

SPECIALTY FASHION | GROUP

ACN 057 569 169

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY MEMORANDUM TO SHAREHOLDERS

A PROXY FORM IS ENCLOSED

Please read the Notice and Explanatory Memorandum carefully.

If you are unable to attend the meeting please complete and return the enclosed proxy form in accordance with the specified instructions.

Notice of annual general meeting

Notice is given that the annual general meeting of Specialty Fashion Group Limited (the Company) will be held at Museum of Sydney, Cnr Phillip and Bridge St Sydney. Level 2, AGL Theatre Room on Thursday 10th November 2011 at 2pm.

If you are unable to attend the meeting, we encourage you to complete and return the enclosed proxy form. The completed proxy form must be received by the Company by 2pm on Tuesday 8th November 2011. Proxy forms can be lodged by fax on (02) 9287 0309, or on line at www.linkmarketservices.com.au or posted to:

Link Market Services Limited

Locked Bag A14, Sydney South, NSW 1235

Agenda items

Ordinary business

1 Financial report

To receive and consider the financial report of the Company and the reports of the directors and auditors for the year ended 30 June 2011.

2 Remuneration report: Resolution 1

To receive and consider the remuneration report as set out in the Annual Report for the year ended 30 June 2011, and if thought fit, to resolve (as a non-binding ordinary resolution) to adopt the remuneration report.

3 Election of directors: Resolution 2

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

Retirement by rotation and re-election

“That Mr Joel Bloom, being a director of the Company who retires by rotation under rule 6.1(f) of the Company’s constitution, and being eligible, is re-elected as a director of the Company.”

Election

“That Ms Wai Tang, having been appointed as a director of the Company since the last annual general meeting and who retires as required under rule 6.1(e) of the Company’s constitution and being eligible, is elected as a director of the Company.”

Information about Mr Joel Bloom, and Ms Wai Tang is included in the Explanatory Memorandum.

Explanatory memorandum

Shareholders are referred to the explanatory memorandum accompanying and forming part of this notice of meeting.

Entitlement to vote

It has been determined that under the Corporations Regulation 7.11.37, for the purposes of the annual general meeting, shares will be taken to be held by the persons who are the registered holders at 7pm Sydney time on 8 November 2011. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Proxies

A shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the shareholder. A proxy need not be a shareholder and can be either an individual or a body corporate.

If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the Corporations Act 2001 (Cth); and
- provides satisfactory evidence of the appointment of its corporate representative no later than 48 hours prior to commencement of the meeting.

If such evidence is not received, then the body corporate (through its representative) will not be permitted to act as a proxy.

A shareholder that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes.

A Proxy Form accompanies this notice of meeting and to be effective must be received at the Company's registered office or Link Market Services Limited:

Locked bag A14, South Sydney, NSW 1235

OR by facsimile: 02 9287 0309

OR on line at www.linkmarketservices.com.au

by no later than 2pm on 8 November 2011.

By Order of the Board

Dated: 30 September 2011

Alison Henriksen

Company Secretary

Explanatory memorandum to shareholders

This Explanatory Memorandum has been prepared to assist shareholders to understand the business to be put to shareholders at the annual general meeting.

Ordinary business

Annual financial report

The Corporations Act requires:

- the reports of the directors and auditors; and
- the annual financial report, including the financial statements of the Company for the year ended 30 June 2011, to be laid before the annual general meeting. Neither the Corporations Act nor the constitution requires a vote of shareholders on the reports or statements. However, shareholders will be given ample opportunity to raise questions or comments on the management of the Company.

Also, a reasonable opportunity will be given to members as a whole at the meeting to ask the Company's auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Resolution 1: Adoption of the Remuneration Report

The Directors' Report for the year ended 30 June 2011 contains a Remuneration Report. The Remuneration Report is set out on pages 34 to 41 of the 2011 Annual Report.

