

Notice of 2019 Annual General Meeting

Notice is hereby given that the 2019 Annual General Meeting of members of Uscom Limited will be held at 11:30am AEDT on Wednesday 16 October 2019 at Level 11, 66-74 Clarence Street, Sydney NSW 2000.

Business

Financial Statements and Reports

To receive and consider the Financial Report of the Company together with the reports of the Directors and the Auditor for the financial year ended 30 June 2019.

Resolution 1: Adoption of Remuneration Report for the Year Ended 30 June 2019

To consider and, if thought fit, pass the following advisory resolution of the Company:

That the Remuneration Report for the year ended 30 June 2019 (as set out in the Directors' Report) be adopted.

Resolution 2: Re-election of Director – Mr Christian Bernecker

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

That Mr Christian Bernecker retires by rotation in accordance with Rule 6.4 of the Company's Constitution and, being eligible for re-election, be re-elected as a Director of the Company.

Resolution 3: Ratification of Private Placement of Shares on 14 January 2019

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

That, for the purposes of ASX Listing Rule 7.4, and for all other purposes, the issue of 208,334 shares at an issue price of \$0.12 per share on 14 January 2019 to the persons identified, and on the terms described in the Explanatory Statement which forms part of this Notice of Meeting, be approved.

Resolution 4: Ratification of Private Placement of Shares on 10 July 2019

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

That, for the purposes of ASX Listing Rule 7.4, and for all other purposes, the issue of 585,897 shares at an issue price of \$0.12 per share on 10 July 2019 to the persons identified, and on the terms described in the Explanatory Statement which forms part of this Notice of Meeting, be approved.

Resolution 5: Grant of Share Rights to Executive Chairman Rob Phillips

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

That for the purposes of ASX Listing Rule 10.14, and for all other purposes, the grant to the Executive Chairman, Assoc.Prof Rob Phillips, of up to 2,173,913 Share Rights for nil financial consideration which, subject to the achievement of performance and vesting conditions, may convert to ordinary shares in the capital of Uscom Limited on a one-for-one basis under the Uscom Limited Equity Incentive Plan, on the terms described in the Explanatory Statement which forms part of this Notice of Meeting, be approved.

Resolution 6: Additional Share Issue Capacity under Listing Rule 7.1A

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

That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, shareholders approve the issue of ordinary shares up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions described in the Explanatory Statement, which forms part of this Notice of Meeting.

By order of the Board



Brett Crowley
Company Secretary
Sydney 9 September 2019

Explanatory Statement

This Explanatory Statement has been prepared to assist Shareholders of Uscom Limited (**Uscom** or **the Company**) to understand the business to be put to Shareholders at the Annual General Meeting (**Meeting** or **AGM**) of the Company to be held at 11:30am (AEDT) on Wednesday 16 October 2019.

All of the resolutions to be voted on, with the exception of Resolutions 1 and 6, are ordinary resolutions. Ordinary resolutions require a simple majority of votes cast by Shareholders present and entitled to vote on the resolution. Resolution 1, which relates to approval of the 2019 Remuneration Report, is an advisory resolution, further details of which are included below. Resolution 6 is a special resolution, which to be passed requires 75% of votes cast by Shareholders present and entitled to vote in favour of the resolution.

Financial Statements and Reports

The Annual Report and the associated reports of the Directors and the Auditor for the financial year ended 30 June 2019 will be presented for consideration.

The 2019 Annual Report is available on the Company website <http://www.uscom.com.au>. Shareholders should note that the Financial Statements and Reports will be received in the form presented. It is not the purpose, and there is no requirement either in the *Corporations Act 2001* (Cth) (**the Act**) or in the Constitution of the Company for Shareholders to approve the Financial Report, the Directors' Report or the Auditor's Report at the Meeting, or that the Financial Statements and Reports be accepted, rejected or modified in any way.

Resolution 1: Remuneration Report

A resolution for adoption of the Remuneration Report is required to be considered and voted on in accordance with the Corporations Act. The Remuneration Report details the Company's policy on the remuneration of non-executive directors, executive directors and senior executives and is set out on page 13 of the 2019 Annual Report.

