



# Recommended Script Offer

from

**Conquest Agri Limited (Conquest)**

*ACN 091 320 464*

to purchase all of your ordinary shares in

**Priority One Network Group Limited (Priority)**

*ACN 149 674 484*

The consideration offered is one Conquest Share for each Priority Share

**Priority directors support the Offer and have unanimously recommended that you accept the Offer in the absence of a superior proposal**

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## 1 Important Information

### 1.1 *Important Dates*

<b>Date of announcement of Takeover Bid</b>	22 September 2014
<b>Date of Bidder's Statement and lodgement with ASIC</b>	6 October 2014
<b>Date of Offer</b>	6 October 2014
<b>Offer Period opens</b>	10:00am on 6 October 2014
<b>Date for giving notice on status of Conditions</b>	27 October 2014
<b>Offer Period closes (unless extended or withdrawn)<sup>1</sup></b>	5:00pm on 3 November 2014

### 1.2 *Important contacts*

If you have any queries in relation to the Offer, please contact the Company Secretary of Conquest, by telephone on (07) 5538 2558 Monday to Friday between 9:00am and 5:00pm.

### 1.3 *Important notices*

This Bidder's Statement is dated 6 October 2014 and is given by Conquest Agri Limited (Conquest) under Part 6.5 of the Corporations Act.

A copy of the Bidder's Statement was lodged with ASIC on 6 October 2014. ASIC takes no responsibility for the content of this Bidder's Statement.

### 1.4 *No investment advice*

In preparing this Bidder's Statement, Conquest has not taken into account your individual investment objectives, financial situation or particular needs. Accordingly, you may wish to obtain professional financial and taxation advice before deciding whether or not to accept the Offer.

### 1.5 *Forward looking statements*

This Bidder's Statement may contain forward looking statements that may involve risks, uncertainties and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including but not limited to statements about the expected benefits and costs of the Takeover Bid, Conquest's intentions relating to Priority and the Takeover Bid, the expected timing of the completion of the Takeover Bid or any statements of expectation or belief and any statements of assumptions underlying any of the foregoing.

You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties (both known and unknown), many of which are beyond the control of Conquest. Those risks and uncertainties may include factors and risks specific to the industry in which Conquest will operate, as well as general economic conditions, conditions in the financial markets and "one off events" such as an act of terrorism.

Actual events or results may differ materially from the events or results expected or implied in any forward-looking statement. None of Conquest, any of its officers, any person consenting to be named in this Bidder's Statement, or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward-looking statements.

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<sup>1</sup> This date is indicative only and may be extended as permitted by the Corporations Act.

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## 1.6 *Privacy statement*

Conquest has collected your information from the Priority register of shareholders for the purpose of making the Offer and, if accepted, transferring or administering your holding of Priority Shares. The Corporations Act requires shareholders' names and addresses to be kept on a public register. Conquest may share that personal information with its related bodies corporate advisers and service providers to the extent necessary for purposes relating to the Offer. Conquest may be required to share that information with Regulators. Priority Shareholders may request access to personal information about them held by Conquest and its agents.

## 1.7 *Definitions*

Terms with a capital letter used in this Bidder's Statement are defined in Section 12.

## 1.8 *Time*

All references to time are to Sydney time.

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## 2 Letter from Conquest Agri Limited

10 July 2014

Dear Priority Shareholder

I am pleased to enclose an offer from Conquest Agri Limited (**Conquest**) to acquire all of your shares in Priority One Network Group Limited (**Priority**).

This is a very exciting event for both businesses. Conquest's combination with Priority will provide Priority with the resources and access to capital to successfully roll out its business strategy in emerging markets globally which represents substantial opportunity for growth of shareholder wealth.

Conquest is offering **one Conquest Share for each Priority Share (Offer)**. If you accept the Offer and it becomes unconditional, you will be issued Conquest Shares within 5 Business Days of the date on which the Australian Securities Exchange Limited (ASX) agrees to quote the securities of Conquest. Acceptances received after the Offer is unconditional will be processed 5 Business Days after the acceptance is received by Conquest.

