



**NOVATTI GROUP LIMITED**  
**ACN 606 556 183**

**NOTICE OF ANNUAL GENERAL MEETING**

**EXPLANATORY STATEMENT**

**AND**

**PROXY FORM**

**Date of Meeting**

Monday, 27 November 2017

**Time of Meeting**

10.00am (AEDT)

**Place of Meeting:**

Legacy House, Suite 1, 293 Swanston St  
Melbourne, Victoria 3000

**NOVATTI GROUP LIMITED**  
**ACN 606 556 183**

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that an annual general meeting of the shareholders of Novatti Group Limited (**Company**) will be held at 10.00am (AEDT) on Monday, 27 November 2017 at Legacy House, Suite 1, 293 Swanston St, Melbourne VIC 3000 (**Meeting**).

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

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 25 November 2017 at 7pm (AEDT). Terms and abbreviations used in this Notice and Explanatory Statement are defined in Schedule 1.

## **AGENDA**

### **1. Annual Report**

To table and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2017, which includes the Financial Report, the Directors' Report and the Auditor's Report.

### **2. Resolution 1 - Adoption of Remuneration Report**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2017."*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

### **Voting Exclusion**

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast by, or on behalf of, a member of the Key Management Personnel whose remuneration details are included in the remuneration report, or a Closely Related Party of such member. However, a vote may be cast by such person if:

- (a) the person is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote the proxy on a resolution connected with the remuneration of a member of the Key Management Personnel.

### **3. Resolution 2 - Re-election of Director – Paul Burton**

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

*"That, for the purpose of clause 6.3 (c) of the Constitution and for all other purposes, Paul Burton, a Director, retires and being eligible, is re-elected as a Director."*

#### 4. Resolution 3 – Approval of 10% Placement Capacity

To consider, and if thought fit, to pass the following as a **special resolution**:

*"That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the Shares on issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement"*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by 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.

#### 5. Resolution 4 - Ratification of Prior Issue of Shares - Listing Rule 7.1

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify and approve the issue under Listing Rule 7.1 by the Company of 14,000,000 fully paid ordinary shares on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chairman 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.

#### 6. Resolution 5 - Ratification of Prior Issue of Shares - Listing Rule 7.1A

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify and approve the issue under Listing Rule 7.1A by the Company of 11,000,000 fully paid ordinary shares on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chairman 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.

#### 7. Resolution 6 - Re-election of Director – Steven Zhou

To consider, and if thought fit, to pass as the following resolution as an **ordinary resolution**:

*"That, for the purpose of clause 6.3 (i) and (j) of the Constitution and for all other purposes, Steven Zhou, a Director, retires and being eligible, is re-elected as a Director."*

Dated 13 October 2017

**BY ORDER OF THE BOARD**



**Ian Hobson**  
Company Secretary

**NOVATTI GROUP LIMITED**  
**ACN 606 556 183**

## **EXPLANATORY STATEMENT**

### **1. Introduction**

This Explanatory Statement has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Meeting to be held at 10.00am (AEDT) on Monday, 27 November 2017 at Legacy House, Suite 1, 293 Swanston St, Melbourne VIC 3000 (**Meeting**).

This Explanatory Statement should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Statement is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

A Proxy Form is located at the end of the Explanatory Statement.

### **2. Action to be taken by Shareholders**

Shareholders should read the Notice and this Explanatory Statement carefully before deciding how to vote on the Resolutions.

#### **2.1 Proxies**

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

#### **2.2 Voting Prohibition by Proxy Holders**

In accordance with section 250R of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report;  
or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1 as proxy if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1; or

- (b) the person is the Chairman and the appointment of the Chairman as proxy:
  - (i) does not specify the way the proxy is to vote on Resolution 1; and
  - (ii) expressly authorises the Chairman to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of the Key Management Personnel.

### 3. Annual Report

There is no requirement for Shareholders to approve the Annual Report. Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report which is online at [www.novatti.com/annual-reports](http://www.novatti.com/annual-reports) and click on the direct link;
- (c) ask questions or make comment on the management of the Company;
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report; and
- (b) the conduct of the audit;
- (c) accounting policies by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

### 4. Resolution 1 - Remuneration Report

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

Section 250R(3) of the Corporations Act provides that Resolution 1 is advisory only and does not bind the Directors of itself, and a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report.

