Resolution 3 is not passed, it will be deemed that Resolutions 4, 5 and 6 have not been passed. That is, Mr David Baird, Mr Jie Ma and Mr Jonathan Doy will not be appointed as Directors unless the Placement is approved.

However, Resolution 3 is not subject to or conditional upon the passing of Resolutions 4, 5 or 6.

7. Independent Expert's Report

The Board of the Company appointed Drew Townsend of Hall Chadwick as an independent expert and commissioned him to prepare a report to:

- (a) opine as to whether the Placement is fair and reasonable to the Shareholders not associated with the Subscriber or its associates; and
- (b) provide a valuation of the financial benefits to be provided to the Subscriber in its capacity as related parties of the Company.

The preparation of the Independent Expert's Report is required in relation to:

- (a) Chapter 2E of the Corporations Act regarding the issue of the Subscription Shares to the Subscriber (as set out in ASIC Regulatory Guide 76: Related party transactions); and
- (b) item 7 of section 611 of the Corporations Act regarding the issue of Subscription Shares to the Subscriber and the resultant acquisition by the Subscriber and the Subscriber's Holders of a relevant interest in more than 20% of the issued capital of the Company (as set out in ASIC Regulatory Guide 74: Acquisitions approved by members).

The Independent Expert has concluded that the Placement is fair and reasonable to the Non-Associated Shareholders.

The Board recommends that Shareholders read the Independent Expert's Report in full. A copy of the Independent Expert's Report is attached as Annexure A to this Explanatory Memorandum.

8. Resolution 3 – Issue of Subscription Shares to Subscriber

Resolution 3 seeks Shareholder approval for the purposes of Chapter 2E of the Corporations Act and item 7 of section 611 of the Corporations Act for the issue of the Subscription Shares by the Company to the Subscriber.

8.1 Chapter 2E of the Corporations Act

Under Chapter 2E of the Corporations Act, a public company must not 'give a financial benefit' to a 'related party', unless it has obtained shareholder approval for the giving of that benefit or one of the exceptions set out in sections 210 to 216 of the Corporations Act applies.

Under section 228 of the Corporations Act, a person or other entity will be a related party of a company in the following situations (amongst others):

- 228(1) - the person or entity controls the company;
- 228(2) - the person is a director of the company, a director of an entity that controls the company, or a spouse of such a director;
- 228(3) - the person is a parent or child of a director or spouse mentioned in section 228(2);
- 228(4) - the entity is controlled by a related party referred to in sections 228(1) to (3);
- 228(5) - the person or entity was a related party of the company under sections 228(1) to (4) at any time within the previous 6 months;
- 228(6) - the person or entity believes or has reasonable grounds to believe that it is likely to become a related party of the company of a kind referred to in sections 228(1) to (4) at any time in the future; and
- 228(7) - the person acts in concert with a related party of the public company on the understanding that the related party will receive a financial benefit if the public company gives the entity a financial benefit.

Section 229 of the Corporations Act defines 'giving a financial benefit' very broadly, and includes buying an asset from a related party and issuing securities to a related party.

The Board is of the view that the Subscriber is a related party of the Company for the following reasons:

- If Completion occurs, the Subscriber will hold 51.00% of the Shares on issue in the Company, and will also have the ability to appoint the majority of Directors to the Board. As a result, the Board considers that the Subscriber is likely to be in a position to exercise practical control of the Company following Completion.
- Although the Subscriber would not obtain practical control until Completion occurs, such that it would only be a related party of the Company under section 228(1) at that time, the Board considers that the Subscriber would currently have reasonable grounds to believe that it will become a related party of the Company in the future by virtue of section 228(1). Accordingly, the Subscriber would be a related party of the Company at present under section 228(6).

Shareholder approval is therefore sought for the purposes of Chapter 2E for the issue of the Subscription Shares to the Subscriber (which amounts to the giving of a financial benefit to the Subscriber).

8.2 ASX Listing Rule 10.11

The Board notes that shareholder approval is also ordinarily required under ASX Listing Rule 10.11 for the issue of shares to a related party.

However, exception 6 in ASX Listing Rule 10.12 provides that approval is not required for the issue of shares under ASX Listing Rule 10.11 if the issue is to a person who is a related party by reason only of the issue and the application to it of section 228(6) of the Corporations Act.

As section 228(6) is the only ground on which the Subscriber is currently a related party of the Company, shareholder approval is not required under ASX Listing Rule 10.11.

8.3 Item 7 of Section 611

Takeover Prohibition

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person, and because of the transaction that person's or someone else's voting power in the company increases:

- from 20% or below to more than 20%; or
- from a starting point that is above 20% and below 90%.

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

Relevant Interest

Under section 608(1) of the Corporations Act, a person has a relevant interest in securities if they:

- are the holder of the securities;
- have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- have the power to dispose of, or control the exercise of a power to dispose of, the securities.

Further, under section 608(3) of the Corporations Act, a person is deemed to have a relevant interest in securities that a company has if their voting power in the company is above 20% or if they control the company.

Associates

Subject to specified exclusions, a person (**second person**) will be an associate of another person (**first person**) if:

- the first person is a body corporate and the second person is:
 - a body corporate that the first person controls;
 - a body corporate that controls the first person; or
 - a body corporate that is controlled by an entity that controls the first person; or
- the second person has entered or proposes to enter into a relevant agreement with the first person for the purposes of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
- the second person is a person with whom the first person is acting or proposing to act in concert in relation to the company's affairs.

An entity controls another entity if it has the capacity to determine the outcome of decisions about the other entity's financial and operating activities (section 50AA of the Corporations Act).

Item 7 of Section 611 Exception

Item 7 of section 611 provides an exception to the prohibition in section 606(1) of the Corporations Act, whereby a person may acquire a relevant interest in a company's voting shares if the shareholders of that company approve the acquisition.

Acquisition in excess of threshold

Neither the Subscriber nor any of the Subscriber's Holders currently have a relevant interest in any of the issued voting shares in the Company.

As set out in section 1.1 of Part B above, on Completion of the Placement the Subscriber will hold 51.00% of the issued Shares in the Company. The Subscriber's voting power will accordingly increase from nil to 51.00% as a result of the Placement. Accordingly, the Subscriber's voting power in the Company will increase from below 20% to more than 20% at Completion in contravention of section 606(1) of the Corporations Act.

The issued capital of the Subscriber is held in equal shares by:

- Mr Jie Ma as trustee of the Ma Family Trust; and
- DCH, of which Mr Wayne Ding is the sole beneficial shareholder.

Pursuant to the operation of section 608(3)(a) of the Corporations Act, both Mr Ma and DCH will hold a relevant interest in any Shares in the Company held by the Subscriber. Under that section, Mr Ma and DCH will be deemed to have a relevant interest in any Shares in which the Subscriber has a relevant interest due to the fact that their voting power in the Subscriber is above 20%. As such, Mr Ma and DCH's voting power in the Company's Shares will also increase from below 20% to more than 20% at Completion.

As the sole beneficial shareholder of DCH, Mr Wayne Ding controls DCH. Pursuant to the operation of section 608(3)(b) of the Corporations Act, Mr Ding will hold a relevant interest in any Shares in the Company in which DCH holds a relevant interest. Under that section, Mr Ding will be deemed to have a relevant interest in any Shares in which DCH has a relevant interest due to the fact that he controls DCH. As DCH has a relevant interest in any Shares in which the Subscriber has a relevant interest, Mr Ding will also have a relevant interest in such Shares and Mr Ding's voting power in the Company's Shares will also increase from below 20% to more than 20% at Completion.

Accordingly, the Company seeks Shareholder approval under item 7 of section 611 of the Corporations Act for the issue of the Subscription Shares to the Subscriber and the resulting acquisition of a relevant interest in the issued voting Shares of the Company by the Subscriber and the Subscriber's Holders in excess of the threshold prescribed by section 606(1) of the Corporations Act by virtue of the issue of the Subscription Shares to the Subscriber.

Specific information required by item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74: Acquisitions approved by members

The following information is required to be provided to Shareholders under item 7(b) of section 611 of the Corporations Act and ASIC Regulatory Guide 74: Acquisitions approved by members:

- **The identity of the acquirer and their associates and any person who will have a relevant interest in the Shares to be acquired.**

Please see above in the section entitled *Acquisition in excess of threshold* for details of the identity of all persons to acquire a relevant interest in the Shares the subject of the item 7 approval and their associates.

- **The number and percentage of the Shares to which the acquirer is or will be entitled immediately before and after Completion as well as the maximum extent of the increase in the voting power of the acquirer and each of its associates in the Company as a result of the Placement.**

Please see section 1.1 of Part B and the section above entitled *Acquisition in excess of threshold* for details of the number and percentage of Subscription Shares to be issued to the Subscriber as well as the increase in the Subscriber and the Subscriber's Holders' voting power resulting from the Placement.

- **An explanation of the reasons for the Placement.**

Please see sections 1 and 2 of Part B for a detailed explanation of the reasons for the Placement.