Resolution 1 provides Shareholders with the opportunity to vote on the Company's Remuneration Report. Under Section 250R(2) of the Act, the Company is required to put the adoption of its Remuneration Report to the vote at the Annual General Meeting and, under section 250SA of the Corporations Act, the Chairman must allow the Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report. If 25% of the votes are cast against two consecutive annual resolutions for the purposes of section 250R(2), the Act requires a shareholder vote on whether to convene a special meeting at which all directors (other than the managing director) who were in office when the second section 250R(2) resolution was voted on, must stand for re-election.

The Remuneration Report:

- (a) explains the Board's policies in respect of the nature and level of remuneration paid to directors and senior management of the Company;
- (b) discusses the link between the Board's policies and the Company's performance;
- (c) explains why the performance conditions were chosen and how performance is measured against them;
- (d) sets out the remuneration details for each director and each member of the Company's senior management team; and
- (e) makes clear that the basis for remunerating non-executive directors is distinct from the basis for remunerating executives and executive directors.

The vote on the adoption of the Remuneration Report resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion

In accordance with section 250R(4) of the Corporations Act, the Company will disregard any votes cast in respect of Resolution 1 by:

- A member of Key Management Personnel (“KMP”), details of whose remuneration are included in the Remuneration Report; and
- A Closely Related Party of such a member.

However, the Company will not disregard a vote cast in respect of Resolution 1 if it is cast by a person as proxy appointed in writing that directs the proxy how to vote on Resolution 1, and the vote is not cast on behalf of a member of KMP, details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member.

If you are a member of the KMP or a Closely Related Party of a member of the KMP (or are acting on behalf of any such person) and purport to cast a vote on Resolution 1 that vote will be disregarded by the Company (as indicated above). Please read the information in the Proxy Form which deals with the Chairman’s voting of proxies on Resolution 1 to adopt the Remuneration Report.

Resolution 2: Re-election of Director – Mr Christian Bernecker

In accordance with Rule 6.4 of the Company’s Constitution, Mr Bernecker retires as a Director by rotation and, being eligible, offers himself for re-election.

Resolution 3: Ratification of issue of shares on 14 January 2019

Under Listing Rule 7.1, a company must obtain shareholder approval if it wants to issue more than 15% of its ordinary securities. If a company has obtained approval under Listing Rule 7.1A, it may issue ordinary shares equivalent to an additional 10% of the number of ordinary shares on issue by way of placements over a 12 month period.

ASX Listing Rule 7.4 provides that shareholders may approve an issue of securities after the fact so that the securities issued are regarded as having been issued with approval for the purpose of Listing Rule 7.1.

The shares issued on 14 January 2019, being 208,334 shares, were issued under both Listing Rules 7.1 and 7.1A. Accordingly, Resolution 3 seeks approval for the issue of 208,334 fully paid ordinary shares issued under Listing Rules 7.1 and 7.1A on 14 January 2019.

The participants in the placement were Tian-ran Guo (166,667) shares and Yu-yang Song (41,667 shares) who are employees in Uscom’s China office. Details of the placement were announced to the ASX on 14 January 2019.

The Company is seeking approval for the purposes of ASX Listing Rule 7.4 so that the Company will have the flexibility to issue further securities under ASX Listing Rule 7.1 if the need arises in the next 12 months. For the purposes of ASX Listing Rule 7.5, the following information is provided in respect of Resolution 3:

Issue Date	14 January 2019
Number of securities	208,334 fully paid ordinary shares
Issue price	\$0.12 per share
Terms of issue	Shares rank equally with all existing Shares on issue
Allottees	Tianran Guo (166,667) shares and Yuyang Song (41,667 shares)
Use of funds raised	No funds were raised on issue of the shares.

Voting exclusion statement

The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote cast on Resolution 3 if it is cast by: (a) a person as a 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.

Resolution 4: Ratification of issue of shares on 10 July 2019

Under Listing Rule 7.1, a company must obtain shareholder approval if it wants to issue more than 15% of its ordinary securities. If a company has obtained approval under Listing Rule 7.1A, it may issue ordinary shares equivalent to an additional 10% of the number of ordinary shares on issue by way of placements over a 12 month period.

ASX Listing Rule 7.4 provides that shareholders may approve an issue of securities after the fact so that the securities issued are regarded as having been issued with approval for the purpose of Listing Rule 7.1.

The shares issued on 10 July 2019, being 585,897 shares, were issued under both Listing Rules 7.1 and 7.1A. Accordingly, Resolution 4 seeks approval for the issue of 585,897 fully paid ordinary shares issued under Listing Rules 7.1 and 7.1A on 10 July 2019.

