

NOVATTI GROUP LIMITED  
ACN 606 556 183

## NOTICE OF ANNUAL GENERAL MEETING EXPLANATORY STATEMENT AND PROXY FORM

**Date of Meeting:** Wednesday, 24 November 2021

**Time of Meeting:** 3pm (AEDT)

**Place of Meeting:** Virtual, via a web-based meeting portal

This Notice of General Meeting, Explanatory Statement and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their independent professional advisers prior to voting.

### SEE OVERLEAF FOR IMPORTANT INFORMATION REGARDING MEETING ATTENDANCE AND VOTING

Due to the current restrictions in place as a result of the COVID-19 pandemic, this meeting will be held as a virtual meeting.  
Shareholders are strongly encouraged to either vote via proxy prior to the Meeting or appoint the Chair as their proxy.

## IMPORTANT INFORMATION REGARDING MEETING ATTENDANCE AND VOTING

The Company will hold the Meeting as a virtual meeting via a web-based meeting portal arranged for the Meeting.

The Company considers that the health, safety and welfare of the Company's staff, its Shareholders and other stakeholders is of paramount importance given the dynamic nature of the COVID-19 pandemic, current restrictions on travel and gatherings, and the ability of both the Federal and State Governments to impose further restrictions.

All resolutions at the Meeting will be voted on by poll and Shareholders who are entitled to vote may vote either at the Meeting by poll during the Meeting electronically or prior to the Meeting by appointing a proxy. Further details of the voting methods open to Shareholders are set out in detail below.

**Shareholders are strongly encouraged to either vote prior to the Meeting or to appoint the Chair as their proxy.**

The Board will continue to monitor the Covid-19 situation closely and details of any alternative arrangements for the Meeting will be issued to Shareholders electronically by no later than 14 days prior to the date of the Meeting or at shorter notice, depending on the circumstances.

The Company is aware that, at present, there are significant delays in the Australian postal system due to COVID-19, which may adversely affect both the receipt and return of voting forms by Shareholders. In accordance with the Treasury Laws Amendment (2021 Measures No. 1) Act 2021, the Company will not be dispatching physical copies of the Notice of General Meeting and Explanatory Statement. Instead, these documents will be emailed to all Shareholders who have provided an email address to the Company's share registrar and are otherwise available on the ASX company announcements platform at [www.asx.com.au](http://www.asx.com.au) under the ASX code of "NOV".

Shareholders who wish to attend the Meeting virtually must first register their attendance with the Company by no later than 3pm (AEDT) on 23 November 2021, the day prior to the day of the Meeting, by email to the Company Secretary at [ian.hobson@novatti.com](mailto:ian.hobson@novatti.com), including the Shareholder's name, address and HIN or SRN. The Company will then email the Shareholder the details to participate in the virtual Meeting via zoom (a web-based meeting portal).

Shareholders are encouraged to submit any questions that they may wish to put to the Company during the Meeting in writing by email to the Company Secretary at [ian.hobson@novatti.com](mailto:ian.hobson@novatti.com), by no later than 3pm (AEDT) on 23 November 2021, the day prior to the Meeting. Shareholders will also be able to ask questions during the Meeting using the web-based meeting portal, and Shareholders will be required to give their names when asking a question.

### Enquiries

Shareholders are requested to contact the Company Secretary on +61 8 9388 8290 if they have any queries in respect of the matters set out in this Notice of General Meeting or the Explanatory Statement.

### Voting Eligibility

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7.00pm (AEDT) on 22 November 2021.

### Voting by poll

All votes taken at the Meeting will be conducted by way of a poll, taken both physically at the Meeting and electronically. Shareholders who wish to vote by poll during the virtual Meeting must first notify the Company of their intention by emailing the Company Secretary at [ian.hobson@novatti.com](mailto:ian.hobson@novatti.com), by no later than 3pm (AEDT) on 23 November 2021, the day prior to the Meeting. Shareholders will be able to submit their email poll votes immediately after the Chair calls for a vote on each Resolution and up to a period of one hour after the Meeting ends. This means that the outcome of each Resolution will not be able to be determined until after the conclusion of the Meeting to allow the company secretary sufficient time to count such poll votes submitted by email.

## Voting by proxy

Shareholders should note that:

1. a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
2. a proxy need not be a member of the Company; and
3. a member of the Company 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, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. To be valid, the proxy form (and any power of attorney under which it is signed) must be completed and returned by the time and in accordance with the instructions set out in the proxy form. Any proxy form received after that time will not be valid for the scheduled Meeting.

Subject to any voting restrictions set out in a voting exclusion statement in respect of the Resolutions, the Chair will vote undirected proxies on, and in favour of, each Resolution.

## Corporate representatives

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's members. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

The representative must, prior to the Meeting, provide evidence of his or her appointment, to the Company Secretary by email at [ian.hobson@novatti.com](mailto:ian.hobson@novatti.com) by no later than 3pm (AEDT) on 23 November 2021, the day prior to the Meeting, noting whether the representative intends to attend the Meeting physically or virtually including any authority under which the appointment is signed, unless it has previously been given to the Company. Representatives who wish to vote by poll during the virtual Meeting must first notify the company secretary in accordance with the instructions set out above under 'voting by poll'.

**NOVATTI GROUP LIMITED**  
**ACN 606 556 183**

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that an annual general meeting of the shareholders of Novatti Group Limited (**Company**) will be held virtually via a web-based portal at 3pm (AEDT) on Wednesday, 24 November 2021 (**Meeting**).

The Explanatory Statement to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 22 November 2021 at 7pm (AEDT). Terms and abbreviations used in this Notice and Explanatory Statement are defined in Schedule 1.

## **AGENDA**

### **ORDINARY BUSINESS**

#### **1. Annual Report**

To table and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2021, which includes the Financial Report, the Directors' Report and the Auditor's Report.

