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**CHAPMANS LTD**

**ABN 34 000 012 386**

**NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT**

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**TIME:** 10:00am EST

**DATE:** 31 May 2018

**PLACE:** Thomson Geer  
Level 25, 1 O'Connell Street  
SYDNEY NSW 2000

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

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact Peter Dykes on (02) 9300 3630.*

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## TIME AND PLACE OF MEETING AND HOW TO VOTE

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### VENUE

The Annual General Meeting of the Shareholders of Chapmans Ltd which this Notice of Meeting relates to will be held at 10:00am EST on 31 May 2018 at Thomson Geer, Level 25, 1 O'Connell Street, Sydney NSW 2000.

### YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

### VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

### VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed and either:

- (a) send the Proxy Form by post to Security Transfer Australia Pty Ltd, PO BOX 52 Collins Street West VIC 8007;
- (b) send the Proxy Form by e-mail to registrar@securitytransfer.com.au; or
- (c) send the Proxy Form by facsimile to the Company on facsimile number +61 8 9315 2233,

so that it is received not less than 48 hours prior to commencement of the Meeting.

### **Proxy forms received later than this time will be invalid.**

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all 'directed' proxies as directed; and

- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

### **Proxy vote if appointment specifies way to vote**

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

### **Transfer of non-chair proxy to chair in certain circumstances**

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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## NOTICE OF GENERAL MEETING

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Notice is given that the Annual General Meeting of Shareholders of Chapmans Ltd will be held at 10:00am EST on 31 May 2018 at Thomson Geer, Level 25, 1 O'Connell Street, Sydney NSW 2000.

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 7:00 pm (EST) on 29 May 2018.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

### AGENDA

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#### Financial Statement and Reports

To receive and consider the annual financial report of the Company for the financial year ended 31 December 2017 together with the Directors' declaration, the Directors' report, the Remuneration Report and the auditor's report.

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#### Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **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 31 December 2017."*

**Note: The Corporations Act provides that a resolution that the remuneration report be adopted must be put to vote at a listed company's annual general meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company.**

#### Voting Prohibition Statement:

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 a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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**Resolution 2 – Election of Director – Dato' Muhamad Adlan bin Berhan**

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

*"That, Mr Dato' Muhamad Adlan bin Berhan, having been appointed as a Director since the last Annual General Meeting and who retires in accordance with clause 12.7(b) of the Constitution and being eligible, offers himself for election, be elected as a Director of the Company."*

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**Resolution 3 – Re-election of Director – Christopher Newport**

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

*"That, Mr Christopher Newport, who compulsorily retires in accordance with clauses 12.11(a)(i) and 12.12(a) of the Constitution, and being eligible, offers himself for re-election, be re-elected as a Director of the Company."*

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**Resolution 4 – Ratification of Prior Issue of Shares**

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

*"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 198,750,000 Shares on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of Resolution 4 by any person who participated in the issue and any associates of those persons. However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**Resolution 5 – Placement of Shares**

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

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to that number of Shares which, when multiplied by the issue price, will raise up to \$2,500,000 on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of Resolution 5 by any person who is expected to participate in, or who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities), and any associates of those persons. However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### **Resolution 6 – Issue of Shares on conversion of debt**

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

*“That for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 370,312,500 Shares to the Investors in full and final satisfaction of amounts owing by the Company to the Investors on the terms and conditions set out in the Explanatory Statement.”*

#### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of Resolution 6 by any person who is expected to participate in, or who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities), and any associates of those persons. However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### **Resolution 7 – Issue of Options**

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

*“That for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 569,062,500 Options on the terms and conditions set out in the Explanatory Statement.”*

#### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of Resolution 7 by any person who is expected to participate in, or who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities), and any associates of those persons. However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### **Resolution 8 – Issue of Corporate Options to CPS**

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

*"That for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 300,000,000 Options to CPS on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of Resolution 8 by any person who is expected to participate in, or who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities), and any associates of those persons. However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**Resolution 9 – Issue of Broker Options**

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

*"That for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 91,050,000 Options to various brokers on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of Resolution 9 by any person who is expected to participate in, or who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities), and any associates of those persons. However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**Resolution 10 – Issue of Securities to Anthony Dunlop**

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

*"That for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 31,250,000 Shares and 31,250,000 free attaching Options to Anthony Dunlop, director of the Company, or his nominee, on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of Resolution 10 by Anthony Dunlop or his nominee and any of their associates. However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**Resolution 11 – Issue of Securities to Peter Dykes**

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

*“That for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 31,250,000 Shares and 31,250,000 free attaching Options to Peter Dykes, director of the Company, or his nominee, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of Resolution 11 by Peter Dykes or his nominee and any of their associates. However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**Resolution 12 – Issue of Securities to Dato' Muhamad Adlan bin Berhan**

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

*“That for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 31,250,000 Shares and 31,250,000 free attaching Options to Dato' Muhamad Adlan bin Berhan, director of the Company, or his nominee, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of Resolution 12 by Dato' Muhamad Adlan bin Berhan or his nominee and any of their associates. However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**Resolution 13 – Appointment of Auditor**

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

*“That, Nexia Sydney Audit Pty Limited, being qualified to act as auditor of the Company and having consented to act as auditor of the Company, be appointed as the auditor of the Company effective from the close of this Meeting and the Directors be authorised to agree the remuneration.”*

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**Resolution 14 – Approval of Additional Capacity to Issue Shares Under Listing Rule 7.1A**

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



*"That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the Company having the additional capacity to issue securities under ASX Listing Rule 7.1A on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of Resolution 14 by any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company), if the Resolution is passed and any associates of such a person. However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**DATED: 1 May 2018**

**BY ORDER OF THE BOARD**

**PETER DYKES  
EXECUTIVE DIRECTOR  
CHAPMANS LTD**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting of Chapmans Ltd to be held at Thomson Geer, Level 25, 1 O'Connell Street Sydney NSW 2000 at 10:00am on 31 May 2018.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting (of which this Explanatory Statement forms a part).

