

Notice of Annual General Meeting and Explanatory Memorandum

16 November 2006
11:00am
81 – 83 Baxter Road, Mascot, NSW 2020

This is an important document. If you are in any doubt as to how to act, you should consult your financial or legal advisor as soon as possible.

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DOCUMENTS ACCOMPANYING THIS BOOKLET

Proxy Form for the Regional Express Holdings Limited Annual General Meeting

IMPORTANT DATES

Deadline for Return of Proxy Forms	11:00am on 14 November 2006
Regional Express Holdings Limited Annual General Meeting	11:00am on 16 November 2006

CORPORATE DIRECTORY

Regional Express Holdings Limited
Phone: (02) 9023 3555
Fax: (02) 9023 3599

OTHER PARTS OF THE NOTICE OF MEETING

The Explanatory Memorandum, Chairman's Letter and Notice of Nomination of Auditor form part of the Notice of Annual General Meeting.

DEFINED TERMS

A number of defined terms are used in this Booklet. These terms are explained in Section 7 of the enclosed Explanatory Memorandum.

16 October 2006

Dear Shareholder,

Annual General Meeting of Members

The Annual General Meeting of the Company will be held on 16 November 2006 to consider and vote on a number of important matters for the Company. Those matters include the following.

CONSIDERATION OF FINANCIAL STATEMENTS

We will be reporting to you on the Company's financial performance for the financial year ended 30 June 2006.

REMUNERATION REPORT

Listed entities are now required to allow shareholders to vote on the remuneration report section of the Directors' Report. Consistent with the Corporations Act, Shareholders should note that the vote is non-binding.

RE-ELECTION OF DIRECTORS

You will be asked to vote on the re-election of three Directors.

APPOINTMENT OF AUDITOR

If ASIC consents to the resignation of Ernst & Young as the Company's auditor, you will be asked to vote on the appointment of Deloitte Touche Tohmatsu as the Company's auditor.

The proposed resolutions are set out in full in the enclosed Notice of Meeting and an explanation of each resolution is set out in the enclosed Explanatory Memorandum.

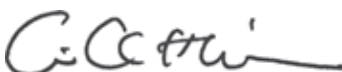
If you are unable to attend the Meeting, the Directors encourage you to cast your vote (if you are entitled to vote) by completing, signing and returning the enclosed paper Proxy Form, or by completing and submitting the online Proxy Form.

I urge all Members to read this Booklet carefully before voting on the proposed resolutions. If you are undecided about what to do, you should consult your accountant, stockbroker or other professional advisor.

Members attending the Meeting will have a reasonable opportunity to ask questions and make comments on the management of the Company. Your questions are important to us so we invite you to submit your questions in advance of the Meeting if you prefer. Instructions on how to do this by mail or fax are outlined on page 7 of this Booklet.

I look forward to seeing you at the Meeting.

Yours sincerely



Lim Kim Hai
Executive Chairman

Notice Of Annual General Meeting

REGIONAL EXPRESS HOLDINGS LIMITED | ACN 098 890 816

This is a Notice of Annual General Meeting of Members of the Company to be held at 81 – 83 Baxter Road, Mascot, NSW 2020 on 16 November 2006 commencing at 11:00am.

A number of defined terms are used in this Booklet. These terms are explained in Section 7 of the enclosed Explanatory Memorandum.

Agenda

The Explanatory Memorandum which accompanies the Notice of Meeting describes the various resolutions to be considered at the Meeting.

Ordinary Business

CONSIDERATION OF FINANCIAL STATEMENTS

To receive and consider the Financial Report, the Directors' Report and the Auditor's Report in respect of the financial year ended 30 June 2006.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider, and if thought fit, pass the following resolution as a non-binding ordinary resolution:

“That the remuneration report section of the Directors' Report for the Company for the year ended 30 June 2006 be approved and adopted.”

RESOLUTION 2 – RE-ELECTION OF ROBERT WINNEL

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

“That Robert Winnel, being eligible, is re-elected as a Director of the Company.”

RESOLUTION 3 – RE-ELECTION OF LIM KIM HAI

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

“That Lim Kim Hai, being eligible, is re-elected as a Director of the Company.”

RESOLUTION 4 – RE-ELECTION OF LEE THIAN SOO

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

“That Lee Thian Soo, being eligible, is re-elected as a Director of the Company.”

RESOLUTION 5 – APPOINTMENT OF AUDITOR

Resolution 5 will be put to the Meeting if ASIC has consented to the resignation of Ernst & Young as the Company's auditor. Please see Section 6 of the enclosed Explanatory Memorandum for details regarding the resignation of Ernst & Young.