The Remuneration Report discusses matters including (but not limited to):

- (a) board policies in relation to the nature and amount of remuneration paid to directors and executives;
- (b) the relationship between the board policies and the Company's performance;
- (c) the remuneration arrangements in place for the directors and key executives of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

Shareholders are asked to adopt the Remuneration Report. This vote is advisory only and is not binding on the directors or the Company. However, the Board will take the discussion at the meeting into consideration when determining the Company's remuneration policy.

Voting Exclusion Statement

A vote must not be cast (in any capacity) on the Resolution by or on behalf of a member of the Company's key management personnel ("KMP") and their closely related parties, details of whose remuneration are included in the Remuneration Report whether as a shareholder or as a proxy. However, a vote may be cast on the Resolution by a KMP, or a closely related party of a KMP if:

- a. the vote is cast as a proxy and the appointment is in writing and specifies how the proxy is to vote on the Resolution; and
- b. the vote is not cast on behalf of a KMP or a closely related party of a KMP.

Resolution 2: Election of directors

Retirement by rotation and re-election

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

Joel Bloom (B.Comm) has served on the Board of the Company since March 2005 and sits on both the Audit Committee and Remuneration Committee. Joel is a Chartered Accountant by training and was the joint founder of Go Lo, a national chain of Discount Variety Stores. He has over 20 years of retailing experience in Australia. Joel has not held any other listed company directorships in the last three years.

The Board (with Mr Bloom abstaining) recommends the reappointment of Mr Bloom to the Board of the Company.

Election

Ms Wai Tang was appointed a director since the last annual general meeting. Under the constitution she holds office only until this meeting and therefore offers herself for election.

Wai Tang (B.Sc MBA) joined the Specialty Fashion Group Board on 1 November 2010 as an independent non-executive director, and is also a member of both the Audit and Remuneration Committees. Wai has in excess of 25 years working experience in retail and the FMCG industries. She currently heads up a new retail confectionary concept called Happy Lab, and has also been a non-executive director of the L'oreal Melbourne Fashion Festival since 2010. Prior to this, Wai was the Director of Operations for Just Group and CEO for the Peter Alexander Sleepwear division.

The Board (with Ms Tang abstaining) recommends the appointment of Ms Tang to the Board of the Company.

Yours sincerely,



Geoffrey Levy



By mail:
Specialty Fashion Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: (02) 9287 0309



All enquiries to: Telephone: 1800 649 905 or (02) 8280 7589



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SHAREHOLDER VOTING FORM

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

STEP 1

APPOINT A PROXY

the Chairman
of the Meeting¹
(mark box)

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

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 2:00pm on Thursday, 10 November 2011, at Level 2, AGL Theatre Room, The Museum of Sydney, Cnr Phillip & Bridge Streets, Sydney, NSW 2000 and at any adjournment or postponement of the meeting.



¹ If you appoint a proxy, we encourage you to direct your proxy how to vote on each item of business.

The Chairman of the Meeting, Directors and other Key Management Personnel of the Company and their closely related parties (see the Notice of Meeting and overleaf) will not cast any votes in respect of Item 1 (Remuneration Report) that arise from any undirected proxy that they hold.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an

STEP 2

VOTING DIRECTIONS

Resolution 1

Adoption of the Remuneration Report

For	Against	Abstain ²
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 2.1

Re-election of director - Mr Joel Bloom

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Resolution 2.2

Election of director - Ms Wai Tang

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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² If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

SFH PRX104



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

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

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

Votes on Items of Business - Proxy Appointment

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

If the Chairman of the meeting or another of the Key Management Personnel of the company or their closely related parties is your proxy, that person will not vote your shares on Item 1 (Remuneration Report) if you have not directed them how to vote on that item.

Key Management Personnel of the company are the Directors and those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly. The Remuneration Report identifies the company's Key Management Personnel for the financial year to 30 June 2011. Their closely related parties are defined in the *Corporations Act 2001* (Cth), and include certain of their family members, dependants and companies they control.

Appointment of a Second Proxy

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

To appoint a second proxy you must:

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

Signing Instructions

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

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

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

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

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

Corporate Representatives

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

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **2:00pm on Tuesday, 8 November 2011**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

Specialty Fashion Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

(02) 9287 0309



by hand:

delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

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