

HALO TECHNOLOGIES HOLDINGS LIMITED

INCENTIVE SHARE PLAN



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SCHEDULE – 1 - INVITATION

SCHEDULE – 2 – ACCEPTANCE FORM

HALO TECHNOLOGIES HOLDINGS LIMITED
ACN 645 531 219

INCENTIVE SHARE PLAN

The Directors are empowered to operate the HALO technologies Holdings Limited Incentive Share Plan (the **Plan**) on the following terms and in accordance with the ASX Listing Rules (where applicable).

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Plan:

Acceptance Form means the Acceptance Form by which an Eligible Participant or Nominee (as applicable) accepts an Offer for Shares, in substantially the same form as set out in **Schedule 2** or as otherwise approved by the Company from time to time.

ASIC means the Australian Securities and Investments Commission.

Associated Body Corporate means a subsidiary (as defined in section 46 of the Corporations Act) of the Company.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange which it administers, as the context requires.

ASX Listing Rules means the official Listing Rules of the ASX as they apply to the Company from time to time.

Bad Leaver means a Participant (and where the Participant is a Nominee, means the Participant who directed the Plan Shares to be issued to that Nominee), who ceases to be an Eligible Participant or to hold office in any of the following circumstances:

- (a) The Participant's employment or right to render Services is terminated, or the Participant is dismissed from office, due to serious misconduct, material breach, gross negligence or other conduct which in the sole and absolute discretion of the Company justified termination of employment without notice; or
- (b) The Participant resigns or ceases his employment with or engagement by the Company and commences employment with or holds the office of a consultant to or director (other than as non-executive director) of or directly or indirectly holds more than 5% of the issued capital of a Competitor within 12 months of his resignation; or
- (c) The Participant resigns or ceases his employment with or engagement by the Company and is otherwise in breach of any non-compete provisions contained in his contract of employment or engagement with the Company, this Plan or the invitation to participate in this Plan (if any); or

- (d) The Participant becomes ineligible to hold his office within the Company for the purposes of Part 2D.6 of the Corporations Act.

Blackout Period means a period when the Participant is prohibited from trading in the Company's securities under the Company's written policies.

Board means the board of Directors of the Company or committee appointed by the Board for the purposes of the Plan.

Business Day means a day on which banks are open for general banking business in New South Wales, excluding Saturdays, Sundays and public holidays in New South Wales.

Change of Control means:

- (a) a bona fide Takeover Bid is declared unconditional and the bidder has acquired a Relevant Interest in at least 50.1% of the Company's issued Shares;
- (b) a court approves, under Section 411(4)(b) of the Corporations Act, a proposed compromise or arrangement for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- (c) in any other case, a person obtains Voting Power in the Company which the Board (which for the avoidance of doubt will comprise those Directors immediately prior to the person acquiring that Voting Power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board.

Class Order means ASIC Class Order 14/1000 as amended or replaced.

Closing Date means the date on which an Offer is stated to close.

Company means HALO technologies Holdings Limited ACN 645 531 219 of Level 4, 10 Barrack Street, Sydney, NSW 2000.

Competitor means an entity that carries on the same, or substantially the same, business as carried on by the Company during the 12 months immediately preceding termination of employment with or engagement of the Eligible Participant by the Company.

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

Director means any person occupying the position of a director of any Group Company (including an alternate director or managing director appointed in accordance with the relevant constitution).

Eligible Participant means:

- (a) a Director (whether executive or non-executive) of any Group Company;
- (b) a full or part time employee of any Group Company;
- (c) a casual employee or contractor of a Group Company; or

- (d) a consultant to the Company (not being a professional adviser to the Company) who serves an executive function within the Company; or
- (e) a prospective participant, being a person to whom the Offer is made but who can only accept the Offer if an arrangement has been entered into that will result in the person becoming an Eligible Participant under Rule (a) or (b) above,

who is declared by the Board to be an Eligible Participant for the purposes of the Plan.

Fair Market Value as of any date means the value of a Plan Share, as determined by the Board in good faith on such basis as it deems appropriate and applied consistently in respect of all Plan Shares.

Good Leaver means a Participant (and where the Participant is a Nominee, means the Participant who directed the Plan Shares to be issued to that Nominee), who is not a Bad Leaver or in the reasonable opinion of the Board is deemed not a Bad Leaver, and includes the termination of a Participant's employment or engagement as a result of death, permanent incapacity, redundancy or retirement.

Group means the Company and any other Group Company.

Group Company means the Company or any Associated Body Corporate.

Holding Lock has the meaning given to that term in the ASX Listing Rules.

Issue Date in relation to particular Plan Shares, means the date on which the Plan Shares are issued.

Issue Price means the price at which the Company offers to issue a Plan Share to an Eligible Participant in accordance with Rule 4.6.

Nominee means a nominee of an Eligible Participant that is one of the following:

- (a) an immediate family member of the Eligible Participant or (subject to Board approval) a trustee of a superannuation fund whose beneficiaries are limited to the Eligible Participant and/or the Eligible Participant's immediate family members;
- (b) a company whose members comprise no persons other than the Eligible Participant or immediate family members of the participant; or
- (c) a corporate trustee of a self-managed superannuation fund (within the meaning of the *Superannuation Industry (Supervision) Act 1993*) where the Eligible Participant is a director of the trustee.

Notice of Withdrawal of Plan Shares means a duly completed and executed request for permission by a Participant to withdraw some or all of their Plan Shares from the Plan or request and authorisation of the Trustee to sell some or all of their Plan Shares at or above the current market price of the Plan Shares, submitted by a Participant to the Trustee, in respect of Plan Shares previously notified by the Trustee as having been acquired for the benefit of that Participant. Such Notice of Withdrawal of Plan Shares shall specify the number of Plan Shares to be withdrawn or sold and be submitted on the form approved by the Board.

