

AFT CORPORATION LIMITED

ACN 004 701 062

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of shareholders of AFT Corporation Limited (the **Company**) will be held on Tuesday 29 May 2018 at the Sui Room, Ground Level, 3 Spring Street, Sydney NSW 2000 at 10.00am (AEST) (**Meeting**).

The Explanatory Notes to this Notice provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Notes and the Proxy Form forms part of this notice.

BUSINESS OF THE MEETING

Item 1: AFT Corporation Limited Financial Statements and Reports

To receive and consider the Financial Report, the Directors' Report and the Auditor's Report for the year ended 31 December 2017.

Item 2: Remuneration Report

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

"To adopt the Remuneration Report for the year ended 31 December 2017."

Notes:

- (i) In accordance with section 250R of the Corporations Act 2001, the vote on this resolution will be advisory only and will not bind the directors or the Company.
- (ii) A voting exclusion statement applies to this resolution (see Explanatory Notes for details).

Item 3: Election of Directors

Item 3.1 Re-election of Dr Lawrence Cao

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

"That Dr Lawrence Cao, being a Director who is retiring in accordance with the Company's constitution, and being eligible, offers himself for re-election, be re-elected as a Director of the Company."

Item 3.2 Election of Mr William Wilkinson

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

"That Mr William Wilkinson, being a Director who was appointed by the Directors on 8 September 2017 and whose appointment as a Director expires at the conclusion of the Annual General Meeting of the Company and, being eligible, offers himself for election, be elected as a director of the Company."

Item 3.3 Election of Mr Alan Beasley

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

"That Mr Alan Beasley, being a Director who was appointed by the Directors on 14 December 2017 and whose appointment as a Director expires at the conclusion of the Annual General Meeting of the Company and, being eligible, offers himself for election, be elected as a director of the Company."

Item 4: Ratification and approval of the issue of Shares

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the shareholders ratify and approve the issue of 512,000,000 Shares on the terms and conditions set out in the Explanatory Notes.”

Note: A voting exclusion statement applies to this resolution (see Explanatory Notes)

Item 5: Issue of Director Options

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

“That, in accordance with Listing Rule 10.11 and for all other purposes the Company be authorised to issue, for nil consideration, 60,000,000 options (at an exercise price of \$0.001 per option) to subscribe for ordinary Shares in the Company to Mr Alan Beasley or his nominee, who are Related Parties of the Company as described in the Explanatory Notes.”

Note: A voting exclusion statement applies to this resolution (see Explanatory Notes)

Item 6: Additional 10% Placement Capacity

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

“That, for the purposes 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 issued capital of the Company at the time of 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 Notes.”

Note: A voting exclusion statement applies to this resolution (see Explanatory Notes for details).

ENTITLEMENT TO VOTE

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 of the Company as at 10.00am (AEST) on Sunday 27 May 2018 (**Entitlement Time**), subject to any applicable voting exclusion.

This means that if you are not the registered holder of a share in the Company at the Entitlement Time, you will not be entitled to vote at the Meeting.

ANNUAL REPORT

Copies of the Company's full Annual Report are available from the Company Secretary.

VOTING OPTIONS AND PROXIES

If you do not plan to attend the meeting in person, you are encouraged to complete and return the Proxy Form which accompanies this Notice of Annual General Meeting.

Voting by Proxy

A Shareholder who is entitled to attend and vote at this Meeting is entitled to appoint not more than 2 proxies to attend and vote in place of the Shareholder.

If the Shareholder appoints 2 proxies, the Shareholder may specify the proportion or number of votes each proxy is entitled to exercise. If no proportion or number of votes is specified, each proxy may exercise half of the Shareholder's votes. If the specified proportion or number of votes exceed that which the Shareholder is entitled to, each proxy may exercise half of the Shareholder's votes. Any fractions of votes brought about by the apportionment of votes to a proxy will be disregarded.

A proxy need not be a Shareholder of the Company. A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

Subject to the specific proxy provisions applying to Item 2 (see the Explanatory Notes below):

- If a Shareholder has not directed their proxy how to vote, the proxy may vote as the proxy determines, and
- If a Shareholder appoints the Chairman of the Meeting as proxy and does not direct the Chairman how to vote on an item of business, the Chairman will vote in accordance with his voting intention as stated in this Notice of Meeting, namely in favour of each of the proposed resolutions set out in the Notice of Meeting.