### **A compelling offer to Priority Shareholders**

I believe the Offer represents a compelling proposition for Priority Shareholders for the following reasons:

- (a) As Priority is an unlisted public company, Priority Shareholders have a limited ability to sell their Priority Shares and realise their value. The Offer provides Priority Shareholders with an opportunity to sell their Priority Shares and realise their investment in Priority at an attractive price. Subject to the ASX agreeing to quote those shares as some Priority Shareholders may be required to enter into an escrow or trading restriction if required by the ASX.
- (b) The consideration is payable in Conquest Shares, providing Priority Shareholders with ability to ultimately trade their Conquest Shares on ASX and participate in any uplift in value of their Priority Shares under the Offer.
- (c) With additional access to shareholder capital via listed company ownership, the current Priority working capital reduces any reliance on levels of debt funding increasing profitability.

### **Priority Board recommendation**

As stated in the Target's Statement, the Priority Directors have unanimously recommended that you accept the Offer, in the absence of a Superior Proposal.

The directors have also announced that they intend to accept the Offer in respect of their own Priority Shares.

I encourage you to accept this Offer as soon as possible.

The Offer is open until 5:00 pm (Sydney time) on 3 November 2014. Full details of the Offer are set out in the enclosed Bidder's Statement which I encourage you to read in full.

Yours sincerely



Larry Shutes  
Chairman  
Conquest Agri Limited

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## 3 Key Reasons to Accept Conquest's Offer

### **Why you should accept the Offer**

#### **3.1 *The Priority Directors have unanimously recommended that you accept the Offer.***

The Priority Directors have made this recommendation subject only to there being no Superior Proposal. Each Priority Director that holds Priority Shares has stated his intention to accept the Offer in respect of their Priority Shares.

The Priority Directors together hold or control Priority Shares representing 6.21% per cent of the issued share capital in Priority as at the date of this Bidders Statement.

#### **3.2 *No Superior Proposal has been made by a third party since the announcement of the proposed transaction on 11 April 2014.***

Conquest believes that the likelihood of another bidder with a Superior Proposal emerging is low in light of the terms of its Offer.

#### **3.3 *The Offer provides a liquidity event for Priority Shareholders in what has been a very illiquid market for Priority Shares.***

There is no readily accessible market for Priority Shares as Priority is an unlisted, public company. This Offer provides Priority Shareholders with the opportunity to realise their investment in Priority in due course, at a market established price.

#### **3.4 *The Offer provides additional access to capital markets to expand business operations for Priority.***

With additional access to shareholder capital via listed company ownership, the current Priority working capital reduces any reliance on levels of debt funding increasing profitability.

#### **3.5 *Priority shareholders should note that the ASX may require some or all of the shares in Conquest issued to them as a consequence of this bid to be escrowed as a condition of the listing of those Conquest shares in the event that this bid is successful.***

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## 4 Summary of the Offer and How to Accept

<b>Bidder</b>	Conquest Agri Limited ( <b>Conquest</b> ).
<b>Offer</b>	Conquest offers to buy all of your Priority Shares by offering one Conquest Share for each Priority Share on the terms set out in Section 11.
<b>Offer Price</b>	One Conquest Share per Priority Share.
<b>Shares to which the Offer relates</b>	The Offer is made in respect of all Priority Shares that exist as at 9.00 am on the Record Date other than for those presently owned by Conquest
<b>Opening date of Offer</b>	The Offer opens on 6 October 2014.
<b>Closing Date of Offer</b>	Unless the Offer is extended or withdrawn, acceptances for the Offer close at 5:00 pm (Sydney time) on 3 November 2014.
<b>How to accept the Offer</b>	Return a completed and signed Acceptance and Transfer Form (accompanying this Bidder's Statement) to the address indicated in the Acceptance and Transfer Form before the Offer closes. Please include any documents required by the instructions on the Acceptance and Transfer Form.
<b>Expected date of payment by Conquest of Offer Price to Priority Shareholders who accept the Offer</b>	<p>If you have accepted the Offer and the Offer is declared or otherwise becomes unconditional, you will receive payment for your Priority Shares within 5 Business Days of the date on which the Offer is declared or otherwise becomes unconditional.</p> <p>If you accept the Offer after the date on which the Offer is declared or otherwise becomes unconditional, you will receive payment for your Priority Shares within 5 Business Days of your acceptance being received by Conquest.</p>