Offer means an offer made to an Eligible Participant to subscribe for one or more Shares under the Plan as set out in an Offer Document.

Offer Document means an offer document in substantially the same form as set out in **Schedule 2**, or such other form as approved by the Board from time to time consistent with the Corporations Act and the Class Order.

Participant means an Eligible Participant to whom Shares have been issued under the Plan, or if Rule 4.4 applies, a Nominee of the Eligible Participant to whom Shares have been issued under the Plan.

Plan means the plan as set out in this document, subject to any amendments or additions made under Rule 11.

Plan Share means a Share issued pursuant to the Plan.

Redundancy means termination of the employment, office or engagement of a Relevant Person due to economic, technological, structural or other organisational change where:

- (a) no Group Company requires the duties and responsibilities carried out by the Relevant Person to be carried out by anyone; or
- (b) no Group Company requires the position held by the Relevant Person to be held by anyone.

Relevant Interest has the meaning given in the Corporations Act.

Relevant Person means:

- (a) in respect of an Eligible Participant, that person; and
- (b) in respect of a Nominee of an Eligible Participant, that Eligible Participant.

Restriction Period means, in relation to a Plan Share, the period commencing on the date of issue of the Plan Share and ending on the date all Vesting Conditions that apply to that Plan Share (if any) are satisfied or waived

Retirement means where a Relevant Person intends to permanently cease all Services to a Group Company in circumstances where the Relevant Person provides, in good faith, a written statutory declaration to the Board to that effect.

Rules mean these rules in respect of the operation of the Plan.

Services means services rendered to the Company by a Participant either personally or via a Nominee.

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

Share Payment means, in respect of an Eligible Participant, an amount equal to the Issue Price multiplied by the number of Plan Shares accepted by the Eligible Participant in their Acceptance Form.

Shareholder means a holder of Shares.

Special Circumstances means:

- (a) a Relevant Person ceasing to be an Eligible Participant due to:
 - (i) death or Total or Permanent Disability of a Relevant Person; or
 - (ii) Retirement or Redundancy of a Relevant Person; or
- (b) any other circumstances determined by the Board at any time (whether before or after the Offer) and notified to the relevant Participant which circumstances has resulted in or will result in the termination of a Relevant Person's employment or engagement.

Subscription means the date on which the Company issues the Plan Shares to the Participant under clause 6.

Takeover Bid means a takeover bid (as defined in the Corporations Act) to acquire Shares.

Tax Act means the *Income Tax Assessment Act 1997* (Cth).

Total and Permanent Disability means that the Relevant Person has, in the opinion of the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Relevant Person unlikely ever to engage in any occupation with the Company or its Associated Bodies Corporate for which he or she is reasonably qualified by education, training or experience.

Trustee means a trustee appointed by the Company to act as a trustee in respect of Plan Shares in accordance with a Trust Deed.

Vest means the devolving on the Participant of an inalienable right to the relevant proportion of Plan Shares on the terms set out in this Plan.

Vesting Date in relation to the Plan Shares means subject to **clause 8** and to any contingencies, hurdles and targets as the Board may have stipulated in the Invitation or thereafter, the date on which the Participant's Plan Shares (or any proportion of them) are no longer subject to Buy-Back or Cancellation, being:

- (a) 25% of all Plan Shares for which the Participant subscribes, on the 1st annual anniversary of the date of Subscription;
- (b) 25% of all Plan Shares for which the Participant subscribes, on the 2nd annual anniversary of the date of Subscription;
- (c) 25% of all Plan Shares for which the Participant subscribes, on the 3rd annual anniversary of the date of Subscription; and
- (d) the balance of all Plan Shares for which the Participant subscribes, on the 4th annual anniversary of the date of Subscription,

provided that as at the relevant Vesting Date the Participant remains in the employ of a Group Entity.

Vesting Condition means, in respect of a Plan Share, a condition set out in an Offer that must be satisfied (unless waived in accordance with this Plan) before that Plan Share can be sold, transferred, assigned, charged or otherwise encumbered.

Voting Power has the meaning given to that term in Section 9 of the Corporations Act.

1.2 Interpretation

In this Plan unless the context otherwise requires:

- (a) headings are for convenience only and do not affect the interpretation of this Plan;
- (b) any reference in the Plan to any enactment of the ASX Listing Rules includes a reference to that enactment or those ASX Listing Rules as from time to time amended, consolidated, re-enacted or replaced;
- (c) the singular includes the plural and vice versa;
- (d) any words denoting one gender include the other gender;
- (e) where any word or phrase is given a definite meaning in this Plan, any part of speech or other grammatical form of that word or phrase has a corresponding meaning;
- (f) a reference to:
 - (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation or other body corporate;
 - (ii) a document includes all amendments or supplements to that document;
 - (iii) a Rule is a reference to a Rule of this Plan;
 - (iv) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, Rule of common law or equity and is a reference to that law as amended, consolidated or replaced;
 - (v) an agreement other than this Plan includes an undertaking, or legally enforceable arrangement or understanding, whether or not in writing; and
 - (vi) a monetary amount is in Australian dollars; and
- (g) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day.
- (h) The obligations and liabilities imposed and the rights and benefits conferred on persons under this Plan will be binding upon and enure in favour of the respective

persons and each of their respective successors in title, legal personal representatives and permitted assigns.

- (i) Where any calculation or adjustment is to be made under these Rules results in a fraction of a Share, the fraction must be eliminated by rounding up or down to the nearest whole number.