#### **2. Resolution 1 - Adoption of Remuneration Report**

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

*"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2021."*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

#### **Voting Prohibition**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of, either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or
- (b) a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person described in paragraph (a) or (b), and either:

- (c) the person voting is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (d) the person voting is the chair of the meeting and the appointment of the chair as proxy: (i) does not specify the way the proxy is to vote on the resolution; and (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

#### **3. Resolution 2 - Re-election of Director – Kenneth Lai**

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

*"That, for the purpose of clause 6.3(c) of the Constitution and for all other purposes, Kenneth Lai, a Director, retires and being eligible, is re-elected as a Director."*

## **SPECIAL BUSINESS**

### **4. Resolution 3 - Approval of 10% Placement Capacity**

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

*“That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the Shares on issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”*

#### **Voting Exclusion**

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in or who will obtain a material benefit as a result of the proposed issue or an associate of such a person. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **5. Resolution 4 - Amendments to Constitution**

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

*“That, in accordance with section 136(2) of the Corporations Act, and for all other purposes, with effect from the end of the Meeting the Shareholders approve the amendments to the Constitution as described in the Explanatory Statement.”*

### **6. Resolution 5: Renewal of Proportional Takeover Provisions in Constitution**

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

*“That, the proportional takeover provisions contained in schedule 5 of the Constitution be renewed for a further period of three years commencing from the date of this Annual General Meeting.”*

## 7. Resolution 6 – Proposed Issue of Remuneration Options to Director - Peter Pawlowitsch

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

*“That, for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.14 and for all other purposes, the Directors be and are hereby authorised to issue 2,000,000 Options to Mr Peter Pawlowitsch or his nominee, on the terms and conditions set out in the Explanatory Statement.”*

### Voting Exclusion and Prohibition

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Peter Pawlowitsch or any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme, or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 6 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 6 Excluded Party.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member. However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chair and the appointment does not specify how the Chair is to vote but expressly authorises the Chair to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

## 8. Resolution 7 – Proposed Issue of Remuneration Options to Director - Peter Cook

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

*“That, for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.14 and for all other purposes, the Directors be and are hereby authorised to issue 3,000,000 Options to Mr Peter Cook or his nominee, on the terms and conditions set out in the Explanatory Statement.”*

### Voting Exclusion and Prohibition

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Peter Cook or any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme, or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 7 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 7 Excluded Party.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member. However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chair and the appointment does not specify how the Chair is to vote but expressly authorises the Chair to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

## 9. Resolution 8 – Proposed Issue of Remuneration Options to Director – Kenneth Lai

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

*“That, for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.14 and for all other purposes, the Directors be and are hereby authorised to issue 1,000,000 Options to Mr Kenneth Lai or his nominee, on the terms and conditions set out in the Explanatory Statement.”*

### Voting Exclusion and Prohibition

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Kenneth Lai or any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 8 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 8 Excluded Party.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member. However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chair and the appointment does not specify how the Chair is to vote but expressly authorises the Chair to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

## 10. Resolution 9 – Proposed Issue of Remuneration Options to Director – Steven Zhou

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

*“That, for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.14 and for all other purposes, the Directors be and are hereby authorised to issue 1,000,000 Options to Mr Steven Zhou or his nominee, on the terms and conditions set out in the Explanatory Statement.”*

### Voting Exclusion and Prohibition

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Steven Zhou or any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 9 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 9 Excluded Party.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member. However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chair and the appointment does not specify how the Chair is to vote but expressly authorises the Chair to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

**BY ORDER OF THE BOARD**



**Ian Hobson**  
Company Secretary

20 October 2021



## EXPLANATORY STATEMENT

### 1. Introduction

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at 3pm (AEDT) on Wednesday, 24 November 2021 via a web-based meeting portal.

This Explanatory Statement should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Statement is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

### 2. Annual Report

There is no requirement for Shareholders to approve the Annual Report. Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report which is online at <https://novatti.com/annual-reports/> and click on the direct link;
- (b) ask questions or make comment on the management of the Company;
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report; and
- (b) the conduct of the audit;
- (c) accounting policies by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

### 3. Resolution 1 - Remuneration Report

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

Section 250R(3) of the Corporations Act provides that Resolution 1 is advisory only and does not bind the Directors of itself, and a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report.

However, sections 250U and 250Y of the Corporations Act gives Shareholders the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general

meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

In summary, if the Remuneration Report receives a 'no' vote of 25% or more at this Meeting, Shareholders should be aware that if there is a 'no' vote of 25% or more at the next annual general meeting the consequences are that it may result in the re-election of the Board.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorization for the Chairman to vote the proxy in accordance with the Chairman's intention.

#### **4. Resolution 2 - Re-election of Director – Kenneth Lai**

Clause 6.3 of the Constitution requires that a Director (excluding the managing Director) must not hold office (without re-election) past the third annual general meeting following the Director's appointment or three years, whichever is longer.

At each annual general meeting, where the Company has three or more Directors, one-third of the Directors (rounded down to the nearest whole number) must retire (except for the managing Director).

A Director who retires under clause 6.3(c) of the Constitution is eligible for re-election.

Kenneth Lai, a Director since 19 June 2015 who was re-elected on both 16 November 2016 and 27 November 2018, seeks re-election. His details are set out in the Annual Report.

The Board unanimously supports the re-election of Kenneth Lai.

#### **5. Resolution 3 - Approval of 10% Placement Capacity**

##### **5.1 General**

Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital at the time of the issue over a period up to 12 months after the annual general meeting (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 3, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out in Section 5.2 below). If Shareholders do not approve Resolution 3, the Company will be unable to issue Equity Securities under the 10% Placement Capacity and will therefore require separate shareholder approval or be limited to the 15% placement capacity under Listing Rule 7.1.

The effect of Resolution 3 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue at the time of the issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing.

If and when the Company does utilise the 10% Placement Capacity within the relevant period, assuming Resolution 3 is passed, the Company will be required to give ASX details of who the allottees are and how many Equity Securities they each received. In addition, the Company will be required to release by way of ASX announcement the information set out in Listing Rule 3.10.5A, namely:

- (a) details about the dilution to the existing Shareholders caused by the issue of Equity Securities under the 10% Placement Capacity;
- (b) an explanation why a pro rata issue or other type of issue allowing existing shareholders to participate was not adopted instead of or as well as using the 10% Placement Capacity;
- (c) details about any underwriting and underwriting fees paid, and
- (d) details about any other fees or costs incurred in connection with the issue of Equity Securities under the 10% Placement Capacity.

The Directors believe that Resolution 3 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution. The Chairman intends to vote all available proxies in favour of Resolution 3.

Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

## 5.2 Formula for calculating 10% Placement facility

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of Shares on issue at the commencement of the relevant period,
    - i. plus the number of Shares issued in the relevant period under an exception in ASX Listing Rule 7.2 other than exception 9, 16 or 17;
    - ii. plus the number of Shares issued in the relevant period on the conversion of convertible securities within rule 7.2 exception 9 where:
      - a. the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
      - b. the issue of, or agreement to issue, the +convertible securities was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4,
    - iii. plus the number of Shares issued in the relevant period under an agreement to issue securities within rule 7.2 exception 16 where:
      - a. the agreement was entered into before the commencement of the relevant period; or
      - b. the agreement or issue was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4,
    - iv. plus the number of any other Shares issued in the relevant period with approval under Listing Rule 7.1 or Listing Rule 7.4,
- Note: This may include fully paid ordinary securities issued in the relevant period under an agreement to issue securities within rule 7.2 exception 17 where the issue is subsequently approved under rule 7.1.
- v. plus the number of partly paid ordinary securities that became fully paid in the relevant period,
  - vi. less the number of fully paid ordinary securities cancelled in the relevant period;

**D** is 10%.

**E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been approved by the holders of Ordinary Securities under ASX Listing Rule 7.4.