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## Conditions

The Offer is conditional on the following events (Conditions), which include:

- **Minimum acceptance**

Conquest becomes entitled to compulsorily acquire all Priority Shares under Part 6A.1 of the Corporations Act being the shares in Priority it does not already own. At the date hereof, Conquest owns 69,296,689 of the issued shares in Priority.
- **Other Securities**

There are no convertible notes on issue
- **No material adverse change**

No material adverse change in respect of Priority before the end of the Offer Period.
- **No regulatory action**

No regulatory action is taken by any Public Authority that prevents the Offer from being made or completed.
- **No Distributions**

Priority does not declare, determine as payable or pay a distribution.
- **No prescribed occurrences**

No prescribed occurrences occurring as described in section 652C (1) and (2) of the Corporations Act.
- **Conduct of business**

Neither Priority nor any related body corporate enters into, varies or terminates any material agreement or incurs any additional material liability or indebtedness or grants any security or encumbrance over its assets.

## When will the Offer become unconditional

Conquest will declare the Offer unconditional when the minimum acceptance, other securities, consents and conditions described above have been satisfied, subject to no other Condition having been breached or triggered. For further information regarding when the offer will be declared unconditional, please see Section 11.11.

You will not pay any stamp duty if you accept the Offer. All stamp duty will be payable by Conquest.

The information in this Section is a summary of the Offer only. You should read it in conjunction with the remainder of this Bidder's Statement.

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## 5 Conquest

### 5.1 Overview of Conquest

After reporting to shareholders in 2013 that following the appointment of an administrator to Conquest's main undertaking and subsequent Deeds of Company Arrangement being approved by creditors Conquest's main undertaking was sold. Since finalisation of the sale of Conquest's main undertaking the Directors have continued to evaluate opportunities to acquire a business enterprise in a wide range of business sectors to add value to Conquest.

Conquest has continued to evaluate investment opportunities, and in April 2014, Conquest engaged in discussions with Priority to purchase 100% of the issued shares in Priority.

Conquest announced to the market on 11 April 2014 that it had entered into a non-binding Heads of Agreement with Priority to undertake due diligence and consider the acquisition of 100% of the issued capital in Priority subject to satisfactory due diligence and shareholder approval. Conquest announced on 4 August 2014 that it has completed due diligence to its satisfaction has commenced documenting the proposed transaction subject to shareholders approval of Conquest to acquire 100% of the issued capital of Priority as set out in this Bidder's Statement.

### 5.2 Details of majority owners

Conquest is a public company that is a member of the ASX and is suspended pending the acquisition of a main undertaking and relisting upon compliance with chapters 1 and 2 of the ASX Listing Rules. Below is a list of the top 20 shareholders of Conquest as at the date of this Bidder's Statement.