2. PURPOSE

The purpose of the Plan is to:

- (a) assist in the reward, retention and motivation of Eligible Participants;
- (b) link the reward of Eligible Participants to performance and the creation of Shareholder value;
- (c) align the interests of Eligible Participants more closely with the interests of Shareholders by providing an opportunity for Eligible Participants to receive Shares;
- (d) provide Eligible Participants with the opportunity to share in any future growth in the value of the Company; and
- (e) provide greater incentive for Eligible Participants to focus on the Company's longer term goals.

3. COMMENCEMENT AND TERM

- (a) This Plan will commence on the date determined by resolution of the Board and will continue until terminated by the Board.
- (b) The Board may terminate the Plan at any time by resolution. Termination shall not affect the rights or obligations of a Participant or the Company which have arisen under the Plan before the date of termination and the provisions of the Plan relating to a Participant's Shares shall survive termination of the Plan until fully satisfied and discharged.

4. OFFER OF PLAN SHARES

4.1 Making of Offers

- (a) The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant (including an Eligible Participant who has previously received an Offer) to apply for up to a specified number of Plan Shares, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines (**Offer**).
- (b) In exercising its discretion to make an Offer, the Board may have regard to the following (without limitation):
 - (i) the Eligible Participant's length of service with the Group;

- (ii) the contribution made by the Eligible Participant to the Group;
 - (iii) the potential contribution of the Eligible Participant to the Group; or
 - (iv) any other matter the Board considers relevant.
- (c) For the avoidance of doubt, nothing in this document obliges the Company at any time to make an Offer, or further Offer, to any Eligible Participant.
- (d) In the event of conflict or inconsistency between the terms set out in the Plan and the additional terms and conditions in the Offer to any Eligible Participant, the terms set out in the Plan will prevail.

4.2 **Offer Document**

An Offer must be made using an Offer Document.

4.3 **Personal Offer**

Subject to Rule 4.4, an Offer is personal and is not assignable.

4.4 **Nominee**

- (a) Upon receipt of an Offer, an Eligible Participant may, by notice in writing to the Board, nominate a Nominee in whose favour the Eligible Participant wishes to renounce the Offer.
- (b) The Board may, in its discretion, resolve not to allow a renunciation of an Offer in favour of a Nominee without giving any reason for that decision.

4.5 **Minimum Contents of Offer Document**

An Offer Document will advise the Eligible Participant of the following minimum information regarding the Plan Shares offered:

- (a) the maximum number of Plan Shares that the Eligible Participant may apply for, or the formula for determining the number of Plan Shares Rights that may be applied for;
- (b) the Issue Price of the Plan Shares, or the formula for determining the Issue Price;
- (c) any applicable Vesting Conditions;
- (d) the date by which an Offer must be accepted (**Closing Date**); and
- (e) any other information required by law or the ASX Listing Rules or considered by the Board to be relevant to the Plan Shares.

4.6 **Number of Shares**

Subject to Rule 4.10, the number of Shares to be offered to an Eligible Participant from time to time will be determined by the Board in its discretion and in accordance with applicable

law and the ASX Listing Rules.

4.7 **Issue Price**

- (a) The Issue Price of the Plan Shares offered under an Offer shall be determined by the Board in its absolute discretion, in accordance with applicable law and the ASX Listing Rules.
- (b) Subject to the foregoing, the Issue Price of the Plan Shares shall not be less than 85% of its Fair Market Value.

4.8 **Vesting Conditions**

A Plan Share may be made subject to Vesting Conditions as determined by the Board in its discretion and as specified in the Offer for the Plan Shares. However, any vesting conditions determined by the Board cannot override Rule 6.8(a).

4.9 **Share Restriction Period**

A Share issued under this Plan may be subject to a Restriction Period as determined by the Board in accordance with Rule 6.7 of this Plan.

4.10 **Limits on Offers**

The Company must have reasonable grounds to believe, when making an Offer, that the number of Shares offered under an Offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the Offer.

5. **ACCEPTANCE OF OFFER**

5.1 **Acceptance of Offer**

An Eligible Participant (or Nominee) may accept an Offer in whole or in part, by signing and returning an Acceptance Form to the Company no later than the Closing Date together with payment in full of the Share Payment (if any) for those Plan Shares.

5.2 **Board's right to reject**

- (a) The Board may accept or reject any Acceptance Form in its absolute discretion.
- (b) Before accepting or rejecting the Acceptance Form, the Board may require the Eligible Participant to provide any information that the Board requests concerning the person's entitlement to lodge an Acceptance Form under this Plan.
- (c) The Board must promptly notify an Eligible Participant if an Acceptance Form has been rejected, in whole or in part and must promptly refund any Share Payment paid by the Eligible Participant to the extent an Acceptance Form is rejected.

5.3 Participant Agrees to be Bound

- (a) An Eligible Participant, by submitting an Acceptance Form, agrees to be bound by the terms and conditions of the Offer and the Acceptance Form, the Plan and the Constitution of the Company, as amended from time to time.
- (b) If the Board resolves to allow a renunciation of an Offer in favour of a Nominee, the Eligible Participant will procure that the permitted Nominee accepts the Offer made to that Eligible Participant and that both the Eligible Participant and the Nominee agree to be bound by the terms and conditions of the Offer and the Acceptance Form, the Plan and the Constitution of the Company, as amended from time to time.

5.4 Lapse of Offer

To the extent an Offer is not accepted in accordance with Rule 5.1, the Offer will lapse on the day following the Closing Date, unless the Board determines otherwise.

6. ISSUE OF PLAN SHARES

6.1 Issue of Plan Shares

Subject to Rule 6.2 and 6.3, once the Board has received and accepted a duly signed and completed Acceptance Form for Plan Shares, the Company must, provided the Eligible Participant to whom the Offer was made remains an Eligible Participant, promptly:

- (a) issue the applicable Plan Shares to the Participant, upon the terms set out in the Offer, the Acceptance Form and the Plan and upon such additional terms and conditions as the Board determines;
- (b) despatch a share certificate or enter the Plan Shares in the Participant's uncertificated holding, as the case may be; and
- (c) unless the Plan Shares are subject to Vesting Conditions, apply for quotation on the ASX of Plan Shares issued under the Plan as soon as practicable after the Issue Date in accordance with the ASX Listing Rules.