### **5.3 ASX Listing Rules 7.1 and 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 5.2(c) above).

#### **Minimum Issue Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- i. the date on which the price at which the Equity Securities are to be issued is agreed; or
- ii. if the Equity Securities are not issued within 10 ASX trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

#### **10% Placement Capacity Period**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- i. 12 months after the date of this Meeting;
- ii. the time and date of the entity's next annual general meeting; and
- iii. the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

**(10% Placement Capacity Period).**

#### **Specific information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- i. The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 trading days immediately before:
  - a. the date on which the price at which the Equity Securities are to be issued is agreed; or
  - b. if the Equity Securities are not issued within ten trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

- ii. If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:

- the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue	Dilution			
	Issue Price (per Share)	\$0.223 50% decrease	\$0.445 Current Price	\$0.668 50% increase
324,450,841 (Current)	Shares issued	32,445,084	32,445,084	32,445,084
	Funds raised	\$7,219,031	\$14,438,062	\$21,657,094
486,676,262 (50% increase)	Shares issued	48,667,626	48,667,626	48,667,626
	Funds raised	\$10,828,547	\$21,657,094	\$32,485,640
648,901,682 (100% increase)	Shares issued	64,890,168	64,890,168	64,890,168
	Funds raised	\$14,438,062	\$28,876,125	\$43,314,187

\*The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

- The current shares on issue are the Shares on issue as at 11 October 2021.
- The issue price set out above is the closing price of the Shares of \$0.445 on ASX on 11 October 2021.
- The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

- the market price for Shares may be significantly lower on the issue date than on the date of the Meeting; and
- the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

**(a) Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for cash consideration only in which case the Company intends to use funds raised to further the Company's application for business expansion, a restricted banking licence and working capital.

**(b) Allocation policy under the 10% Placement Capacity**

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

**(c) Previous Approval under ASX Listing Rule 7.1A**

The Company previously obtained Shareholder approval under Listing Rule 7.1A at its annual general meeting held on 25 November 2020. In the 12 months preceding the date of the 2021 Annual General Meeting, the Company issued a total of 23,665,904 Equity Securities pursuant to Listing Rule 7.1A, representing approximately 8% of the total number of Equity Securities on issue at 25 November 2020.

The Equity Securities issued in the preceding 12 month period meeting pursuant to ASX Listing Rule 7.1A comprise those issues set out in Schedule 2.

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

## **6. Resolution 4 - Amendments to Constitution**

### **6.1 Background**

The Constitution was adopted by Company prior to its listing on ASX in 2005.

The Company has recently undertaken a review of the Constitution and proposes a number of modifications to reflect certain changes to corporate governance practices, the Corporations Act and Listing Rules primarily to achieve efficient and flexible administration of the Company and relations with Shareholders, and to facilitate virtual general meetings.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

## **6.2 Amendments**

It is not practicable to list all of the changes to the Constitution in this Explanatory Statement and Shareholders are invited to contact the Company if they have any queries or concerns. For this purpose, Shareholders wishing to obtain a copy of a marked up version of the proposed amended constitution should contact the Company.

The following is an overview of the proposed key amendments:

### ***Restricted Securities***

Changes to Chapter 9 of the Listing Rules that took effect in late 2019, in particular new Listing Rule 9.1(a), require that an entity which issues restricted securities or has them on issue must include in its constitution the provisions set out in Listing Rule 15.12.

The Company currently has no restricted securities on issue and there are no plans to issue restricted securities. However, best practice dictates that the Company's constitution must comply with the Listing Rules and, to avoid the need to amend the constitution at a later date in the event restricted securities are proposed to be issued, the Company seeks to do so at the Annual General Meeting.

The proposed changes introduce the specific wording required by ASX under Listing Rule 15.12 and remove existing references applicable to restricted securities that have been superseded.

### ***General Meetings***

A number of amendments are proposed to be made to facilitate the use of virtual meetings by the Company, with the law having recently changed to allow the use of virtual or hybrid meetings.

The changes include clarifying that Directors may determine that a meeting be held by means of virtual meeting technology or other communication facilities that gives the members as a whole a reasonable opportunity to participate and vote, and providing the Directors with additional powers to postpone, cancel or adjourn a meeting in particular circumstances (eg due to public health orders).

### ***Direct Voting***

The changes will allow direct voting (whereby Shareholders may lodge a vote directly with the Company by way of post, fax or other electronic means, without having to attend a meeting or appoint a proxy or representative). Direct voting addresses deficiencies in existing voting procedures by facilitating greater voting participation and minimises the potential risks of a proxy vote not being cast. To facilitate the direct voting arrangements, the Directors will be authorised to prescribe rules governing direct voting.

## **6.3 Board recommendation**

The Board unanimously recommends that shareholders vote in favour of this special resolution.

## **7. Resolution 5 - Renewal of Proportional Takeover Provisions in Constitution**

### **7.1 Background**

The Constitution currently contains provisions dealing with proportional takeover bids for the Company's shares in accordance with the Corporations Act. The provisions, which are contained in schedule 5 of the Constitution, are designed to assist Shareholders to receive proper value for their Shares if a proportional takeover bid is made for the Company.

Under the Corporations Act, these provisions must be renewed every three years, or they will cease to have effect. The current provisions ceased to have effect in 2018.

If approved by shareholders at this Annual General Meeting, schedule 5 will operate for three years from the date of the meeting (ie. until 24 November 2024), unless earlier reviewed.

### **7.2 What is a proportional takeover bid?**

A proportional takeover bid is a takeover offer made to all shareholders for the acquisition of their shares; however, the offer made to each shareholder is only for a specified proportion of that shareholder's shares (and that proportion is the same for all shareholders). Accordingly, if a shareholder accepts in full the offer under a proportional takeover bid, the shareholder will dispose of the specified portion of their shares in the Company and retain the balance of the shares.

### **7.3 Effect of the proportional takeover approval provisions**

In the event that a proportional takeover offer is made to shareholders of the Company, the existence of schedule 5 requires the Board to convene a meeting of shareholders to vote on a resolution to approve the proportional takeover offer. Under the Corporations Act, the approving resolution must be passed at least 14 days before the offer under the proportional takeover bid closes.