The participants in the placement were Tian-ran Guo (461,538 shares), Yu-yang Song (107,692 shares) and Nancy Wang (16,667 shares) who are employees in Uscom's China office. Details of the placement were announced to the ASX on 10 July 2019.

The Company is seeking approval for the purposes of ASX Listing Rule 7.4 so that the Company will have the flexibility to issue further securities under ASX Listing Rule 7.1 if the need arises in the next 12 months. For the purposes of ASX Listing Rule 7.5, the following information is provided in respect of Resolution 4:

Issue Date	10 July 2019
Number of securities	585,897 fully paid ordinary shares
Issue price	\$0.12 per share
Terms of issue	Shares rank equally with all existing Shares on issue
Allottees	Tian-ran Guo (461,538 shares), Yu-yang Song (107,692 shares) and Nancy Wang (16,667 shares)
Use of funds raised	No funds were raised on issue of the shares.

Voting exclusion statement

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote cast on Resolution 4 if it is cast by: (a) a person as a 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.

Resolution 5: Issue of Share Rights to Executive Chairman, Assoc.Prof. Rob Phillips

Resolution 5 seeks Shareholder approval to issue 2,173,913 Share Rights to the Executive Chairman, Assoc.Prof. Rob Phillips, under the Uscom Equity Incentive Plan, on the terms and conditions set out below. The primary purpose of the proposed issue of Share Rights is to both reward performance and provide an incentive to Assoc.Prof. Phillips as Executive Chairman and Chief Executive Officer of the Company.

Uscom Limited Remuneration Philosophy

The Uscom Equity Incentive Plan (**the Plan**) was established in 2014 to allow the Board to grant different types of performance-based awards depending upon the prevailing circumstances. The Plan has been designed with maximum flexibility to deliver different securities from time-to-time (depending on the participant base) with performance conditions commensurate with the Company's key business drivers at the time of award.

Further information about the Company's remuneration governance and executive remuneration policy and framework is set out the Company's Remuneration Report which forms part of Uscom's 2019 Annual Report.

Issue of Share Rights to Assoc.Prof. Phillips

The number of Share Rights and details of the Vesting Date are set out in the table below.

Number of Share Rights available to vest	Vesting Date
2,173,913	1 January 2020

General Terms & Conditions of Share Rights

- The Share Rights will be forfeited if Assoc.Prof. Phillips ceases to be employed by Uscom for any reason prior to the Vesting Date ("Employment Condition").
- The Share Rights will be forfeited in the period between the date of the 2019 AGM and the Vesting Date in the following circumstances:
 - Assoc.Prof. Phillips resigns (other than due to permanent illness or material disability) as a Director and employee; or
 - Assoc.Prof. Phillips' employment is terminated due to misconduct.
- If Assoc.Prof. Phillips' employment is terminated for convenience by the Company, for example, redundancy, or Assoc.Prof. Phillips resigns due to permanent illness or material disability that renders him unable to work, or Assoc.Prof. Phillips dies, then the Share Rights in respect of which the Employment Condition has been met will vest at the date of termination or death.
- If there is a Control Event, then the Vesting Date will be brought forward to the date of the Control Event. A Control Event means an offer is made by a person for the whole of the issued ordinary share capital of the Company (or any part as is not at the time owned by the offeror or any person acting in concert with the offeror) and after announcement of the offer the offeror (being a person who did not Control the Company prior to the offer) acquires Control of the Company; or any other event which the Board reasonably considers should be regarded as a Control Event.

The Board has decided to grant Share Rights to Assoc.Prof. Phillips for the following reasons:

- the grant of Rights is in accordance with acceptable market practice;
- the current cash salary of \$250,000 is significantly lower than the remuneration payable by a company of the size and nature of Uscom Limited to its Executive Chairman; and
- the grant of Share Rights will have a minimal dilutionary effect on the issued share capital of the Company.

The Board considers the number of Share Rights proposed to be issued to Assoc.Prof. Phillips to be fair and reasonable and within comparable market parameters, having regard to both the Company's size and stage of development, and the role and responsibilities expected of Assoc.Prof. Phillips as Executive Chairman of the Company.