6.2 Approvals

The Company's obligation to issue Plan Shares is conditional on:

- (a) the issue of the Plan Shares complying with all applicable legislation and the ASX Listing Rules; and
- (b) all necessary approvals required under any applicable legislation and the ASX Listing Rules being obtained prior to the issue of the Plan Shares.

6.3 Blackout, Takeover Restrictions and Insider Trading

If the issue of Plan Shares would otherwise fall within a Blackout Period, or breach the insider trading or takeover provisions of the Corporations Act, the Company may delay the issue of

the Plan Shares until 10 Business Days following the expiration, as applicable, of the Blackout Period or the day on which the insider trading or takeover provisions no longer prevent the issue of the Plan Shares.

6.4 **Withholding**

If a Participant is liable for tax, duties or other amounts on the issue of their plan Shares, and the Company is liable to make a payment to the appropriate authorities on account of that liability, unless the Participant and the Company agree otherwise, the Company must issue and sell such number of Plan Shares which would otherwise be issued and allocated to the Participant so that the net proceeds of sale equal the payment the Company is required to pay to the appropriate authorities.

6.5 **Rights attaching to Plan Shares**

A Participant will, from and including the Issue Date, be the legal owner of the Plan Shares issued under the Plan and subject to Rule 9.5, will be entitled to dividends and to exercise voting rights attached to the Plan Shares.

6.6 **Share ranking**

Each Plan Share shall be issued on the same terms and conditions as the Company's issued Shares (other than in respect of restrictions imposed by the Plan) and it will rank equally with all other issued Shares from the Issue Date except for entitlements which have a record date before the Issue Date and other than in respect of any restrictions imposed by the Plan.

6.7 **Quotation on ASX**

If Shares of the same class as those issued under the Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Plan Shares to be quoted on ASX within the later of 10 Business Days after:

- (a) the date the Plan Shares are issued; and
- (b) the date any Restriction Period that applies to the Plan Shares ends.

6.8 **Sale of Plan Shares**

- (a) Unless the Shareholder disposes of a Plan Share under an arrangement which meets the requirement in section 83A-130 of the Tax Act, a legal or beneficial interest in a Plan Share may not be disposed of until the earlier of:
 - (i) 3 years after the issue of the Plan Share or such earlier time as the Commissioner of Taxation allows in accordance with section 83A-45(5) of the Tax Act; and
 - (ii) Where the Shareholder becomes a Leaver.
- (b) Subject to Rules 6.8(a) and 7 (*Restriction on Dealing in Plan Shares*), there will be no transfer restrictions on Plan Shares issued under the Plan unless the sale, transfer or disposal by the Participant of the Plan Shares issued to them would

require the preparation of a disclosure document (as that term is defined in the Corporations Act).

- (c) If a disclosure document is required, the Participant agrees to enter into such arrangements with the Company as the Board considers appropriate to prevent the sale, transfer or disposal of the relevant Plan Shares in a manner that would require a disclosure document to be prepared.
- (d) The Company will issue, where required to enable Plan Shares to be freely tradeable on the ASX (subject to any Restriction Period), a cleansing statement under Section 708A(5) of the Corporations Act at the time Plan Shares are issued. Where a cleansing statement is required, but cannot be issued, the Company will have a prospectus available in relation to the Plan Shares which complies with the requirements of the Corporations Act.

7. RESTRICTIONS ON DEALING IN PLAN SHARES

7.1 Restriction Period

- (a) Subject to Rule 7.1(b) and Rule 7.2, a Participant may not dispose or otherwise deal with any Plan Shares until the end of any Restriction Period applying to that Plan Share.
- (b) Rule 7.1(a) does not apply to any transfers of Shares by force of law, upon death, to the Participant's legal personal representative or, upon bankruptcy, to the Participant's trustee in bankruptcy.

7.2 Restriction Period Exceptions

Notwithstanding Rule 7.1, the Board may in its absolute discretion except in respect of Rule 7.2(b) where any Restriction Period is deemed to be automatically waived, by written notice to a Participant, resolve to waive any Restriction Period (including any Vesting Condition) applying to Plan Shares due to:

- (a) Special Circumstances arising in relation to a Relevant Person in respect of those Plan Shares;
- (b) a Change in Control occurring;
- (c) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.

7.3 Enforcement of Restriction Period

- (a) The Company may implement any procedure it considers appropriate to restrict a Participant from dealing with any Plan Shares for as long as those Plan Shares are subject to a Restriction Period.
- (b) The Participant agrees to:

- (i) execute an ASX restriction agreement in relation to the Plan Shares reflecting any Restriction Period applying to the Plan Shares under the Plan;
- (ii) the Company lodging the share certificates for Plan Shares (where issuer sponsored) with a bank or recognised trustee to hold until the expiry of any Restriction Period applying to the Plan Shares or until the Plan Shares are otherwise released from restrictions (at which time the Company shall arrange for the share certificates to be provided to the Participant); and
- (iii) the application of a Holding Lock over Plan Shares until any Restriction Period applying to the Plan Shares under the Plan has expired (at which time the Company shall arrange for the Holding Lock to be removed).

7.4 Lapse of Restriction Period

When a Restriction Period in respect of a Plan Share ends, all restrictions on disposing of or otherwise dealing or purporting to deal with that Plan Share provided in or under these Rules will cease.

7.5 Hedging Prohibition

A Participant must not enter into any arrangement for the purpose of hedging, or otherwise affecting their economic exposure, to their Plan Shares.