To be passed, the resolution must be approved by most votes at the meeting, excluding votes by the bidder and its associates. However, the Corporations Act also provides that, if no resolution to approve the bid has been voted on in accordance with the time required by relevant provisions of the Corporations Act, then a resolution to approve the proportional takeover bid will be deemed to have been passed.

If the resolution to approve the proportional takeover bid is passed or deemed to have been passed, the transfer of shares resulting from acceptance of an offer under that bid will be permitted, and the transfers registered, subject to the Corporations Act and the Constitution.

If the resolution is rejected, the registration of any transfer of shares resulting from an offer under the proportional takeover bid will be prohibited, and the bid deemed to be withdrawn.

Schedule 5 does not apply to full takeover bids.

### **7.4 Reasons for proposing the resolution**

In the Board's view, the relevant shareholders should have the opportunity to vote on a proposed proportional takeover bid.

A proportional takeover bid for the Company may enable control of the Company to be acquired by a party holding less than a majority interest. As a result, the relevant shareholders may not have the opportunity to dispose of all their shares and risk being part of a minority interest in the Company or suffering loss if the takeover bid causes a decrease in the market price of the shares or makes the shares less attractive and, accordingly, more difficult to sell. Schedule 5 would only permit this to occur with the approval of a majority of the relevant shareholders.



## 7.5 Potential advantages and disadvantages

For relevant shareholders, the potential advantages of schedule 5 have been, and continue to be, that it will provide them with the opportunity to consider and discuss a proportional takeover bid in a meeting called specifically for that purpose, and vote on whether a proportional takeover bid should be approved. This has afforded and continues to afford the relevant shareholders an opportunity to have a say in the future ownership and control of the Company and help the shareholders avoid being locked into a minority. The Board believes that this will encourage any proportional takeover bid to be structured so as to be attractive to at least a majority of relevant shareholders. It may also discourage the making of a proportional takeover bid that may be considered opportunistic.

Finally, knowing the view of the majority of the relevant shareholders may help each individual shareholder to assess the likely outcome of the proportional takeover bid and decide whether or not to accept an offer under the bid.

On the other hand, the potential disadvantage for the relevant shareholders arising from schedule 5 has been, and continues to be, that proportional takeover bids may be discouraged by the further procedural steps that schedule 5 will necessitate and, accordingly, may reduce the opportunities which shareholders may have to sell all or some of their shares at a premium to persons seeking control of the Company and may reduce any takeover speculation element in the Company's share price. Schedule 5 may also be considered an additional restriction on the ability of individual shareholders to deal freely in their shares.

The Directors do not consider that there are any advantages or disadvantages specific to the Directors in relation to schedule 5. The Board will continue to remain free to make a recommendation to shareholders as to whether a proportional takeover bid should be accepted.

## 7.6 Present acquisition proposals

As at the date of the Notice of Annual General Meeting, no Director is aware of a proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

## 7.7 Board recommendation

The Board unanimously recommends that shareholders vote in favour of this special resolution.

## 8. Resolutions 6-9 – Proposed Issue of Remuneration Options to Director

### 8.1 Background

Resolutions 6–9 propose the grant and issue of Options to the Directors; namely Peter Pawlowitsch, Peter Cook, Kenneth Lai and Steven Zhou.

The purpose of the issues is to align the interest of the Directors with those of the Company and its shareholders with the Options all having a performance condition related to increasing the share price. The Board believes that the future success of the Company will depend in large measure on the skills and motivation of the people engaged in and overseeing the management of the Company's operations. It is therefore important that the Company is able to attract and retain people of the highest calibre, including at a Board level.

The Board considers that the most appropriate means of achieving this is to provide these Non-Executive Directors with an opportunity to participate in the Company's future growth and give them an incentive to contribute to that growth.

The Company has considered the guidelines in the ASX Corporate Governance Principles and Recommendations for non-executive director remuneration which notes that whilst it is generally acceptable for non-executive directors to receive securities as part of their remuneration to align their interests with the interests of other shareholders, generally they should not receive options with performance hurdles as it may lead to bias in their decision making and compromise objectivity. The Company believes the proposed issue of the Director Options to Mr Pawlowitsch, Mr Lai

and Mr Zhou will not impact their independent decision making and objectivity and that the Share price performance hurdles more closely aligns their interests with that of other Shareholders in creating Shareholder value.

An issue of options as part of the remuneration packages of company directors is a well-established practice of micro-cap publicly listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding the directors.

In determining the number of Options proposed to be issued and the terms, consideration was given to the relevant experience and role of each of the Directors, their respective overall remuneration terms and the market price of the Company's shares.

The Directors decline to make a recommendation due to them all having an interest in the outcome of Resolutions 6–9.

The Chair intends to vote undirected proxies in favour of Resolutions 6–9.

## 8.2 Corporations Act and Listing Rules

### ***Corporations Act***

Chapter 2E of the Corporations Act also requires shareholder approval where a public company seeks to give a “financial benefit” to a “related party” (unless an exception applies). A “related party” for the purposes of the Corporations Act is defined widely. It includes a director of a public company and specified members of the director's family. It also includes an entity over which a director maintains control.

The Directors are considered to be related parties within the meaning of the Corporations Act, and the grant of the Options will constitute a financial benefit for the purposes of Chapter 2E of the Corporations Act.

As the Options are proposed to be issued to all of the Directors, the Directors are unable to form a quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations Act applies to the issue of the Options. Accordingly, Shareholder approval for the issue of Options to the Related Parties is sought in accordance with Chapter 2E of the Corporations Act.

### ***Listing Rules***

Listing Rule 10.14 requires that a listed company must not issue equity securities under an employee incentive scheme to:

- a director of the company
- an associate of a director of the company; or
- a person whose relationship with the company, director of the company or an associate of a director of the company is such that, in ASX's opinion, the issue should be approved by its shareholders,

without shareholder approval.

Resolutions 6–9 seek the required Shareholder approval to the issue of the Options to the Directors under and for the purposes of Listing Rule 10.14.

If Resolutions 6–9 are approved, the grant of Options (and Shares upon exercise of the Options) to the Directors will not be included in calculating the Company's capacity to issue equity securities equivalent to 15% of the Company's ordinary securities, under Listing Rule 7.1.

If Shareholders do not approve Resolutions 6–9, the proposed grant will not proceed. In that circumstance, issues may arise with the competitiveness of those Directors' remuneration packages. The Board would then need to consider alternative remuneration arrangements, including potential providing an equivalent cash incentive.