Proxy Voting by the Chairman

For Item 2 (Remuneration Report), where the Chairman is appointed as a Shareholder's proxy and that shareholder has not specified the way in which the Chairman is to vote on Item 2, the Shareholder is directing the Chairman to vote in accordance with the Chairman's voting intentions for this item of business.

The Chairman intends to vote all undirected proxies in favour of the resolutions put in the Notice of Meeting.

Proxy Forms

To be effective, the Proxy Form must be completed, signed and lodged (together with the relevant original power of attorney or a certified copy if the proxy is signed by an attorney) with the Company at its share registry, as an original or by facsimile, **no later than** 10.00am (AEST) on Sunday 27 May 2018 (**Proxy Deadline**).

Proxy forms may be submitted in one of the following ways:

- (i) **By mail** BoardRoom Pty Limited GPO 3993, Sydney, NSW 2001, Australia;
- (ii) **By fax** to BoardRoom on +61 02 9290 9655;
- (iii) **Online** via the Company's Share Registry website at www.votingonline.com.au/aftagm2018
- (iv) **By hand delivery** to BoardRoom Pty Limited, Level 12, 225 George Street, Sydney, NSW 2000.

Proxy Forms and Powers of Attorney must be received by the Proxy Deadline.

CORPORATE REPRESENTATIVES

Where a shareholding is registered in the name of a corporation, the corporate shareholder may appoint a person to act as its representative to attend the meeting by providing that person with:

- (i) a letter or certificate authorising him or her as the corporation's representative, executed in accordance with the corporation's constitution; or
- (ii) a copy of the resolution appointing the representative, certified by a secretary or director of the corporation.

BY ORDER OF THE BOARD

Julian Rockett
Company Secretary
25 April 2018

Explanatory Notes

ITEM 1: Financial Statements

As required by section 317 of the Corporations Act the Financial Report, Directors' Report and Auditor's Report of the Company for the most recent financial year must be laid before the Meeting.

There is no requirement for a formal resolution on this Item.

The Chairman of the Meeting will allow a reasonable opportunity at the Meeting for Shareholders to ask questions about or make comments on the management of the Company. Shareholders will also be given a reasonable opportunity at the Meeting to ask the Company's auditor, Hays Knight (NSW) Pty Ltd (**HK**), questions about the Audit Report, the conduct of its audit of the Company's Financial Report for the financial year ended 31 December 2017, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in its preparation of the financial statements and the independence of HK in relation to the conduct of the audit.

ITEM 2: Adoption of Remuneration Report

In accordance with section 300A of the Corporations Act the Company has included in its Annual Report a Remuneration Report for the consideration of Shareholders.

As provided by section 250R(3) of the Corporations Act, the resolution on this item of business is advisory only and does not bind the Board or the Company.

Directors' Recommendation

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

Voting prohibition statement

In accordance with sections 250BD(1) and 250R(4) of the Corporations Act, no member of the Key Management Personnel (KMP) of the Company details of whose remuneration are included in the Remuneration Report, or a member of the KMP of the Group at the date of the meeting acting as proxy or a Closely Related Party of any such member may vote on the Resolution.

However, in accordance with the Corporations Act, a person described above may vote on the Resolution if:

- a) it is cast by such person as proxy for a person who is permitted to vote, in accordance with the direction specified on the proxy form how to vote; or
- b) it is cast by the Chair of the Meeting as proxy for a person who is permitted to vote, in accordance with an express direction specified on the proxy form to vote as the proxy decides even though the Resolution is connected directly or indirectly with the remuneration of a member of the KMP of the Company.

If the Chair of the Meeting is appointed as a proxy for a person who is permitted to vote on Item 2, the Chair will vote any proxies which do not indicate on their proxy form the way the Chair must vote, in favour of the Item.

ITEM 3: Election of Directors

In accordance with Section 3.6(a) of the Constitution and ASX Listing Rule 14.5 an election of Directors must be held at each annual general meeting. The constitution states that one-third of all directors must retire and offer themselves for re-election, excluding the Managing Director and Directors appointed during the year by the Board. If no directors are scheduled to be elected by virtue of the ASX Listing Rules or the Constitution, then one-third of directors must still retire and be re-elected by the Shareholders of the Company. Normally, this would be the Director (other than the Managing Director) who has held office the longest since being appointed or last being elected.