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### 1. FINANCIAL STATEMENTS AND REPORTS – AGENDA ITEM

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 31 December 2017 together with the Directors' declaration, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available from the registered office of the Company and an electronic version of the annual financial report is available on the Company's website and ASX Announcement Platform.

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is **advisory** only and **does not bind** the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

Under the Corporations Act, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the previous financial year) was approved, other than the managing director of the company, will cease to hold office

immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

### 2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the Remuneration Report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

### 2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

***If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy -***

***You must direct your proxy how to vote on this Resolution.*** Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

***If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member) -***

You **do not** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, ***you must mark the acknowledgement on the Proxy Form to expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.***

***If you appoint any other person as your proxy -***

You **do not** need to direct your proxy how to vote on this Resolution, and you **do not** need to mark any further acknowledgement on the Proxy Form.

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## 3. RESOLUTION 2 – ELECTION OF DIRECTOR - DATO' MUHAMAD ADLAN BIN BERHAN

### 3.1 General

Clause 12.7(b) of the Company's constitution provides that any person appointed to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, holds office until the conclusion of the next Annual General Meeting but is eligible for election at that Annual General Meeting.

Dato' Muhamad Adlan Bin Berhan, having been appointed by the board as an executive director of the Company on 11 August 2017, retires and seeks re-election to the Board.

### 3.2 Profile

Dato' Muhamad Adlan bin Berhan has 20 years' experience as a principal investor, owner and operator across a diversified range of industries in India, Dubai, Malaysia, Australia, Singapore and South East Asia. His industry experience stretches across technology manufacturing, agriculture, food processing and distribution, property development and construction.

Dato' Muhamad Adlan bin Berhan brings an extensive network of industrial and investment sector relationships to the Company and has a focus on supporting further

investment for the Company's existing investments as well as developing investment opportunities in Australian and international markets.

### 3.3 Directors' Recommendation

The Directors (other than Dato' Muhamad Adlan Bin Berhan) recommend that Shareholders vote in favour of Resolution 2.

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## 4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR - MR CHRISTOPHER NEWPORT

### 4.1 General

Clause 12.11(a)(i) of the Company's Constitution provides that at each Annual General Meeting, one-third of the Directors or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third of the Directors, for the time being (excluding casual appointees and the Managing Director) must retire from office.

In accordance with clause 12.12(a) of the Company's Constitution, the specific Directors to retire at any Annual General Meeting must be those who have been longest in office since their last election.

Mr Christopher Newport, being the longest serving Director since his last election, retires and seeks re-election to the Board.

### 4.2 Profile

Chris has over 8 years' experience in the mobile technology sector with a focus on mobile application development and delivery. As a reputable technology entrepreneur Chris has successfully developed a range of mobile media and e-commerce based assets.

### 4.3 Directors' Recommendation

The Directors (other than Christopher Newport) recommend that Shareholders vote in favour of Resolution 3.

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## 5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES

### 5.1 General

As announced on 16 April 2018, the Company issued 198,750,000 Shares pursuant to a placement to professional and sophisticated investors, at an issue price of \$0.008 per Share.

These 198,750,000 Shares were issued pursuant to the Company's capacity under ASX Listing Rule 7.1.

This Resolution seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

### 5.2 ASX Listing Rule 7.1 and 7.4

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

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1)

those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue Equity Securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### 5.3 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 198,750,000 Shares were issued pursuant to ASX Listing Rule 7.1;
- (b) the issue price was \$0.008 per Share;
- (c) the Shares were issued to 85 professional and sophisticated investors, none of whom are related parties of the Company;
- (d) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (e) funds raised have been used to fund part of the Company's AUD\$2.55 million investment in GPU.One Holding Inc. as announced on 16 April 2018 (**GPU.One Investment**).

### 5.4 Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 4.

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## 6. RESOLUTION 5 – PLACEMENT OF SHARES

### 6.1 General

Resolution 5 seeks Shareholder approval for the issue of that number of Shares which, when multiplied by the issue price, will raise up to \$2,500,000 (**Placement**).

A summary of ASX Listing Rule 7.1 is set out in relation to Resolution 4 above.

The effect of Resolution 5 will be to allow the Company to issue the Shares pursuant to the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% placement capacity.

### 6.2 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Placement:

- (a) the maximum number of Shares to be issued is up to that number of Shares which, when multiplied by the issue price, equals \$2,500,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur progressively;
- (c) the issue price will be not less than 80% of the volume weighted average market price for Shares calculated over the 5 days on which sales in the Shares were recorded before the date on which the issue is made or, if there is a prospectus relating to the Placement, over the last 5 days on which sales in the securities

were recorded before the date the prospectus is signed, in accordance with ASX Listing Rule 7.3.3;

- (d) the persons to whom, the Shares will be issued are not, as yet, identifiable, but will be subscribers to be identified by the Company and any brokers appointed by the Company to manage the Placement. The persons will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Company intends to use the funds raised from the Placement for working capital and existing investments. Existing investments include investments in the following entities:
  - (i) 20FOUR Media Holdings Pty Ltd;
  - (ii) Syn Dynamics Australia Pty Ltd;
  - (iii) Securrency Inc;
  - (iv) MJ Life Sciences Pty Ltd;
  - (v) Reffind Limited; and
  - (vi) Rision Limited;
- (g) the Shares are not being issued under, or to fund, a reverse takeover.