### 8.3 Chapter 2E Corporations Act Requirements

In accordance with Section 219 of the Corporations Act the following information is provided to shareholders to allow them to assess whether or not it is in the Company's interests to pass Resolutions 6 to 9:

- (a) The proposed recipients are the related parties to whom the proposed resolutions would permit a financial benefit to be given. They are related parties of the Company by virtue of Section 228 of the Corporations Act (ie they are Directors).
- (b) The nature of the financial benefit to be given to the related parties is the issue of the Options for no consideration on the terms and conditions set out in Schedule 4.

On the basis of the indicative value as calculated below, the value of Options proposed to be issued to the related parties is as follows:

Name	No. Options	Indicative Value (\$)
Peter Pawlowitsch <sup>1</sup>	2,000,000	375,933
Peter Cook	3,000,000	563,900
Kenneth Lai	1,000,000	187,967
Steven Zhou	1,000,000	187,967

The relevant base salaries per annum (including superannuation) of the Directors and the total financial benefit to be received by them for the year ended 30 June 2022, when added to the implied "value" to be received by each of them as a result of the issue of options that are the subject of Resolutions 6 to 9 are as follows:

Director	Position	Annual Remuneration (incl Super.) \$	Value of Options to be Issued \$	Total Financial Benefit \$
Peter Pawlowitsch	Non-Executive Chair	131,400	375,933	507,333
Peter Cook	Managing Director	400,000	563,900	963,900
Kenneth Lai	Non-Executive Director	50,000	187,967	237,967
Steven Zhou	Non-Executive Director	40,000	187,967	227,967

- (c) The Board declines to make a recommendation to Shareholders in relation to Resolutions 6 to 9 due to each of their material personal interests in the outcome of the Resolutions (as applicable) on the basis that they are to be granted securities in the Company should Resolutions 6 to 9 be passed.
- (d) All of the Directors have an interest in the outcome of proposed Resolutions 6 to 9. Details of the benefits and costs to the Company are contained herein.

- (e) Excluding any securities proposed to be allotted to the related parties pursuant to Resolutions 6 to 9, the Directors and their associates have a relevant interest in the securities of the Company as set out below:

Name	Shares		Options	
	Direct	Indirect	Direct	Indirect
Peter Pawlowitsch	-	3,582,662	-	2,166,666 <sup>1</sup>
Peter Cook	-	11,507,994	-	6,666,666 <sup>2</sup>
Kenneth Lai	-	-	666,667 <sup>3</sup>	-
Steven Zhou	-	-	666,667 <sup>4</sup>	-

**Notes:**

1. 500,000 options exercisable at 20 cents each, expiring 30 November 2023 and 1,666,666 options exercisable at 19.5 cents each, expiring 30 November 2022.
  2. 2,500,000 options exercisable at 27 cents each, expiring 30 November 2024, 2,500,000 options exercisable at 20 cents each, expiring 30 November 2023 and 1,666,666 options exercisable at 19.5 cents each, expiring 30 November 2022.
  3. 666,667 options exercisable at 19.5 cents each, expiring 30 November 2022.
  4. 666,667 options exercisable at 19.5 cents each, expiring 30 November 2022.
- (f) ASX sets out best practice recommendations for ASX-listed companies, including a suggestion that non-executive directors should not receive options or bonus payments. These guidelines are not prescriptive and do not require a “one size fits all” approach to corporate governance. In the Board’s view, the guideline is inappropriate considering the Company’s circumstances, where the preservation of the Company’s cash resources is key and the retention of high quality and well-credentialed non-executive directors is considered important to the ongoing development and growth of the Company and its business.

There is no other information known to the Directors or the Company that is reasonably required by Shareholders to make a decision whether or not it is in the Company’s interests to pass Resolutions 6 to 9, other than as set out throughout this Explanatory Statement (including the current entitlements of the Directors to securities of the Company). The Directors believe that the Options proposed to be issued to the Directors are a cost-effective benefit for small companies that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the optionholders given that their vesting and exercise is linked to the market value of the underlying Shares.

### Potential Benefits

If the Options are issued pursuant to the proposed resolutions, the Company considers the following benefits arise:

- The Directors will have a vested interest in the affairs of the Company. The Options are a form of performance-based incentive and their “vesting” is linked to the market price of the Shares. An increase in the market price of Shares to achieve the relevant milestones will also benefit all Shareholders.
- The issue of options is a non-cash form of remuneration, thus conserving liquid funds.
- The exercise of the Options will provide working capital for the Company at no significant cost. If all the Options proposed to be issued pursuant to Resolutions 6 to 9 are ultimately exercised, funds will be raised, though the exact amount will not be determinable until the date of the Meeting and the operation of the cashless exercise facility as part of the terms and conditions of the Options (as set out in Schedule 4). At an exercise price of 45 cents and no use of the cashless exercise facility, an amount of \$2,700,000 would be raised.

### Dilution Effect and Potential Costs

The potential cost to the Company of the issue of an aggregate of 6,000,000 Options pursuant to Resolutions 6 to 9 is that there will be a dilution of the issued share capital if the Options are exercised. Based on 323,850,841 Shares currently on issue the exercise of the proposed Options would have a dilution effect of approximately 1.85% of non-associated Shareholders' interest in the Company.

However, if the other existing Options on issue held by third parties were also to be exercised into Shares, the dilution effect would be 10.8%. The Company has the following Options on issue (as at the date of the Notice):

NOVAJ : OPTION	EXPIRING 30-NOV-2023	EX 20C	3,000,000
NOVAH : OPTION	EXPIRING VARIOUS DATES	EX VARIOUS PRICES	15,045,835
NOVAO : OPTION	EXPIRING 22-DEC-2023	EX \$0.275	3,600,000
NOVAP : OPTION	EXPIRING 14-OCT-2023	EX \$0.30	2,000,000
NOVAN : OPTION	EXPIRING 30-NOV-2024	EX \$0.27	2,500,000
NOVAK : OPTION	EXPIRING 30-OCT-2022	EX 25C	2,577,500
NOVAM : OPTION	EXPIRING 31-DEC-2021	EX 25C	4,900,000
NOVAQ : OPTION	EXPIRING 05-MAY-2024	EX \$0.75	100,000
NOVAR : OPTION	EXPIRING 08-FEB-2024	EX \$0.30	200,000
NOVAS : OPTION	EXPIRING 07-APR-2024	EX \$0.60	100,000
NOVAT : OPTION	EXPIRING 08-APR-2024	EX \$0.30	300,000
NOVAU : OPTION	EXPIRING 31-MAY-2024	EX \$0.75	400,000
NOVAV : OPTION	EXPIRING 26-OCT-2023	EX \$0.30	1,000,000
<b>TOTAL:</b>			<b>35,723,335</b>

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in respect of the proposed issue of Options other than, if the Options are exercised at a time when the market price of the Shares is greater than the exercise price of the Options, there will be detriment insofar as the Company will be required to issue shares at a price lower than it might otherwise have been able to, with the result that less funds will be raised.