However, the Corporations Act was amended in 2011 by the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011* (**Director and Executive Remuneration Act**).

The Director and Executive Remuneration Act introduced new sections 250U and 250Y, amongst others, into the Corporations Act, giving Shareholders the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

In summary, if the Remuneration Report receives a 'no' vote of 25% or more at this Meeting, Shareholders should be aware that if there is a 'no' vote of 25% or more at the next annual general meeting the consequences are that it may result in the re-election of the Board.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorization for the Chairman to vote the proxy in accordance with the Chairman's intention.

## **5. Resolution 2 - Re-election of Director - Paul Burton**

Clause 6.3 of the Constitution requires that a Director (excluding the managing Director) must not hold office (without re-election) past the third annual general meeting following the Director's appointment or three years, whichever is longer.

At each annual general meeting, where the Company has three or more Directors, one-third of the Directors (rounded down to the nearest whole number) must retire (except for the managing Director).

A Director who retires under clause 6.3 of the Constitution is eligible for re-election.

The Company currently has five Directors (including one managing Director).

Paul Burton, a Director since 31 May 2016, is the Director who retires and seeks re-election. His details are set out in the Annual Report.

The Board unanimously supports the re-election of Paul Burton.

## **6. Resolution 3 - Approval of 10% Placement Capacity**

### **6.1 General**

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital at the time of the issue over a period up to 12 months after the annual general meeting (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 3, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 7.2 below).

The effect of Resolution 3 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue at the time of the issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing.

If and when the Company does utilise the 10% Placement Capacity within the 12 months following the AGM, assuming Resolution 3 is passed, the Company will be required to give ASX details of who the allottees are and how many Equity Securities they each received. In addition the Company will be required to release by way of ASX announcement the information set out in Listing Rule 3.10.5A, namely:

- (a) details about the dilution to the existing Shareholders caused by the issue of Equity Securities under the 10% Placement Capacity;
- (b) if cash is raised, an explanation why a pro rata issue or other type of issue allowing existing shareholders to participate was not adopted instead of or as well as using the 10% Placement Capacity;
- (c) details about any underwriting and underwriting fees paid, and
- (d) details about any other fees or costs incurred in connection with the issue of Equity Securities under the 10% Placement Capacity.

The Directors believe that Resolution 3 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution. The Chairman intends to vote all available proxies in favour of Resolution 3.

Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

## **6.2 ASX Listing Rule 7.1A**

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$21,000,000.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of Equity Securities on issue, being the Shares (ASX Code: NOV).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
  - (a) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
  - (b) plus the number of partly paid shares that became fully paid in the previous 12 months;
  - (c) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under this rule; and
  - (d) less the number of Shares cancelled in the previous 12 months.
- D** is 10%.

- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of ordinary securities under ASX Listing Rule 7.1 or 7.4.

### **6.3 Technical information required by ASX Listing Rule 7.1A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to Resolution 3:

#### **(a) Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within five ASX trading days of the date in Section 7.3(a)(i), the date on which the Equity Securities are issued.

#### **(b) Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking),

being the **10% Placement Capacity Period**.

#### **(c) Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.



Number of Shares on Issue	Dilution			
	Issue Price (per Share)	\$0.085	\$0.170	\$0.255
		50% decrease in Issue Price	Current Issue Price	50% increase in Issue Price
114,739,004 (Current)	Shares issued	11,473,900 Shares	11,473,900 Shares	11,473,900 Shares
	Funds raised	\$975,282	\$1,950,563	\$2,925,845
172,108,506 (50% increase)	Shares issued	17,210,851 Shares	17,210,851 Shares	17,210,851 Shares
	Funds raised	\$1,462,922	\$2,925,845	\$4,388,767
229,478,008 (100% increase)	Shares issued	22,947,801 Shares	22,947,801 Shares	22,947,801 Shares
	Funds raised	\$1,950,563	\$3,901,126	\$5,851,689