Dr Lawrence Cao is submitting himself for re-election by rotation at this meeting, having last been re-elected by Shareholders on 26 May 2017.

In accordance with Clause 13.4 of the Company's constitution and ASX Listing Rule 14.4 any director appointed to fill a casual vacancy or as an additional director holds office until the next annual general meeting of shareholders and is then eligible for election.

Mr William Wilkinson was appointed to fill a casual vacancy as a Director of the Company on 8 September 2017. Mr Wilkinson was appointed by the Directors under Section 3.3(a) and retires at the Meeting in accordance with the Constitution and being eligible, has offered himself for election by Shareholders.

Mr Alan Beasley was appointed to fill a casual vacancy as a Director of the Company on 14 December 2017. Mr Beasley was appointed by the Directors under Section 3.3(a) and retires at the Meeting in accordance with the Constitution and being eligible, has offered himself for election by Shareholders.

Details of Dr Lawrence Cao, Mr William Wilkinson and Mr Alan Beasley are outlined below.

Item 3.1 Dr Lawrence Cao

Dr Lawrence Cao holds a Ph.D degree in Electrical Engineering from University of Sydney. He has worked in various engineering companies in both technical leadership and project management roles. Dr Lawrence Cao does not hold any directorships in any other listed companies.

Having had regard to the ASX Corporate Governance Principles and Recommendations 3rd Edition (**ASX Principles**), the Board considers Mr Cao to be an independent Director.

Directors' Recommendation

The Board unanimously (other than Dr Lawrence Cao) supports the re-election of Dr Cao and recommends that Shareholders vote in favour of this resolution.

Item 3.2 Mr William Wilkinson

Mr William (Bill) Wilkinson has held a number of senior positions in business development and project management over the last twenty-five years. He brings hands-on experience in the set-up and management of a range of businesses in differing market-places. His logistics and operational background will provide valuable practical expertise to the board to execute its long-term goals.

Having had regard to the ASX Principles, the Board considers Mr Wilkinson to be an independent director.

Directors' Recommendation

The Board unanimously (other than Mr Wilkinson) supports the election of Mr Wilkinson and recommends that Shareholders vote in favour of this resolution.

Item 3.3 Mr Alan Beasley

Alan has worked in the Investment Banking and Investment Management industries for over 30 years, with Bankers Trust Australia, Goldman Sachs Asset Management, and BNP Paribas Asset Management Ltd. The last two positions as Managing Director and Australian Country Head.

Mr Beasley is a director several listed and unlisted public and private companies including two public charities. He is also the former Non-Executive Chairman of Admiralty Resources NL (ASX: ADY), The Hydroponics Company Ltd (ASX:THC), Non-Executive Director of Asia Pacific Capital Securities Pty Ltd, and Biometric Advisers Pty Ltd.

Alan brings a passion for and experience in assisting to bring innovative and new technology companies to market.

Having had regard to the ASX Principles, the Board considers Mr Beasley to be an independent director.

Directors' Recommendation

The Board unanimously (other than Mr Beasley) supports the election of Mr Beasley and recommends that Shareholders vote in favour of this resolution.

ITEM 4: Ratify the Issue of Shares

4.1 Background

Item 4 seeks the ratification of the issue by the Company of 512,000,000 Shares (**Placement Shares**) as follows.

1. The Placement Shares were issued at an issue price of \$0.001 per Share

2. The Placement Shares were issued on 5 February 2018, in a placement as announced to the market on the same date.
3. All Placement Shares were issued under ASX Listing Rule 7.1.

4.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

4.3 ASX Listing Rule 7.4

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 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.

Ratification by the Shareholders of the Company is now sought pursuant to ASX Listing Rule 7.4 in order to reinstate the Company's capacity to issue up to 15% of its issued capital, if required in the next 12 months without Shareholder approval.

4.5 Specific Disclosure of Information

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders in relation to the Placement Shares.

- (a) The total number of Placement Shares issued by the Company was 512,000,000;
- (b) The Placement Shares were issued at an issue price of \$0.001 per Share;
- (c) The Placement Shares rank equally in all respects with the Company's existing Shares on issue;
- (d) The Placement Shares were offered to sophisticated investors without disclosure under Part 6D.2 of the Corporations Act (Cth).
- (e) The funds raised from the issue of the Placement Shares was to be used for working capital requirements.
- (f) A voting exclusion statement is included below.