### 6.3 Voting Dilution

Any issue of Shares under the Placement will dilute the interests of Shareholders who do not receive any Shares under the Placement.

The VWAP for Shares on the 5 days on which sales were recorded on and before 18 April 2018 was \$0.0086306. As the Company was suspended from trading between 22 March 2018 and 16 April 2018, the dates used for the 5 day VWAP calculation are 18 April 2018, 17 April 2018 and 19 March 2018 to 21 March 2018 (inclusive).

The maximum discount of not less than 80% of this VWAP would be \$0.00690448 per Share.

Accordingly, set out below is a worked example of the number of Shares that may be issued under Resolution 5 based on an assumed issue price of \$0.00690448 (80% of VWAP or the minimum issue price), \$0.00863060 (VWAP) and \$0.01035672 (120% of VWAP).

Assumed issue price	Max no. of Shares which the Company could issue (rounded up to the nearest whole number) pursuant to Resolution 5	Current Shares on issue as at the date of this Notice	Increased number of Shares on issue assuming the Company issued the maximum amount pursuant to Resolution 5	Dilution effect on existing Shareholders
\$0.00690448 (80% of VWAP or the	362,083,749	1,523,750,000	1,885,833,749	23.76%

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minimum issue price)				
\$0.00863060 (VWAP)	289,666,999	1,523,750,000	1,813,416,999	19.01%
\$0.01035672 (120% of VWAP)	241,389,166	1,523,750,000	1,765,139,166	15.84%

The table set out above uses the following assumptions:

- The total number of Shares on issue are 1,523,750,000, namely the number of Shares on issue as at the date of this Notice.
- For avoidance of doubt, the table set out above does not take into account the Shares that were the subject of Resolution 1 at the general meeting of Company's Shareholders held on 21 March 2018.
- The Company issues the maximum possible number of Shares under the Placement.
- Figures have been rounded up to the nearest whole number.
- 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.

Assuming no other Shares are issued (including those contemplated by Resolutions 6, 10, 11 and 12) and the maximum number of Shares as set out in the worked example are issued, the number on Shares on issue would increase from 1,523,750,000 (being the number of Shares on issue as at the date of this Notice) to 1,885,833,749 and the shareholding of existing Shareholders would be diluted by 23.76%.

The Company notes that the above workings are examples only and the actual issue price may differ. This will result in the maximum number of Shares to be issued and the dilution percentage to differ.

#### 6.4 Directors' Recommendation

None of the Directors have a material personal interest in the subject matter of Resolution 5. The Board recommends that Shareholders vote in favour of Resolution 5 as it will enable the Company to fund its existing investments and working capital.

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## 7. RESOLUTION 6 – ISSUE OF SHARES PURSUANT TO CONVERSION OF DEBT

### 7.1 General

As announced on 16 April 2018 in the announcement entitled 'Chapmans secures amended GPU.One Term Sheet and Capital Raise' (**Announcement**), the Company conducted a capital raising which was comprised of an issue of Shares (such Shares being the subject of Resolution 4) and a raising of \$2,962,500 (**Recent Capital Raising**) which was structured as simple unsecured loans with each loan having an interest rate of 8% p.a and repayment date of 30 June 2018 (**Investor Loans**).

As mentioned in the Announcement, the funds raised from the Investor Loans were used to fund part of the GPU.One Investment with the remainder of the funds raised being applied to working capital purposes.

As at the date of the Meeting, the total amount outstanding on the Investor Loans will be \$2,962,500 (excluding interest) and as foreshadowed in the Announcement, the Company proposes, subject to Resolution 6 being passed, to issue 370,312,500 shares at \$0.008 per Share (**Conversion Shares**) to the Investors in full and final satisfaction of its obligations in relation to the Investor Loans. The accrued interest is to be paid in cash.

A summary of ASX Listing Rule 7.1 is set out above in relation to Resolution 4.

The effect of Resolution 6 will be to allow the Company to issue the Conversion Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% placement capacity. The Company however, intends on issuing the Conversion Shares immediately after the Meeting.

## 7.2 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Conversion Shares:

- (a) the maximum number of Conversion Shares to be issued is 370,312,500;
- (b) it is intended that the Conversion Shares will be issued immediately after the Meeting and in any event, no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the issue price will be \$0.008 per Conversion Share;
- (d) the persons to whom, the Conversion Shares will be issued are the following sophisticated and professional investors who advanced the Investor Loans referred to above in section 7.1:
  - (i) Beyo Group Pty Ltd;
  - (ii) Angus Paul;
  - (iii) Bacic Holdings Pty Ltd;
  - (iv) Aust-Sport Financial Services Pty Ltd;
  - (v) Currandooley Pty Ltd;
  - (vi) Peter Alan Torney;
  - (vii) Stirling Wealth Group Limited; and
  - (viii) Wecu Investments Pty Ltd;
- (e) the Conversion Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Company will not raise any additional funds through the issue of the Conversion Shares, however, the issue of the Conversion Shares will result in full and final satisfaction of the Company's obligations with respect to the Investor Loans. The funds raised from the Investor Loans were used to fund part of the GPU.One Investment with the remainder of the funds raised being applied to working capital purposes; and
- (g) the Conversion Shares are not being issued under, or to fund, a reverse takeover.



### 7.3 Directors' Recommendation

The Board recommends that Shareholders vote in favour of Resolution 6.