8. FORFEITURE OF PLAN SHARES

8.1 Forfeiture, Buyback and Cancellation

Except as otherwise provided by this Plan, a Plan Share will be forfeited, and the Company must, subject to the Corporations Act and the ASX Listing Rules, buy back and/or cancel or transfer (for value) to another Eligible Participant, a Plan Share under Part 2J.1 of the Corporations Act where:

- (a) an unauthorised dealing in, or hedging of, the Plan Share occurs, as governed by Rule 6.7 or an applicable Trust Deed;
- (b) a Vesting Date has not arrived (then only in respect of the Plan Shares not yet Vested);
- (c) a Vesting Condition in relation to the Plan Share is not satisfied by the due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the Vesting Condition under Rule 7.2 or Rule 1.1(a)(ii) applies;
- (d) a Relevant Person ceases to be an Eligible Participant and, at that time, there is a Vesting Condition in relation to that Plan Share that is unsatisfied or is incapable of satisfaction in the opinion of the Board, unless the Board:
 - (i) exercises its discretion to waive that Vesting Condition under Rule 7.2; or

- (ii) in its absolute discretion, resolves to allow the Vesting Condition to continue to apply to the Plan Share after the Relevant Person ceases to be an Eligible Participant;
- (e) the Board deems that a Plan Share is forfeited due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant under Rule 8.2 (*Fraud and Related Matters*); or
- (f) the Company undergoes a Change in Control or a winding up resolution or order is made, and the Board does not waive the Vesting Condition in accordance with Rule 7.2.

8.2 Fraud and Related Matters

Notwithstanding any other provision of this Plan, where a Relevant Person:

- (a) in the opinion of the Board, acts fraudulently or dishonestly, is grossly negligent, demonstrates serious and wilful misconduct, or causes a material adverse effect on the reputation of the Company;
- (b) has his or her employment or office terminated due to serious or wilful misconduct or otherwise for cause without notice;
- (c) is otherwise a Bad Leaver; or
- (d) becomes ineligible to hold his or her office due to Part 2D.6 of the Corporations Act,

the Board may, by written notice to the Participant, deem any Plan Shares issued in respect of that Relevant Person to be forfeited and require the relevant Participant to do all such things necessary to cancel any Plan Shares issued.

8.3 Consideration for Buyback

A buyback of a Plan Share must be at a price equal to the cash consideration paid by the Participant for the Plan Shares.

8.4 Power of Attorney

For the purposes of Rule 7.4, the Participant irrevocably appoints each of the Company and each director of the Company severally as his or her attorney to do all things necessary to give effect to the buy back of the Participant's Plan Shares including executing all documents and seeking or providing all necessary approvals and the Participant acknowledges and agrees that the power of attorney is given for valuable consideration (in the form of the Plan Shares).

9. PARTICIPATION RIGHTS AND REORGANISATIONS

9.1 Participation Rights

Subject to the Plan, a Participant, upon issue of Plan Shares, will enjoy all rights attaching to Shares of the Company.

9.2 **Adjustments for Reorganisation**

If at any time the capital of the Company is reorganised (including consolidation, subdivision, reduction or return), the terms of the Plan Shares will be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

10. **OVERRIDING RESTRICTIONS ON ISSUE**

Notwithstanding the Rules or the terms of any Plan Share, no Plan Share may be offered or issued under the Plan if to do so:

- (a) would contravene the Corporations Act, the ASX Listing Rules or any other applicable law; or
- (b) would contravene the local laws or customs of an Eligible Participant's country of residence or in the opinion of the Board would require actions to comply with those local laws or customs which are impractical.

11. **AMENDMENTS**

11.1 **Power to amend Plan**

Subject to Rule 11.2, the Corporations Act and the ASX Listing Rules:

- (a) the Board may, at any time, by resolution amend or add to all or any of the provisions of the Plan, an Offer or the terms or conditions of any Plan Shares granted under the Plan; and
- (b) any amendment may be given such retrospective effect as is specified in the written instrument or resolution by which the amendment is made.

11.2 **Adjustment to Plan Share Terms**

No adjustment or variation of the terms of a Plan Share will be made without the consent of the Participant who holds the relevant Plan Share if such adjustment or variation would have a materially prejudicial effect upon the Participant (in respect of his or her outstanding Plan Shares), other than an adjustment or variation introduced primarily:

- (a) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or like plans;
- (b) to correct any manifest error or mistake;
- (c) to enable a member of the Group to comply with the Corporations Act, the ASX Listing Rules, applicable foreign law, or a requirement, policy or practice of the ASIC or other foreign or Australian regulatory body; or
- (d) to take into consideration possible adverse taxation implications in respect of the Plan, including changes to applicable taxation legislation or the interpretation of

that legislation by a court of competent jurisdiction or any rulings from taxation authorities administering such legislation.

11.3 Notice of amendment

As soon as reasonably practicable after making any amendment under Rule 12, the Board will give notice in writing of that amendment to any Participant affected by the amendment.