4.6 Voting Exclusion Statement

The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- the shareholders that participated in the share placement; or
- any associate of those persons.

However, the Company need not disregard a vote

- if it is cast by a person as a proxy for a person who is entitled to vote, if the vote is cast in accordance with the directions on the Proxy Form;
- or 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.

Directors Recommendation

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

ITEM 5 – Issue of Options to Directors

Background

On appointment of Alan Beasley, the Board agreed to remunerate Alan Beasley partly in cash and partly by way of the issue of Options to acquire fully paid ordinary Shares (**Director Options**).

Their issue was subject to shareholder approval.

Approval for the issue of the Director Options is sought in accordance with Listing Rule 10.11. As approval is being sought under Listing Rule 10.11, approval will not be required under Listing Rule 7.1.

Incentivising through the issue of Director Options

The Board considers it to be in the Company's interest to grant the Director Options to Mr Alan Beasley.

The Board believes that the grant of Director Options is an effective method of incentivising the Non-Executive Chairman to maximise the long-term value of the Company for Shareholders as it more effectively aligns the interests of the Chairman with those of shareholders, by giving the Directors an opportunity to share in the success of the Company.

The exercise price of the Director Options will be set by reference to the market value of the underlying Shares at the time of grant of the Options as set out below. By paying the Directors' remuneration partially by way of the Director Options, the Company also preserves its cash reserves.

The Company does not consider that engaging a valuer with respect to valuing the Options are in the Company's best interest, as the number of Options being issued is modest.

Option Terms

A summary of the key terms of the Director Options is as follows:

- (a) Exercise: The Director Options are exercisable into Shares on a 1:1 basis.
- (b) Exercise Price: \$0.001 per Option being equivalent to the volume weighted average price for Shares during the 5 trading days immediately prior to the date of appointment of Mr Alan Beasley.
- (c) Expiry date: 3 years from the date of issue.
- (d) Number of Director Options to be granted: 60,000,000.

If this resolution is not approved by Shareholders, each recipient will be paid the equivalent remuneration in cash.

The full terms and conditions are provided in Annexure A to this Notice.

Listing Rule 10.13

For the purposes of Listing Rule 10.13 and for all other purposes the following information is provided to Shareholders:

- (a) The Director Options will be issued to Mr Alan Beasley or their respective nominees.
- (b) The maximum number of Director Options to be issued are 60,000,000.
- (c) Each Director Option that is exercised converts to one (1) Share only.
- (d) The Company will issue the Director Options as soon as possible but in any event within one month following this Meeting.
- (e) The Director Options are being issued for nil consideration being part of the recipients' remuneration.
- (f) No funds are being raised by the issue of the Director Options.
- (g) A voting exclusion statement is set out below

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a Financial Benefit to a Related Party of the public company unless providing the benefit falls within a prescribed exception to the general prohibition. Section 211(1) of the Corporations Act provides that shareholder approval is not needed to give a financial benefit if:

- (a) the benefit is remuneration to a Related Party as an officer or employee of the public company; and
- (b) to give the remuneration would be reasonable given the circumstances.

A "Related Party" is defined widely in section 228 of the Corporations Act and includes, relevantly, a director (or proposed director) of a public company.

As the issue of Director Options comprises part of remuneration payable to the Directors, and the total remuneration the non-executive Directors will be within the maximum remuneration approved by Shareholders at the earlier at this meeting, the issue of the Director Options does not need Shareholder approval pursuant to Chapter 2E.

ASX voting exclusion

In accordance with the notice requirements of Listing Rule 10.15A.6 for approval under Listing Rule 10.14 and Listing Rule 14.11.1, the Company will disregard any votes on Item 5 by:

- (a) The Related Party, being Mr Alan Beasley;
- (b) Any Associate of Mr Alan Beasley;
- (c) Any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any Associates of those Directors.

However, the entity need not disregard a vote on Item 5 if it is cast by:

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

Voting prohibition statement

In accordance with section 224 of the Corporations Act, a vote on Item 5 must not be cast by, or on behalf of:

- (a) the Related Party, being Alan Beasley; or
 - (b) any Associate of that person;
- unless:
- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
 - (b) it is not cast on any behalf of a Related Party Vendor or Associate of the kind referred to in (a) or (b) above.

Director Recommendation

Directors (with Alan Beasley abstaining), recommend that Shareholders vote in favour of this item.

