



ACN: 010721749
E1/ 5 Grevillea Place
Brisbane Airport Qld 4008

4 August 2023

Chair's Script for Scheme Meeting

Cellnet Group Limited ("Cellnet" or the "Company") (ASX:CLT) provides the following update on the proposed scheme of arrangement under which Wentronic Holding GmbH ("Wentronic") has agreed to acquire all of the shares in Cellnet not currently owned by Wentronic and its associates ("Excluded Shareholders") for cash consideration of 2.7 cents per share ("Scheme").

Scheme Meeting Script

In accordance with ASX Listing Rule 3.13.1, Cellnet attaches its Chair's script for the Scheme Meeting to be held at 8:30am on Monday 7 August 2023.

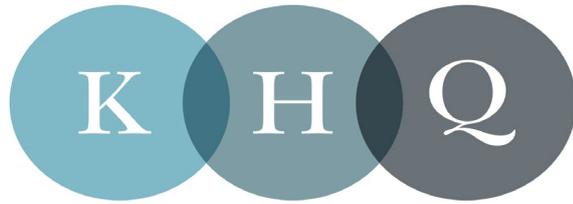
Further information

Cellnet Shareholders who have any questions regarding the Scheme or the Scheme Booklet may contact the Cellnet Shareholder Information Line on 1300 235 563 or email at IR@cellnet.com.au.

For further information, please contact Tony Pearson, Chairperson at IR@cellnet.com.au.

Ends

Authorised for release by the Cellnet Independent Board Committee.



L A W Y E R S

**CHAIR'S SCRIPT FOR SCHEME
MEETING**

**CELLNET GROUP LIMITED ACN 010
721 749 (CLT)**

7 AUGUST 2023

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Cellnet Group Limited ACN 010 721 749 (**Cellnet**) refers to the proposed acquisition of shares in Cellnet by Wentronic Holding GmbH (**Wentronic**), by way of a scheme of arrangement.

In accordance with ASX Listing Rule 3.13.3, Cellnet attaches the chair's script in relation to the scheme meeting commencing at 8:30am on 7 August 2023.

Cellnet shareholders (or their proxies, attorneys or corporate representatives) will be able to attend and vote at the scheme meeting in person at Tenancy E1/5 Grevillea Place, Brisbane Airport QLD 4008 only.

The voting results of the scheme meeting will be communicated on the Australian Securities Exchange (**ASX**) shortly after the conclusion of the scheme meeting.

Approved for release by the Cellnet Independent Board Committee.

Any questions or requests for further information should be directed to:

Investor enquiries	Media enquiries
Cellnet Shareholder Information Line	Tony Pearson, Chair
IR@cellnet.com.au	IR@cellnet.com.au
1300 235 563	

About Cellnet

Cellnet is a public company listed on the ASX (ASX code: CLT).

Cellnet operates the business of sourcing and distributing lifestyle technology products (including mobile phone, gaming, tablet and notebook/hybrid accessories) into retail and business channels in Australia and New Zealand and fulfilment services to the mobile telecommunications and retail industries in Australia and New Zealand.

1. INTRODUCTION AND WELCOME

- 1.1 Good morning everyone and welcome to the scheme meeting of the shareholders of Cellnet. My name is Tony Pearson and I am the chair of Cellnet and will be chairing today's scheme meeting (**Scheme Meeting**). On behalf of the board of Cellnet, I would like to thank you for joining us today.
- 1.2 It is now 8:30am (AEST) and I have been informed that a quorum is present. Accordingly, I declare the Scheme Meeting open.
- 1.3 Today's Scheme Meeting has been convened pursuant to an order of the Federal Court of Australia made on 4 July 2023 to enable Cellnet shareholders to consider and vote on a resolution (which I will now refer to as the **Scheme Resolution**) to approve a scheme of arrangement under which it is proposed that Wentronic Holding GmbH, which I will now refer to as Wentronic, will acquire all of the issued share capital in Cellnet which it or its associates currently do not own (which I will now refer to as the Scheme).

2. BOARD AND ADVISORS

- 2.1 I would like to begin by introducing the other members of the Cellnet board, who are joining us in person today. They are:
- (a) Giles Karhan, Non-Executive Director and Independent Non-Executive Director of the Independent Board Committee.
- 2.2 I note that Giles Karhan and I are the independent directors of Cellnet (which I will now refer to as the **Independent Directors**) that are members of Cellnet's Independent Board Committee.
- 2.3 I note apologies from Messrs Michael Wendt, Briand Danos and Kevin Gilmore, who unable to attend today.
- 2.4 Members of our Cellnet senior management team are also in attendance today, including:
- (a) Chris Barnes, Chief Financial Officer and Company Secretary, who will also act as the returning officer (**Returning Officer**) for this meeting.