Rank	Name	Units	% of Units
1.	CHARTER PACIFIC CORPORATION LIMITED	9,050,686	13.06%
2.	CENTURION SECURITIES & INVESTMENT SERVICES PTY LTD	9,038,698	13.04%
3.	MR QUNHUI XU	7,628,210	11.01%
4.	EAN INVESTMENTS PTY LTD	3,735,350	5.39%
5.	MADAL HOLDINGS PTY LTD	3,532,680	5.10%
6.	GEOBELL PTY LTD <THE CAROLINE A/C>	3,432,680	4.95%
7.	ROY NORMAN MORGAN <THE MORGAN FAMILY A/C>	3,432,680	4.95%
8.	MR ROBERT GREGORY LOOBY	1,657,010	2.39%
9.	SUPRO PTY LTD	1,500,000	2.17%
10.	TELECARDS ASIA PTY LTD	1,450,000	2.09%
11.	MR EDMUND JAMES LYON	1,398,499	2.02%
12.	MR ROSS MERVYN JOHNS	1,004,258	1.45%
13.	MR LARRY COLIN SHUTES	962,000	1.39%
14.	M M FLEMING PTY LTD	916,667	1.32%
15.	PACIFIC FINANCE & INVESTMENTS PTY LTD	707,500	1.02%
16.	CLARE MADELIN <THE MADELIN FAMILY A/C>	635,682	0.92%
17.	JOHN COOK SUPER FUND PTY LTD <JOHN COOK SUPER FUND A/C>	632,984	0.92%
18.	MR EVAN BRUCE HARDIE + MRS SUSAN ELIZABETH HARDIE	582,125	0.84%
19.	MR CHRISTOPHER JAMES CARL	550,000	0.79%
20.	Stir Crazy Restaurants Pty Ltd	550,000	0.79%
	<b>TOP 20 SHAREHOLDERS</b>	<b>52,397,709</b>	<b>75.61%</b>
	<b>BALANCE SHAREHOLDERS</b>	<b>16,898,980</b>	<b>24.39%</b>



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## 5.3 Capital structure of Conquest post Acquisition

The total issued shares, and major shareholdings of the Company as at the date of this Bidder's Statement and including the new shareholders on completion of the Proposed Acquisition and the Placement (as outlined in section 11) are set out in the table below:

Name of Shareholder	Share-holding Pre-Acquisition and Placement	% Holding	Share-holding Post Acquisition and Placement	% Holding
Larry Shutes	1,149,500	1.66	2,463,250	0.11
Mathew Denton	1,500,000	2.17	2,805,375	0.12
Kevin Dart	-	-	1,201,883	0.05
Steven Cole	222,500	0.32	1,229,784	0.05
Charter Pacific Corporation Limited	9,050,686	13.06	15,002,552	0.65
Centurion Securities & Investments Services Pty Ltd	9,038,698	13.04	243,480,171	10.45
Convertible Note Holders	-	-	28,750,000	1.23
Balance shareholders	48,335,305	69.75	48,335,305	2.07
Northvale Holdings Limited	-	-	200,000,000	8.58
Knockout Live Networks Inc.	-	-	168,933,332	7.25
Belfort Trading Limited	-	-	120,000,000	5.15
Globo Lotto Pty Limited	-	-	95,000,000	4.08
Valhala Australia Pty Ltd	-	-	72,829,201	3.13
Silver Cloud Limited	-	-	70,000,000	3.00
Dragons Of Truth Pty Ltd	-	-	68,000,000	2.92
Slate Film Production Pty Ltd	-	-	50,000,000	2.15
Jam House Live LLC	-	-	50,000,000	2.15
Northvale Capital Pte Ltd	-	-	45,000,000	1.93
Blizzard Winds Pty Ltd	-	-	41,500,000	1.78
Stafford Accountants Pty Ltd	-	-	39,662,202	1.70
SSI Nominees Pty Ltd	-	-	33,560,739	1.44
Bentley House International	-	-	33,333,334	1.43
Battle For Crowns Pty Ltd	-	-	30,000,000	1.29
Priority One Australasia Pty Ltd	-	-	30,000,000	1.29
Priority One Europe (UK) Pte Ltd	-	-	30,000,000	1.29
MB Union Capital Inc.	-	-	27,333,334	1.17
BJS Holdings Ltd	-	-	20,800,000	0.89
Balance Priority Shareholders	-	-	750,761,470	32.22
Placement Shares	-	-	10,000,000	0.43
<b>Total</b>	<b>69,296,689</b>	<b>100.00</b>	<b>2,329,981,932</b>	<b>100.00</b>

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## 5.4 *Directors of Conquest post Acquisition*

The current directors of Conquest, Messrs Larry Shutes, Mathew Denton and Steven Cole intend to resign following completion of the proposed acquisition and the new board of directors of Conquest will be comprised as follows:

**Murray D'Almeida,**  
*Non-Executive Chairman of Priority*

Murray has over 35 years of diverse national and international business experience. He commenced his career in Perth with a firm of chartered accountants before moving into a broad range of commercial and financial reporting positions with two major USA based mining companies. He founded the Australian and international retailer, Retail Food Group and developed their presence in seven overseas countries. He has maintained operating and board positions in a number of businesses including the following.