- **When the proposed Placement is expected to occur.**

The Subscription Shares will be issued to the Subscriber 2 business days after satisfaction or waiver of all of the conditions precedent set out in the Subscription Agreement (please see section 1.2 above for further details regarding those conditions precedent). The conditions precedent must be satisfied by 31 December 2019, unless the Company and the Subscriber agree to extend that date.

- **The material terms of the proposed acquisition.**

Please see section 1.2 for a summary of the Subscription Agreement which contains the material terms of the issue of the Subscription Shares to the Subscriber.

- **Details of the terms of any other relevant agreement between the acquirer and the Company (or any of their associates) that is conditional on or directly or indirectly depends on member's approval of the proposed acquisition.**

The Company is not aware of any such relevant agreement.

- **A statement of the acquirer's intentions regarding the future of the Company if Shareholders approve the proposed acquisition.**

Other than as disclosed elsewhere in this Notice, as at the date of this Notice the Company understands that the Subscriber does **not** intend to:

- make any significant changes to the business of the Company;
- inject further capital into the Company;
- make any changes to the future employment of the present employees of the Company;
- make any proposal where any assets will be transferred between the Company and the Subscriber or any person associated with them; or
- otherwise redeploy the fixed assets of the Company.

- **Any intention of the acquirer to significantly change the financial or dividend distribution policies of the Company.**

As at the date of this Notice the Company understands that the Subscriber does **not** intend to significantly change the financial or dividend distribution policies of the Company.

- **The interests that any Director has in the acquisition or any relevant agreement related to the acquisition.**

Please see section 12 below for details of the interests of the Directors.

- **Details of any person who is intended to become a director if members approve the acquisition.**

Please see sections 9 to 11 (inclusive) below for information in relation to Mr David Baird, Mr Jie Ma and Mr Jonathan Doy who are to be appointed as Directors of the Company (subject to the passing of the Placement Resolutions).

Further details of the Placement are set out elsewhere in this Notice and in the Independent Expert's Report set out in Annexure A.

8.4 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

As set out above, approval is being sought for the issue of the Subscription Shares to the Subscriber for the purposes of item 7 of section 611 of the Corporations Act. Exception 16 in ASX Listing Rule 7.2 provides that ASX Listing Rule 7.1 does not apply to an issue of securities approved for the purposes of item 7 of section 611 of the Corporations Act. Accordingly, shareholder approval is not required under ASX Listing Rule 7.1 for the issue of the Subscription Shares to the Subscriber.

9. Resolution 4 - Appointment of Mr David Baird as Non-Executive Director

Under the terms of the Subscription Agreement, the Company has agreed to undertake all actions reasonably within its power to appoint the Subscriber's nominees to the Board (with the Subscriber entitled to nominate such number of persons to the Board as to constitute a majority of the Directors of the Company).

The Subscriber has nominated Mr David Baird for appointment to the Board of the Company following Completion. The Board has determined to seek to appoint Mr Baird as a Director pursuant to rule 6.1(c) of the Company's constitution, which allows the Company to appoint a person as a Director by resolution passed in general meeting.

The Company provides the following information in relation to Mr Baird:

- David is a highly respected local government, planning and environmental law specialist. A leading practising Solicitor in NSW, David has personally appeared in over 300 contested hearings and throughout his career has achieved a success rate exceeding 85%. In his career he has established and managed some of Sydney's most successful local government, planning and governance practices in Band 1 and Band 2 firms – evidenced by clients including several NSW councils, industry leading developers, and private clients across the State that continue to be clients to this day. He holds a Bachelor of Arts and Bachelor of Laws from the University of New South Wales, and is a member of the Law Society of NSW. He is a part time lecturer in Local Government and Planning Law at the University of New South Wales (UNSW).
- David began his career in 1981 as a solicitor and by 1991 he became the Partner in Charge of Planning and Local Government Group at Gadens Ridgeway, as well as taking on the same leadership role at Dunhill Madden Butler/Price Waterhouse Coopers Legal. During his 8 year tenure at Maddocks, he became the Head of Local Government and Planning Group for the Firm overseeing major projects and high profile cases. David then joined the HWL Ebsworth Planning Practice in 2009 as Senior

Partner and Practice Group Leader, retiring in 2015 to establish his own firm Baird Lawyers for select clients.

- David is a sought after speaker on a wide range of topics and has appeared on radio and television interviews dealing with public liability in Local Government affecting the use of public parks, delays in the administration of justice and has been a guest speaker at forums on recent developments in local government and planning law. He has acted as a Conduct Reviewer and is acknowledged as an industry leader in governance and Council Meeting Practice and procedure. He produced the only 'Guide to NSW Local Government Meetings' practice in 1996.
- He has acted as an independent Investigator assisting a number of councils with forensic research into failed property development deals and proposed projects. Notable investigations include Woollahra Council on the failed Scott's Development of its Cross Street Public car park and Liverpool City Council in relation to the failed Oasis Development. More recent litigation involved representing Cumberland Council against Parramatta Council in successful arbitration.

Resolution 4 is subject to the approval of Resolution 3. If the Placement is not otherwise approved by Shareholders, Mr Baird will not be appointed as a Director of the Company. If the Placement is approved, but Resolution 4 is not passed, the Board intends to appoint Mr Baird as a Director pursuant to rule 6.1(d) of the Company's constitution, and in accordance with the terms of the Subscription Agreement. If such an appointment is made, at the time of the Company's 2020 AGM, Mr Baird will retire and stand for re-election in accordance with rule 6.1(e) of the Company's constitution.

The Board considers that Mr Baird would be an independent Director if appointed.

10. Resolution 5 - Appointment of Mr Jie Ma as Non-Executive Director

Under the terms of the Subscription Agreement, the Company has agreed to undertake all actions reasonably within its power to appoint the Subscriber's nominees to the Board (with the Subscriber entitled to nominate such number of persons to the Board as to constitute a majority of the Directors of the Company).

The Subscriber has nominated Mr Jie Ma for appointment to the Board of the Company following Completion. The Board has determined to seek to appoint Mr Ma as a Director pursuant to rule 6.1(c) of the Company's constitution, which allows the Company to appoint a person as a Director by resolution passed in general meeting.

The Company provides the following information in relation to Mr Ma:

- Mr Ma is a qualified Construction Engineer and Technical Consultant who has had over 20 years of experience in mid and high-rise construction in China and is also currently active in construction within Sydney, Australia. He is currently a director of a number of private companies in the property development and property holdings industries, including Balmoral HJ Pty Ltd, Hengji Development Pty Ltd and EQM Pty Ltd.
- Mr Ma also holds the office of Vice President of the Australian Chinese Building Association and Chairman of the Henan-Australia Chamber of Commerce. As part of his role, Mr Ma actively oversees, liaises and connects with more than 100 corporations involved in building supplies and subcontractors ranging from painters, plasters, tiles to steel and aluminium product manufacturers, both locally in Australia and throughout China.
- Mr Ma holds the following tertiary Qualifications relevant to the building industry:
 - Bachelor of Industrial and Civil Engineering, Zhengzhou University (Henan)
 - Registered Construction Engineer since March 2005
 - Registered Construction Technical Consultant since December 2007

Resolution 5 is subject to the approval of Resolution 3. If the Placement is not otherwise approved by Shareholders, Mr Ma will not be appointed as a Director of the Company. If the Placement is approved, but Resolution 5 is not passed, the Board intends to appoint Mr Ma as a Director pursuant to rule 6.1(d) of the Company's constitution, and in accordance with the terms of the Subscription Agreement. If such an appointment is made, at the time of the Company's 2020 AGM, Mr Ma will retire and stand for re-election in accordance with rule 6.1(e) of the Company's constitution.

Given that Mr Ma will be a substantial holder on Completion, the Board considers that he would not be an independent Director.

11. Resolution 6 - Appointment of Mr Jonathan Doy as Non-Executive Director

Under the terms of the Subscription Agreement, the Company has agreed to undertake all actions reasonably within its power to appoint the Subscriber's nominees to the Board (with the Subscriber entitled to nominate such number of persons to the Board as to constitute a majority of the Directors of the Company).

The Subscriber has nominated Mr Jonathan Doy for appointment to the Board of the Company following Completion. The Board has determined to seek to appoint Mr Doy as a Director pursuant to rule 6.1(c) of the Company's constitution, which allows the Company to appoint a person as a Director by resolution passed in general meeting.

The Company provides the following information in relation to Mr Doy:

- Jonathan is the CEO of Sparke Helmore Consulting, an allied service company of Sparke Helmore Lawyers. He is an acknowledged specialist in tax as well as in the broader business implications of transactions particularly in the construction and property industry. Jonathan also has considerable experience in interactions with the Australian Revenue Authority, including around compliance and disputes.
- Jonathan began his career in taxation services at EY (then Ernst & Young) before moving to PwC (PricewaterhouseCoopers), where he was a Senior Tax Partner.
- Prior to Sparke Helmore, Jonathan was a Senior Partner at Crowe Horwath where he oversaw the tax service line and focused on the expansion of the tax practice.
- Jonathan holds a Bachelor of Economics from the Australian National University and is also a member of the Australian Institute of Company Directors and a Fellow of CPA Australia.