Listing Rule 10.14

Listing Rule 10.14 restricts the Company from issuing securities to a director of the Company under an employee incentive scheme, unless approval is obtained from Shareholders. Assoc.Prof. Phillips is a director of the Company. The effect of passing Resolution 5 will be to allow the Company to issue up to 2,173,913 Shares Rights to Assoc.Prof. Phillips. If approval is given under Listing Rule 10.14, approval is not required under Listing Rule 7.1.

Vesting Conditions

As stated above, one of the reasons that the Company has introduced the Plan is not only to attract and reward key executives, but to retain key staff. Therefore, the Board has determined that a tenure based vesting condition is the most appropriate hurdle for current purposes.

Information for the purposes of Listing Rule 10.15

In accordance with ASX Listing Rule 10.15, the following information is provided regarding Resolution 5:

- Assoc.Prof. Phillips is the Executive Chairman of the Company.
- Assoc.Prof. Phillips will be granted 2,173,913 Share Rights for nil financial consideration which, subject to the achievement of the Performance Condition, may convert to ordinary shares in the capital of Uscom Limited on a one-for-one basis. Up to 2,173,913 ordinary shares may be allotted to Assoc.Prof. Phillips upon the conversion of vested Share Rights, for nil financial consideration. Any shares allotted to Assoc.Prof. Phillips may be acquired on market or issued by Uscom Limited.

Alternatively, should Share Rights vest, the Board may determine in its absolute discretion that a vested Share Right will be satisfied by the Company making a cash payment to Assoc.Prof. Phillips in lieu of allocating Shares.

- For the purposes of ASX Listing Rule 10.15.4, the only person referred to in Listing Rule 10.14 who has received any securities under the Plan since the date of last approval is as follows:

Person who received Shares	Number of Shares	Acquisition price
Assoc.Prof. Phillips	2,136,364	Nil

Those shares were issued upon the vesting of Share Rights previously issued under the Uscom Equity Incentive Plan.

- The Share Rights will be granted under the terms and conditions of the Uscom Equity Incentive Plan.
- The Terms and Conditions of the Uscom Equity Incentive Plan provide that any Director is eligible to participate in particular awards. The only Director who is currently eligible for participation is the Executive Chairman, Assoc.Prof. Phillips.
- There is no loan attaching to the offer of Share Rights under the Plan.
- Details of any securities issued under the Uscom Equity Incentive Plan will be published in Uscom Limited's future annual Remuneration Reports, including that approval for this issue of securities was obtained under Listing Rule 10.14.
- The Company will issue the Share Rights no later than 12 months after this Annual General Meeting.

Reasonable Remuneration

Section 208(1) of the *Corporations Act 2001* (Cth) (**the Act**) provides that a public company must not, without the approval of the Company's members, give a financial benefit to a related party unless an exception to the prohibitions which are set out in sections 210 to 216 of the Act applies to that issue. As a Director of the Company, Assoc.Prof. Phillips is a related party of the Company for the purposes of section 228(2) of the Act. The issue of the Share Rights and the issue of shares or payment of cash on vesting of the Share Rights will constitute the giving of a financial benefit to a related party for the purposes of section 229(3)(e) of the Act.

The Board considers that the issue of the Share Rights constitutes reasonable remuneration within the meaning of section 211(1) of the Act for the following reasons.

- The incentive represented by the issue of the Share Rights is a cost-effective and efficient incentive when compared to other forms of incentive;
- The Board has reviewed the performance of Assoc.Prof. Phillips and his remuneration package. The Board reached the conclusion that it is fair and reasonable that the salary package for the year ended 30 June 2019 be an amount of \$500,000. The cash component of the salary package consists of salary and superannuation, amounting to \$250,000. It is proposed that the balance of the salary package, being \$250,000, be paid by way of 2,173,913 Share Rights at an implied issue price of 11.5c per share. The issue price of 11.5c per share was determined based on the VWAP of Uscom shares for the three months prior to the issue of this notice of meeting.
- The Share Rights will be forfeited if Assoc.Prof Phillips ceases as an Executive Director and employee on or before 1 January 2020.
- The Performance Condition provides an incentive to Assoc.Prof. Phillips in his role as Chairman and Chief Executive Officer to remain with the Company and to improve the performance of the Company. Taking this into consideration, the Directors (other than Assoc.Prof. Rob Phillips) consider there is no opportunity cost or benefit foregone to the Company in granting the Share Rights under Resolution 5.