Murray's current directorships are; Director of Beacon Hill Resources Plc, Chairman of Pacific Environment Limited, Chairman of Management Resource Solutions Plc, Chairman of BPS Technologies Limited, Member of Gold Coast Light Rail Business Advisory Board, Director of Institute of Business Leaders, Trustee of Currumbin Wildlife Foundation, Councillor of Southern Cross University.

Murray's previous directorships and positions include, Director of Hyperion Asset Management Limited, Director of Hyperion Holdings Limited, Founder and Director of Retail Food Group (Australia), chairman of Allied Brands Ltd, Chairman of ECT Ltd, Chairman of Federal Government Area Consultative Committee, Border Division, Director of Capricorn Resources N.L, Director Gold Pacific Resources Ltd, Director of Liberal Party (Qld Division), Chairman of Federal Electorate Division, Member of State Finance Committee, Vice President of Queensland Rugby Union, Inaugural Chairman of Gold Coast Rugby, Director of Australian Small Business Association, Qld Division, Director of Franchisor Association, Australia and New Zealand, Board Member of a Griffith University Business Advisory Board, Board Member of the Commonwealth Games Bid Business Advisory Board, Board Member of Gold Coast Council Regional Economic Development Advisory.

**David Allen Jones**  
*Non-Executive Director of Priority*

David Allen Jones has a broad range of experience and successes in entertainment and technology and has worked with such acclaimed artists as Michael Jackson, Paul McCartney, Elton John, Janet Jackson, Garth Brooks and Bon Jovi. He has composed music for *Beverly Hills Cop 2*, *Eddie Murphy Raw*, *The Best of Eddie Murphy on Saturday Night Live*, and has supervised the music for more than 50 films.

David was partner at LA music publisher, Transition Music (TMC), where he oversaw music catalogue growth from a base of 200 to more than 4500 music copyrights and 3500 music masters. TMC's clients include Fox, Walt Disney, Paramount, Sony, New Line, Universal, Warner Bros. and dozens more. Under David's management, TMC's revenue increased more than 1000 percent.

David was also the co-founder of MediaMen, a global media management company that licensed and distributed sports, entertainment and specialty programming via cable, satellite, mobile and IPTV. MediaMen signed distribution deals with Comcast, Bell Canada, and Media Gateway (Dubai), and aggregated more than 50,000 hours of content.

David was also a managing partner at Memotion Company Ltd. Thailand, a film, television, music and live events company. David was CEO of Asia West Entertainment, a Hong Kong-based film production company focusing on Asia/Hollywood productions. From 2008 to 2010 the company produced three feature films and several successful live events in Thailand.

David is currently a partner at the Canada-based MB Union Capital, an investment consulting firm where he oversees new business development and helps steer investments for the company. David brings a wealth of experience and knowledge to Priority's global entertainment and media content expansion.

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## **Phillip Pryor**

*Director / Chief Executive Officer of Priority*

Phillip Pryor joined Ezybonds UK Plc. in January 2009 as a non-executive director. Prior to this appointment, Phillip had an extensive career with Australian business, and has lived and worked overseas, including roles with Wattyl Paints, a listed Australian company; Amcor Australia, an internationally listed company; SICPA, a Swiss-owned company; and the Australian Institute of Refrigeration, Air Conditioning and Heating. Phillip is a Director of the Essendon Football Club (a prominent club in the Australian Football League). He graduated from La Trobe University with a Bachelor of Economics and is currently a Fellow of the Institute of Australian Company Directors.

Throughout his extensive career, Phillip has gained significant experience in working with companies in China and Southeast Asia, including a three year period when he lived in Malaysia. This experience and more than 20 years' experience as a company director, enables Phillip to implement and oversee Priority's Payment Systems and card integration for Priority's global operations.