\*The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. The current shares on issue are the Shares on issue as at 12 October 2017.
2. The issue price set out above is the closing price of the Shares on ASX on 12 October 2017.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
5. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

- (i) the market price for Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

**(d) Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised to continue expansion of the Flexepin, China payments and TransferBridge businesses and SaaS based sales of the Novatti payments platform; or
- (ii) as non-cash consideration for product development and expansion. In such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

**(e) Allocation policy under the 10% Placement Capacity**

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

**(f) Previous Approval under ASX Listing Rule 7.1A**

The Company previously obtained Shareholder approval under ASX Listing Rule 7.1A at its annual general meeting held on 16 November 2016. In the 12 months preceding the date of the 2017 Annual General Meeting, the Company issued a total of 17,629,883 Equity Securities, representing approximately 19% of the total number of Equity Securities on issue at 16 November 2016.

The Equity Securities issued in the preceding 12 month period comprise those issues as are set out in Schedule 2.

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

**7. Resolutions 4 & 5 – Ratification of prior issue of shares - Listing Rules 7.1 and 7.1A**

On 11 October 2017, the Company announced to ASX that it had arranged a placement to raise \$3.5 million by the issue of 25,000,000 Shares to sophisticated investors at an issue price of \$0.14 each. On 11 October 2017, the Company issued 14,000,000 ordinary shares under the Company's Listing Rule 7.1 capacity, and 11,000,000 ordinary shares under the Company's Listing Rule 7.1A capacity.

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue or agree to issue more equity securities in any 12 month period other than the amount which is equal to 15% of its fully paid ordinary securities on issue at the start of that 12 month period ("15% share issue capacity").

ASX Listing Rule 7.1A provides that certain eligible companies may seek shareholder approval at its AGM to issue up to a further 10% of its fully paid ordinary securities on issue at the start of the 12 month period commencing on the date of the

AGM ("10% share issue capacity"). The Company is an eligible company and sought and received shareholder approval to the 10% share issue capacity at its AGM on 16 November 2016. The shareholder approval is valid until the earlier of 12 months from the date of the AGM (that is, until 16 November 2017) or, if the Company undertakes a significant transaction requiring shareholder approval under Listing Rule 11.1.2 or 11.2, the date the shareholders approve that transaction.

ASX Listing Rule 7.4 provides that an issue of securities made without approval under Listing Rule 7.1 or 7.1A will be treated as having been made with shareholder approval for the purposes of those Listing Rules if shareholders subsequently ratify it and the issue did not breach Listing Rule 7.1.

The Company is seeking shareholder approval to ratify the 11 October 2017 issue of:

1. 14,000,000 ordinary shares issued under the Company's Listing Rule 7.1 capacity, and
2. 11,000,000 ordinary shares issued under the Company's Listing Rule 7.1A capacity.

The shares were issued at \$0.14 per share to Mr Xia Chen and nominee. The shares will rank equally with all shares currently on issue. The new funds raised will be used as follows:

- To continue its growth plans in financial transaction processing networks
- Progressing with launching services across a number of emerging markets via the awarding of its Remittance Network Provider status in Australia by AUSTRAC
- Undertaking Research and Development to focus on the rapidly growing cryptocurrency market to integrate cryptocurrencies into its digital wallet platforms
- Progress towards obtaining an authorised deposit-taking institution licence (ADI) as part of the proposals by the Australian Prudential Regulation Authority to support increased competition in the banking sector
- Other working capital requirements

Without shareholder approval pursuant to Listing Rule 7.4, the issues will be counted towards the Company's 15% share issue capacity and 10% share issue capacity respectively and will therefore reduce the Company's capacity to issue securities in the future without obtaining shareholder approval.

Accordingly, these resolutions seek shareholder approval to allow the Company to refresh its 15% share issue capacity (Resolution 4) and 10% share issue capacity (Resolution 5). The directors of the Company unanimously recommend that shareholders vote in favour of Resolutions 4 and 5.

## **8. Resolution 6 - Re-election of Director- Steven Zhou**

Mr Stephen Zhou was appointed by the Company on 12 October 2017. Pursuant to Article 6.3 (i) of the Company's Constitution, a Director appointed by the Company pursuant to Article 6.2 (b) may retire at the next general meeting of the Company and is eligible for re-election. Article 6.3 (j) of the Company's Constitution requires that unless a Director appointed under Article 6.2(b) of the Company's Constitution has retired under Article 6.3 (i), that Director must retire at the next AGM and is eligible for re-election. This requirement to retire does not apply to a Managing Director.