3. NOTICE OF SCHEME MEETING

- 3.1 Notice of this Scheme Meeting was included as Attachment D to the scheme booklet dated 5 July 2023 (which I will now refer to as the **Scheme Booklet**), which was dispatched to Cellnet shareholders on 7 July 2023. The Notice of Scheme Meeting was given in accordance with the orders made by the Federal Court of Australia on 4 July 2023.
- 3.2 Unless there are any objections, I will take the Notice of Scheme Meeting as read.

4. MEETING LOGISTICS

- 4.1 Before commencing the formal business of today's Scheme Meeting, I would like to outline the logistics of the meeting, including how to ask questions and vote.
- 4.2 The Scheme Meeting is being held in person **only**. Shareholders and proxies in attendance have the ability to ask questions and submit votes.

5. HOW TO ASK A QUESTION

- 5.1 Any Cellnet shareholder (or their proxies, attorneys or corporate representatives) is eligible to ask questions. Questions must be relevant to the business of today's meeting, being the approval of the scheme. Please also note all questions submitted will be moderated by Chris Barnes, Chief Financial Officer and Company Secretary.
- 5.2 When we issued the notice of meeting, we also invited shareholders to submit their questions before the scheme meeting. We will address those questions during question time later in today's proceedings.
- 5.3 The shareholders and proxies present will be given the opportunity to ask questions at the appropriate time. Please raise your hand to indicate to the moderator if you have a question or comment you wish to make.
- 5.4 We will address all questions. However, questions may be moderated or amalgamated to avoid repetition and, if questions are particularly lengthy, we may need to summarise them in the interest of time.

6. HOW TO VOTE

- 6.1 As described in the Scheme Booklet and the Notice of Scheme Meeting, voting on the Scheme Resolution will be conducted by way of a poll.
- 6.2 The Federal Court of Australia has ordered that, for the purposes of determining the eligibility and entitlement to vote at this Scheme Meeting, Cellnet shares will be taken to be held by the persons who were registered Cellnet shareholders as at 8:30am (AEST) on 5 August 2023. Eligible Cellnet shareholders and duly appointed proxies, attorneys and corporate representatives of eligible Cellnet shareholders are entitled to vote on the Scheme Resolution.
- 6.3 Shareholders may vote by completing the voting paper on the reverse of their attendance card. The attendance cards will be collected by the Returning Officer after the vote. You must lodge your voting paper for your votes to be counted, which I will ask you to do after consideration of the Scheme Resolution.
- 6.4 As described in the Scheme Booklet, Excluded Shareholders are restricted from voting on the Scheme Resolution.
- 6.5 I now declare voting open. Please submit your votes at any time. I will give you a warning before I move to close voting.
- 6.6 After the Scheme Meeting closes, your votes will be counted by the Returning Officer and the results will be released to the ASX Company Announcement Platform as soon as possible.

7. PROXIES

- 7.1 In relation to proxies, I advise the meeting that a number of valid proxies have been received by Cellnet and I will provide the proxy details after discussion on today's resolution.
- 7.2 In relation to the proxies that I am holding as chair, I advise that if a member has directed me to vote in a certain way, I will vote in accordance with that direction. If I have not been directed to vote in any way, I intend to vote in favour of the Scheme Resolution.

8. OVERVIEW OF THE SCHEME

- 8.1 By way of background, on 12 May 2023, Cellnet and Wentronic announced that they had entered into a scheme implementation deed on 11 May 2023 (which I will now refer to as the **Scheme Implementation Deed**) under which Wentronic agreed to acquire all of the issued share capital in Cellnet of which it or its associates do not currently own.
- 8.2 The Scheme Booklet includes, among other things, an overview of the scheme, the key considerations relevant to each shareholder's vote, including reasons to vote in favour of, or against, the scheme, the risks associated with the scheme, the tax implications and a notice convening today's Scheme Meeting.
- 8.3 The Scheme Booklet outlines the proposed scheme and attaches the Scheme transaction documents, including the scheme of arrangement and the independent expert report prepared by PKF Melbourne Corporate Pty Ltd, (who I will refer to as **PKF** and/or the **Independent Expert**). I will take these documents as read.