ITEM 6: Additional 10% Placement Capacity

6.1 General

ASX 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 (**10% Placement Capacity**). If Shareholders

approve the resolution in Item 6, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in 5.2 below).

The Company is an Eligible Entity. The effect of the resolution in Item 6 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the meeting, without Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

The resolution in Item 6 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 this resolution for it to be passed.

6.2 10% Placement Capacity

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek Shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the A&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the A&P/ASX 300 Index and has a current market capitalisation at the 23 April 2018 of \$AUD9.02m.

The Equity Securities must be in the same class as an existing class of quoted Equity Securities. The Company currently has two classes of Equity Securities on issue, being quoted ordinary shares and unlisted options.

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A is outlined in Listing Rule 7.2A.2. This rule provides that Eligible Entities which have obtained Shareholder approval at an annual general meeting, may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated according to the following formula:

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

Where:

- A is the number of Shares on issue 12 months before the date of issue or agreement:
- (a) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (b) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (c) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and
 - (d) less the number of Shares cancelled in the previous 12 months.
- 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 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of ordinary shares under ASX Listing Rule 7.1 or 7.4.

6.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this resolution.

(a) Minimum 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 5 (five) ASX trading days of the date in paragraph 5.3(a)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

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; and
- (ii) 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).

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If the resolution in Item 6 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A2, on the basis of the current market price of Shares and the current number of Equity Securities on issue 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)	\$0.0005 (50% decrease in current market price)	\$0.001 (Current market price)	\$0.002 (100% increase in current market price)
8,508,528,009 (Variable A)	Shares issued – 10% voting dilution	850,852,801	850,852,801	850,852,801
	Funds raised	\$425,426	\$850,853	\$1,701,705
12,762,792,014 (50% increase in Variable A) *	Shares issued – 10% voting dilution	1,276,279,201	1,276,279,201	1,276,279,201
	Funds raised	\$638,140	\$1,276,279	\$2,552,558

17,017,056,018 (100% increase in Variable A)*	Shares issued – 10% voting dilution	1,701,705,601	1,701,705,601	1,701,705,601
	Funds raised	\$850,852	\$1,701,705	\$3,403,411

* 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 issue under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above has been prepared on the following assumptions:

1. Variable A is 8,508,528,009 which equates to the Shares currently on issue at 6 April 2018 less shares issued under ASX Listing Rule 7.1.
2. The market price set out above is the closing price of the Shares on the ASX on 6 April 2018.
3. The Company issues the maximum possible number of shares under the 10% Placement Capacity.
4. The Company has issued the following Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 - 512,000,000 Shares on 5 February 2018.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares.
6. 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.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. 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%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) 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.

(d) Purpose of issue under 10% Placement Capacity

The Company may seek to issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for working capital purposes, existing projects or potential acquisitions; or
- (ii) as non-cash consideration for new projects, services, equipment or product. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3. The minimum issue price limitation as set out in Listing Rule 7.1A .3 applies to issues for non-cash consideration.

The Company will comply with the disclosure obligations under Listing Rules 7.1A4 and 3.10.5A upon issue of any Equity Securities.

(e) Allocation under the 10% Placement Capacity

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).

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).

(f) Previous Approval under ASX Listing Rule 7.1A

In recent years the Company has not obtained approval from Shareholders under ASX Listing Rule 7.1A.

(g) Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) A list of the allottees of the Equity Securities and the number of Equity Securities allotted to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) The information required by Listing Rule 3.10.5A for release to the market.

(h) Information Required under ASX Listing Rule 7.3A.6

The Company has issued a total of 512,000,000 fully paid ordinary shares in the 12 months preceding the date of this Meeting, which represents 6% of the share capital on issue 12 months prior to this meeting. On 16 February 2018, 512,000,000 shares were issued at \$0.001 per Share. This represented a zero discount to the closing Share price on the same date. A total of \$512,000 was raised and these proceeds are to be used to fund the working capital requirements of the Company. The shares were issued to sophisticated investors.

All shares issued rank equally with those already on issue.

6.4 Voting Exclusion Statement

The Company will disregard any votes cast on Item 6 by any person who may participate in the issue of Equity Securities under this item and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associates of those persons.

However the Company will not disregard a vote if it is cast by a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on the resolution in Item 6.

ANNEXURE A - Item 5 Director Options – Non-Key Terms and Conditions

1.1. Vesting

The Options will vest immediately upon issue.