Resolution 6 seeks approval for the re-election of Mr Stephen Zhou, who is retiring pursuant to Article 6.3 (i) and (j) of the Company's Constitution.

Mr Zhou is an Australian citizen with experience in start-up financial services businesses in both China and Australia. Mr Zhou recently represented Novatti on Austrade's 2017 blockchain trade mission to China and as a result Novatti has started to build ties to several Chinese companies involved in cryptocurrencies and blockchain business models.

The Board unanimously supports the re-election of Mr Zhou.

## **Schedule 1 - Definitions**

In this Notice and the Explanatory Statement:

**\$** means Australian Dollars.

**AEDT** means Australian Eastern Daylight-Savings Time.

**Annual Report** means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2017.

**ASX** means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

**Auditor's Report** means the auditor's report on the Financial Report.

**Board** means the board of Directors.

**Chair or Chairman** means the person appointed to chair the Meeting convened by this Notice.

**Closely Related Party** means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

**Company** means Novatti Group Ltd (ACN 606 556 183).

**Constitution** means the constitution of the Company as at the commencement of the Meeting.

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

**Director** means a director of the Company.

**Directors' Report** means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

**Equity Securities** has the same meaning as in the Listing Rules.

**Explanatory Statement** means the explanatory statement attached to the Notice.

**Financial Report** means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

**Key Management Personnel** means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

**Listing Rules** means the listing rules of ASX.

**Meeting** has the meaning in the introductory paragraph of the Notice:

**Notice** means this notice of meeting.

**Proxy Form** means the proxy form attached to the Notice.

**Remuneration Report** means the remuneration report of the Company contained in the Directors' Report.

**Resolution** means a resolution contained in the Notice.

**Schedule** means a schedule to this Notice.

**Section** means a section contained in this Explanatory Statement.

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

**Shareholder** means a shareholder of the Company.

In this Notice and the Explanatory Statement words importing the singular include the plural and vice versa.

## Schedule 2 - Equity Securities issued since 2016 AGM

Date of issue	Number issued	Class/Type of equity security and Summary of terms	Names of persons who received securities or basis on which those persons was determined	Issue Price / Discount	Consideration	
15.05.17	11,910,051	Fully paid ordinary shares	Institutional investors under the Company's accelerated pro rata entitlement offer of 10.05.17.	Issue Price \$0.14 each Discount-6%	Total cash consideration	\$1,667,407.14
					Amount of cash consideration spent and description of what consideration was spent on	Acquisition of basis2 business and costs associated with the acquisition - \$1,667,407.14
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	Nil
29.05.17	3,178,770	Fully paid ordinary shares	Retail investors under the Company's accelerated pro rata entitlement offer of 10.05.17.	Issue Price \$0.14 each Discount-Nil	Total cash consideration	\$445,027.80
					Amount of cash consideration spent and description of what consideration was spent on	Acquisition of basis2 business and costs associated with the acquisition - \$445,027.80
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	Nil
03.07.17	1,539,285	Fully paid ordinary shares	Sophisticated investors (clients of Hunter Capital) under the Company's shortfall facility as part of its accelerated pro rata entitlement offer of 10.05.17.	Issue Price \$0.14 each Discount-Nil	Total cash consideration	\$215,499.90
					Amount of cash consideration spent and description of what consideration was spent on	Acquisition of basis2 business, working capital and costs associated with the acquisition - \$215,499.90