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## 8. RESOLUTION 7 – ISSUE OF OPTIONS

### 8.1 General

As mentioned in the Announcement, each Share issued under the Recent Capital Raising (which for avoidance of doubt, includes Conversion Shares) is to be issued with a free attaching option (**Attaching Options**), subject to Resolution 7 being passed by Shareholders.

Resolution 7 seeks Shareholder approval for the issue of up to 569,062,500 Attaching Options to investors.

A summary of ASX Listing Rule 7.1 is set out above in relation to Resolution 4. The effect of Resolution 7 will be to allow the Company to issue the Attaching Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's annual 15% placement capacity.

The Attaching Options will be issued on the following terms:

Key Term	Detail
Exercise Price	The exercise price for the Attaching Options will be \$0.015 per option.
Entitlement on exercise	Each Attaching Option entitles the holder to subscribe for one Share ( <b>New Share</b> ).
Expiry Date	30 November 2021
Period of exercise	Attaching Options may be exercised at any time prior to the Expiry Date. Any Attaching Options not exercised by the Expiry Date will automatically lapse.
How to exercise an Option	To exercise the Attaching Options, the Option Holder must give notice in writing to the Company Secretary and Managing Director of the Company.  The exercise of some Attaching Options only does not affect the Option Holder's right to exercise other Attaching Options at a later time.
Issue of Shares	Subsequent to receipt of the notice to exercise and payment of the exercise price, the Company will arrange for the appropriate number of Shares to be allotted.
Minimum number of Attaching Options exercisable	12,500,000
Ranking	New Shares issued on exercise of the Attaching Options will rank equally with all existing Shares.

<b>Quotation</b>	It is proposed that the Attaching Options will be quoted.
<b>Transferability</b>	The Attaching Options are transferable.
<b>Reconstruction of capital (Reconstruction)</b>	If at any time the issued capital of the Company is reconstructed (including consolidation, subdivision, reduction of return), all rights of a holder of Attaching Options are to be changed to the extent necessary in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
<b>Participation in new issues</b>	There are no participation rights or entitlements inherent in the Attaching Options and holders of Attaching Options will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Attaching Options without exercising the options.
<b>Change in Exercise Price/number of underlying ordinary shares</b>	The exercise price and the one-for-one exercise ratio are fixed for the life of the Attaching Options subject to Reconstruction, the Listing Rules and the Corporations Act.

## 8.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Attaching Options:

- (a) the maximum number of Attaching Options to be issued is 569,062,500;
- (b) the Attaching Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that their issue will occur 5 Business Days after the date of the Meeting;
- (c) there is no issue price for the Attaching Options;
- (d) the persons to whom the Attaching Options will be issued are the Investors and the parties who received shares in the share issue referred to in Resolution 4;
- (e) the terms of the Attaching Options are set out in section 8.1 of this Explanatory Statement;
- (f) no cash will be received for the issue of the Attaching Options as they will be issued for nil consideration. Funds received from payment of the exercise price of the Attaching Options will be used to fund general working capital requirements; and
- (g) the Attaching Options are not being issued under, or to fund, a reverse takeover.

## 8.3 Directors' Recommendation

The Board recommends that Shareholders vote in favour of Resolution 7.

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## 9. RESOLUTION 8 – ISSUE OF CORPORATE OPTIONS

### 9.1 General

As part of the compensation for the services provided by CPS Capital Group Pty Limited (ACN 088 055 636) (**CPS**) in managing the CPS Capital Raising as the lead manager and broker, the Company will issue up to 300,000,000 Options to CPS (**CPS Corporate Options**). Resolution 8 seeks Shareholder approval for the issue of the CPS Corporate Options.

The CPS Corporate Options will be issued on the same terms as the Attaching Options, set out in section 8.1 of this Explanatory Statement.

A summary of ASX Listing Rule 7.1 is set out above in relation to Resolution 4.

The effect of Resolution 8 will be to allow the Company to issue the CPS Corporate Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% placement capacity.

### 9.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the CPS Corporate Options:

- (a) the maximum number of CPS Corporate Options to be issued is 300,000,000;
- (b) the CPS Corporate Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) there is no issue price for the CPS Corporate Options;
- (d) the CPS Corporate Options will be issued to CPS;
- (e) the terms of the CPS Corporate Options are on the same terms as the Attaching Options set out in section 8.1 of this Explanatory Statement;
- (f) no cash will be received for the issue of the CPS Corporate Options as they will be issued for nil consideration. Funds received from payment of the exercise price of the CPS Corporate Options will be used to fund general working and investment capital requirements; and
- (g) the CPS Corporate Options are not being issued under, or to fund, a reverse takeover.

### 9.3 Directors' Recommendation

The Board recommends that Shareholders vote in favour of Resolution 8.

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## 10. RESOLUTION 9 – ISSUE OF BROKER OPTIONS

### 10.1 General

As part of the compensation for the services provided by brokers who introduced investors to the CPS Capital Raising, the Company will issue up to 91,050,000 Options to various brokers (**CPS Broker Options**). Resolution 9 seeks Shareholder approval for the issue of the CPS Broker Options.

The CPS Broker Options will be issued on the same terms as the Attaching Options, set out in section 8.1 of this Explanatory Statement.

A summary of ASX Listing Rule 7.1 is set out above in relation to Resolution 4.

The effect of Resolution 9 will be to allow the Company to issue the CPS Broker Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% placement capacity.

