

30 October 2017

RESPONSE BY BPS TO THE MOST RECENT ATTEMPTS BY ALCEON AND LHC TO MISLEAD SHAREHOLDERS

Dear fellow shareholders,

The Board of BPS Technology Limited (ASX:BPS)('BPS') has been made aware by several concerned shareholders that Alceon Liquid Strategies Pty Ltd and LHC Capital Partners Pty Ltd (Requisitioning Shareholders) have written a letter dated 23 October 2017 to some of BPS's shareholders (Alceon and LHC letter) seeking to garner support for the resolutions to be proposed at the general meeting to be held on Friday, 3 November 2017 (EGM).

Consistent with the Requisitioning Shareholders' past behaviour, the Alceon and LHC letter is littered with mis-statements, misrepresentations and inaccuracies. Some statements may also show a possible misuse by the Requisitioning Shareholders of members' information provided to them and, potentially, constitute breaches of the law.

The Board of BPS is concerned that shareholders not be misled by these mis-statements and inaccuracies when exercising their votes at the EGM or when voting by proxy. **Proxy votes must be received by 10am (Queensland time) on Wednesday, 1 November 2017** and, given the time remaining, can now only safely be lodged online or by e-mail.

The Alceon and LHC letter traverses (again) a number of issues that have already been comprehensively addressed in BPS's formal response to the notice of meeting. This response was lodged with ASX on 13 October 2017 and was sent to all shareholders.

The response sets out in detail the strong arguments that support the Board's case for voting against all of the EGM resolutions, including the senior management succession process (already underway) and the plan for Board renewal (refer the company's ASX announcement on 26 September 2017).

ISS Report

Crucially, the merits of the Requisitioning Shareholders' EGM proposals have been assessed by a global independent proxy adviser, ISS. The conclusions of ISS are clear.

ISS has recommended that shareholders vote against all the proposed resolutions by the Requisitioning Shareholders¹ on the basis that:

¹ In this regard, the recommendation by ISS is in line with the Board's recommendations.

The Requisitioning Shareholders have:

1. ***failed to provide a compelling argument for the proposed removal of the incumbent directors;***
2. ***failed to provide a detailed plan on how the Requisitioning Shareholders would pursue any of the strategies currently underway, mitigate potential risks, or propose an alternative strategic direction for the company; and***
3. ***failed to provide an alternative business plan that is superior to the incumbent Board's strategic initiatives.***

In summary, ISS is supportive of the current Board and does not support any of the resolutions proposed by the Requisitioning Shareholders. The ISS Report in its entirety is only available to subscribing funds or institutions. However, on 24 October 2017, BPS released to the ASX a summary of ISS's recommendations as per the above.

Who is ISS?

ISS is the world's largest independent corporate governance advisory firm and is totally independent of BPS and its directors.² Its views are unbiased. The ISS recommendations should, therefore, hopefully assist shareholders who are seeking some independent guidance regarding the claims and counter-claims made in connection with these resolutions.

Requisitioning Shareholders Shown To Be Self-Serving

As further recent evidence of the 'grab for power' over BPS by the Requisitioning Shareholders (which in their letter they unconvincingly seek to deny), their lawyers (in correspondence last week) presumed to describe the position that BPS would be taking on any resolution to consider the removal of their nominees at the BPS 27 November AGM (should any of their nominees be appointed to the Board at the 3 November EGM).

In doing so, they revealed the level of control the Requisitioning Shareholders believe they will have over the company if their nominees were ever to be appointed to its Board.

This high-handed approach underlines the concerns your Board has expressed with regard to the Requisitioning Shareholders' real motives and intentions.

Your Board recommends that shareholders **Vote AGAINST** all resolutions to be considered at the EGM. We are encouraged that a number of important institutions have already indicated to us that they will support the current Board.

² ISS provides comprehensive proxy analyses and complete vote recommendations for approximately 40,000 meetings of listed companies annually in more than 100 markets worldwide. The firm has a team of more than 370 research and/or data professionals. Research office locations include Berlin, Brussels, London, Manila, Paris, San Francisco, Sydney, Singapore, Tokyo, Toronto, and Rockville, Maryland.

IF YOU HAVE NOT YET VOTED, DO SO NOW ONLINE OR BY USING THE GREEN OR WHITE PROXY FORM SUPPLIED BY THE COMPANY, BY 10 AM (QUEENSLAND TIME) ON WEDNESDAY, 1 NOVEMBER 2017.

- **Online:** visit www.linkmarketservices.com.au and go to the 'Investor Login' tab. You will need you HIN or SRN and postcode of your registered address. You can also copy the below web address into your browser:
<https://investorcentre.linkmarketservices.com.au/Login/>
- **Email:** registrars@linkmarketservices.com.au
- **Fax:** +61 2 9287 0309

It is too late to send your proxy vote via Australia Post. Vote either online or by fax and email only.

DO NOT USE THE BLUE FORM SUPPLIED BY THE REQUISITIONING SHAREHOLDERS.
IF YOU HAVE ANY QUESTIONS OR IF YOU WANT A COPY OF A PROXY FORM, PLEASE CALL THE COMPANY'S SHAREHOLDER INFORMATION ON 1300 362 398 (or from outside Australia on +61 2 8355 1004).

Yours sincerely

A handwritten signature in black ink, appearing to read "Murray d'Almeida".

Murray d'Almeida
Chairman, BPS Technology