## **Robert Henkel**

*Non-Executive Director of Priority*

Robert W. Henkel is a significant figure in the telecommunications and engineering industries. He has been a leader in the technological development of digital engineering concepts and communications technologies for companies such as Boeing and Kaiser Aerospace, as well as several Silicon Valley companies, including Apple Inc., where he was the lead engineer on the first Apple computer with Apple co-founder, chairman and CEO Steve Jobs.

His 45-year manufacturing and management experience includes the distribution of broadcast programming with ESPN, and a role as a VP at Artelonics (Shell Oil Canada). As an entrepreneur, in 1976 Mr. Henkel launched and operated the California-based RelComm, Inc. a provider of patented telecom switching technologies to companies including AT&T. In 2006, he helped form Maximus Multimedia, Inc., which is a provider of a full suite of entertainment products and communication service offerings to the hospitality industry.

Mr. Henkel has accepted the position of chairman of Priority to oversee the global expansion and integration of key company acquisitions, including Knockout Live Networks Inc., which is a provider of interactive entertainment projects and media distribution services. He continues to be active in his home community of Northern California where he participates in religious, community and business activities.

## **David Jaffe**

*Non-Executive Director of Priority*

David Jaffe has been a member of the Institute of Chartered Accountants in Australia since 1980. He has been in public practice since 1985, advising business clients on various strategies and problem solving, as well as on the normal day-to-day compliance work of his client base.

David is a registered company auditor. He has previously been a mentor at the Victoria University's Executive Education Unit and is a past president of the Melbourne Hebrew Congregation. David's role will be to oversee all statutory compliance issues on behalf of the Company.

## **Adrian Brogan**

*Non-Executive Director of Priority*

Adrian Brogan is an IT infrastructure manager and systems engineer. He is currently employed by global publishing giant Penguin Random House, a position he has held since September 2013, and is Head of ICT Infrastructure for the Asia Pacific region. Adrian's primary role is to plan, develop and implement state-of-the-art information technology solutions to facilitate corporate growth. He manages a team of 22, direct reports across 14 sites providing technical guidance, expertise and direction as required.

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## **Joseph Buccheri**

*Non-Executive Director of Priority*

Joseph is a Barrister & Solicitor in the jurisdictions of Victoria and the High Court of Australia. He has over 20 years' experience working in Europe, USA, Latin America and Asia markets. Joseph's principal areas of legal practice are Domestic and International Commercial Law dedicated to assisting the vast array of issues faced by Entrepreneurs & Enterprises wishing to understand, participate and succeed in local and global markets through his law firm's alliance's in Rome, London, Toronto, New York, Hong Kong, Beijing & Shanghai.

## **Peter Stafford Dip Bus, CPA, MFAA**

*Non-Executive Director of Priority*

A founding partner of Stafford Whelan Accountants, Peter has had over 30 years' experience in providing accounting, taxation and investment advice to a large range of privately held trusts and superannuation funds.

His accounting and advisory experience has led to his peer group recommending he assume the role of referee on behalf of Business Victoria, a position Peter has held for the last ten years.

Peter is a member of the Certified Public Accountant Association of Australia and a member of the Mortgage Finance Association of Australia. He holds a Diploma of Business studies and Accounting from RMIT. Peter is also an executive director of Pallane Medical Ltd.

## **Virosh Perera**

*Non-Executive Director & Company Secretary of Priority*

Virosh Perera is Head of the Business Faculty for the Australian Education Academy, a Position he has held since 2007. The Business Faculty is committed to delivering business management education that keeps pace with the ever-changing world of global business, and teaches more than 900 full-time local and international students.

Virosh is also the CEO and founder of Serendib News Network, a popular English language tabloid newspaper catering for the Sri Lankan expatriate community in Australia. Over the next 12 months, *Serendib News* plans to significantly increase its readership in print and online from its current monthly print readership of more than 25,000 per month. The newspaper reaches a further 50,000 readers online and 60,000 through social media. Originally from Colombo, Sri Lanka's vibrant capital, Virosh now lives in Melbourne, Australia.