9. SCHEME CONSIDERATION

- 9.1 If the Scheme becomes effective and is implemented, the Scheme Shareholders will receive a cash payment of \$0.027 per Scheme Share (as these terms are defined in the Scheme Implementation Deed). I will now refer to this as the **Scheme Consideration**.
- 9.2 Payment will be made by direct deposit into Scheme Shareholders' nominated bank accounts, as advised to Link Market Services Limited as at the Scheme Record Date. If a Scheme Shareholder has not nominated a bank account, payment will be made by cheque (in Australian dollars) posted to the Scheme Shareholder's registered address as shown on the Link Market Services Limited share register.

10. DIRECTORS' RECOMMENDATION

- 10.1 As set out in the Scheme Booklet, your Independent Directors unanimously recommend that shareholders vote in favour of the Scheme Resolution at today's meeting. This recommendation is made in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the scheme is fair and reasonable and consequently in the best interests of Cellnet shareholders (other than the Excluded Shareholders, as that term is defined in the Scheme Implementation Deed).

11. REASONS TO VOTE FOR OR AGAINST THE SCHEME

- 11.1 The scheme booklet sets out the detailed reasons for the Cellnet directors' recommendation. In summary, they include the following:
- (a) Cellnet continues to incur significant losses in the current market environment. Accordingly, if the Scheme is not implemented Cellnet will need to consider a range of initiatives in order to fund its operations going forward, which may include raising capital. If required, any such capital raising is likely to result in the requirement for Cellnet Shareholders having to either contribute additional capital or have their shareholding diluted. If capital is required, and Cellnet is unable to raise capital then the business may not be able to continue as a going concern.
 - (b) Your Independent Directors unanimously recommend that you vote in favour of the Scheme Resolution, in the absence of a superior proposal and subject to the

Independent Expert continuing to consider the Scheme to be in the best interests of Cellnet shareholders (other than the Excluded Shareholders)

- (c) The Independent Expert has assessed the Scheme to be fair and reasonable and, consequently, concluded that the scheme consideration is in the best interests of Cellnet shareholders (other than the Excluded Shareholders).
- (d) The Scheme Consideration represents a significant premium for your Cellnet shares. At the close of trading on 10 May 2023, the last trading day prior to the announcement of the Scheme, the closing price of Cellnet shares was \$0.018 per share.
- (e) The Scheme Consideration provides you with certainty as to the cash value of your Cellnet Shares and the timing of your payment.
- (f) A competing proposal is considered unlikely, and no superior proposal has emerged as at the date of this meeting.
- (g) The price of Cellnet Shares will continue to be subject to market volatility and may fall if the Scheme is not implemented and in the absence of a superior proposal.
- (h) No brokerage or stamp duty will be payable on the transfer of your Cellnet shares under the Scheme.
- (i) Cellnet shares currently trade at low volumes on the ASX. If the Scheme is not implemented, there is no guarantee that Cellnet shareholders will be able to sell all or some of their Cellnet shares on the ASX in a single and/or series of transactions and/or in an orderly way. The Scheme Consideration provides you with the opportunity to realise value for your shareholding all at once, rather than incurring the risks associated with a gradual sell-down.
- (j) The Scheme is subject to limited and customary conditions as set out in the Scheme Implementation Deed.

11.2 There may also be reasons you wish to vote against the scheme, and these are set out in the scheme booklet. In summary, they include the following:

- (a) You may disagree with your Independent Directors' recommendation and the Independent Expert's conclusion.
- (b) If the Scheme is implemented, you will no longer participate in the potential upside, if any, that may result from being a Cellnet shareholder.
- (c) You may believe it is in your best interests to maintain your current investment and risk profile.
- (d) Implementation of the Scheme precludes the possibility of receiving the benefit of any future, potentially more favourable, proposal for your Cellnet shares.
- (e) The tax consequences of the Scheme may not be suitable to your financial position.

12. INDEPENDENT EXPERT

12.1 Cellnet appointed PKF as the Independent Expert to assess the merits of the Scheme and provide an opinion on whether the scheme is in the best interests of Cellnet shareholders.

- 12.2 The Independent Expert has concluded that the scheme is in the best interests of Cellnet shareholders, in the absence of a superior proposal.
- 12.3 Based on the Scheme Consideration, the Independent Expert has assessed the Scheme to be fair and reasonable and, consequently, concluded that the Scheme is in the best interests of Cellnet Shareholders (other than the Excluded Shareholders), in the absence of a superior proposal.
- 12.4 A copy of the Independent Expert's Report is included as Attachment E to the Scheme Booklet.