Accordingly, Shareholder approval is not required under section 208(1) of the Act.

If Shareholders do not approve the proposed issue of Share Rights to Assoc.Prof. Phillips under Resolution 5, the issue will not proceed. This may affect Uscom's ability to incentivise Assoc.Prof. Phillips and align his interests with those of Shareholders. The Board will need to consider alternative remuneration arrangements which may include cash payment.

Voting exclusion statement

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of Assoc.Prof. Phillips or any associates of Assoc.Prof. Phillips. However, the Company need not disregard a vote cast on Resolution 5 if it is cast by: (a) a person as a 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.

Resolution 6: Additional Share Issue Capacity under Listing Rule 7.1A

ASX Listing Rule 7.1A enables small to mid-cap listed companies to seek shareholder approval by special resolution to issue equity securities equivalent to an additional 10% of the number of ordinary shares on issue by way of placements over a 12 month period (**10% Placement Facility**). This is in addition to the existing 15% placement capacity permitted by ASX Listing Rule 7.1.

A company is eligible to seek shareholder approval for this additional placement capacity if it satisfies both of the following criteria at the date of the AGM:

- a) it has a market capitalisation of \$300 million or less; and
- b) it is not included in the S&P/ASX 300 Index.

The Company currently satisfies both the above criteria, and it is anticipated that it will also satisfy both these criteria at the date of the Meeting. Any equity securities issued under ASX Listing Rule 7.1A must be in an existing quoted class of securities. The Company has only one quoted class of equity securities on issue, being ordinary shares.

Accordingly, Resolution 6 seeks Shareholder approval by special resolution for the issue of such number of ordinary shares as calculated under the formula in ASX Listing Rule 7.1A.2, at an issue price as permitted by ASX Listing Rule 7.1A.3, to such persons as the Board may determine, on the terms as described in this Explanatory Statement, which forms part of the Notice of Meeting.

At the date of this Notice, the Company has on issue 138,226,763 ordinary shares. If Resolutions 3 and 4 are approved the Company will have the capacity to issue:

- (i) 20,734,014 ordinary shares under ASX Listing Rule 7.1; and

- (ii) 13,822,676 ordinary shares under ASX Listing Rule 7.1A.

The actual number of ordinary shares that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the ordinary shares in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

The effect of Resolution 6 will be to allow the Directors to issue the ordinary shares under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Information required by ASX Listing Rule 7.3A

For the purposes of ASX Listing Rule 7.3A, the following information is provided:

- The minimum price at which the ordinary shares will be issued will be no less than 75% of the volume weighted average market price for ordinary shares calculated over the 15 trading days on which trades are recorded immediately before:
 - a) the date on which the price at which the ordinary shares are to be issued is agreed; or
 - b) if the ordinary shares are not issued within five trading days of the date in paragraph (a), the date on which the ordinary shares are issued.
- If Resolution 6 is approved by Shareholders and the Company issues ordinary shares under the 10% Placement Facility, the existing Shareholders face the risk of economic and voting dilution as a result of the issue of ordinary shares which are the subject of this Resolution, to the extent that such ordinary shares are issued; including:
 - a) the market price of ordinary shares may be significantly lower on the issue date than on the date on which this approval is being sought; and
 - b) the ordinary shares may be issued at a price that is at a discount to the market price for those ordinary shares on the issue date, or the ordinary shares may be issued as part consideration for the acquisition of a new asset,
 which may have an effect on the amount of funds raised by the issue of the ordinary shares.
- The following table gives examples of the potential dilution of existing ordinary shareholders on the basis of the current market price of ordinary shares and the current number of ordinary shares for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of the Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary shares the Company has on issue. The number of ordinary shares on issue may increase as a result of issues of ordinary shares that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary shares has decreased by 50% and increased by 100% as against the current market price.