Resolution 6 is subject to the approval of Resolution 3. If the Placement is not otherwise approved by Shareholders, Mr Doy will not be appointed as a Director of the Company. If the Placement is approved, but Resolution 6 is not passed, the Board intends to appoint Mr Doy as a Director pursuant to rule 6.1(d) of the Company's constitution, and in accordance with the terms of the Subscription Agreement. If such an appointment is made, at the time of the Company's 2020 AGM, Mr Doy will retire and stand for re-election in accordance with rule 6.1(e) of the Company's constitution.

The Board considers that Mr Doy would be an independent Director if appointed.

12. Directors' Interests, Recommendations and Voting Intentions

12.1 Interests

The current Board members are:

- Mr Lewis Timms;

- Mr Richard Abela; and
- Mr Stephen Hooper.

None of the Directors have a material personal interest in the Placement and are considered independent for the purposes of recommending the Placement to Shareholders.

12.2 Recommendations

The Directors consider that the Placement is in the best interests of Shareholders and unanimously recommend that Shareholders vote in favour of the Placement by voting in favour of the Placement Resolutions.

In making the above recommendations, your Directors have considered the following key supporting reasons:

- the advantages, disadvantages, impacts and risks of the Placement detailed in sections 2, 3 and 4 of Part B of the Explanatory Memorandum;
- the potential alternative options for the Company and the commercial, execution and financial risks and benefits associated with these; and
- the opinion of the Independent Expert.

12.3 Directors' Voting Intentions

The current shareholding interests of each Director are set out in Table 2 below:

Table 2: Directors' Shareholdings

Director	Shareholding	
	No.	%
Mr Lewis Timms	39,384,528	47.9%
Mr Richard Abela	201,000	0.24%
Dr Stephen Hooper	131,534	0.16%

Other than where prohibited as a result of applicable voting exclusions, each of the Directors who holds Shares intends to vote in favour of each of the Placement Resolutions.

Glossary

Agreed DSLN Payout Amount	Means \$1.185m payable by the Company to Westpac under the terms of the Westpac Termination Deed
Agreed Westpac Payout Amounts	Means \$2.717m payable by the Company to Westpac at the completion of the Transaction
Annual Financial Statements	Means the financial statements, Directors Report and Auditors Report for the Company for the year ended 30 June 2019
Annual Report	Means the Company's annual report for the year ended 30 June 2019
ASIC	Means the Australian Securities and Investments Commission
ASX	Means ASX Limited (ABN 98 008 624 691), or as the context requires, the financial market operated by it
ASX Listing Rules	Means the listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX
Board	Means the Board of Directors of the Company
Company or Oldfields	Means Oldfields Holdings Limited (ABN 92 000 307 988)
Completion	Means completion of the Placement in accordance with the terms of the Subscription Agreement
Completion Date	Means the date on which the Company issues the Subscription Shares to the Subscriber, which will be the date that is 2 business days after the Settlement Date
Constitution	Means the Company's constitution
Corporations Act	Means the <i>Corporations Act 2001</i> (Cth)
DCH	Means Dean Consolidated Holdings Pty Ltd (ACN 635 729 501)
Director	Means a Director of the Company
DSLN	Means the Deferred Senior Loan Note issued by the Company to Westpac on 21 December 2012
Explanatory Memorandum	Means the Explanatory Memorandum attached to the Notice of Meeting
Economic Entity	Means the Oldfields group of companies as described in the Company's Annual Report
Independent Expert	Means Mr Drew Townsend of Hall Chadwick
Interim Payment	Means \$3,100,000, being part of the Subscription Amount
Key Management Personnel	Has the same meaning as in Australian accounting standards. Broadly speaking this includes those persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any Directors
Meeting	Means the Annual General Meeting of the Shareholders of the Company convened by this Notice
Non-Associated Shareholders	Means the Shareholders other than the Subscriber and any of its associates
Non-Executive Director	Means a non-executive Director of Oldfields Holdings Limited
Notice or Notice of Meeting	Means the Notice of Meeting and the Explanatory Memorandum

Placement	Means the issue of the Subscription Shares to the Subscriber by the Company as consideration for the Subscription Amount and in accordance with the Subscription Agreement.
Placement Resolutions	Means Resolutions 3, 4, 5 and 6.
Proxy Form	Means the proxy form enclosed with the Notice in relation to the Meeting
Registered Shareholders	Means those persons who are registered holders of Shares as at the applicable date
Registry	Means Boardroom Pty Limited
Remuneration Report	Means the remuneration report forming part of the Directors Report in the Company's 2018/19 Financial Report
Resolutions	Means the resolutions referred to in the Notice
Settlement Date	Means the date on which the Subscriber pays the Subscription Amount (less the Interim Payment) and delivers an application form for the Subscription Shares
Share	Means a fully paid ordinary share in the capital of the Company
Shareholder	Means each person registered as a holder of a Share
Subscriber	Means EQM Holdings Pty Ltd ACN 635 693 668 as trustee of the EQM Holdings Trust
Subscriber's Holders	Means Mr Jie Ma, DCH and Mr Wayne Ding.
Subscription Agreement	Means the Subscription Agreement dated 26 October 2019 between the Company and the Subscriber in relation to the Placement.
Subscription Amount	Means an amount equal to the number of Subscription Shares multiplied by the Subscription Price of \$0.06 per Subscription Share, which the Company anticipates will be \$5,131,820
Subscription Price	Means \$0.06 per Subscription Share
Subscription Shares	Means that number of Shares equal to 51.00% of the total issued capital of the Company on a fully diluted basis on the Settlement Date
Timms Amount	Means \$500,000 plus interest owing by the Company to Mr Lewis Timms pursuant to certain shareholder loans provided by Mr Timms to the Company
Trading Day	Has the meaning given to that term in the ASX Listing Rules
Westpac	Means Westpac Banking Corporation
Westpac Termination Deed	Means the Loan Note Redemption and Termination Deed dated 28 October 2019 between the Company and Westpac in relation to the DSLN and other Westpac facilities

Schedule 1 – Financial Information

\$'000s	June 2019 Pro-Forma Balance Sheet (1)				
	OLH Statutory	Private Placement	Repayment of borrowings / Transaction costs	Waiver by WBC	Pro-Forma
Current assets					
Cash and cash equivalent	423	5,132	(2,933)		2,622
Trade and other receivables	3,905				3,905
Inventories	2,544				2,544
Total current assets	6,872				9,071
Non-Current assets					
Property, plant and equipment	4,589				4,589
Intangible assets	852				852
Total non-current assets	5,441				5,441
Total Assets	12,313	5,132	(2,933)	-	14,512
Current liabilities					
Trade and other payables	2,853				2,853
Borrowings ²	1,884		(1,648)		236
Current tax liabilities	21				21
Employees benefit obligations	763				763
Total current liabilities	5,521				3,873
Non-Current liabilities					
Borrowings ²	1,869		(1,185)	(469)	215
Deferred tax liabilities	186				186
Employees benefit obligations	116				116
Derivative financial instruments	237			(237)	-
Total non-current liabilities	2,408				517
Total Liabilities	7,929	-	(2,833)	(706)	4,390
Net Assets	4,384	5,132	(100)	706	10,122

(1) The Pro-Forma Balance Sheet is based on the audited balance sheet of Oldfields as at 30 June 2019.

(2) The remaining balance of Borrowings represent the outstanding Hire Purchase Loans & Premium funding

Annexure A – Independent Expert's Report

19 September 2019

The Directors
Oldfields Holdings Limited
8 Farrow Road
CAMPBELLTOWN NSW 2560

Dear Sirs,

Independent Expert's Report for Proposed Subscription

1. INTRODUCTION

Background

- 1.1 Oldfields Holdings Limited ("Oldfields" or "the Company") is an Australian public listed company primarily involved in the manufacture, hire and sale of scaffolding and related products as well as the sale of painting equipment and accessories.
- 1.2 Oldfields has entered into a binding Subscription Agreement ("Subscription Agreement") with EQM Holdings Pty Ltd (ACN 635 693 668) as trustee of the EQM Holdings Trust ("the Subscriber") under which the Subscriber has agreed to subscribe for, and the Company has agreed to issue, shares equal to 51% of the total issued capital of the Company on a fully diluted basis ("Subscription Shares"), for cash consideration of \$0.06 per share ("Subscription Price").
- 1.3 The Subscription is subject to shareholder approval and a number of other conditions precedent.
- 1.4 The Subscription, detailed further at section 2, is referred to in this report as the "Transaction".

Opinion

- 1.5 In our opinion, the Transaction is fair and reasonable to the Non-Associated Shareholders of Oldfields.
- 1.6 The ultimate decision however on whether to accept the Transaction should be based on shareholders own assessment of their circumstances.

Purpose of Report

- 1.7 You have requested HCC to prepare an Independent Expert's Report to advise the shareholders of Oldfields other than those associated with the proposed issue of Oldfields shares to the Subscriber ("Non-Associated Shareholders"), whether the proposed Transaction is fair and reasonable when considered

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in the context of the interests of Non-Associated Shareholders and to set out the reasons for our conclusions.