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

“That Deloitte Touche Tohmatsu be appointed as auditor of the Company and that Deloitte Touche Tohmatsu's signed Consent to Act be received and recorded.”

IMPORTANT VOTING RESTRICTIONS

If you are entitled to vote, and you wish to appoint a proxy, you should be aware that if your proxy is a person who is not entitled to vote in their own right, the person may still vote as your proxy but your proxy's vote on your behalf will only be valid if you direct your proxy on the Proxy Form how to vote and the proxy does vote as directed.

PROXIES

- A paper Proxy Form accompanies the Notice of Meeting. If you wish to appoint a proxy for the Annual General Meeting, you may either complete this paper Proxy Form, or complete the online Proxy Form accessed at www.linkmarketservices.com.au. Details on submitting your Proxy Form are set out below.
- The Proxy Form contains important information and other instructions which you should carefully read.
- A Member has a right to appoint a proxy.
- The proxy need not be a Member of the Company.
- A Member who is entitled to cast two or more votes may appoint not more than two proxies to attend and vote instead of themselves. If you want to appoint two proxies, an additional Proxy Form will be supplied by the Company on request by contacting the Company Secretary. Where two proxies are appointed, both forms should be completed with the nominated proportion or number of votes each proxy may exercise. Otherwise each proxy may exercise half of the votes.
- Proxy Forms must be signed or completed online by a Member or the Member's attorney. If the Member is a corporation, it must be signed by two Directors or by a Director and a secretary, or if it is a proprietary company that has a sole Director who is also the sole secretary (or has no secretary), by that Director, or under hand of its attorney or duly authorised officer.
- If the paper Proxy Form is signed by a person who is not the registered holder of Shares (eg an attorney), then the relevant authority (for example, in the case of Proxy Forms signed by an attorney, the power of attorney or a certified copy of the power of attorney) must either have been provided previously to the Company or be enclosed with the Proxy Form.
- If the online Proxy Form is completed by a Member's attorney, then the relevant power of attorney or a certified copy of it must be provided to and noted by Link Market Services. These documents can be provided to Link Market Services using the delivery methods in paragraphs (a) to (c) below.
- To be effective, validly completed Proxy Forms must be received via the following mediums or at the following addresses:
 - (a) delivered or posted to the following address -
Regional Express Holdings Limited, C/- Link Market Services Limited
Level 12, 680 George Street, Sydney NSW 2000
 - (b) faxed to the following fax number - (02) 9287 0309; or
 - (c) submitted online, through the following weblink - www.linkmarketservices.com.au in accordance with the instructions provided on the website. The Holder Identification Number (HIN) or Security holder Reference Number (SRN) will be required to lodge Proxy Forms online.


by 11:00am, 14 November 2006.

CUT-OFF DATE FOR VOTING RIGHTS

The entitlement for Members to vote at the meeting will be determined by reference to those persons on the register of Members as at 7:00pm, 14 November 2006.

By order of the Board

Dated: 16 October 2006



Irwin Tan, Company Secretary

Explanatory Memorandum

1. CONSIDERATION OF FINANCIAL STATEMENTS

The full year results for the Company are available in the annual report sent to those Members who elected to receive the annual report or online at www.rex.com.au. Any relevant announcements made by the Company after the date of the Financial Statements and Reports will be available on the Company's website at www.rex.com.au.

The Corporations Act and the Company's Constitution require the following reports in respect of the financial year of the Company ended on 30 June 2006 to be presented to the Meeting:

- The Financial Report (which includes the financial statements and Directors' declaration);
- The Directors' Report (which includes the Remuneration Report);
- The Auditor's Report; and
- The Corporate Governance Report.

In accordance with the Corporations Act, Members will be given a reasonable opportunity at the Meeting to ask questions and make comments on the management of the Company.

Except for the non-binding Shareholders vote in respect of the Remuneration Report, there is no requirement in the Corporations Act or the Company's Constitution for Shareholders to approve the Financial Report, the Directors' Report or the Auditor's Report.

2. ADOPTION OF REMUNERATION REPORT (RESOLUTION 1)

A listed entity is now required to put to the vote a resolution that the remuneration report section of the Director's Report be adopted. This Remuneration Report can be found in the 2006 Annual Report sent to Members on pages 13 to 16. It sets out a range of matters relating to the remuneration of Directors, the secretary and senior managers of the Company. A vote on this resolution is advisory only and does not bind the Directors or the Company.

3. RE-ELECTION OF ROBERT WINNEL (RESOLUTION 2)

Mr. Robert Winnel was appointed to the Board on 2 September 2004 and in accordance with the Company's Constitution retires and is eligible for re-election as a Director.