12. MISCELLANEOUS

12.1 Rights and obligations of Participant

- (a) The rights and obligations of an Eligible Participant under the terms of their office, employment or contract with a Group Company are not affected by their participating in the Plan. This Plan will not form part of, and are not incorporated into, any contract of any Eligible Participant (whether or not they are an employee of a Group Company).
- (b) No Participant will have any rights to compensation or damages in consequence of:
 - (i) the termination, for any reason, of the office, employment or other contract with a Group Company of the Participant (or, where the Participant is a Nominee of the Eligible Participant, that Eligible Participant) where those rights arise, or may arise, as a result of the Participant ceasing to have rights under the Plan as a result of such termination; or
 - (ii) the forfeiture of Plan Shares in accordance with this Plan.
- (c) Nothing in this Plan, participation in the Plan or the terms of any Plan Share:
 - (i) affects the rights of any Group Company to terminate the employment, engagement or office of an Eligible Participant or a Participant (as the case may be);
 - (ii) affects the rights and obligations of any Eligible Participant or Participant under the terms of their employment, engagement or office with any Group Company;
 - (iii) confers any legal or equitable right on an Eligible Participant or a Participant whatsoever to take action against any Group Company in respect of their employment, engagement or office;
 - (iv) confers on an Eligible Participant or a Participant any rights to compensation or damages in consequence of the termination of their employment, engagement or office by any Group Company for any reason whatsoever including ceasing to have rights under the Plan as a result of such termination; or

- (v) confers any responsibility or liability on any Group Company or its directors, officers, employees, representatives or agents in respect of any taxation liabilities of the Eligible Participant or Participant.
- (d) If a Vesting Condition attached to a Share requires a Participant to remain an employee of a Group Company, then the Participant will be treated as having ceased to be an employee of a Group Company at such time the Participant's employer ceases to be a Group Company.
- (e) A Participant who is granted an approved leave of absence and who exercises their right to return to work under any applicable award, enterprise agreement, other agreement, statute or regulation will be treated for those purposes as not having ceased to be such an employee.

12.2 Power of the Board

- (a) The Plan is administered by the Board which has power to:
 - (i) determine appropriate procedures for administration of the Plan consistent with this Plan; and
 - (ii) delegate to any one or more persons, for such period and on such conditions as it may determine, the exercise of any of its powers or discretions arising under the Plan.
- (b) Except as otherwise expressly provided in this Plan, the Board has absolute and unfettered discretion to act, or refrain from acting, under or in connection with the Plan or any Plan Share under the Plan and in the exercise of any power or discretion under the Plan.

12.3 Dispute or disagreement

In the event of any dispute or disagreement as to the interpretation of the Plan, or as to any question or right arising from or related to the Plan or to any Plan Share issued under it, the decision of the Board is final and binding.

12.4 ASIC relief

- (a) Notwithstanding any other provisions of the Plan, every covenant or other provision set out in an exemption or modification granted from time to time by ASIC in respect of the Plan pursuant to its power to exempt and modify the Corporations Act and required to be included in the Plan in order for that exemption or modification to have full effect, is deemed to be contained in the Plan.
- (b) To the extent that any covenant or other provision deemed by this Rule to be contained in the Plan is inconsistent with any other provision in the Plan, the deemed covenant or other provision shall prevail.

12.5 Non-residents of Australia

- (a) The Board may adopt additional rules of the Plan applicable in any jurisdiction outside Australia under which rights offered under the Plan may be subject to

additional or modified terms, having regard to any securities, exchange control or taxation laws or regulations or similar factors which may apply to the Participant or to any Group Company in relation to the rights. Any additional rule must conform to the basic principles of the Plan.

- (b) When a Plan Share is granted under the Plan to a person who is not a resident of Australia, the provisions of the Plan apply subject to such alterations or additions as the Board determines having regard to any securities, exchange control or taxation laws or regulation or similar factors which may apply to the Participant or to any Group Company in relation to the Plan Share.

12.6 **Communication**

- (a) Any notice or other communication under or in connection with the Plan may be given by personal delivery or by sending the same by post or email:
 - (i) in the case of a company, to its registered office;
 - (ii) in the case of an individual, to the individual's last notified address; or
 - (iii) where a Participant is a Director or employee of a Group Company, either to the Participant's last known address or to the address of the place of business at which the Participant performs the whole or substantially the whole of the duties of the Participant's office of employment.
- (b) Where a notice or other communication is given by post, it is deemed to have been received 48 hours after posting. Where a notice or other communication is given by email or other electronic transmission, the notice is taken to have been received at the time the electronic transmission is sent.

12.7 **Attorney**

Each Participant:

- (a) irrevocably appoints the Company and any person nominated from time to time by the Company (each an attorney), severally, as the Participant's attorney to complete and execute any documents, including applications for Shares and Share transfers, and to do all acts or things on behalf of and in the name of the Participant which may be convenient or necessary for the purpose of giving effect to the provisions of this Plan;
- (b) covenants that the Participant will ratify and confirm any act or thing done pursuant to this power;
- (c) releases each Group Company and the attorney from any liability whatsoever arising from the exercise of the powers conferred by this Rule; and
- (d) indemnifies and holds harmless each Group Company and the attorney in respect thereof.

12.8 **Costs and Expenses**

The Company will pay all expenses, costs and charges in relation to the establishment, implementation and administration of the Plan, including all costs incurred in or associated with the issue or purchase of Shares for the purposes of the Plan.

12.9 **Adverse Tax**

- (a) Where a Participant may suffer an adverse taxation consequence as a direct result of participating in the Plan that was not apparent to the Participant or the Company at the time the Participant was issued Shares under the Plan, the Board may, in its absolute discretion, agree to compensate the Participant in whole or in part.
- (b) For the avoidance of doubt, a tax liability on a gain arising from the difference between share sale proceeds received by the Participant and the Share Payment for the corresponding number of Shares shall not be considered an adverse taxation consequence.

12.10 **Data protection**

By lodging an Acceptance Form, each Participant consents to the holding and processing of personal data provided by the Participant to any Group Company for all purposes relating to the operation of the Plan. These include, but are not limited to:

- (a) administering and maintaining Participants' records;
- (b) providing information to trustees of any employee benefit trust, registrars, brokers or third party administrators of the Plan;
- (c) providing information to future purchasers of the Company or the business in which the Participant works; and
- (d) transferring information about the Participant to a country or territory outside Australia.