- 1.8 HCC understands and has agreed that this report will accompany the notice to convene a meeting of Oldfields shareholders, to assist the Non-Associated Shareholders in their consideration of the Transaction.

2. OUTLINE OF THE PROPOSED TRANSACTION

- 2.1 Under the terms of the Subscription Agreement, the Company has agreed to issue the Subscription Shares to the Subscriber, with:
- the number of Subscription Shares to be issued equal to 51.0% of the issued capital of the Company on a fully diluted basis at the time of issue (which the Company anticipates will be approximately **85,530,329** Shares); and
 - the Subscriber to pay a Subscription Price of **\$0.06** per Subscription Share as consideration for the issue of the Subscription Shares (with the total amount payable for the Subscription Shares anticipated to be approximately **\$5,131,820** (Subscription Amount) based on the anticipated number of Subscription Shares to be issued).
- 2.2 Section 6 of this report contains some background to the Transaction and the use of Subscription Amount.
- 2.3 The issued capital of the Subscriber is held in equal shares by:
- Mr Jie Ma as trustee of the Ma Family Trust; and
 - Dean Consolidated Holdings Pty Ltd (“DCH”), of which Mr Wayne Ding is the sole beneficial shareholder.
- 2.4 As at the date of this Notice, neither the Subscriber, Mr Jie Ma, DCH nor Mr Ding holds an interest in any shares in the capital of the Company.
- 2.5 Following completion of the Subscription and upon issue of the Subscription Shares to the Subscriber (Completion), the Subscriber will directly hold 51.0% of the Company's Shares. In addition, it will have the ability to appoint a majority of the Directors to the Board of the Company.
- 2.6 The following tables show the effect on the share capital of Oldfields after the Transaction:

Effect on Ordinary Shares	Shares
Ordinary shares currently on issue	82,176,198
Subscription Shares	85,530,329
Ordinary shares on issue after Completion	167,706,527

- 2.7 Following completion of the Transaction, Oldfields' existing Non-Associated shareholders interest will decrease from 100% to 49%.

STRUCTURE OF REPORT

Our report is set out under the following headings:

- 3 PURPOSE OF REPORT
- 4 OPINION
- 5 BASIS OF EVALUATION
- 6 BACKGROUND TO THE TRANSACTION
- 7 OVERVIEW OF OLDFIELDS
- 8 VALUATION METHODOLOGIES
- 9 VALUE OF OLDFIELDS
- 10 ADVANTAGES AND DISADVANTAGES OF THE TRANSACTION
- 11 CONCLUSION AS TO FAIRNESS AND REASONABLENESS

APPENDICES

- I SOURCES OF INFORMATION
 - II STATEMENT OF DECLARATION & QUALIFICATIONS
 - III FINANCIAL SERVICES GUIDE
 - IV COMPARABLE MARKET DATA
-

3 PURPOSE OF REPORT

- 3.1 The purpose of this report is to advise the Non-Associated Shareholders of Oldfields of the fairness and reasonableness of the Transaction. This report provides an opinion on whether or not the terms and conditions in relation to the transaction are fair and reasonable to the Oldfields shareholders whose votes are not to be disregarded in respect of the transaction (that is, the Non-Associated Shareholders).
- 3.2 The ultimate decision whether to accept the terms of the Transaction should be based on each shareholders' assessment of their own circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt about the Transaction or matters dealt with in this report, shareholders should seek independent professional advice.
- 3.3 For the Transaction to be fair, the value of the consideration being paid for the Oldfields shares must be equal to or greater than the value of the shares. To be reasonable the shareholders must obtain an overall benefit if the Transaction proceeds. In forming an opinion as to whether the Transaction is fair and reasonable, the following factors have been considered:
- the underlying value of Oldfields shares to be issued under the Subscription Agreement;
 - the likely market price and liquidity of Oldfields shares if the Transaction is not implemented;
 - the likelihood of an emergence of an alternative proposal that would realise better value for Oldfields Shareholders.
- 3.4 This report has been prepared to satisfy the requirements of the Corporations Act 2001 (Cth) ("Corporations Act").
- 3.5 When the Transaction is approved and completed, the Subscriber will be entitled to a total relevant interest in Oldfields of 51.0%.
- 3.6 Section 606(1) of the Corporations Act states that a person must not acquire an interest in issued voting shares in a listed company if that person's or any other person's voting power increases to above 20%. Section 606(1) prohibits the Subscriber from acquiring the issued ordinary shares in Oldfields under the Transaction, unless one of the exemptions set out in Section 611 of the Corporations Act applies.
- 3.7 Item 7 of Section 611 of the Corporations Act exempts an acquisition that is approved by a resolution of shareholders of Oldfields passed at a general meeting as per Section 611. This is the exception which is being relied upon by the Oldfields shareholders. At the general meeting of Oldfields shareholders, no votes will be allowed to be cast by those persons (or their associates) acquiring shares as part of the Transaction (that is the Subscriber).
- 3.8 Under Chapter 2E of the Corporations Act, a public company must not 'give a financial benefit' to a 'related party', unless it has obtained shareholder approval for the giving of that benefit or one of the exceptions set out in sections 210 to 216 of the Corporations Act applies. As described in the Explanatory Memorandum, The Board is of the view that the Subscriber is a related party of the Company. Shareholder approval is therefore sought for

the purposes of Chapter 2E for the issue of the Subscription Shares to the Subscriber (which amounts to the giving of a financial benefit to the Subscriber).

- 3.9 Australian Securities and Investments Commission (“ASIC”) Regulatory Guide 111 “Content of Experts Reports” requires, amongst other things, that directors of a company need to provide shareholders with an analysis of whether a proposed transaction is fair and reasonable, when considered in the context of the interests of the non-associated shareholders. Regulatory Guide 111 recommends that this analysis should include an independent expert’s report. The independent expert is required to state whether, in their opinion, the proposal is fair and reasonable having regard to the interests of non-associated shareholders and state the reasons for forming that opinion. This report provides such an opinion.

4. OPINION

- 4.1 In our opinion, the proposed Transaction is fair and reasonable to the Non-Associated Shareholders of Oldfields.
- 4.2 Our opinion is based solely on information available as at the date of this report.
- 4.3 The principal factors that we have considered in forming our opinion are summarised below.

Fair

- 4.3.1 In order to assess whether the Transaction is fair, we need to compare the pre-transaction values on a control basis with the post-transaction values on a minority basis, as the existing Non-Associated Shareholders of Oldfields will lose control of the Company to the Subscriber after the Transaction. This is shown in the table below:

Oldfields Value and Opinion	Low	High	Midpoint
Control value per share ^{section 9}	\$ 0.0440	\$ 0.0550	\$ 0.0495
Shares on issue	82,176,198	82,176,198	82,176,198
Control valuation, pre-Transaction	3,615,753	4,519,691	4,067,722
Proceeds from Subscription	5,131,820	5,131,820	5,131,820
Post-Transaction Value	8,747,572	9,651,511	9,199,542
Post-Transaction shares on issue	167,706,527	167,706,527	167,706,527
Value per share	0.0522	0.0576	0.0549
Minority discount	9%	9%	9%
Post-Transaction Valuation per share	\$ 0.0475	\$ 0.0524	\$ 0.0499

- 4.3.2 In our opinion the Transaction is **fair** as:
- The Subscription Price of \$0.06 is greater than the current traded price of Oldfields shares of \$0.032 and greater than the midpoint value determined in section 9 of \$0.0495 (inclusive of the control premium); and
 - the value of the Oldfields shares held by Non-Associated Shareholders after the Transaction is greater than the pre-Transaction value on a controlling interest basis.

Reasonable

- 4.4 ASIC Regulatory Guide 111 states that a transaction is reasonable if:
- The Transaction is fair; or
 - Despite not being fair the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.
- 4.4.1 We have concluded that the Transaction is reasonable. In forming our opinion we have considered the following relevant factors:
- the Company will be able to apply the Subscription Amount to repay and be released from all of its current debt arrangements (including in relation to the Westpac Deferred Secured Loan Note (“DSLN”) detailed at Section 6) and obtain additional working capital to fund its operations;

- if the Transaction does not complete there is a risk that the Company's share price will fall upon termination of the Subscription;
- The Westpac facility (detailed at section 6) has placed strain on both the Company's cash flows and its ability to grow and expand, given the specific terms of repayment and premiums payable based on returns and share price. If the Transaction does not complete the Company will need to arrange for the refinance of the Westpac facility and/or obtain other debt or equity funding which will incur further costs and time with no guarantee that such funding alternatives can be found.
- The Transaction may provide an opportunity for Oldfields shareholders to experience growth in the value of shares and significantly boost Oldfields' market capitalisation, given the large amount of debt being released.
- We are unaware of any alternative proposal at the date of this report that would realise better value for Oldfields shareholders.