## 10.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the CPS Broker Options:

- (a) the maximum number of CPS Broker Options to be issued is 91,050,000;
- (b) the CPS Broker Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) there is no issue price for the CPS Broker Options;
- (d) the CPS Broker Options will be issued to the following parties who introduced investors whom subscribed for the CPS Capital Raising:
  - (i) Dale Maurice Raynes;
  - (ii) BBCW Investments Pty Ltd;
  - (iii) Callum Thomas Fransz;
  - (iv) David Peter Valentino;
  - (v) Ellaz Pty Ltd;
  - (vi) Jacob Hovitch Goddard;
  - (vii) Nicole Joan Gallin;
  - (viii) Murray William Broun;
  - (ix) Venus Anetac Pty Ltd;
  - (x) Sabia Holdings Pty Ltd;
  - (xi) WLP Investments Pty Ltd;
  - (xii) Brent Evitt;
  - (xiii) Hamish McCathie;
  - (xiv) Celtic Capital Pty Ltd;
  - (xv) CPS Capital Investments Pty Ltd;
  - (xvi) Victor Mark Coppleson;
  - (xvii) Anthony Richard Lewis;
  - (xviii) Le Messurier Securities Pty Ltd;

- (xix) Andrew Petrie;
- (xx) Michael Charles Vaughan Holland;
- (xxi) Shaw and Partners Limited; and
- (xxii) Mejority Capital Limited;
- (e) the terms of the CPS Broker Options are on the same terms as the Attaching Options set out in section 8.1 of this Explanatory Statement;
- (f) no cash will be received for the issue of the CPS Broker Options as they will be issued for nil consideration. Funds received from payment of the exercise price of the CPS Broker Options will be used to fund general working and investment capital requirements; and
- (g) the CPS Broker Options are not being issued under, or to fund, a reverse takeover.

### **10.3 Directors' Recommendation**

The Board recommends that Shareholders vote in favour of Resolution 9.

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## **11. RESOLUTIONS 10, 11, AND 12 – ISSUE OF SECURITIES TO ANTHONY DUNLOP, PETER DYKES AND DATO' MUHAMAD ADLAN BIN BERHAN**

### **11.1 General**

Resolution 10 seeks the approval for the issue of 31,250,000 Shares and 31,250,000 free attaching Options to Mr Anthony Dunlop (or his nominee).

Resolution 11 seeks the approval for the issue of 31,250,000 Shares and 31,250,000 free attaching Options to Mr Peter Dykes (or his nominee).

Resolution 12 seeks the approval for the issue of 31,250,000 Shares and 31,250,000 free attaching Options to Mr Dato' Muhamad Adlan Bin Berhan (or his nominee).

Messrs Dunlop, Dykes and Muhamad Adlan Bin Berhan are executive directors of the Company. The directors wish to subscribe for Shares and free attaching Options.

### **11.2 Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act regulates the provision of "financial benefits" to "related parties" by a public company. Chapter 2E prohibits a public company from giving a financial benefit to a Related Party of the public company unless either:

- the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- prior shareholder approval is obtained to the giving of the financial benefit.

A "related party" is widely defined under the Corporations Act, and includes the directors of the company under section 228 of the Corporations Act. As such, the Directors of the Company are Related Parties of the Company for the purposes of section 208 of the Corporations Act.

A "financial benefit" is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining

the financial benefit. Section 229 of the Corporations Act includes as an example of a financial benefit, the issuing of securities or the granting of an option to a Related Party.

The issue of Securities to Messrs Dunlop, Dykes and Muhamad Adlan Bin Berhan constitutes the provision of a financial benefit to a Related Party.

Section 210 of the Corporations Act provides that an entity does not need to obtain Shareholder approval to give a financial benefit to a related party if the giving of the financial benefit would be reasonable in the circumstances if the related party and the entity are dealing at arm's length (or terms less favourable than arm's length).

Given that the Directors will be subscribing for Shares and Options on the same terms as the Shares that are the subject of Resolution 4 and the Attaching Options, the Board is of the view that the proposed issue is determined to be at arm's length and therefore that the exception in section 210 of the Corporations Act is relevant to the Resolutions 10, 11 and 12, and as such is not seeking Shareholder approval pursuant to Chapter 2E of the Corporations Act.

### **11.3 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 provides that an entity must not issue, or agree to issue, equity securities to a related party without the approval of its shareholders. For the purposes of the Corporations Act, a "related party" of the Company includes the directors of the Company. Messrs Dunlop, Dykes and Muhamad Adlan Bin Berhan are directors of the Company and, accordingly, are related parties of the Company for the purposes of both the Corporations Act and the Listing Rules.

The Company therefore seeks Shareholder approval to issue the Shares to Messrs Dunlop, Dykes and Muhamad Adlan Bin Berhan (and their nominees) for the purposes of ASX Listing Rule 10.11.

### **11.4 ASX Listing Rule 7.4**

ASX Listing Rule 7.2 (exception 14) provides that Shareholder approval under ASX Listing Rule 7.1 is not required for the issue of securities to related parties which are approved under Listing Rule 10.11. Accordingly, the issue of the Shares to Messrs Dunlop, Dykes and Muhamad Adlan Bin Berhan will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

### **11.5 Technical information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 10, 11 and 12:

- (a) the names of the persons to receive securities are:
  - (i) Anthony Dunlop, director of the Company, or his nominee;
  - (ii) Peter Dykes, director of the Company, or his nominee; and
  - (iii) Dato' Muhamad Adlan Bin Berhan, director of the Company, or his nominee;
  
- (b) the maximum number of Securities to each Director (or their nominees) is as follows:
  - (i) Anthony Dunlop (or his nominee) - 31,250,000 Shares and 31,250,000 Options;

