

Companies Announcement Office
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

Listing Rule 10.1

As disclosed in all annual reports issued by Cellnet Group Limited (**CLT** or **Company**), since the annual report for the financial year ended 30 June 2017, the Company purchases inventory from Wentronic Asia Pacific Limited (**WAPL**), a subsidiary of Wentronic Holding GmbH (**Wentronic Holding**), the Company's majority shareholder. The amount paid by CLT to WAPL consists of the cost price of the inventory, as invoiced by various suppliers throughout the world, and a six per cent management fee. As disclosed in those annual reports, purchases of inventory are otherwise made on terms equivalent to those that prevail in arm's length transactions.

Because the gross amount paid by CLT to WAPL for inventory in those financial years exceeded the threshold in ASX Listing Rule 10.2, being five per cent of the Company's equity interests, the Company has been in breach of ASX Listing Rule 10.1 by acquiring a substantial asset, being inventory, from the Company's related party without seeking shareholder approval.

As a result of the breach of the ASX Listing Rule 10.1, CLT advises that:

- WAPL has assigned all trading relationships and purchase orders in respect of current inventory orders from suppliers directly to CLT, or a wholly owned subsidiary of CLT; and
- CLT will continue to pay WAPL the management fee for the coordination of the purchasing and logistics function which is required to source product within the Asian region.

Through group buying arrangements and a centralised distribution operation in Hong Kong operated by Wentronic Holding and WAPL, CLT believes that purchasing inventory directly from WAPL offers CLT shareholders superior value to CLT employing dedicated staff to manage relationships with suppliers directly. On that basis, the Company intends to apply for a waiver from ASX Limited from ASX Listing Rule 10.1. It is anticipated that, a waiver from the ASX Listing Rule 10.1 (if granted by ASX Limited) will require seeking shareholder approval for CLT to purchase inventory from WAPL and, an independent expert's report.

Chris Barnes
Company Secretary