4.5 *Accordingly, in our opinion, the Transaction is fair and reasonable to the Non-Associated Shareholders of Oldfields.*

5 BASIS OF EVALUATION

- 5.1 In our assessment of whether the Transaction is fair and reasonable to Oldfields Non-Associated Shareholders, we have given due consideration to the Regulatory Guides issued by the ASIC, in particular, Regulatory Guide 74 “Transactions Agreed to by Shareholders”, Regulatory Guide 111 “Content of Experts Reports” and Regulatory Guide 112 “Independence of Experts Reports”.
- 5.2 ASIC Regulatory Guide 74 requires, amongst other things, that shareholders are provided with sufficient information to make an effective, informed decision on whether the proposed Transaction is fair and reasonable. Under Regulatory Guide 111, a transaction is “fair” if the value of the asset being acquired is equal to or greater than the value of the consideration being offered. Additionally, under Regulatory Guide 111 an offer is “reasonable” if it is fair. It is possible for an offer to be reasonable despite being unfair. This would be after the expert considers that, based on non-financial factors, the shareholders should still approve the Transaction in the absence of any alternative proposals.
- 5.3 Our report has compared the likely advantages and disadvantages to Non-Associated shareholders if the Transaction is agreed to, with the advantages and disadvantages to those shareholders if it is not. Comparing the value of the shares to be acquired under the Transaction and the value of the consideration to be paid is only one element of this assessment.
- 5.4 We have considered whether any shareholder will obtain a level of control in Oldfields as a result of the proposed Transaction. In the event that a change in control arises from the proposed transaction, proportionately greater benefits to Non-Associated shareholders must be demonstrated. In this case the Subscriber will obtain control of Oldfields and this issue needs to be considered in comparing the value received by Non-Associated Shareholders in comparison to the value being paid.
- 5.5 Normal valuation practice is to determine the fair market value of an asset assuming a counter party transaction between a willing and not anxious buyer and a willing but not anxious seller, clearly at arm’s length. We have adopted this approach in determining the market value of the equity of Oldfields.
- 5.6 In evaluating the Transaction, we have considered the Subscription Price and how this will affect the value of the Non-associated Shareholders interest in the Company. We consider that the Transaction will be reasonable if, on balance, the Non-Associated Shareholders in Oldfields will be better off if the Transaction is approved. We will also consider the Non-Associated Shareholder’s interest should the Transaction not proceed.
- 5.7 In our assessment of the Transaction we have considered, in particular the following:
- The operational and financial position of Oldfields;
 - The value of Oldfields shares, under various methodologies;
 - Any control premium associated with the Transaction;
 - The advantages and disadvantages associated with approving the Transaction;
 - Share trading history of Oldfields shares;

- The likely value and liquidity of Oldfields shares in the absence of the Transaction;
 - Other qualitative and strategic issues associated with the Transaction.
- 5.8 The documents and information relied on for the purposes of these valuations are set out in Appendix I. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purpose of forming an opinion as to whether the Transaction is fair and reasonable. However, in assignments such as this, time is limited and we do not warrant that our enquiries have identified or verified all of the matters which an audit or more extensive examination might disclose. None of these additional tasks have been undertaken.
- 5.9 We understand the accounting and other financial information that was provided to us has been prepared in accordance with Australian accounting standards.
- 5.10 An important part of the information used in forming an opinion of the kind expressed in this report is the opinions and judgement of management. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.
- 5.11 HCC are not the auditors of Oldfields. We have analysed and reviewed information provided by the Directors and management of Oldfields and made further enquiries where appropriate.
- 5.12 This report has been prepared after taking into consideration the current economic and market climate. We take no responsibility for events occurring after the date of this report which may impact upon this report or which may impact upon the assumptions referred to in this report.

6 BACKGROUND TO THE TRANSACTION

- 6.1 Oldfields have a Deferred Secured Loan Note (“DSLN”) with Westpac Bank currently totalling \$2.370 million. The terms of the DSLN include:
- a) It is secured against assets of the Oldfields group
 - b) A maturity date of 21 December 2022;
 - c) From 21 December 2017 and up to maturity date, the lower of interest calculated at 12% p.a. or a redemption premium is payable. The redemption premium is equivalent to the difference between the face value of the DSLN and the market value. Market value is determined by the volume weighted average price (“VWAP”) 15 days prior to the redemption or maturity date as applicable multiplied by 23,702,240 reference shares;
 - d) If the market value of the reference shares as calculated is lower than the face value of the DSLN, the redemption premium is deemed to be nil and the only repayment due will be the face value of the DSLN;
 - e) The bank is also entitled to receive a payment to the equivalent value of any dividend payment if made by the Company prior to the maturity date of the DSLN;
 - f) Other normal conditions apply in respect to meeting gearing and interest cover ratios.
- 6.2 The Company and Westpac have negotiated a deed of termination and release (Westpac Termination Deed) under which the Company has agreed to pay Westpac a payout amount of \$1.185 million (Agreed DSLN Payout Amount) in consideration for Westpac discharging and releasing the Company from any obligations or claims under the DSLN. The Agreed Payout Amount represents a 50% discount on the full value of the DSLN.
- 6.3 The Company also has a bank bill facility of \$0.167 million and an overdraft facility with a limit of \$1.144 million (currently outstanding balance at \$0.997 million) with Westpac. These outstanding balances and the Agreed DSLN Payout Amount (Agreed Westpac Payout Amounts) will be fully repaid at the completion of the Transaction.
- 6.4 The Company has further entered into various shareholder loans with Mr Lewis Timms and C Timms. Mr Lewis Timms is the Company's Chairman and agreed to loan the Company a total of \$500,000 for working capital purposes, of which all is currently outstanding (Timms Amounts).
- 6.5 To facilitate the payment of the Agreed Westpac Payout Amounts to Westpac and the repayment of the Timms Amounts to Mr Lewis and C Timms and to provide the Company with additional working capital, the Company has negotiated and agreed the Subscription Agreement with the Subscriber.
- 6.6 Under the terms of the Subscription Agreement, the Company has agreed:
- to issue the Subscription Shares to the Subscriber, with:
 - the number of Subscription Shares to be issued equal to 51.0% of the issued capital of the Company on a fully diluted basis at the time of issue (which the Company anticipates will be approximately **85,530,329** Shares); and
 - the Subscriber to pay a Subscription Price of **\$0.06** per Subscription Share as consideration for the issue of the Subscription Shares (with the total amount payable for the Subscription Shares anticipated to be approximately **\$5,131,820** (Subscription Amount) based on the anticipated number of Subscription Shares to be issued).

- to utilise the proceeds of the Subscription Amount in the following order of priority:
 - firstly, towards the Agreed Westpac Payout Amounts;
 - secondly, towards repayments of the Timms Amounts; and
 - the balance for general working capital purposes as determined by the Board; and
- to undertake all actions reasonably within its power to appoint the Subscriber's nominees to the Board, with the Subscriber entitled to nominate such number of persons to the Board as to constitute the majority of the Directors.

7 OVERVIEW OF OLDFIELDS

7.1 Business Overview

- 7.1.1 Oldfields was founded in 1916 and is headquartered in Campbelltown, Australia. The company was listed on the stock exchange in 1960.
- 7.1.2 Oldfields is involved in the hire and sale of scaffolding and related products in Australia with its manufacturing plant for scaffolding in China. The Company also designs, imports, and markets paint brushes, paint rollers and paint accessories primarily in Australia.
- 7.1.3 The founder, Henry Oldfields, was a master brush maker from England who started a business in a small shop in Campsie. Originally a quality brush manufacturer, Oldfields has grown into a multi-faceted company, adding rollers and paint accessories. In 1983, Oldfields expanded into scaffolding and quickly became a significant player in the Australian scaffold hire industry.
- 7.1.4 Oldfields scaffold division has over 35 years' experience in providing engineering, safety and technical support and advice to design, quote, assemble and certify jobs. Oldfields hire and sell scaffold to meet customer needs. Scaffold division revenues are somewhat cyclical with respect to the Australian building industry. Oldfields have a strategy of developing counter cyclical revenue channels from their hire fleet and improving efficiencies and lead times from their China based manufacturing facility. The scaffolding business contributes approximately 80% of revenue to the Oldfields group (based on results for the 2018 financial year). The Company also sells mobile towers in Japan via a distributor and more recently have commenced sale and hire of scaffolding in China.
- 7.1.5 The Pro Series brand is the flagship product of the Oldfields paint division. It is superior in quality and performance and is perfectly suited to all commercial applications where a professional finish is required. Their paint equipment ranges are suited to the professional and DIY painters. Oldfields have focused on selling direct to tradesman and home renovators through paint specialist retailers as this has a positive impact on gross margin, which in the past has been negatively impacted by attempting to sell through wholesale channels such as Masters and Mitre 10 where rebates are high and trading terms prohibitive. The paint division is continuing to develop its innovation program and launching new and improved products.