12.11 **Error in Allocation**

If any Shares are provided under this Plan in error or by mistake to a person (**Mistaken Recipient**) who is not the intended recipient, the Mistaken Recipient shall have no right or interest, and shall be taken never to have had any right or interest, in those Shares and those Shares will immediately be forfeited.

12.12 **No fiduciary capacity**

The Board may exercise any power or discretion conferred on it by this Plan in the interest or for the benefit of the Company, and in so doing the Board is not required to act in the interests of another person or as requested by another person and will not be under any fiduciary obligation to another person.

12.13 **ASX Listing Rules**

While the Company remains admitted to the ASX, the provisions of the ASX Listing Rules of the ASX will apply to the Plan, and to the extent that the Plan and the ASX Listing Rules are inconsistent, the provisions of the ASX Listing Rules will prevail.

12.14 Enforcement

This Plan and any determination of the Board made pursuant to this Plan will be deemed to form a contract between the Company and the Participant.

12.15 Laws governing Plan

- (a) This Plan, and any Performance Rights issued under it, are governed by the laws of New South Wales, Australia.
- (b) The Company and the Participants submit to the non-exclusive jurisdiction of the courts of New South Wales.

SCHEDULE 1 – OFFER DOCUMENT

[insert date]

[Name and address of eligible participant]

Dear [*]

HALO TECHNOLOGIES HOLDINGS – INCENTIVE SHARE PLAN

The board of directors of HALO Technologies Holdings Limited ACN 645 531 219 (**Company**) is pleased to make an offer to you of ordinary fully paid shares in the capital of the Company (**Shares**) under its Incentive Share Plan (**Plan**) on the terms of this offer letter (**Offer**). Terms used in this Offer have the same meaning as used in the Plan.

The Company is pleased to advise you of the following.

- (a) This Offer is subject to the terms and conditions of the Plan, a copy of which is attached to this Offer. In the event of a conflict between the Plan and this Offer, the Rules in the Plan will prevail.
- (b) The Company is willing to offer you the following number of Shares (**Plan Shares**):

[insert number of Shares or formula for calculating number of Shares eg ‘that number of Shares determined by dividing \$[insert] by the issue price of the Shares.’]

- (c) The issue price per Plan Share (**Issue Price**) will equal:

- (i) Before listing on the ASX - the Fair Market Value; and
- (ii) After listing on the ASX:

[[nil/\$insert]/the volume weighted average price (VWAP) at which the Company's Shares were traded on the ASX over the 5 trading days up to and including the later of:

(A) the trading day on which this Offer is accepted; and

(B) the first trading day after Shareholder approval for the issue of the Plan Shares is obtained (if required).

Based on an Issue Price equal to the 5 trading day VWAP of Shares to the date before this Offer (being \$[insert]), you would be entitled to a maximum of [insert] Plan Shares.]

- (d) The issue of the Plan Shares is subject to the terms of the Plan, including the Company obtaining any necessary Shareholder approvals and you remaining an Eligible Participant at the time the Plan Shares are to be issued.
- (e) You are required to hold the Plan Shares for at least 3 years (or such longer period prescribed by the Company) prior to its disposal unless you become a Leaver at an earlier date.

(f) Subject to the terms of the Plan, the Plan Shares cannot be sold, transferred, assigned, charged or otherwise encumbered until the following Vesting Conditions are satisfied, unless waived by the Board in accordance with the Plan (such period being the **Restriction Period**):

(i) Insert period; and

(ii) Insert period.

If a Vesting Condition in relation to particular Plan Shares is not satisfied, and is not waived by the Board in accordance with the Plan, you will forfeit your right to those Plan Shares. Other than where a Trustee holds the Plan Shares, the Company may buy back and cancel or sell those Plan Shares in accordance with the Share Plan. Where a Trustee holds the Plan Shares, the Trustee will hold those Plan Shares for re-allocation under the Plan to other Participants.

(g) The Company may elect to issue the Plan Shares to the trustee of the Share Plan (**Trustee**) to hold for your benefit until the Plan Shares cease to be subject to any Vesting Conditions or the Board otherwise determines in accordance with the Share Plan, at which time the Plan Shares will be transferred to you [or (at your election) sold with the sale proceeds remitted to you].

(i) If the Company wishes the Trustee to hold your Plan Shares, the terms of the Trust Deed are attached to this Offer. You should read the terms of the Trust Deed carefully to understand what rights you have in relation to the Plan Shares while they are held on your behalf by the Trustee.

(ii) You are entitled to receive any dividends and franking credits which relate to those dividends, or other distributions or entitlements made in respect of Plan Shares held by the Trustee for your benefit under the Share Plan.

(iii) Subject to the Trust Deed, you may direct the Trustee how to exercise the voting rights attaching to your Plan Shares either generally or in respect of a particular resolution. In the absence of such a direction those voting rights shall not be exercised by the Trustee.

(iv) [You must either:

(A) enclose with the completed Acceptance Form a cheque for the amount due for the number of Plan Shares that you (or your Nominee) have accepted; or

(B) at the time the completed Acceptance Form is lodged with the Company, pay the amount due for the number of Plan Shares that you (or your Nominee) have accepted by electronic funds transfer.]

(h) This Offer remains open for acceptance by you until 5pm AEST on [insert date] (**Closing Date**) at which time the Offer will close and lapse.

(i) You may apply for the Shares by filling out Acceptance Form below and returning to the Company Secretary before the Closing Date.