The market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at the time any of the Options are exercised, the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.

In the 12 months before the date of this Notice, the highest, lowest and last trading price of Shares on ASX are as set out below:

	Date	Price
Low	17 & 24 December 2020	24.0 cents
High	11 June 2021	78.5 cents
Last Price	11 October 2021	44.5 cents

The value of Options to be issued has been calculated by external consultants, RSM Australia Pty Ltd, using the Binomial option pricing model as of 12 October 2021. The value of an option calculated by the Binomial option pricing model is a function of a number of variables. The indicative value of the Options has been calculated using the following variables:

Assumptions	Milestone 1	Milestone 2	Milestone 3
Valuation Date	12-Oct-21	12-Oct-21	12-Oct-21
Spot Price	\$0.445	\$0.445	\$0.445
Exercise Price	\$0.450	\$0.450	\$0.450
Expiry Date	30-Nov-25	30-Nov-25	30-Nov-25
Barrier Price	\$0.591	\$0.727	\$0.863
Vesting Date	30-Nov-22	30-Nov-23	30-Nov-24
Expected Future Volatility	70%	70%	70%
Risk Free Rate	1.04%	1.04%	1.04%
Early Exercise Multiple	2.5x	2.5x	2.5x
Dividend Yield	Nil	Nil	Nil
<b>Value</b>	<b>\$0.1818</b>	<b>\$0.1870</b>	<b>\$0.1951</b>

The underlying Share price of 44.5 cents is based on the closing Share price on ASX as at 11 October 2021 (being the last practical date before this Notice was finalised) and is a representative figure of what the November 2021 20-day VWAP may be when calculated.

Further details of the terms and conditions of the Options to be issued are outlined above and in Schedule 4. See Schedule 3 for summary details of the Plan under which the Options will be issued.

#### 8.4 Specific Information Required by Listing Rule 10.15

In accordance with Listing Rule 10.15 the following information is provided in relation to Resolutions 6–9:

- (a) The proposed recipients of the Options are Peter Cook, Kenneth Lai and Steven Zhou.
- (b) The proposed issue of the Options falls within Listing Rule 10.14.1 or 10.14.2, as the proposed recipients are Directors (and/or his nominees).
- (c) The number and class of securities proposed to be issued is:
  - Mr Pawlowitsch: 2,000,000 Options
  - Mr Cook: 3,000,000 Options
  - Mr Lai: 1,000,000 Options
  - Mr Zhou: 1,000,000 Options
- (d) The current total remuneration package for the recipients is outlined in the table below:

Director	Position	Annual Remuneration (incl Super.) \$	Value of Options to be Issued \$	Total Financial Benefit \$
Peter Pawlowitsch	Non-Executive Chair	131,400	375,933	507,333
Peter Cook	Managing Director	400,000	563,900	963,900
Kenneth Lai	Non-Executive Director	50,000	187,967	237,967
Steven Zhou	Non-Executive Director	40,000	187,967	227,967

The milestone events and timeframes for achievement are as follows.

**Milestone 1:** The 20-day VWAP achieving a price greater than or equal to 130% of the November 2021 20-day VWAP at any time during the period commencing 1 December 2021 and ending 30 November 2022 (inclusive).

**Milestone 2:** The 20-day VWAP achieving a price greater than or equal to 160% of the November 2021 20-day VWAP at any time during the period commencing 1 December 2021 and ending 30 November 2023 (inclusive).

**Milestone 3:** The 20-day VWAP achieving a price greater than or equal to 190% of the November 2021 20-day VWAP at any time during the period commencing 1 December 2021 and ending 30 November 2024 (inclusive).

- (e) The Plan is a new incentive scheme and has not previously been approved by Shareholders. Shareholders approved the adoption of the Plan at a general meeting held in August 2021. No securities have been issued under the Plan.
- (f) The terms and conditions of the Options are set out in Schedule 4.

The Options have an exercise price of \$0.45 each and shall vest in the following amounts on the following dates, subject to continued service as Director and accelerated vesting provisions set out in the Plan:

Milestone	No. Options			
	P Pawlowitsch	P Cook	K Lai	S Zhou
1	666,667	1,000,000	333,334	333,334
2	666,666	1,000,000	333,333	333,333
3	666,666	1,000,000	333,333	333,333
<b>Total</b>	<b>2,000,000</b>	<b>3,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>

The Options expire on 30 November 2025.

Options are a common form of incentive award in the Australian marketplace as they are tax-effective and provide the Company with flexibility to reward employees by aligning their interests with those of Shareholders.

The value attributed to each of the Options for Milestone 1 is \$0.1818, Milestone 2 \$0.1870 and Milestone 3 \$0.1951 (see above). The value is based on at a deemed grant date of 12 October 2021.

Based on these valuations, the implied total value of the maximum number of Options that may be issued to the Director is as follows:

Director	Value of Options to be Issued \$
Peter Pawlowitsch	375,933
Peter Cook	563,900
Kenneth Lai	187,967
Steven Zhou	187,967

Refer to above for further details in regard to aggregate current remuneration.

- (g) The Options will be issued within three years after the date of the Meeting.
- (h) The Options are to be issued for nil consideration.
- (i) See Schedule 3 for summary details of the Plan.
- (j) No loans will be made in connection with the issue of the Options.
- (k) Details of any securities issued under the Plan will be published in the Company's annual report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.

Additional persons covered by Listing Rule 10.14 who become entitled to participate in an issued of securities under the Plan after the resolution is approved and who were not named in the Notice will not participate under approval is obtain under that rule.

- (l) A voting exclusion statement is included in the Notice.



## **Schedule 1 - Definitions**

In this Notice and the Explanatory Statement:

**\$** means Australian Dollars.

**20-day VWAP** means the VWAP over a period of 20 consecutive trading days.

**AEDT** means Australian Eastern Daylight-Savings Time.

**Annual Report** means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2021.

**ASX** means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

**Auditor's Report** means the auditor's report on the Financial Report.

**Board** means the board of Directors.

**Chair or Chairman** means the person appointed to chair the Meeting convened by this Notice.

**Closely Related Party** means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

**Company** means Novatti Group Ltd (ACN 606 556 183).

**Constitution** means the constitution of the Company as at the commencement of the Meeting.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Directors' Report** means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

**Equity Securities** has the same meaning as in the Listing Rules.

**Explanatory Statement** means the explanatory statement attached to the Notice.

**Financial Report** means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

**Key Management Personnel** means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

**Listing Rules** means the listing rules of ASX.

**Meeting** has the meaning in the introductory paragraph of the Notice:

**Notice** means this notice of meeting.

**November 2021 20-day VWAP** means the VWAP ending on and including the date of the Meeting.

**Option** means an option to acquire a Share.

**Plan** means 2021 Novatti Employee Incentive Plan approved by Shareholders on 20 August 2021.

**Proxy Form** means the proxy form attached to the Notice.

**Remuneration Report** means the remuneration report of the Company contained in the Directors' Report.

**Resolution** means a resolution contained in the Notice.

**Schedule** means a schedule to this Notice.

**Section** means a section contained in this Explanatory Statement.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a shareholder of the Company.