7.2 Financial Information

- 7.2.1 Set out below is the Audited Consolidated Profit and Loss Statements of Oldfields for the financial years ended 30 June 2017 (“FY2017”), 30 June 2018 (“FY2018”) and 30 June 2019 (“FY2019”):

OLDFIELDS HOLDINGS LIMITED			
CONSOLIDATED PROFIT AND LOSS STATEMENT			
\$'000	FY2017	FY2018	FY2019
	Audited	Audited	Audited
Sales revenue	26,721	25,898	24,755
Cost of sales	(15,162)	(14,044)	(13,361)
Gross profit	11,559	11,854	11,394
Other income	45	10	28
<i>Other expenses from ordinary operations</i>			
Sales and distribution expenses	(6,652)	(7,762)	(7,375)
Marketing expenses	(307)	(318)	(206)
Occupancy	(1,257)	(1,406)	(1,484)
Administration expenses	(2,171)	(2,177)	(2,328)
Finance costs	(303)	(278)	(349)
Profit / (Loss) from operations	914	(77)	(320)
Revaluation of DSLN	(287)	1,936	508
Profit / (Loss) Before Income Tax	627	1,859	188
Tax expense	(315)	(309)	(416)
Net Profit / (Loss) for the period	312	1,550	(228)
Exchange differences on foreign currency	(16)	30	9
Net profit for the year	296	1,580	(219)
Comprehensive income attributed to members of the parent entity	31	1,256	(481)
EBITDA	2,031	1,121	915

7.2.2 Set out below is the Audited Consolidated Balance Sheet as at 30 June 2019.

OLDFIELDS HOLDINGS LIMITED	
CONSOLIDATED BALANCE SHEET	
Current Assets	
Cash and cash equivalents *	423
Trade and other receivables	3,905
Inventories	2,544
Total Current Assets	6,872
Non-Current Assets	
Property, plant and equipment	4,589
Intangible assets	852
Total Non-Current Assets	5,441
Total Assets	12,313
Current Liabilities	
Trade and other Payables	2,444
Deferred revenue	409
Borrowings *	1,884
Current tax liabilities	21
Employee benefits obligations	763
Total Current Liabilities	5,521
Non-Current Liabilities	
Borrowings *	1,869
Deferred tax liabilities	186
Employee benefits obligations	116
Derivative financial instruments *	237
Total Non-Current Liabilities	2,408
Total Liabilities	7,929
Net Assets	4,384
Equity	
Issued capital	21,106
Reserves	47
Accumulated Losses	(17,458)
Non-controlling interest	689
Total Equity	4,384
* Net Debt	3,567

7.2.3 The effect of the Transaction on the net assets per share of the Company is shown in the table below:

	Net Assets (\$'000)	Shares on Issue ('000)	Net assets per share (\$)
As at 30 June 2019	4,384	82,176	\$0.053
Placement	5,132		
Transaction costs	(100)		
Waiver by Westpac	706		
Pro forma Net Assets	10,122	167,706	\$0.060

8 VALUATION METHODOLOGIES

8.1 Selection of Methodology

8.1.1 In order to assess the fairness of the Transaction a value needs to be attributed to Oldfields shares.

8.1.2 In assessing the value of Oldfields we have considered a range of valuation methods. ASIC Regulatory Guide 111 *Content of Expert Reports* states that in valuing a company the expert should consider the following commonly used valuation methodologies:

- Market Value of Shares: the quoted price for listed securities in a liquid and active market;
- Capitalisation of Future Maintainable Earnings: the value of trading operations based on the capitalisation of future maintainable earnings;
- Realisation of Assets: the amount that would be available for distribution to security holders on an orderly realisation of assets;
- Discounted Cash Flow: the net present value of future cash flows;
- Comparable Market Transactions: the identification of comparable sale transactions.

We consider each of these valuation methodologies below.

8.1.3 *Market Value of Shares as Quoted on the ASX*

This method involves the valuation of an entity based on its actively traded equities, which represent the market capitalisation of the share capital of the entity, in a liquid and knowledgeable market.

Any assessment of the market value of the quoted equities needs to consider the following:

- The liquidity of the quoted equity based on the volume and frequency of trading;
- The number of 'unusual' and/or 'abnormal' trades that occur; and
- The timing and level of dissemination of information to the market.

If a quoted ordinary equity is traded in an active, liquid and knowledgeable market, then the market price of the quoted ordinary equity should represent the 'fair' market value of the quoted ordinary equity.

A premium may also need to be applied to the value of the quoted ordinary equity to determine the value of the equity holding in circumstances where a party is acquiring or increasing a controlling equity position.

We consider that adopting a market value of shares methodology to determine an indicative value of Oldfields is appropriate as it reflects all publicly available information on the company and therefore we believe it is a reliable reflection of the current value of Oldfields shares.

8.1.4 *Capitalisation of Future Maintainable Earnings*

Under the earnings-based valuation method, the value of the asset is determined by capitalising the estimated future maintainable earnings of the asset at an appropriate

capitalisation rate or multiplier of earnings. The multiple is a coefficient, representing the risk that the asset may not achieve projected earnings.

This method is appropriate in valuing an asset when there is a history of earnings, the asset is established, and it is assumed the earnings are sufficiently stable to be indicative of ongoing earnings potential.

We have assessed the reasonableness of the implied earnings multiple of Oldfields from the primary valuation methodology, being the market value of shares.

8.1.5 Realisation of Assets

The asset approach to value is based on the assumption that the value of all assets (tangible and intangible) less the value of all liabilities should equal the value of the entity.

This approach is generally not appropriate where assets are employed productively and are earning more than the cost of capital.

As Oldfields is a revenue-based business, the book value of net assets are not representative of the inherent value of the business and accordingly this method is not appropriate.

8.1.6 Discounted Cash Flow – Net Present Value

Discounted cash flow valuations involve calculating the value of a business on the basis of the net cash flows that will be earned from the business over its life. The cash flows are discounted to reflect the risk involved with achieving the forecast cash flows.

The use of the discounted cash flow method has not been used as Oldfields has a history of historical earnings and market traded shares which make these valuation approaches more appropriate.

8.1.7 Comparable Market Transactions

This methodology involves the identification of comparable sale transactions and trading multiples for a similar business or asset to that being valued.

We have considered trading multiples involving broadly comparable companies in determining the appropriate earnings multiple to apply to the valuation of Oldfields.

8.2 Premium for Control

8.2.1 When considering transactions involving a substantial equity holding of a company, it is appropriate to address whether a premium for control should attach to the Transaction. A premium for control is the difference between the price for each share that a buyer would be prepared to pay to obtain a controlling interest in a company and the price per share that would be required to purchase a share that does not carry with it a controlling interest. In most cases, the value of a controlling interest in the shares in a company significantly exceeds the listed market value of the shares. This reflects the fact that:

- a) the owner of a controlling interest in the shares in a company obtains access to all free cash flows of the company being acquired, which it would otherwise be unable to do as

- a minority shareholder;
 - b) the controlling shareholder can direct the disposal of surplus assets and the redeployment of the proceeds;
 - c) the controlling shareholder can control the appointment of directors, management policy and the strategic direction of the company;
 - d) the entity taking over the company is often able to increase the value of the entity being acquired through synergies and/or rationalisation savings.
- 8.2.2 Empirical evidence indicates that the average premium for control (over and above the market price of the company's shares) in successful takeovers in Australia generally ranges between 20% and 35% above the listed market price of the company's shares three months prior to the announcement of the bid (assuming no speculation of the takeover is reflected in the pre-bid price). However, the appropriate premium for control depends on the specific circumstances and, in particular, the level of synergy benefits able to be extracted by potential acquirers and the degree of confidence about the level and achievability of potential synergies and their timing.
- 8.2.3 Caution must be exercised in assessing the value of a company or business based on the market rating of comparable companies or businesses. The premium for control is an outcome of the valuation process, not a determinant of value. Premiums are paid for reasons that vary from case to case and may be substantial due to synergy or other benefits available to the acquirer. In other situations, premiums may be minimal or even zero. It is inappropriate to apply a premium of 20-35% without having regard to the circumstances of each case. In some situations, there is no premium. There are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by institutional investors through a capital raising.
- 8.2.4 A shareholder or group of associated shareholders are deemed to influence a company when they have control of more than 20% of the issued shares in a company. At this time a premium for control should normally be considered.
- 8.2.5 A premium for control is relevant to the Transaction, as it will result in the Subscriber holding a relevant voting interest in Oldfields of 51.0%. We have applied a premium for control of 10% to the value of Oldfields shares based on the following:
- a) The Subscriber will not obtain full control of Oldfields and shareholders will retain an opportunity to obtain a premium on any subsequent sell-down;
 - b) The Subscriber will obtain control over decision making regarding the acquisition and disposal of assets and the redeployment of the proceeds;
 - c) The Subscriber will obtain control over the appointment of directors, management policy and the strategic direction of Oldfields as a group;
 - d) There is a limited amount of free cash flows available to be extracted by Subscriber obtaining control of Oldfields; and
 - e) Oldfields shares are very thinly traded, with only 3% of shares traded in the last 12 months. A premium above 10% may have the effect of overstating the value of Oldfields shares on a controlling interest basis.

8.3 Minority Interest Discount

- 8.3.1 The value of a minority shareholding is subject to a discount factor as the minority shareholder is not in a position to direct, and often not in a position to influence, the distribution of dividends, the investment of retained profits or the strategy and tactics of the company's operations.
- 8.3.2 Oldfields' existing Non-Associated shareholders interest will decrease to 49.0%. We have discounted the post-Transaction value per share on a control basis by 9% to arrive at a post-Transaction value on a minority-interest basis. We believe this discount is reasonable after considering the following factors:
- a) The lack of assets currently held by Oldfields that Non-Associated shareholders are losing control of;
 - b) The assessment of advantages and disadvantages associated with Oldfields entering into the Transaction detailed at section 10.