1.2. Consideration

The Options will be issued for nil cash consideration and no consideration.

1.3. Automatic Vesting

Upon satisfaction of payment of the Exercise Price, then each Option shall automatically convert into one (1) share of the Company ("Share" or "Shares").

1.4. Lapse

Unless exercised the Options or part thereof will lapse upon the earlier to occur of:

- 1 three (3) years from the date that the Option is granted to the holder;
- 2 the Option lapsing in accordance with 1.5 below; or
- 3 the Option lapsing in accordance with a provision of rule 1.6 below.

1.5. Fraudulent or dishonest action

If a holder ceases to be Director to the Company in circumstances where the cessation or termination is specifically referenced to the holder having been found to have acted fraudulently or dishonestly in the performance of their duties, then:

- 1 the board of directors of the Company (the "Board") must deem any Options of the holder to have immediately lapsed and be forfeited; and
- 2 any Options that have vested will continue in existence in accordance with their terms of issue and any Shares issued on vesting will remain the property of the holder.

1.6. Ceasing to be an Eligible Person

If a holder ceases to be Director to the Company in circumstances where the cessation or termination arises because:

- 1 the holder terminates the appointment;
- 2 the holder wilfully breaches the terms of the appointment of the holder; or
- 3 is convicted of a criminal offence which, in the reasonable opinion of the Company, might tend to injure the reputation or the business of the Company, then:
 - (i) the Board must deem any Options of the holder to have immediately lapsed and be forfeited; and
 - (ii) any Options that have vested will continue in existence in accordance with their terms of issue and any Shares issued on vesting will remain the property of the holder.

1.7. Share ranking

All Shares issued upon the exercise of Options will upon issue rank pari passu in all respects with other Shares.

1.8. Listing of Options on ASX

- 1 The Options are unlisted.
- 2 The Options are not transferable.
- 3 There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

1.9. Adjustment for bonus issue

If securities are issued pro-rata to Shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the number of Options to which each holder is entitled, will be increased by that number of securities which the holder would have been entitled if the Options held by the holder were vested immediately prior to the record date of the bonus issue, and in any event in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the bonus issue.

1.10. Adjustment for reconstruction

If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of an Option (including the Vesting Condition) are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

1.11. Dividend and Voting Rights

An Option does not confer upon the holder an entitlement to vote or receive dividends.

GLOSSARY

\$ means Australian Dollars

AEST means Australian Eastern Standard Time as observed in Sydney, Australia.

Annual General Meeting or **Meeting** means the meeting convened by the Notice

ASX means ASX Limited ACN 008 624 691

ASX Listing Rules means the Listing Rules of the ASX, as amended or replaced from time to time except to the extent of any express written waiver by ASX.

ASX Principles mean the ASX Corporate Governance Principles and Recommendations (3rd edition).

Board means the current board of directors of the Company.

Closely Related Party has the meaning as defined in section 9 of the Corporations Act.

Company means AFT Corporation Limited (ACN 004 701 062)

Constitution means the Company's Constitution.

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

Directors means the current directors of the Company.

Eligible Entity means an entity that at the date of the relevant General Meeting:

- (a) is not included in the A&P/ASX 300 Index; and
- (b) has a market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

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

Explanatory Notes means the Explanatory Notes accompanying the Notice.

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

Key Management Personnel or KMP has the meaning as defined in section 9 of the Corporations Act.

Notice or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting and the explanatory notes accompanying the Notice and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

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.

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

Shareholder means a holder of a Share.



All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am AEST on Sunday 27 May 2018.**

🖥 TO VOTE ONLINE

- STEP 1: VISIT** www.votingonline.com.au/aftagm2018
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the 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 your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:00am (AEST) on Sunday, 27 May 2018.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 🖥 **Online** www.votingonline.com.au/aftagm2018
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **AFT Corporation Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at the **Sui Room, Ground Floor, 3 Spring Street, Sydney NSW 2000 on Tuesday, 29 May 2018 at 10:00am (AEST)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Item 2 and 5, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Items even though Item 2 and 5 is connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Item 2 and 5). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS
 * 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 vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Item 2	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3.1	Re-election of Dr Lawrence Cao as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3.2	Election of Mr William Wilkinson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3.3	Election of Mr Alan Beasley as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Ratification and approval of the Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5	Issue of Director Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6	Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS
 This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2018