- (ii) Peter Dykes (or his nominee) – 31,250,000 Shares and 31,250,000 Options; and
- (iii) Dato' Muhamad Adlan Bin Berhan (or his nominee) - 31,250,000 Shares and 31,250,000 Options.
- (c) the Securities will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Securities will occur 5 Business Days after the passing of these Resolutions;
- (d) any Shares to be issued to Messrs Dunlop, Dykes and Muhamad Adlan Bin Berhan will be issued at \$0.008 per Share. Any Options to be issued to Messrs Dunlop, Dykes and Muhamad Adlan Bin Berhan will be free Options attaching to the Shares acquired and will therefore be issued for nil consideration;
- (e) the terms of the Options are on the same terms as the Attaching Options set out in section 8.1 of this Explanatory Statement. The Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from issue of Securities to Messrs Dunlop, Dykes and Muhamad Adlan Bin Berhan to fund the Company's general working capital requirements.

There is no other information known to the Directors that is reasonably required by Shareholders to make a decision whether or not it is in the Company's interests to pass Resolutions 10, 11 and 12.

#### **11.6 Directors' Recommendation**

- (a) The Board (other than Anthony Dunlop) recommends that Shareholders vote in favour of Resolution 10.
- (b) The Board (other than Peter Dykes) recommends that Shareholders vote in favour of Resolution 11.
- (c) The Board (other than Dato' Muhamad Adlan Bin Berhan) recommends that Shareholders vote in favour of Resolution 12.

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## **12. RESOLUTION 13 – APPOINTMENT OF AUDITOR**

### **12.1 General**

Hall Chadwick, the Company's current auditor, has given notice of its intention to resign as auditor of the Company to ASIC in accordance with section 329(5) of the Corporations Act, as the Directors have resolved to appoint a new auditor.

Upon receipt of ASIC's consent to its resignation, Hall Chadwick has advised it will submit a notice of resignation to the Company in accordance with section 329(5) of the Corporations Act, such resignation to take effect from the date of the Meeting.

In accordance with section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a Shareholder for Nexia Sydney Audit Pty Limited (**Nexia**) to be appointed as the Company's auditor.

A copy of this nomination is set out in the Annexure. Nexia has consented to its appointment as the Company's auditor, which will take effect subject to Shareholder

approval and Hall Chadwick's resignation. Nexia's written consent is also set out in the Annexure.

If Resolution 13 is passed, the appointment of Nexia as the Company's auditor will take effect at the close of the Meeting.

## 12.2 Directors' Recommendation

The Board recommends that Shareholders vote in favour of this Resolution. The reason the Board makes this recommendation is that Hall Chadwick is intending to resign as the Company's auditor and Nexia would be appropriate to fulfil the expected audit needs of the Company going forward. Other than as Shareholders, none of the Directors have an interest in the outcome of this Resolution.

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## 13. RESOLUTION 14 – APPROVAL OF ADDITIONAL CAPACITY TO ISSUE SHARES UNDER LISTING RULE 7.1A

### 13.1 General

Listing Rule 7.1A enables eligible entities to issue that number of securities equal to up to 10% of their issued share capital through placements over 12 months after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity. The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue securities under the 10% Placement Facility.

The exact number of securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2.

Resolution 14 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote.

### 13.2 Listing Rule 7.1A

The ability to issue securities under the 10% Placement Facility is subject to Shareholder approval by special resolution at an annual general meeting. Any securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of securities of the Company. The Company, as at the date of the notice of meeting, intends to issue Options pursuant to the other Resolutions in this Notice, but can only issue Shares under Listing Rule 7.1A, as the Company's Shares are quoted on the ASX. Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the 12 months after the date of the annual general meeting, a number of securities calculated in accordance with the following formula:

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

where:

**A** is the number of fully paid ordinary securities on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
- (ii) plus the number of partly paid shares that became fully paid in the 12 months;



- (iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rule 7.1 or 7.4. This does not include an issue of fully paid shares under the Company's 15% placement capacity without shareholder approval;
- (iv) less the number of fully paid shares cancelled in the 12 months;

**Note that A has the same meaning in the ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.**

**D** is 10%.

**E** is the number of equity securities issued or agreed to be issued under rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of ordinary securities under Rule 7.1 or 7.4.

If the Company issues any equity securities under the 10% Placement Facility, the entity must, pursuant to ASX Listing Rules 7.1A.4 and 3.10.5A:

- (a) give to the ASX a list of the allottees of the equity securities and the number of equity securities caused to be allotted to each (but this list is not required to be released to the market); and
- (b) disclose to the market the details of the dilution to the existing holders of ordinary securities caused by the issue; where the equity securities are issued for cash consideration, a statement of the reasons why the eligible entity issued the equity securities as a placement rather than as a pro rata issue; the details of any underwriting arrangements and fees payable to the underwriter; and any other fees or costs incurred in connection with the issue.

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (a) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (b) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), or such longer period if allowed by ASX,

**(10% Placement Period).**

### **13.3 Technical information required by ASX Listing Rule 7.3A**

(a) **Minimum price**

Any equity securities issued by the Company under ASX Listing Rule 7.1A can only be issued at a price that is no less than 75% of the VWAP for securities in that class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the securities are to be issued is agreed; or
- (ii) the date on which the securities are issued if the securities are not issued within five trading days of the date on which the issue price is agreed.