9 VALUE OF OLDFIELDS

9.1 General

9.1.1 This section sets out our assessment of the underlying value of Oldfields shareholding.

9.1.2 We have selected market value of shares as the primary valuation methodology for Oldfields as detailed in section 8. We have also assessed the implied earnings multiple from the market value of shares valuation to determine reasonableness.

9.2 Market Value of Shares

9.2.1 In our opinion the value of Oldfields for the purpose of the Transaction should be examined on the basis of the current market value of its shares listed on the ASX. The market value of the shares listed on the ASX reflects all publicly available information on the company and therefore we believe it is a reliable reflection of the current value of the Company.

9.2.2 Following is a graph of the trading of Oldfields shares over the last twelve months:



9.2.3 The table below sets out the movement of Oldfields share price and trading volumes up to and including 30 August 2019:

	Low \$	High \$	VWAP (1)	Volume
1 month	0.032	0.050	0.046	538,940
2 months	0.030	0.050	0.044	642,830
3 months	0.030	0.050	0.041	1,012,370
6 months	0.030	0.061	0.042	1,182,010
12 months	0.030	0.070	0.048	1,675,260

(1) The VWAP was calculated using the total value of all transactions divided by the total trading volume in the time period considered.

9.2.4 Although the liquidity of the trading in Oldfields shares is low, with only 2% of shares traded in the last twelve months, we believe the valuation of Oldfields shares for the purpose of this report should reflect all publicly available information on the company and therefore be a reliable reflection of its current value. We therefore conclude that the value of the Oldfields shares under the market value approach for the purpose of this report is between \$0.04 and \$0.05 per share, with a midpoint of \$0.045 per share. We note this valuation is on a portfolio basis and does not reflect a premium for control.

9.2.5 We therefore have determined the value of the Oldfields shares for the purpose of this report is between \$0.044 and \$0.055, with a midpoint value of **\$0.0495**, inclusive of a 10% premium for control.

9.3 Implied EBITDA Multiple

9.3.1 To test the reasonableness of the value range derived for Oldfields using the market value of shares method, we have had regard to a value based on the EBITDA multiple implied by that value range, which is summarised in the table below:

	Low	High	Midpoint
Value per share	\$ 0.0400	\$ 0.0500	\$ 0.0450
Shares on issue	82,176,198	82,176,198	82,176,198
Equity Value	3,287,048	4,108,810	3,697,929
Net debt	3,567,000	3,567,000	3,567,000
Minority interest	772,000	772,000	772,000
Enterprise Valuation	7,529,048	8,350,810	7,939,929
FY2019 EBITDA	915,000	915,000	915,000
Implied EBITDA Multiple	8.24	9.14	8.69

9.3.2 Comparable companies on the Australian Securities Exchange in the construction and machinery industry currently trade at between 6.7 times and 21.3 times EBITDA, with an average multiple of 11.14 times EBITDA, as summarised at Appendix IV. The implied multiple for Oldfields based on historical results for FY2019 is within this range. In our opinion, the EBITDA multiple range implied by our valuation of Oldfields is reasonable. The contributing factors to Oldfields being valued below the industry average include:

- The reduction in earnings in the last two years and risks associated with future earnings and debt levels;
- Oldfields is significantly smaller than the comparable companies included in the analysis; and
- Not having the liquidity in shares that comparable ASX listed companies have.

10 ADVANTAGES & DISADVANTAGES OF THE TRANSACTION

10.1 Approach to assessing Fairness and Reasonableness

HCC has followed the guidelines of ASIC Regulatory Guide 111 in assessing the fairness and reasonableness of the Transaction. In forming its conclusions in this report, HCC compared the advantages and disadvantages for Non-Associated Shareholders if the Transaction proceeds.

10.2 Advantages of the Transaction

- 10.2.1 The Company will be able to apply the Subscription Amount to repay and be released from all of its current debt arrangements (including in relation to the DSLN) and obtain additional working capital to fund its operations;
- 10.2.2 If the Transaction does not complete there is a risk that the Company's share price will fall upon termination of the Subscription;
- 10.2.3 The Westpac facility has placed strain on both the Company's cash flows and its ability to grow and expand, given the specific terms of repayment and premiums payable based on returns and share price. If the Transaction does not complete the Company will need to arrange for the refinance of the Westpac facility and/or obtain other debt or equity funding which will incur further costs and time with no guarantee that such funding alternatives can be found.
- 10.2.4 The Transaction may provide an opportunity for Oldfields shareholders to experience growth in the value of shares and significantly boost Oldfields' market capitalisation, given the large amount of debt being released.

10.3 Disadvantages of the Transaction

- 10.3.1 Following completion of the Transaction, the Subscriber will be the largest Shareholder in the Company and will have the ability to significantly influence or control. The Transaction will reduce the likelihood of a takeover bid being made for the Company as a result of the controlling interest that the Subscriber will have after Completion.
- 10.3.2 The Transaction will have a significant dilutionary effect on the shareholdings of the existing Oldfields Shareholders. Although the total market capitalisation of Oldfields will increase as a result of the Transaction, Oldfields' existing Non-Associated shareholders interest will decrease to 49%.

11 CONCLUSION AS TO FAIRNESS AND REASONABLENESS

11.1 Fairness

11.1.1 For the Transaction to be fair, the value of the Oldfields shares held by Non-Associated Shareholders needs to increase as a result of the Transaction.

11.1.2 In order to assess whether the Transaction is fair, we need to compare the pre-transaction values on a control basis with the post-transaction values on a minority basis, as the existing Non-Associated Shareholders of Oldfields will lose control of the Company to the Subscriber after the Transaction. This is shown in the table below:

Oldfields Value and Opinion	Low	High	Midpoint
Control value per share ^{section 9}	\$ 0.0440	\$ 0.0550	\$ 0.0495
Shares on issue	82,176,198	82,176,198	82,176,198
Control valuation, pre-Transaction	3,615,753	4,519,691	4,067,722
Proceeds from Subscription	5,131,820	5,131,820	5,131,820
Post-Transaction Value	8,747,572	9,651,511	9,199,542
Post-Transaction shares on issue	167,706,527	167,706,527	167,706,527
Value per share	0.0522	0.0576	0.0549
Minority discount	9%	9%	9%
Post-Transaction Valuation per share	\$ 0.0475	\$ 0.0524	\$ 0.0499

11.1.3 In our opinion the Transaction is **fair** as:

- a) The Subscription Price of \$0.06 is greater than the current traded price of Oldfields shares of \$0.032 and greater than the midpoint value determined in section 9 of \$0.0495 (inclusive of the control premium); and
- b) the value of the Oldfields shares held by Non-Associated Shareholders after the Transaction is greater than the pre-Transaction value on a controlling interest basis.

11.2 Reasonableness

ASIC Regulatory Guide 111 states that a transaction is reasonable if:

- The Transaction is fair; or
- Despite not being fair the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

We have concluded that the Transaction is fair and therefore also reasonable. In forming our opinion, we have also considered the following relevant factors.

- the Company will be able to apply the Subscription Amount to repay and be released from all of its current debt arrangements (including in relation to the DSLN) and obtain additional working capital to fund its operations;
- if the Transaction does not complete there is a risk that the Company's share price will fall upon termination of the Subscription;
- The Westpac facility has placed strain on both the Company's cash flows and its ability to grow and expand, given the specific terms of repayment and premiums payable based on returns and share price. If the Transaction does not complete the Company

will need to arrange for the refinance of the Westpac facility and/or obtain other debt or equity funding which will incur further costs and time with no guarantee that such funding alternatives can be found.

- The Transaction may provide an opportunity for Oldfields shareholders to experience growth in the value of shares and significantly boost Oldfields' market capitalisation, given the large amount of debt being released.
- We are unaware of any alternative proposal at the date of this report that would realise better value for Oldfields shareholders.

Having considered that the Transaction is fair, the potential of the Transaction and the alternatives of not proceeding with the Transaction, in our opinion the Non-Associated Shareholders of Oldfields should benefit if the Transaction proceeds and therefore, in our opinion the Transaction is reasonable.

Yours faithfully
Hall Chadwick Corporate (NSW) Limited



DREW TOWNSEND

APPENDIX I - SOURCES OF INFORMATION

- Oldfields Audited Financial Reports for the financial years ended 30 June 2017, 30 June 2018 and 30 June 2019;
- Subscription Agreement between Oldfields and the Subscriber;
- Various documents associated with the Westpac facility and proposed loan note redemption and termination;
- Oldfields Notice of General Meeting and Explanatory Memorandum;
- Oldfields Company registry details;
- Other publicly available information on Oldfields;
- Regulatory Guide 111 'Content of Expert Reports';
- Regulatory Guide 112 'Independence of Expert's Reports';
- APES 225 'Valuation Services'.