13. STATUS OF SCHEME CONDITIONS

- 13.1 As stated in the Scheme Booklet, implementation of the scheme is subject to a number of conditions. The conditions that remain outstanding are:
- (a) Shareholder approval of the Scheme at today's Scheme Meeting.
 - (b) Final approval of the Scheme by the Federal Court of Australia at the second court hearing which is scheduled for 9:30am on 10 August 2023.
 - (c) Other outstanding conditions under the Scheme Implementation Deed, for example:
 - (i) No Cellnet Prescribed Occurrence occurring before the second court hearing.
 - (ii) No Cellnet Regulated Event occurring before the second court hearing.
 - (iii) No Cellnet Material Adverse Change occurring between 11 May 2023 and the second court hearing
 - (iv) no restraining order or other material legal restraint or prohibition that prevents the implementation of the scheme is in effect at the time of the second court hearing.
- 13.2 The Cellnet board is not aware of any circumstances to date that would prevent any of the outstanding conditions from being satisfied.

14. INDICATIVE TIMETABLE

- 14.1 If the Scheme Resolution is approved at today's scheme meeting:
- (a) The second court hearing will be held at 9:30am on 10 August 2023. If the court approves the Scheme, a copy of the orders will be lodged with the Australian Securities and Investments Commission, the Scheme will become effective, and Cellnet shares will be suspended on the ASX.
 - (b) The scheme record date is expected to be 7:00pm on 18 August 2023. All shareholders of Cellnet that are recorded on the Link Market Services Limited share register on the scheme record date (other than the Excluded Shareholders) will transfer all of their Cellnet shares to Wentronic in exchange for \$0.027 in cash for each ordinary fully paid share they hold.
 - (c) On the implementation date (currently expected to be 25 August 2023), the Scheme will be implemented and the Scheme Consideration will be paid.

- 14.2 If the Scheme Resolution is not approved by Cellnet shareholders at today's Scheme Meeting or the court does not approve the Scheme, or if any other condition precedent is not satisfied (or waived, if applicable), the Scheme will not proceed and Cellnet will remain listed on the ASX.

15. SCHEME RESOLUTION

- 15.1 We will now proceed to the formal business of today's meeting. The sole item of business today is the Scheme Resolution.

- 15.2 The Scheme Resolution, as set out in the notice of scheme meeting, is as follows:

“That, pursuant to and in accordance with section 411 of the Corporations Act, the proposed scheme of arrangement between Cellnet and Cellnet Shareholders (other than the Excluded Shareholders), as contained in and more particularly described in the Scheme Booklet accompanying this Notice of Scheme Meeting, is agreed to.

Your Independent Directors are authorised:

- *to agree to such alterations or conditions as are directed by the Court; and*
- *subject to approval of the Scheme by the Court, to implement the Scheme with any such alterations or conditions.”*

- 15.3 The scheme resolution must be approved by both:

- (a) A majority in number (that is, more than 50%) of Cellnet shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting (whether in person or by proxy, attorney or, in the case of a body corporate, corporate representative).
- (b) At least 75% of the votes cast on the Scheme Resolution the Scheme Meeting by Cellnet Shareholders (other than Excluded Shareholders) (again whether in person or by proxy, attorney or, in the case of a body corporate, corporate representative).

16. PROXY RESULTS

- 16.1 We will now turn to voting on the Scheme Resolution, beginning with the proxy position.

- 16.2 Proxies have been received representing XXXXX shares or XX% of the issued capital of 243,594,634 shares. Votes were:

- (a) XXX for.
- (b) XXX against.
- (c) XXX open.
- (d) XXX abstentions.

- 16.3 I note that with respect to the open votes, any proxy appointments in favour of the Company Secretary or any Independent Director will be voted "for" the Scheme Resolution.

17. QUESTIONS

- 17.1 I will give shareholders an opportunity to raise any questions and comments before we proceed to vote on the Scheme Resolution. Chris Barnes, Company Secretary will moderate any questions received. We will begin with questions received prior to the meeting and then from the floor.

18. VOTING

- 18.1 I now ask Cellnet shareholders (other than Excluded Shareholders) and duly appointed proxies, attorneys and corporate representatives to cast their vote on the Scheme Resolution if they have not already done so, as voting will be closing shortly. If you have a voting paper, the returning officer will collect it from you shortly.
- 18.2 I will give Cellnet shareholders a few more moments to vote on the Scheme Resolution, before formally closing the poll.
- 18.3 I now declare the poll on the Scheme Resolution closed.
- 18.4 We will announce the results of the poll on the Scheme Resolution to the ASX through the Market Announcements Platform after the Scheme Meeting closes. A copy of this announcement will also be made available on Cellnet's website.

19. MEETING CLOSE

- 19.1 That concludes the formal proceedings and official business of today's Scheme Meeting and I now declare the meeting closed.

Thank you for your attendance.