

Chapmans Limited

ACN 000 012 386

NOTICE OF EXTRAORDINARY GENERAL MEETING

EXPLANATORY STATEMENT

PROXY FORM

Date of Meeting

27 March 2019

Time of Meeting

10.00am (AEDT)

Place of Meeting

Thomson Geer, Level 25, 1 O'Connell Street, Sydney NSW 2000

This Notice of Meeting and Explanatory Statement should be read in its entirety. Shareholders in doubt as to how they should vote 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 the Company on +61 2 8079 2939.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is hereby given that an Extraordinary General Meeting of the members of Chapmans Limited ACN 000 012 386 (**Company**) will be held at the offices of Thomson Geer located at Level 25, 1 O'Connell Street, Sydney NSW 2000 at 10.00am (AEDT) on 27 March 2019 to consider and, if thought fit, to pass the Resolution in this Notice.

YOUR VOTE IS IMPORTANT

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

FORWARD-LOOKING STATEMENTS

This Notice of Meeting contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Notice of Meeting, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Notice of Meeting will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and 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;

- (c) send the Proxy Form by facsimile to Security Transfer Australia Pty Ltd on facsimile number + 61 8 9315 2233; or
- (d) lodge your proxy vote online at www.securitytransfer.com.au in accordance with the directions on the Proxy Form,

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.

BUSINESS OF THE MEETING

The contents of this Notice has been prepared to provide information which the Directors believe to be material in ensuring Shareholders are able to make an informed decision about whether or not to approve the Resolution.

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

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

RESOLUTION: APPROVAL OF REMOVAL OF THE COMPANY FROM ASX

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 17.11 and for all other purposes, the Company be removed from the Official List of the ASX on 27 April 2019 (or such later date as is agreed with the ASX) and that the Directors of the Company be authorised to do all things reasonably necessary to give effect to the removal of the Company from the ASX."

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution.

1. RESOLUTION: APPROVAL OF REMOVAL OF THE COMPANY FROM ASX

1.1 Application for Removal

On 22 February 2019, the Company made an application to the ASX under ASX Listing Rule 17.11 for the removal of the Company from the Official List of the ASX (**Removal**).

The Company has obtained in-principle advice from the ASX in relation to the Removal. The ASX has confirmed that upon receipt of a formal request to be removed, it is likely to remove the Company from the Official List of the ASX, subject to the Company complying with certain conditions (**ASX Approval**), of which the Company intends to fully comply with. Those conditions are as follows:

- (a) *The Company's removal from the official list of ASX is approved by ordinary resolution of ordinary security holders of the Company.*
- (b) *The notice of meeting seeking security holder approval for the Company's removal from the official list of ASX ("Notice") must:*
 - (i) *disclose the reasons for the Company seeking removal to the satisfaction of ASX;*
 - (ii) *include a statement, in form and substance satisfactory to ASX, setting out the consequences to security holders of giving that approval; and*
 - (iii) *include a statement to the effect that the removal will take place no earlier than one month after approval is granted.*
- (c) *The Company releases the full terms of this decision to the market upon making a formal application to ASX to remove the Company from the official list of ASX.*

The in-principle advice and the above conditions only apply to 13 May 2019 and are subject to any amendments to the ASX Listing Rules or changes to the interpretation or administration of the ASX Listing Rules and policies of the ASX.

1.2 Timing for Removal

In accordance with ASX Guidance Note 33, the ASX may impose a condition that the Removal not take place any earlier than one month after shareholder approval has been obtained.

It is proposed that the Removal will occur on 27 April 2019. The timetable in section 1.7 sets out the timing of the Removal in further detail.

If the Resolution is not passed, unless a subsequent proposed removal is approved by Shareholders or the ASX determines that the Company's Securities should no longer be listed, the Removal will not proceed and the Company's Securities would remain listed on the ASX.