**VWAP** means volume weighted average price of Shares traded on ASX.

In this Notice and the Explanatory Statement words importing the singular include the plural and vice versa.

**Schedule 2 - Equity Securities issued since 2020 AGM pursuant to Listing Rule 7.1A**

Date of issue	Number issued	Class/Type of equity security and Summary of terms	Names of persons who received securities or basis on which those persons was determined	Issue Price / Discount	Consideration	
9 July 2021	23,665,904	Ordinary shares	Sophisticated Investors.	Issue Price \$0.55 each Discount NIL	Total cash consideration	\$13,016,247
					Amount of cash consideration spent and description of what consideration was spent on	\$Nil
					Intended use for remaining cash consideration	Working capital
					Non-cash consideration paid and current value of that non-cash consideration	N/A

## **Schedule 3 – Summary of 2021 Novatti Employee Incentive Plan**

### **1. Eligible Participant**

**Eligible Participant** means a person who is a full-time or part-time employee, officer, or contractor of the Company, or an Associated Body Corporate (as defined in ASIC Class Order 14/1000), or such other person who has been determined by the Board to be eligible to participate in the Plan from time to time.

The Company will seek Shareholder approval for Director and related party participation in accordance with ASX Listing Rule 10.14.

### **2. Purpose**

The purpose of the Plan is to:

- (a) assist in the reward, retention and motivation of Eligible Participants;
- (b) link the reward of Eligible Participants to Shareholder value creation; and
- (c) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

### **3. Plan administration**

The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.

### **4. Eligibility, invitation and application**

The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.

On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part.

If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

### **5. Grant of Securities**

The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.

### **6. Terms of Convertible Securities**

Each "Convertible Security" represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan.

Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them unless otherwise determined by the Board. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

## **7. Vesting of Convertible Securities**

Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.

## **8. Exercise of Convertible Securities and cashless exercise**

To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time following vesting of the Convertible Security (if subject to vesting conditions) and prior to the expiry date as set out in the invitation or vesting notice.

An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

## **9. Delivery of Shares on exercise of Convertible Securities**

As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.

## **10. Forfeiture of Convertible Securities**

Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly; committed an act which has brought the Company, the Group or any entity within the Group into disrepute, or wilfully breached his or her duties to the Group or where a Participant is convicted of an offence in connection with the affairs of the Group; or has a judgment entered against him or her in any civil proceedings in respect of the contravention by the Participant of his or her duties at law, in equity or under statute, in his or her capacity as an employee, consultant or officer of the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (a) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- (b) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation or vesting notice.

## 11. Change of control

If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event provided that, in respect of Convertible Securities, the maximum number of Convertible Securities (that have not yet been exercised) that the Board may determine will vest and be exercisable into Shares under this Rule is that number of Convertible Securities that is equal to 10% of the Shares on issue immediately following vesting under this Rule, which as far as practicable will be allocated between holders on a pro-rata basis on the basis of their holdings of Convertible Securities on the date of determination of vesting.

## 12. Rights attaching to Plan Shares

All Shares issued or transferred under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (**Plan Shares**) will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.

## 13. Disposal restrictions on Plan Shares

If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:

- (a) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
- (b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

## 14. Adjustment of Convertible Securities

If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the ASX Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an issue of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

## 15. Participation in new issues

There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.

**16. Compliance with applicable law**

No Security may be offered, granted, vested or exercised if to do so would contravene any applicable law. In particular, the Company must have reasonable grounds to believe, when making an invitation, that the total number of Plan Shares that may be issued upon exercise of Convertible Securities offer when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous three year period under:

- (a) an employee incentive scheme of the Company covered by ASIC Class Order 14/1000; or
- (b) an ASIC exempt arrangement of a similar kind to an employee incentive scheme,

but disregarding any offer made or securities issued in the capital of the Company by way of or as a result of:

- (c) an offer to a person situated at the time of receipt of the offer outside Australia;
- (d) an offer that did not need disclosure to investors because of section 708 of the Corporations Act (exempts the requirement for a disclosure document for the issue of securities in certain circumstances to investors who are deemed to have sufficient investment knowledge to make informed decisions, including professional investors, sophisticated investors and senior managers of the Company); or
- (e) an offer made under a disclosure document,

would exceed 5% (or such other maximum permitted under any applicable law) of the total number of Shares on issue at the date of the invitation.

**17. Maximum number of Securities**

The Company will not make an invitation under the Plan if the number of Plan Shares that may be issued, or acquired upon exercise of Convertible Securities offered under an invitation, when aggregated with the number of Shares issued or that may be issued as a result of all invitations under the Plan, will exceed 15% of the total number of issued Shares at the date of the invitation.

**18. Amendment of Plan**

Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

**19. Plan duration**

The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

**20. Income Tax Assessment Act**

The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to the conditions in that Act).

#### **Schedule 4 – Terms and Conditions of Remuneration Options**

The terms and conditions of the Options are as follows:

- (a) Each Option entitles the holder to subscribe for and be allotted one ordinary fully paid share (**Share**) in Novatti Group Limited ACN 606 556 183 (**Company**).
- (b) Each Option is exercisable at \$0.45 (**Exercise Price**).
- (c) The Options will expire at 5.00pm (AEDT) on 30 November 2025 (**Expiry Date**).
- (d) The Options are classified according to specific milestones (as set out in paragraph (e)) and are not exercisable unless and until the relevant milestone has been achieved or a Change of Control Event (as defined in paragraph (f)) has occurred within the prescribed timeframe (**Vesting**). If Vesting of the relevant Options has not occurred within the prescribed timeframe, the relevant number of Options shall automatically lapse.
- (e) The milestones and timeframes for achievement are as follows.
  - Milestone 1:** The 20-day VWAP achieving a price greater than or equal to 130% of the November 2021 20-day VWAP at any time during the period commencing 1 December 2021 and ending 30 November 2022 (inclusive).
  - Milestone 2:** The 20-day VWAP achieving a price greater than or equal to 160% of the November 2021 20-day VWAP at any time during the period commencing 1 December 2021 and ending 30 November 2023 (inclusive).
  - Milestone 3:** The 20-day VWAP achieving a price greater than or equal to 190% of the November 2021 20-day VWAP at any time during the period commencing 1 December 2021 and ending 30 November 2024 (inclusive).
- (f) A **Change of Control Event** shall be taken to mean:
  - (i) the occurrence of the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares and that the takeover bid has become unconditional; or
  - (ii) the announcement by the Company that shareholders of the Company have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either cancelled or transferred to a third party and the Court, by order, approves the proposed scheme of arrangement.
- (g) Options are exercisable at any time from their date of Vesting up until the Expiry Date by notice in writing to the Company accompanied by payment of the Exercise Price.
- (h) If an Optionholder or the person who nominated the Optionholder to receive the Options, as the case may be, ceases to be employed or engaged by the Company (or a member of the Company's corporate group) or, if a director of the Company (**Director**), ceases to be a Director then, unless the Company's board of Directors determines otherwise, the Optionholder automatically forfeits their interest in any Options that have not yet been exercised and all such Options shall automatically lapse.
  - (i) Notwithstanding the requirement for payment of the Exercise Price in accordance with paragraph (g), in order to exercise some or all of the Options, the holder may, subject to sub-paragraph (i)(iv), elect to pay the Exercise Price by using the cashless exercise facility provided for under this paragraph (i) (**Cashless Exercise Facility**).

- (ii) The Cashless Exercise Facility entitles the holder to set-off the Exercise Price against the number of Shares which the holder is entitled to receive upon exercise of the holder's Options. By using the Cashless Exercise Facility, the holder will receive Shares to the value of the surplus after the Exercise Price has been set-off.
- (iii) If the holder elects to use the Cashless Exercise Facility, the holder will only be issued that number of Shares (rounded down to the nearest whole number) as are equal in value to the difference between the total Exercise Price otherwise payable for the Options on the Options being exercised and the then market value of the Shares at the time of exercise (determined as the volume weighted average prices at which Shares were traded on the ASX over the five trading day period immediately preceding the exercise date) calculated in accordance with the following formula:

$$S = \frac{O \times (MSP - EP)}{MSP}$$

Where:

S = Number of Shares to be issued on exercise of the Options.

O = Number of Options.

MSP = Market value of the Shares (calculated using the volume weighted average prices at which Shares were traded on the ASX over the five trading day period immediately preceding the exercise date).

EP = Option exercise price.

- (iv) If the difference between the total Exercise Price otherwise payable for the Options on the Options being exercised and the then market value of the Shares at the time of exercise (calculated in accordance with sub-paragraph (i)(iii)) is zero or negative, then the holder will not be entitled to use the Cashless Exercise Facility.
- (j) The Options are non transferable.
- (k) All Shares issued upon exercise of the Options will rank *pari passu* in all respects with the then existing Shares. The Company will apply for Official Quotation by the ASX of all Shares issued upon exercise of the Options.
- (l) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to the Company's shareholders during the currency of the Options. However, if from time to time on or prior to the Expiry Date the Company makes an issue of new Shares to its shareholders, the Company will if practicable given the timetable for the issue send a notice to each holder of Options as soon as reasonably practicable before the record date referable to that issue to give holders an opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (m) If from time to time on or prior to the Expiry Date the Company makes an issue of Shares to its shareholders by way of capitalisation of profits or reserves (a **Bonus Issue**), then upon exercise of their Options, Optionholders will be entitled to have issued to them (in addition to the Shares which would otherwise be issued to them upon such exercise) the number of Shares of the class which would have been issued to them under that Bonus Issue (**Bonus Shares**) if on the record date for the Bonus Issue they have been registered as holder, if, immediately prior to that date, they had fully exercised their Options and the Shares the subject of such exercise had been duly allotted and issued to them. The Bonus Shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the Bonus Issue and upon issue will rank *pari passu* in all respects with the other Shares allotted upon exercise of the Options.
- (n) There is no right to a change in the exercise price of the Options or to the number of Shares over which the Options are exercisable in the event of a new issue of capital (other than a Bonus Issue) during the currency of the Options.
- (o) In the event of any reorganisation of the issued capital of the Company on or prior to the Expiry Date, the rights of an Optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.



If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **3.00pm (AEDT) on Monday 22 November 2021**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

## SUBMIT YOUR PROXY VOTE ONLINE

**Vote online at <https://investor.automic.com.au/#/loginsah>**

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



## SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

### STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

### DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking 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.

### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

### SIGNING INSTRUCTIONS

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided.

**By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.



## Return your completed form

**BY MAIL**

Automatic  
GPO Box 5193  
Sydney NSW 2001

**IN PERSON**

Automic  
Level 5, 126 Phillip Street  
Sydney NSW 2000

BY EMAIL

meetings@automicgroup.com.au

BY FACSIMILE

+61 2 8583 3040

**All enquiries to Automic**

WEBCCHAT

<https://automic.com.au/>

PHONE

1300 288 664 (Within Australia)  
+61 2 9698 5414 (Overseas)

**Complete and return this form as instructed only if you do not vote online**

I/We being a Shareholder entitled to attend and vote at the Annual General Meeting of Novatti Group Limited, to be held at **3.00pm (AEDT) on Wednesday 24 November 2021** hereby:

**Appoint the Chairman of the Meeting (Chair)** OR if you are not appointing the Chairman of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

[illegible]

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Unless indicated otherwise by ticking the “for,” “against” or “abstain” box you will be authorising the Chair to vote in accordance with the Chair’s voting intention.

**AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS**

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 and 6-9 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 6-9 are connected directly or indirectly with the remuneration of a member of the Keu Management Personnel, which includes the Chair.

Resolutions		For	Against	Abstain
1.	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Re-election of Director – Kenneth Lai	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Amendments to Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Renewal of Proportional Takeover Provisions in Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	Proposed Issue of Remuneration Options to Director - Peter Pawlowitsch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	Proposed Issue of Remuneration Options to Director - Peter Cook	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	Proposed Issue of Remuneration Options to Director – Kenneth Lai	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.	Proposed Issue of Remuneration Options to Director – Steven Zhou	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED**

Individual or Securituholder 1

\_\_\_\_\_

Sole Director and Sole Company Secretary

Securituholder 2

\_\_\_\_\_

Director

Securituholder 3

\_\_\_\_\_

Director / Company Secretary

Contact Name:

[illegible]

Email Address:

[illegible]

Contact Dautime Telephone

[illegible]

Date (DD/MM/YY)

		/			/		
--	--	---	--	--	---	--	--

By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).