(b) **Dilution to existing security holders**

If Resolution 14 is approved by Shareholders and the Company issues securities under the 10% Placement Facility, the existing Shareholders' economic and voting power in the Company will be diluted as shown in the below table. There is a risk that:

- (i) the market price for securities may be significantly lower on the date of the issue of the securities than on the date of the annual general meeting on 31 May 2018; and
- (ii) the securities may be issued at a price that is at a discount to the market price for the securities on the issue date or the securities are issued as part of consideration for the acquisition of a new business,

which may have an effect on the amount of funds raised by the issue of the securities.

The table below shows a number of hypothetical scenarios for a 10% placement as required by ASX Listing Rule 7.3A.2 where the number of the Company's shares on issue (variable "A" in the formula in ASX Listing Rule 7.1A.2) has remained current or increased by either 50% or 100% and the share price has decreased by 50%, remained current or increased by 100% based on the closing share price on ASX at 18 April 2018.

Number of shares on issue Variable "A"	Additional 10% placement Shares issued & funds raised	Dilution		
		\$0.004 Issue price at half current market price	\$0.008 Issue price at current market price	\$0.016 Issue price at double current market price
Current variable "A" 1,523,750,000	Shares issued	152,375,000 Shares	152,375,000 Shares	152,375,000 Shares
	Funds raised	\$609,500	\$1,219,000	\$2,438,000
50% increase in current variable "A" 2,285,625,000	Shares issued	228,562,500 Shares	228,562,500 Shares	228,562,500 Shares
	Funds raised	\$914,250	\$1,828,500	\$3,657,000
100% increase in current variable "A" 3,047,500,000	Shares issued	304,750,000 Shares	304,750,000 Shares	304,750,000 Shares
	Funds raised	\$1,219,000	\$2,438,000	\$4,876,000

The dilution table uses the following assumptions which the Company does not represent will necessarily occur:

- (i) the Company issues the maximum number of securities available under the additional 10% placement;
- (ii) the table shows only the effect of issues of securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1;

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- (iii) the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
- (iv) the table does not show an example of dilution that may be caused to a particular shareholder by reason of the placements under ASX Listing Rule 7.1A, based on that shareholder's holding at the date of the Annual General Meeting; and
- (v) the issue price at current market price is the closing price of the shares on the ASX on 18 April 2018.

(c) **Dilution to existing security holders**

The Company will only issue and allot the securities during the 10% Placement Period. The approval under Resolution 14 for the issue of the securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking), or 12 months after the date of this Meeting.

(d) **Purpose of 10% additional placement**

The Company may seek to issue securities under the 10% placement for either:

- (i) cash consideration. The Company may use the funds for working capital, towards potential transactions or for other corporate purposes deemed by the Board to be in the best interests of the Company; or
- (ii) non-cash consideration for transactions deemed by the Board to be in the best interests of the Company. In such circumstances the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the securities complies with ASX Listing Rule 7.1A.3.

The Company will comply with any disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon the issue of any securities under ASX Listing Rule 7.1A.

(e) **Allocation policy**

The Company's allocation policy is dependent upon the prevailing market conditions at the time of any proposed issue pursuant to the 10% placement. The identity of allottees of equity securities will be determined on a case by case basis having regard to factors including but not limited to the following:

- (i) the methods of raising funds that are then available to the Company;
- (ii) the effect of the issue of the equity securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from professional and corporate advisers (if applicable).

Allottees under the 10% placement have not been determined as at the date of this Notice of Meeting and may include existing and/or new security holders but cannot include any related parties or associates of a related party of the Company.

(f) **Previous Issues of Securities**

The Company has not previously obtained shareholder approval to have the additional capacity to issue equity securities under ASX Listing Rule 7.1A.

(g) **Voting exclusion**

A voting exclusion statement is included in the Notice of Meeting. At the date of the Notice of Meeting the Company has not invited and has not determined to invite any particular existing security holder or an identifiable class of existing security holders to participate in an offer under ASX Listing Rule 7.1 A. Therefore, no existing security holder will be excluded from voting on Resolution 14.

**13.4 Directors' Recommendation**

The Board recommends that Shareholders vote in favour of Resolution 14.

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**14. ENQUIRIES**

Shareholders are requested to contact the Peter Dykes on 02 9300 3630 if they have any queries in respect to the matters set out in this Notice.

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## GLOSSARY

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**10% Placement Facility** has the meaning set out in section 13.1.

**10% Placement Period** has the meaning set out in section 13.2.

**Announcement** has the meaning set out in section 7.1.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** or **Listing Rules** means the Listing Rules of ASX.

**Attaching Options** means the Options which are freely attaching to each CPS Capital Raising Share issued on a 1:1 basis.

**Board** means the current board of Directors of the Company.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse of child of the member;
- (b) a child of the member's spouse;
- (c) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (d) a company the member controls; or
- (e) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** or **Chapmans** means Chapmans Ltd (ABN 34 000 012 386).

**Conversion Shares** has the meaning set out in section 7.1.

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

**CPS** means CPS Capital Group Pty Limited (ACN 088 055 636).

**CPS Broker Options** means the issue of up to 91,050,000 Options to brokers.

**CPS Corporate Options** means the issue of up to 300,000,000 Options to CPS.

**CPS Capital Raising** means the CPS Capital Raising Shares and Attaching Options.

**CPS Capital Raising Shares** means the Shares that are the subject of Resolution 4 and the Conversion Shares that are the subject of Resolution 6.

**Directors** means the current directors of the Company.

**Equity Securities** includes a Share, a right to a Share or option, a convertible security and any security that ASX decides to classify as an Equity Security.