- (j) You may apply for the Shares to be registered in your name, or in a Nominee's name. Examples of acceptable Nominees are set out in the Plan. Please discuss this with the Company Secretary if you have any queries.
- (k) Unless the Plan provides otherwise, the Shares to which you are entitled will be issued to **[you/the Trustee to hold on your behalf]**, as soon as practicable after the exercise date.
- (l) If the issue of Plan Shares would otherwise fall within a Blackout Period, or breach the insider trading or takeover provisions of the Corporations Act, the Company may delay the issue of the Plan Shares until 10 Business Days following the expiration, as applicable, of the Blackout Period or the day on which the insider trading or takeover provisions no longer prevent the issue of the Plan Shares.
- (m) A completed Acceptance Form (and cheque, if applicable) should be returned to the Company at:

[insert address]

[Cheques must be in Australian currency, drawn on an Australian bank, made payable to [*1] – [insert account name] and crossed non negotiable.]

Electronic funds transfers must be to the Company's account as set out below:

Bank:	[insert]
Account Name:	[insert]
BSB:	[insert]
Account Number:	[insert]]
- (n) If required, the Company will apply for the Shares to be quoted on the ASX in accordance with the ASX Listing Rules within 10 Business Days of the later of the date the Shares are issued and the date any Restriction Period that applies to the Shares ends.
- (o) The Shares may be subject to restrictions on disposal in accordance with the Plan in which case the Company will impose a holding lock with the Company's share registry and will not be able to be traded until the holding lock is lifted by the Company.
- (p) The Company will issue, where required to enable Shares issued to be freely tradeable on the ASX (subject to any Restriction Period), a cleansing statement under Section 708A(5) of the Corporations Act at the time Shares are issued. Where a cleansing statement is required, but cannot be issued, the Company will have a prospectus available in relation to the Shares which complies with the requirements of the Corporations Act.
- (q) The Company undertakes that, during the period commencing on the date of this Offer and expiring on the Closing Date, it will, within a reasonable period of you so requesting, make available to you the current market price of the Company's Shares and, where the Issue Price is determined by a formula, the issue price in Australian Dollars of the Plan Shares applying that formula on the date of your request. The Company will provide this information to you, unless you agree otherwise, by sending this information to you at the address to which this Offer is sent.

- (r) The current market price of the Company's Shares on the ASX can be found on the Company's ASX website at **[insert]**.

You should be aware that the business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of the Company, including Shares offered under the Plan.

Any advice given by the Company in relation to the Shares, the Plan and any Trust does not take into account your objectives, financial situation and needs (including financial or taxation issues).

This Offer and all other documents provided to you at the time of this Offer contain general advice only and you should consider obtaining your own financial product advice from an independent person who is licensed by the Australian Securities and Investments Commission to give such advice.

You are advised to seek independent professional advice regarding the Australian tax consequences of the issue of Shares and the disposing of any Shares that are issued under the Plan according to your own particular circumstances.

Please confirm your (or your Nominee's) acceptance of the Offer set out in this letter by completing the Acceptance Form below and returning it to the Company **by no later than [insert]**.

An Acceptance Form received after the Closing Date may be refused.

Yours faithfully

[Insert Director's Name]

Halo Technologies Holdings Limited

SCHEDULE 2 –

HALO TECHNOLOGIES HOLDINGS LIMITED INCENTIVE SHARE PLAN - ACCEPTANCE FORM

Under the Offer, to which this Acceptance Form is attached, HALO Technologies Holdings Limited ACN 645 531 219 (**Company**) has invited you (or your Nominee) under its incentive share plan (**Share Plan**) to apply for the issue of:

- (a) up to [insert] fully paid ordinary shares in the Company (**Plan Share**);
- (b) at an issue price (**Issue Price**) of [insert] per Plan Share.

An Applicant should read the Share Plan, the Offer and the Trust Deed (if applicable) in entirety before completing this Acceptance Form.

Please complete the details below to apply for Plan Shares at the Issue Price.

Name:

Address:

Ph:

Email:

hereby applies for _____ Plan Shares at an Issue Price per Plan Share to be calculated as set out in the terms of the Offer, this Acceptance Form and the Share Plan.

Tax file number(s) or exemption: _____ CHESS HIN (where applicable): _____

Acknowledgement

In applying for the Plan Shares, the Applicant acknowledges and agrees:

- (a) to be entered on the register of members of the Company as the holder of the Plan Shares applied for, or for the Trustee to be registered as the legal holder to hold on trust for the Applicant;
- (b) to be bound by the terms of the constitution of HALO technologies Holdings Limited;
- (c) to be bound by the terms and conditions of the Share Plan and the Trust Deed (if applicable);
- (d) to be bound by the terms and conditions of the Offer;
- (e) a copy of the full terms of the Share Plan (and Trust Deed, if applicable) has been provided to me;
- (f) that, by completing this Acceptance Form, I will be taken to have agreed to appoint the Company Secretary as my attorney to complete and execute any documents and do all acts

on my behalf which may be convenient or necessary for the purpose of giving effect to the provisions of the Share Plan;

- (g) that I have been offered the opportunity to obtain share price information in relation to Shares in the Company; and
- (h) any tax liability arising from the Company accepting my acceptance of Plan Shares under the Share Plan is my responsibility and not that of the Company;
- (i) that a prospectus has not been prepared or lodged by the Company in respect of the offer of the Plan Shares to me;
- (j) that an investment in the Company is speculative and there is no guarantee that there will be any return on Plan Shares (whether by way of dividends or return of capital or any other manner whatever);
- (k) that secondary trading in Plan Shares may be limited and there is no guarantee that there will be any market (whether official or unofficial) for trading of the Company's Shares generally; and
- (l) that this application is irrevocable and, except for the terms provided above, is unconditional.

Where an individual

SIGNED by [INSERT NAME OF INDIVIDUAL]

in the presence of:

Signature of witness

Signature

Name of witness

Where a company

EXECUTED by [INSERT COMPANY NAME]

ACN [INSERT ACN]

in accordance with section 127 of the
Corporations Act 2001 (Cth):

Signature of director

Signature of director/company secretary*

Name of director

Name of director/company secretary*

*please delete as applicable