Date of issue	Number issued	Class/Type of equity security and Summary of terms	Names of persons who received securities or basis on which those persons was determined	Issue Price / Discount	Consideration	
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	Nil
17.07.17	350,000	Fully paid ordinary shares	Sophisticated investors (clients of Hunter Capital) under the Company's shortfall facility as part of its accelerated pro rata entitlement offer of 10.05.17.	Issue Price \$0.14 each Discount-Nil	Total cash consideration	\$49,000
					Amount of cash consideration spent and description of what consideration was spent on	Acquisition of basis2 business, working capital and costs associated with the acquisition \$49,000
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	Nil
18.07.17	350,000	Fully paid ordinary shares	Sophisticated investors (clients of Hunter Capital) under the Company's shortfall facility as part of its accelerated pro rata entitlement offer of 10.05.17.	Issue Price \$0.14 each Discount-4%	Total cash consideration	\$49,000
					Amount of cash consideration spent and description of what consideration was spent on	Acquisition of basis2 business, working capital and costs associated with the acquisition \$49,000
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	Nil

Date of issue	Number issued	Class/Type of equity security and Summary of terms	Names of persons who received securities or basis on which those persons was determined	Issue Price / Discount	Consideration	
18.07.17	301,777	Fully paid ordinary shares	Hunter Capital Advisers, lead manager of the Company's accelerated pro rata entitlement offer of 10.05.17.	Issue Price \$0.14 each Discount-4%	Total cash consideration	Nil
					Amount of cash consideration spent and description of what consideration was spent on	N/A
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	Lead manager services. Valued (based on the closing price of Shares on ASX on 22.09.17) at \$55,828,75.
11.10.17	25,000,000	Fully paid ordinary shares	Sophisticated investors	Issue Price \$0.14 each. Discount -10% to the closing price on 06.10.17	Total cash consideration	\$3,500,000
					Amount of cash consideration spent and description of what consideration was spent on	N/A
					Intended use for remaining cash consideration	Business growth and ongoing working capital
					Non-cash consideration paid and current value of that non-cash consideration	N/A



[Name/Address 1]  
[Name/Address 2]  
[Name/Address 3]  
[Name/Address 4]  
[Name/Address 5]  
[Name/Address 6]

# AGM Registration Card

If you are attending the meeting in person, please bring this with you for Securityholder registration.

## [BARCODE]

**Holder Number:**  
[HolderNumber]

## Vote by Proxy: NOV

Your proxy voting instruction must be received by **10.00am (AEDT) on Saturday, 25 November 2017**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

### SUBMIT YOUR PROXY VOTE ONLINE

## Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



### SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

#### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal:

<https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

#### VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

#### DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

#### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

#### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an

#### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all of the Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided. **By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

#### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

#### ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

#### POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

## STEP 1: Please appoint a Proxy

**Complete and return this form as instructed only if you do not vote online**

I/We being a Shareholder entitled to attend and vote at the Annual General Meeting of the Company, to be held at **10.00am (AEDT) on Monday, 27 November 2017 at Legacy House, Suite 1, 293 Swanston St, Melbourne, Victoria 3000** hereby:

**Appoint the Chairman of the Meeting (Chair)** OR if you are not appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

**The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.**

Unless indicated otherwise by ticking the "for," "against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

**AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS**

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

## STEP 2: Your Voting Direction

**Resolutions****For Against Abstain**

1 Adoption of Remuneration Report

☐ ☐ ☐

2 Re-election of Director – Paul Burton

☐ ☐ ☐

3 Approval of 10% Placement Capacity

☐ ☐ ☐

4 Ratification of Prior Issue of Shares - Listing Rule 7.1

☐ ☐ ☐

5 Ratification of Prior Issue of Shares - Listing Rule 7.1A

☐ ☐ ☐

6 Re-election of Director – Steven Zhou

☐ ☐ ☐

*Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.*

## STEP 3: Sign

**SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED**

Individual or Securityholder 1

Securityholder 2

Securityholder 3




Sole Director and Sole Company Secretary

Director

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_

Email Address \_\_\_\_\_

**By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).**

## STEP 4: Return

**Return your completed form:****BY MAIL**

Automic Registry Services  
PO Box 2226  
Strawberry Hills NSW 2012

**IN PERSON**

Automic Registry Services  
Level 3, 50 Holt Street,  
Surry Hills NSW 2010

**Contact us – All enquiries to Automic:****WEBCHAT**

<https://automic.com.au/>

**EMAIL**

[hello@automic.com.au](mailto:hello@automic.com.au)

**PHONE**

1300 288 664 (Within Australia)  
+61 2 9698 5414 (Overseas)