1.3 Reasons for Removal

The key reasons why the Company is seeking to be removed from the Official List of the ASX at this time are as follows:

- (a) **Listing Fees and other Compliance costs:** Given the market capitalisation of the Company, the Board considers the costs associated with being listed on the ASX a significant burden and very difficult to justify with Securityholders. These costs include not just the annual listing fees but also costs incurred in complying with the plethora of ASX Listing Rules and constant dealings with the ASX.
- (b) **Delays in implementing the Company's objectives:** Compliance with the ASX Listing Rules does not only create a financial burden but, in the Board's experience, creates major delays and other regulatory obstacles to simply implementing what the Board believes is its primary business objective; namely, investing in a multitude of industries, technologies and asset classes. The Board wishes to act opportunistically in this endeavour but is constantly frustrated by the regulatory road blocks contained in the ASX Listing Rules or by the ASX interpretation of those rules.
- (c) **Share Valuation:** the Board believes that the value of its Shares has not adequately reflected the value of its investments and considers that Securityholders may realise greater returns for an ultimate 'exit' in the future (either through a takeover, sale of its investments or listing on another stock exchange (for example the National Stock Exchange of Australia (NSX))).

1.4 Advantages of Removal

The key advantages of the Removal essentially reflect the reasons for the Removal set out in section 1.3.

1.5 Risks of Removal

The Board has considered the potential disadvantages and risks associated with the Removal, which include the following:

- (a) the Removal will directly impact the liquidity that would have otherwise been available to Securityholders as Securities will no longer be capable of being traded on the ASX. While the Company is considering listing on the NSX, the Company has only engaged in preliminary discussions with the NSX and no decision has been made. If the Company decides to proceed with listing on the NSX, this may occur quite quickly or otherwise at such time when it becomes strategic to relist. Securityholders should be aware that a listing on the NSX is not guaranteed.
- (b) If the Company is removed, the ASX Listing Rules will no longer apply to it. In particular, Securityholders will forego the protections inherent in the ASX Listing Rules in respect of matters including:
 - (i) disclosures and restrictions on the issue of securities such as the inability to issue over 15% of the Company's capital in a 12-month period without Shareholder approval;
 - (ii) making significant changes to the Company's activities; and
 - (iii) the requirement to disclose the Company's compliance with the ASX Corporate Governance Principles and Recommendations.

However, the Company will continue to be bound by the requirements of the Corporations Act, and will still be subject to a continuous disclosure regime as an unlisted disclosing entity. Further information in respect of this is provided in section 1.8.

- (c) The Company may require future funding to operate its business and there is currently no certainty as to the terms on which such funding may be provided. Following Removal, the Company will no longer be subject to the constraints on the issue of new Securities without Shareholder approval under the ASX Listing Rules, and existing Securityholders may be significantly diluted as a result of the funding.

1.6 What Approvals are Required?

Removal pursuant to ASX Listing Rule 17.11 is conditional on the ASX's approval, which involves compliance with the conditions set out in the ASX Approval as detailed in section 1.1.

As stated in section 1.1, one of the conditions to Removal is approval by ordinary resolution of the Company's Shareholders. Accordingly, the Company is seeking approval of its Shareholders for the Removal under the Resolution.

1.7 Indicative Timetable

The indicative timetable for the proposed Removal is as follows:

DATE	ACTION
22 February 2019	Announce intention to be removed from the Official List of the ASX and despatch Notice of Meeting seeking approval for the Removal.
25 March 2019 at 10.00am	Record date for determining eligibility to vote on the Resolution.
27 March 2019 at 10.00am	Shareholder meeting to consider the Resolution seeking approval for the Removal of the Company from the Official List of the ASX (Extraordinary General Meeting).
27 April 2019	Removal of the Company from the Official List of the ASX (subject to Shareholders approving the Resolution).

All dates and times are AEDT. The above dates are subject to change and are indicative only. The Company and the ASX may vary the dates and times, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. The Company will inform Securityholders of any changes to the indicative timetable by market announcement made via the ASX announcements platform.

1.8 Company's Intentions following the Removal

As noted in section 1.5, while the Company is currently considering listing on the NSX and has engaged in preliminary discussions with the NSX in respect of this, listing on the NSX is not guaranteed.