Mr. Winnel spent 10 years in the NSW and Commonwealth public services before establishing his own building business. In 1988 he formed and became the Managing Director of the Village Building Company, which produces integrated housing estates in Brisbane, the Sunshine Coast, Coffs Harbour, Canberra and Wollongong. Mr. Winnel is a Director of the Brassey Hotel in Canberra, was previously CEO and President of the ACT Master Builders Association, and has served on a number of advisory committees for the ACT Government.

The Board has conducted an assessment of the performance of Mr. Winnel and recommends to Members the re-election of Mr. Winnel.

4. RE-ELECTION OF LIM KIM HAI (RESOLUTION 3)

Mr. Lim Kim Hai was appointed to the Board on 27 June 2003 and in accordance with the Company's Constitution retires and is eligible for re-election as a Director.

Mr. Lim, based in Singapore, has been awarded two scholarships by the Singapore Government. The first was to complete an undergraduate Masters degree in electronics engineering in the prestigious French "Grande Ecole" schools of engineering. The second was awarded while he was serving with the Ministry of Defence of Singapore to complete a Masters in Public Administration course at the elite Ecole Nationale d'Administration of France.

After a period of 10 years as a Defence Specialist Engineer, Mr. Lim left the civil service to start his own businesses. Mr. Lim currently has an extensive portfolio of investment and has business interests in many countries. He is the Chairman of a biomedical company, Lynk Biotechnologies Private Limited, and is also Chairman of WooWorld Private Limited which is a supplier of online and mobile games to telecommunication companies in China, Japan and South East Asia. Mr. Lim is also a Director of a medical supply company specialising in supplying medical systems to hospitals.

The Board has conducted an assessment of the performance of Mr. Lim and recommends to Members the re-election of Mr. Lim.

5. RE-ELECTION OF LEE THIAN SOO (RESOLUTION 4)

Mr. Lee Thian Soo was appointed to the Board on 27 June 2003 and in accordance with the Company's Constitution retires and is eligible for re-election as a Director.

Mr. Lee has extensive international business experience and currently is the Chairman and owner of several businesses with subsidiaries in South East Asia. These include an aviation components and service company, specialising in military aircraft, as well as a medical equipment supply company, involved in the distribution and marketing of medical equipment and drugs. He is also on the Board of a biomedical company and a mobile/internet gaming company.

The Board has conducted an assessment of the performance of Mr. Lee and recommends to Members the re-election of Mr. Lee.

6. APPOINTMENT OF AUDITOR (RESOLUTION 5)

Ernst & Young has been the auditor of the Company since the Company's registration in February 2002.

The Board has been satisfied with the services of Ernst & Young as Company auditor and thanks Ernst & Young for their services provided as auditor of the Company. However, given the amount of time that Ernst & Young have acted as the Company's auditor, the Audit Committee, the Company and Ernst & Young have reviewed the role of auditor and consider that for corporate governance reasons, it is appropriate for the firm appointed as the Company's auditor to change at this time. As a consequence, Ernst & Young has sought consent from ASIC to resign as auditor of the Company with effect from the end of the Annual General Meeting. Once ASIC notifies Ernst & Young and the Company that it consents to Ernst & Young's resignation, Ernst & Young will give its notice of resignation to the Company with effect from the end of the Annual General Meeting.

The Company has received a notice from Marc Trotter, being a Member, nominating Deloitte Touche Tohmatsu as the new auditor of the Company. In accordance with section 328B of the Corporations Act 2001 (Cth), a copy of the notice of nomination of Deloitte Touche Tohmatsu received by the Company from Marc Trotter is attached as Annexure A.

Deloitte Touche Tohmatsu acted as the investigating accountants for the preparation of the Company's prospectus in 2005. The Audit Committee and the Company have considered the Company's existing relationship with Deloitte Touche Tohmatsu and consider that the provision of services by Deloitte Touche Tohmatsu in FY2006 would in no way compromise Deloitte Touche Tohmatsu's ability to provide their report independently for the year ended 30 June 2007. Deloitte Touche Tohmatsu has consented to act as auditor of the Company.

The Audit Committee also noted that Deloitte Touche Tohmatsu is a well-established firm with the necessary expertise and resources to meet the Company's requirements. It is further noted that fees quoted by Deloitte Touche Tohmatsu for performing the auditor role are very competitive.

Consequently, the Company announced that subject to the Company receiving all necessary approvals from ASIC and Shareholder approval at the Annual General Meeting, Deloitte Touche Tohmatsu has been nominated and selected to become the new auditor of the Company.

The Corporations Act 2001 (Cth) requires that Shareholders approve the appointment of a new auditor.