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## 6 Priority One Network Group Limited

### 6.1 *Disclaimer*

The information set out in this Bidder's Statement in relation to Priority has been prepared by Conquest using material disclosed to it by Priority and publicly available information, which has not been independently verified. Accordingly, Conquest does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information on Priority in this Bidder's Statement should not be considered comprehensive. Further information relating to Priority's business may be included in the Target's Statement.

### 6.2 *Overview of Priority*

Priority is an unlisted public company.

Priority is an Australian company based in Melbourne, with representation in Hong Kong, Singapore, India, Sri Lanka, Brazil, USA and Europe. The group was originally established to target the growing demand for on demand and on line entertainment which can be commercialised by the issuance of Priority's own "debit cards" and use the easy access of mobile and online devices.

Priority has created a global market structure using digital technology to service the emerging markets to which they can supply goods, services, information, events and rewards programs etc.

Priority's key international strategic focus is to connect Priority affiliated cardholders to a global network of entertainment, shopping and information. It's initial targets being emerging third world markets.

The Priority business model is:

#### **Priority Customers**

- Initial business focus on the emerging markets of Brazil, India, China, East Asia and SE Asia.
- Customers are from Corporations with large data bases – over 500 million, no individual consumers.
- Customers become registered Priority members with a unique Priority number. They are either on a pay per view or extended membership period.
- The customers apply for a Priority card that links a debit card that is reloadable (Visa) and can be operated on line or with mobile phone. The cards will be a profit centre for Priority from initial sale and from an ongoing share of all transaction fees.

#### **Priority International Website**

- Customers gain access through the Priority website and connect to the customers own IPTV's, mobiles, tablets and lap tops.
- Priority is developing its own internet CDN highway to be ready within 12 months.
- The Priority website will have multi language capability for international markets.
- Priority has significantly improved the quality of streamed visual product.
- Significant revenues for Priority will also be generated from website advertising and on line purchases.

#### **Priority Payment Platform**

- Priority will provide a number of payment options for customers but will encourage purchases to be made through its own proprietary payment platform with Priority MCA.
- Multi - currency options will be available for over twenty currencies.

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## **Priority Ticketing & Booking Company**

- All reservations and ticketing for Priority events globally will be through its owned ticketing and booking agency 'Easybookings Marketing Pty Limited'.

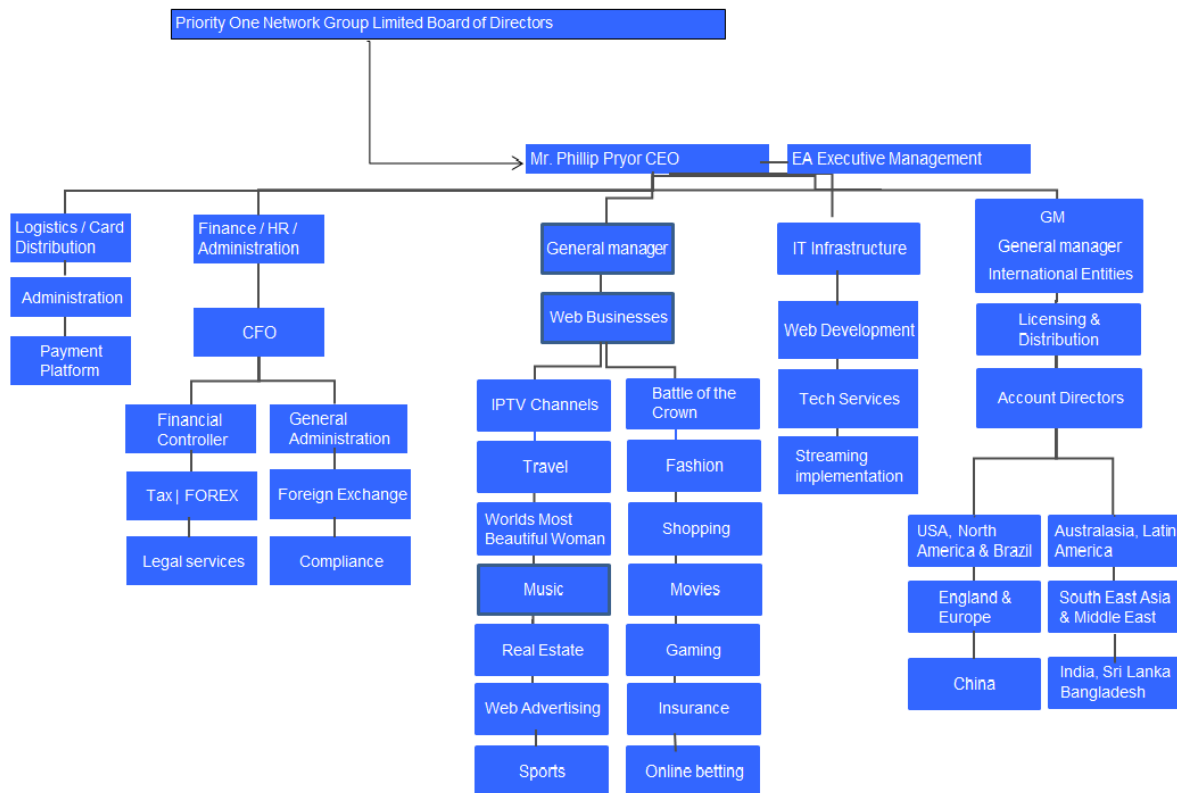
## **Priority Customers Select Products & Services Options Through the Priority Website & then Pay Online Through the Priority Website.**