**EST** means Australian Eastern Standard Time, as observed in Sydney, New South Wales.

**Explanatory Statement** means the explanatory statement accompanying this Notice of Meeting.

**General Meeting** or **Meeting** means the General Meeting of the Company convened by this Notice of Meeting.

**GPU.One Investment** has the meaning set out in section 5.3(e).

**Investor Loans** has the meaning set out in section 7.1.

**Investors** means parties who advanced the Investor Loans referred to in Resolution 6.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Nexia** means Nexia Sydney Audit Pty Limited.

**Notice** or **Notice of Meeting** means this Notice of the General Meeting including the Explanatory Statement and Proxy Form.

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

**Placement** has the meaning set out in section 6.1.

**Proxy Form** means the proxy form accompanying the Notice.

**Ratification** has the meaning set out in section 5.1.

**Recent Capital Raising** has the meaning set out in section 7.1.

**Related Party** is as defined under section 228 of the Corporations Act.

**Remuneration Report** means the remuneration report set out in the Directors' report section of the Company's annual financial report for the year ended 31 December 2017.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Securities** means Shares and Options in the Company.

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

**Shareholder** means a registered holder of a Share.

**Spill Meeting** has the meaning set out in section 2.2.

**Spill Resolution** has the meaning set out in section 2.2.

**VWAP** means volume weighted average price.

**ANNEXURE**

See over page.

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23 April 2018

The Board of Directors  
Chapmans Limited  
Level 10, 52 Phillip Street  
Sydney NSW 2000

Dear Sirs,

### Consent to act as Auditor

We, Nexia Sydney Audit Pty Ltd, hereby consent to act as auditors of Chapmans Limited (ACN: 000 012 386) pursuant to Section 328(A) of the Corporations Act 2001, subject to ASIC's consent and should a resolution to that effect be carried at the company's annual general meeting, currently to be scheduled within the next 2 months.

Yours faithfully,



**Nexia Sydney Audit Pty Ltd**



**Lester Wills**  
Director

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18 April 2018

The Board of Directors

Dear Sirs,

**Nomination of Nexia Sydney Audit Pty Limited as Company Auditor**

I, Anthony Dunlop of 3 Birrell Lane, Queens Park NSW 2022 being a member of Chapmans Limited (**Company**), request that a general meeting of the Company be held on the first available time, in any event no later than 2 months from the date of this notice to consider, and, if thought fit, pass a resolution that Nexia Sydney Audit Pty Limited be appointed as the new auditor of the Company subject to ASIC's approval of Hall Chadwick's resignation.

Furthermore, for the purposes of Section 328B(1) of the Corporations Act 2001, I hereby give you notice of the nomination of Nexia Sydney Audit Pty Limited as auditor of the Company.

SIGNED by

Anthony Dunlop

in the presence of:

Anthony Dunlop

Signature of Witness

Name of Witness (Print)

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# CHAPMANS LIMITED

ACN: 000 012 386

**REGISTERED OFFICE:**

LEVEL 10  
52 PHILLIP STREET  
SYDNEY NSW 2000

**SHARE REGISTRY:**

Security Transfer Australia Pty Ltd

**All Correspondence to:**

PO BOX 52  
Collins Street West VIC 8007  
Suite 913, Exchange Tower  
530 Little Collins Street  
Melbourne VIC 3000  
T: 1300 992 916 F: +61 8 9315 2233  
E: registrar@securitytransfer.com.au  
W: www.securitytransfer.com.au



«Post\_zone»  
«Company\_code» «Sequence\_number»

«Holder\_name»  
«Address\_line\_1»  
«Address\_line\_2»  
«Address\_line\_3»  
«Address\_line\_4»  
«Address\_line\_5»

Code: **CHP**

Holder Number: **«HOLDER\_NUM»**

**PROXY FORM**

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

**VOTE ONLINE** Lodge your proxy vote securely at [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

**«ONLINE»**

**SECTION A: Appointment of Proxy**

I/We, the above named, being registered holders of the Company and entitled to attend and vote at the meeting hereby appoint

The meeting chairperson **OR**

or failing the person named, or if no person is named, the Chairperson of the Meeting to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxyholder may direct) at the Annual General Meeting of the Company to be held at 10:00am AEST on Thursday 31 May 2018 at Thomson Geer, Level 25, 1 O'Connell Street, SYDNEY NSW 2000.

**SECTION B: Voting Directions**

Please mark "X" in the box to indicate your voting direction. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may announce his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTION	For	Against	Abstain*
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Election of Director - Dato' Muhamad Berhan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-election of Director - Christopher Newson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Ratification of Prior Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Placement of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Issue of Shares on conversion of debt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Issue of Corporate Options to CPS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Issue of Broker Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Issue of Securities to Anthony Dunlop	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Issue of Securities to Peter Dykes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Issue of Securities to Dato' Muhamad Adlan bin Berhan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Approval of Additional Capacity to Issue Shares Under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. \* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**SECTION C: Signature of Security Holder(s)**

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder:  Sole Director & Sole Company Secretary

Security Holder 2:  Director

Security Holder 3:  Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 10:00am AEST on Tuesday 29 May 2018.



My/Our contact details in case of enquiries are:

Name:

Number:

(  )

### 1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

### 2. APPOINTMENT OF A PROXY

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

### 3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

### 4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

### 5. 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 of the Shareholders must sign.

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

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

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

### 6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Australia Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

#### Security Transfer Australia Pty Ltd

**Online** [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

**Postal Address** PO BOX 52  
Collins Street West VIC 8007

**Street Address** Suite 913, Exchange Tower  
530 Little Collins Street  
Melbourne VIC 3000

**Telephone** 1300 992 916

**Facsimile** +61 8 9315 2233

**Email** [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)

### PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.



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