APPENDIX II - STATEMENT OF DECLARATION & QUALIFICATIONS

Confirmation of Independence

Prior to accepting this engagement HCC determined its independence with Oldfields referencing ASIC Regulatory Guide 112 (RG 112) titled "Independence of Expert's Reports". HCC considers that it meets the requirements of RG 112 and that it is independent of Oldfields.

Also, in accordance with s648 (2) of the Corporations Act we confirm we are not aware of any business relationship or financial interest of a material nature with Oldfields, its related parties or associates that would compromise our impartiality.

Mr Drew Townsend, a director of Hall Chadwick Corporate (NSW) Limited, has prepared this report. Neither he nor any related entities of Hall Chadwick Corporate (NSW) Limited have any interest in the promotion of the Transaction nor will Hall Chadwick Corporate (NSW) Limited receive any benefits, other than normal professional fees, directly or indirectly, for or in connection with the preparation of this report. Our fee is not contingent upon the success or failure of the proposed transaction, and has been calculated with reference to time spent on the engagement at normal professional fee rates for work of this type. Accordingly, HCC does not have any pecuniary interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion under this engagement.

HCC provided a draft copy of this report to the Directors and management of Oldfields for their comment as to factual accuracy, as opposed to opinions, which are the responsibility of HCC alone. Changes made to this report, as a result of the review by the Directors and management of Oldfields have not changed the methodology or conclusions reached by HCC.

Reliance on Information

The statements and opinions given in this report are given in good faith and in the belief that such statements and opinions are not false or misleading. In the preparation of this report HCC has relied upon information provided on the basis it was reliable and accurate. HCC has no reason to believe that any information supplied to it was false or that any material information (that a reasonable person would expect to be disclosed) has been withheld from it. HCC evaluated the information provided to it by Oldfields as well as other parties, through enquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially mis-stated. We believe the information relied upon provides reasonable grounds upon which to base this report.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards (AUS). HCC does not imply and it should not be construed that it has audited or in anyway verified any of the information provided to it, or that its enquiries could have verified any matter which a more extensive examination might disclose.

The sources of information that we relied upon are outlined in Appendix I of this report.

Oldfields has provided an indemnity to HCC for any claims arising out of any mis-statement or omission in any material or information provided by Oldfields to HCC in preparation of this report.

Qualifications

Hall Chadwick Corporate (NSW) Limited ("HCC") carries on business at Level 40, 2 Park Street, Sydney NSW 2000. HCC holds Australian Financial Services Licence No. 227902 authorising it to provide financial product advice on securities to retail clients. HCC's representatives are therefore qualified to provide this report.

Consent and Disclaimers

The preparation of this report has been undertaken at the request of the Directors of Oldfields. It also has regard to relevant ASIC Regulatory Guides. It is not intended that the report should be used for any other purpose than to accompany the Notice of General Meeting to be sent to Oldfields shareholders. In particular, it is not intended that this report should be used for any purpose other than as an expression of HCC's opinion as to whether or not the proposed Transaction is fair and reasonable to Non-Associated shareholders of Oldfields.

HCC consent to the issue of this report in the form and context in which it is included in the Notice of General Meeting to be sent to Oldfields shareholders. Shareholders should read all documents issued by Oldfields that consider the proposed Transaction in its entirety, prior to proceeding with a decision. HCC had no involvement in the preparation of these additional documents.

This report has been prepared specifically for the Non-Associated shareholders of Oldfields. Neither HCC, nor any member or employee thereof undertakes responsibility to any person, other than a Non-Associated shareholder of Oldfields, in respect of this report, including any errors or omissions howsoever caused. This report is "General Advice" and does not take into account any person's particular investment objectives, financial situation and particular needs. Before making an investment decision based on this advice, you should consider, with or without the assistance of a securities advisor, whether it is appropriate to your particular investment needs, objectives and financial circumstances.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards (AUS).

Our opinions are based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. Furthermore, financial markets have been particularly volatile in recent times. Accordingly, if circumstances change significantly, subsequent to the issue of the report, our conclusions and opinions may differ from those stated herein. There is no requirement for HCC to update this report for information that may become available subsequent to this date.

APPENDIX III - FINANCIAL SERVICES GUIDE

Hall Chadwick Corporate (NSW) Limited (“HCC”) carries on business at Level 40, 2 Park Street, Sydney NSW 2000. HCC holds Australian Financial Services Licence No. 227902 authorising it to provide financial product advice on securities to retail clients.

The Corporations Act 2001 requires HCC to provide this Financial Services Guide (“FSG”) in connection with its provision of an independent expert’s report (“Report”) which is included in a Notice of Meeting (“Notice”) provided to members by the company or other entity for which HCC prepares the Report.

HCC does not accept instructions from retail clients. HCC provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. HCC does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

When providing Reports, HCC’s client is the Entity to which it provides the Report. HCC receives its remuneration from the Entity. In respect of the Report for Oldfields Holdings Limited (“Oldfields”) in relation to the proposed Transaction, HCC will receive a fee for its services estimated to be \$15,000, excluding GST.

No related body corporate of HCC, or any of the directors or employees of HCC or of any of those related bodies or any associate receives any remuneration or other benefit attributable to the preparation and provision of the Report.

HCC is required to be independent of the Entity in order to provide a Report. The guidelines for independence in the preparation of Reports are set out in Regulatory Guide 112 issued by the Australian Securities & Investments Commission. Hall Chadwick Corporate (NSW) Limited (“HCC”) has a license to prepare reports under the Corporations Act and its representatives are qualified to provide this report. The following information in relation to the independence of HCC is stated in Appendix III of the Oldfields Report:

“Prior to accepting this engagement HCC determined its independence with respect to Oldfields with reference to ASIC Regulatory Guide 112(RG 112) titled “Independence of Expert’s Reports”. HCC considers that it meets the requirements of RG 112 and that it is independent of Oldfields.

Also, in accordance with s648 (2) of the Corporations Act we confirm we are not aware of any business relationship or financial interest of a material nature with Oldfields, its related parties or associates that would compromise our impartiality.

Mr Drew Townsend, a director of Hall Chadwick Corporate (NSW) Limited, has prepared this report. Neither he nor any related entities of Hall Chadwick Corporate (NSW) Limited have any interest in the promotion of the Transaction nor will Hall Chadwick Corporate (NSW) Limited receive any benefits, other than normal professional fees, directly or indirectly, for or in connection with the preparation of this report. Our fee is not contingent upon the success or failure of the proposed transaction, and has been calculated with reference to time spent on the engagement at normal professional fee rates for work of this type. Accordingly, HCC does not have any pecuniary interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion under this engagement.”

HCC has internal complaints-handling mechanisms and is a member of the Financial Ombudsman Service, membership number 11442.

HCC is only responsible for the Report and this FSG. Complaints or questions about the Notice should not be directed to HCC who is not responsible for that document. HCC will not respond in any way that might involve any provision of financial product advice to any retail investor.

APPENDIX IV – COMPARABLE MARKET DATA

The share market valuation of similar listed companies provides evidence in assessing appropriate earnings multiples for Oldfields. Oldfields has a unique business mix selling painting equipment and accessories and the hire and erection of scaffolding and related products. There are no directly comparable companies where trading multiples are publicly available. Comparable or competitive businesses have different product / service mixes and/or are privately owned where financial information is not publicly available.

Detailed below are the current market capitalisations and trading EBITDA multiples for comparable companies on the ASX in the construction and machinery industry:

<u>Company Name</u>	<u>Market Capitalization</u> <u>(AUDmm)</u>	<u>EBITDA Multiple</u> <u>(x)</u>
Ausdrill Limited (ASX:ASL)	1,193.1	8.21
Austal Limited (ASX:ASB)	1,125.7	10.20
Austin Engineering Limited (ASX:ANG)	101.3	8.56
Downer EDI Limited (ASX:DOW)	4,109.7	6.70
Engenco Limited (ASX:EGN)	128.5	7.00
MaxiTRANS Industries Limited (ASX:MXI)	52.7	7.65
Sietel Limited (ASX:SSL)	57.7	21.20
VEEM Ltd (ASX:VEE)	74.1	21.30
	Average	11.14
	Median	8.56
	Maximum	21.30
	Minimum	6.70

Source: S&P Capital IQ



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YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 2.00pm (AEDT) on Monday 25 November 2019.**

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

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

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the 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 your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **2.00pm (AEDT) on Monday, 25 November 2019.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

-  **By Fax** + 61 2 9290 9655
-  **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
-  **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Oldfields Holdings Limited

ABN 92 000 307 988

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Oldfields Holdings Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting** (mark box)

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **Oldfields Holdings Limited, 8 Farrow Road, Campbelltown NSW 2560 on Wednesday, 27 November, 2019 at 2.00pm (AEDT)** and at any adjournment of that meeting, to act 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.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution 2, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution even though Resolution 2 is connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolution 2). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* 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 vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Re-election of William Lewis Timms as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Subscription Shares to Subscriber	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Appointment of Mr David Baird as Non-Executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Appointment of Mr Jie Ma as Non-Executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Appointment of Mr Jonathan Doy as a Non-Executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2019