No. of Shares on Issue ¹	Dilution			
	Issue price (per Share)	\$0.055 50% decrease in Issue Price	\$0.11 Issue Price	\$0.22 100% increase in Issue Price
138,226,763 (Current)	Shares issued	13,822,676	13,822,676	13,822,676
	Funds raised	\$760,247	\$1,520,494	\$3,040,989
207,340,145 (50% increase)	Shares issued	20,734,014	20,734,014	20,734,014
	Funds raised	\$1,140,371	\$2,280,742	\$4,561,483

¹ Variable "A" in Listing Rule 7.1A.2

276,453,526 (100% increase)	Shares issued	27,645,352	27,645,352	27,645,352
	Funds raised	\$1,520,494	\$3,040,989	\$6,081,978

The table has been prepared on the following assumptions:

- (i) Resolutions 3 and 4 are approved.
 - (ii) The Company issues the maximum number of ordinary shares available under the 10% Placement Facility in Listing Rule 7.1A.
 - (iii) No options over ordinary shares are exercised before the date of issue of ordinary shares under Listing Rule 7.1A.
 - (iv) 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 Facility, based on that Shareholder's holding at the date of the Meeting.
 - (v) The table shows only the effect of issues of ordinary shares under ASX Listing Rule 7.1A, not under the 15% placement capacity available under ASX Listing Rule 7.1.
 - (vi) The Issue Price is \$0.11, being the trading price of the ordinary shares on ASX on 30 August 2019.
- If any of the ordinary shares being approved by this resolution are issued, they will be issued during the Placement Period, that is, within 12 months of the date the AGM, i.e. by 16 October 2020, and the approval being sought by this resolution will cease to be valid if Shareholders approve a transaction under ASX Listing Rules 11.1.2 or 11.2 prior to 16 October 2020.
 - The ordinary shares will be issued for the purpose of raising working capital for the Company and establishing and consolidating new sales, distribution and licensing opportunities for the Company's range of products for the benefit of all Shareholders. A proportion of the ordinary shares may be issued for non-cash consideration and in such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3. If ordinary shares are issued as non-cash consideration, it will be for the purpose of acquiring assets from a vendor.
 - The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any ordinary shares.
 - The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of any ordinary shares that may be issued (subject to Shareholder approval of Resolution 6) have not been determined as at the date of this Notice, but may include existing Shareholders as well as new Shareholders who are not related parties or associates of the Company. Any potential allottees will be determined on a case-by-case basis having regard to factors including, but not limited to, the following:
 - the methods of raising funds that are available to the Company and balancing interest from potential allottees with the interests of existing Shareholders;
 - the effect of the issue of the ordinary shares on the control of the Company. Allocation will be subject to takeover thresholds;
 - the financial situation and solvency of the Company and its projected need for working capital at any given time; and
 - advice from corporate, financial and broking advisors (if applicable).

Previous Approval under ASX Listing Rule 7.1A

- The Company previously obtained Shareholder approval under Listing Rule 7.1A at its 2018 Annual General Meeting held on 28 November 2018.
- In the twelve months preceding the date of the proposed 2019 Annual General Meeting, the Company issued a total of 794,231 equity securities which represents 17.49% of the total number of equity securities on issue at the commencement of the 12 month period (being 16 October 2018).
- The details of the issues of equity securities during the year were as follows:

Date of issue	14 January 2019	10 July 2019
Number of equity securities issued	208,334	585,897
Class	Ordinary shares	Ordinary shares
Issued to	Tianran Guo (166,667) shares and Yuyang Song (41,667 shares) as remuneration	Tian-ran Guo (461,538 shares), Yu-yang Song (107,692 shares) and Nancy Wang (16,667 shares) as remuneration
Issue price	12c The issue price represented a 14.2% discount to the closing market price of 14c on the day of issue.	12c. The issue price represented a 11.1% discount to the closing market price of 13.5c on the day of issue.
Cash consideration	No cash was received.	No cash was received.

Resolution 6 is a special resolution. For a special resolution to be passed, at least 75% of the votes cast by shareholders entitled to vote on Resolution 6 must be in favour of the resolution.

Voting exclusion statement

The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any associates of such a person. However, the Company need not disregard a vote cast on Resolution 6 if it is cast by: (a) 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 (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction of the proxy form to vote as the proxy decides.

Proxies

For an appointment of a proxy to be effective, proxy forms must be lodged at the Company's Share Registry, Boardroom Pty Limited at:

Postal address: Boardroom Pty Limited
GPO Box 3993, Sydney NSW 2001
Fax number: (02) 9290 9655

no later than 11:30am (Sydney time) on 14 October 2019. A proxy form is provided with this Notice.

The Board has determined the date and time when a person must be on the Company register of members to attend and vote at the meeting to be 7.00pm (Sydney Time) on 14 October 2019.

Sydney, 10 September 2019