If ASIC consents to Ernst & Young's resignation as the Company's auditor, the Board recommends that shareholders vote in favour of the appointment of Deloitte Touche Tohmatsu as the Company's auditors. If ASIC does not consent to Ernst & Young's resignation as Company's auditor, or such consent is not received as at the date of this Meeting, Ernst & Young will continue as the Company's auditor and Resolution 5 will not be put to the Meeting.

7. DEFINITIONS AND INTERPRETATION

7.1 Definitions

In this Booklet (including in the Notice of Meeting) and in the Proxy Form, unless the context requires otherwise:

AEST means Australian Eastern Standard Time.

ASIC means Australian Securities and Investments Commission.

ASX means Australian Stock Exchange Limited.

Board means the Board of Directors of the Company.

Booklet means this booklet, comprising the Chairman's Letter, Notice of Meeting, Explanatory Memorandum & its accompanying documents.

Chairman means the Chairman of the Company from time to time.

Company means Regional Express Holdings Limited ABN 18 099 547 270.

Chairman's Letter means the letter from the Chairman enclosed in this Booklet.

Corporations Act means the Corporations Act 2001 (Cth) (as modified or varied by ASIC) including the Corporations Regulations 2001 (Cth) made under that Act.

Directors means the Directors of the Company from time to time and **Director** means any one of them.

Explanatory Memorandum means the explanatory memorandum enclosed in this Booklet.

Listing Rules means the listing rules of the ASX.

Meeting means the 2006 Annual General Meeting of the Company.

Member means a person who is entered in the Company's members register from time to time as the holder of Shares in the capital of the Company.

Notice of Meeting means the notice of Annual General Meeting (together with the Chairman's Letter and the Explanatory Memorandum) enclosed in this Booklet.

Ordinary Shares means ordinary shares in the capital of the Company.

Proxy Form means the Proxy Form that accompanies this Booklet or the online Proxy Form, accessed at www.linkmarketservices.com.au.

Resolutions means the resolutions in the Notice of Meeting and **Resolution** means any one of them.

Share means an Ordinary Share ranking equally in all respects with other Ordinary Shares and Shares has a corresponding meaning.

7.2 Interpretation

In the Booklet (including in the Notice of Meeting) and in the Proxy Form, unless the context otherwise requires:

- (a) other words and phrases have the same meaning (if any) given to them in the Corporations Act or Listing Rules;
- (b) words importing a gender include any gender;
- (c) words importing the singular include the plural and vice versa;
- (d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (e) a reference to a section, Annexure and/or schedule is a reference to a section of and an Annexure and schedule to the Booklet;
- (f) a reference to any statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (g) headings are for convenience only and do not affect the interpretation of the contents of the Booklet;
- (h) a reference to time is a reference to AEST;
- (i) a reference to writing includes telex and facsimile transmissions; and
- (j) a reference to dollars, \$, A\$, is a reference to the lawful currency of the Commonwealth of Australia unless indicated otherwise.

8. AUTHORISATION

All Directors voted in favour of the resolution of the Directors authorising the issue of this Booklet (including the Notice of Meeting and Explanatory Memorandum).

Date: 16 October 2006



Irwin Tan, Company Secretary

QUESTIONS FROM MEMBERS

There are two ways to ask the Company or the auditor questions:

- Attend the AGM.
- Post or fax your question to the Company's securities registry, Link Market Services Limited. You can use the envelope enclosed. Registry contact details are as follows:

Level 12, 680 George Street, Sydney NSW 2000
Postal address: Locked Bag A14, Sydney South NSW 1235

Telephone enquiries: 1300 735 980 (within Australia); +61 2 8280 7136 (outside Australia)
Facsimile: (02) 9287 0309

Please note that questions must be received no later than 11:00am (Sydney time) on 9 November 2006.

Questions should relate to matters that are relevant to the AGM, including matters arising from the financial reports, general questions regarding the Company's performance, and questions of the auditor that relate to:

- The conduct of the audit;
- The preparation and content of the auditor's report;
- 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.

A list of the questions received by the date set out above will be made available at the AGM.

The Chairman of the Meeting will answer as many of the frequently asked questions as possible at the AGM. Due to volume of questions we will not be sending individual replies.

Annexure A

To: Regional Express Holdings Limited

Level 1, 2B Lord Street
Botany NSW 2019

Re: Notice of Nomination of Auditor in accordance with Section 328B of the Corporations Act 2001 (Cth)

Marc Trotter of 5/44-46 Cook Street Randwick NSW 2031 being a Member of Regional Express Holdings Limited nominates Deloitte Touche Tohmatsu of Level 9 22 Elizabeth Street, Hobart, TAS 7000 for appointment to the position of Auditors of the company at the next Annual General Meeting.

Dated: 28 September 2006



Signature of Marc Trotter