



17 October 2008

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Allco HIT Limited (ASX: AHI) – Cancellation of Sale and Purchase Agreement for Strategic Investment Group Limited

Further to Allco HIT Limited's (AHI) request for a trading halt (ASX Announcement 15 October 2008), the Board of AHI is now able to confirm that the Agreement for Sale and Purchase (SPA) dated 29 August 2008, relating to the sale of all of AHI's shareholding in Strategic Investment Group Limited, the immediate parent of Strategic Finance Limited (SFL), has been terminated by agreement of all parties, subject to formal documentation.

The SPA's completion was subject to the satisfaction of a number of conditions precedent for the benefit of the various parties to the SPA. Due to the further deterioration of credit markets worldwide and the resultant negative impact for the New Zealand property and finance sector, certain of the SPA's conditions precedent will be unable to be satisfied as originally contemplated by the parties.

Accordingly, the Extraordinary General Meeting of AHI's members scheduled for next Tuesday, 21 October 2008 has been cancelled.

BOS International (Australia) Limited (BOSI), AHI's senior lending bank, has agreed, subject to formal documentation, to enter a standstill agreement with AHI in respect to AHI's senior debt facility. This standstill agreement will extend all waivers previously granted by BOSI to AHI under the senior debt facility through to 14 November 2008. During the standstill period BOSI and AHI have agreed to negotiate in good faith to seek to reach agreement on an amended senior debt facility for AHI.

The management of each of AHI, SFL and BOSI intend to present jointly to Perpetual Trust Limited of New Zealand, the trustee under SFL's Debenture Trust Deed, a new capital restructure proposal for SFL which will endeavour to set out the best course of action for SFL and its debenture investors, and all stakeholders moving forward.

AHI is intending to issue its Notice of Meeting on 20 October 2008 for its AGM scheduled for the 19 November 2008. AHI will continue to keep the market appropriately informed as and when material information arises.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "T. Lennox", is written over a light grey circular background.

Tom Lennox
Company Secretary
Allco HIT Limited

For further information, please contact:
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