The following provides a summary of the NSX and the key NSX Listing Rules in comparison to the ASX Listing Rules:

- (a) The NSX was founded in 1937, re-established in 2000 and is based in Sydney, Australia. More than 70 companies are listed on the NSX;

- (b) From a broker and investor point of view, NSX securities and ASX securities are traded in the same way:
 - (i) Trading - NSX securities are traded through the IRESS technology platform in the same way as ASX securities;
 - (ii) Settlement - NSX supports settlement through the Clearing House Electronic Sub-register System (CHES), which is also used for settlement of ASX securities;
- (c) NSX Listing Rules are simpler and more streamlined than the ASX Listing Rules. The key NSX Listing Rules are as follows:
 - (i) To list on the NSX a company must have an adequate track record under substantially the same management which must be of known character and integrity, which is normally two financial years of operations that does not require profitability, but needs to be revenue generating;
 - (ii) To list on the NSX a company must have a minimum of 50 shareholders. To list on the ASX a company must have a minimum of 300 shareholders;
 - (iii) To list on the NSX a company must have and a minimum initial market capitalisation of \$500,000. To list on the ASX a company have either a minimum of \$1 million aggregated profit from continuing operations over the past 3 years plus \$500,000 consolidated profit from continuing operations over the last 12 months, \$4 million in net tangible assets or \$15 million market capitalisation;
 - (iv) Ongoing financial reporting on a half-yearly and annual basis is required by both companies listed on the NSX and companies listed on the ASX; and
 - (v) Companies listed on the NSX must also comply with continuous disclosure obligations.

While being removed from the Official List of the ASX removes the Company's continuous disclosure obligations under chapter 3 of the ASX Listing Rules, the Company continues to have the same burden of disclosure as an unlisted disclosing entity pursuant to section 675 of the Corporations Act. This is because the Company has issued ED securities as defined under section 111AF of the Corporations Act, and 100 or more persons hold these ED securities.

Because of this, if the Company becomes aware of information that is not generally available and that a reasonable person would expect, if it were generally available, to have a material effect on the price or value of ED securities of the Company, the Company must, as soon as practicable, lodge a document with ASIC containing the information. The Company will also upload any such disclosures on the Company's website, which is accessible at <http://www.chapmanslimited.com/>

If the Company does not list on the NSX following the Removal, Securities will only be capable of sale via off-market private transactions. This will require Securityholders to identify and agree terms with potential purchasers of Securities, and there is no guarantee that Securityholders will be able to dispose of their Securities.

1.9 Board Recommendation and Chairperson's voting intention

The Board unanimously recommend that Shareholders vote in favour of the Resolution.
The Chairperson intends to vote undirected proxies in favour of the Resolution.

GLOSSARY

AEDT means Australian Eastern Daylight Time as observed in Sydney, New South Wales.

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

ASX Approval has the meaning set out in section 1.1 of the Explanatory Statement.

ASX Listing Rules means the listing rules of ASX.

Board means the board of directors of the Company.

Chairperson means the chairperson of the Meeting.

Company means Chapmans Limited (ACN 000 012 386).

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

Director means a current director of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Extraordinary General Meeting or **Meeting** means the meeting convened by this Notice.

Option means an option to acquire a Share.

Notice or **Notice of Meeting** means this notice of meeting including all annexures and attachments.

NSX means the National Stock Exchange of Australia Limited (ACN 000 902 063).

NSX Listing Rules means the listing rules of NSX.

Proxy Form means the proxy form accompanying the Notice.

Removal has the meaning set out in section 1.1 of the Explanatory Statement.

Resolution means the resolution set out in the Notice.

Security means Shares and Options.

Securityholder means a holder of a Share and/or an Option.

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

Shareholder means a holder of a Share.

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CHAPMANS LIMITED

ACN: 000 012 386

REGISTERED OFFICE:

LEVEL 12
95 PITT STREET
SYDNEY NSW 2000

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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

«Holder_name»
«Address_line_1»
«Address_line_2»
«Address_line_3»
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«Address_line_5»

«Company_code» «Sequence_number»

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

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 hereby appoint:

☐

The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy 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 Proxy sees fit) at the Extraordinary General Meeting (**Meeting**) of the Company to be held at 10:00am AEDT on Wednesday 27 March 2019 at Thomson Geer, Level 25, 1 O'Connell Street, Sydney NSW 2000 and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of the resolution.

In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on the resolution, in which case an ASX announcement will be made.

RESOLUTION

1. APPROVAL OF REMOVAL OF THE COMPANY FROM ASX

For

☐

Against

☐

Abstain*

☐

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 AEDT on Monday 25 March 2019.

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Name:

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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.

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.

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.

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.

- 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.

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.

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.

Email registrar@securitytransfer.com.au

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.