Products and services on offer are:-

- Booking service to attend international live entertainment, sports and music concerts.
- International Streaming of Priority produced live events through the internet to customers own IPTV's, mobiles and tablets.
- International streaming of aggregated content from the global wholesalers such as Warner Bros, HBO and Vubiquity.
- Streaming of Priority owned content such as Bollywood library and own films produced from Steer Films.
- Streaming of local language and international movies and games from China, Brazil and East Asia.
- On line international shopping utilising the Priority discounts negotiated through the Priority network and the Priority payment platform.
- Streaming of sport from USA College basketball, College Olympics (both Winter and Summer). International events organised by Priority for teams travelling to China, Brazil and India. Plus Priority's own tennis tournaments in SE Asia.
- Stream the Priority owned Martial Arts international competition plus provide a betting option for these events.
- Watch or attend international computer gaming competitions that are staged by Priority.
- Stream the international network from Fashion TV. This involves all international fashion shows plus purchasing opportunities from the products displayed and presented.
- "In Search Of The Most Beautiful Woman In The World" Website which generates 72 million viewers per year from 129 countries. This business will be linked to fashion and personal care products that will be demonstrated and endorsed by these international models.
- Money remittance internationally particularly aimed at foreign workers; and a Travel Card program for the travel industry. Forex services that are linked to money remittance and small to medium company commercial import or export operations.
- Sale and lease of ATM's in the emerging markets plus Australia.
- On line betting through the Priority web site.

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## Priority Company Structure



## Material Contracts

Listed below are a number of groups with whom Priority has material contracts and agreements with to provide revenue streams and services to the Company.

American Talent Agency Inc.  
 American Talent Agency LLC  
 Battle For The Crown Pty Ltd  
 Beauty Quest Corporation  
 Bharti Airtel Lanka Sri Lanka  
 Belfort Trading Inc.  
 Bentley House International Corp. Inc.  
 Bollywood TV  
 Bottle Of Source Pty Ltd  
 Double Eagle Limited  
 Dragons Of Truth Pty Ltd  
 Easybookings Marketing Pty Limited  
 GoConnect Limited  
 Insured Group Limited  
 International Payment Solutions Holdings Limited (Hong Kong)  
 Jam House Live LLC  
 Jardine Lloyd Thompson Pty Ltd (global data base)  
 Knockout Live Networks Inc.  
 Knockout Live Networks Inc. (Formerly RDP Hospitality)  
 Northvale Holdings Limited  
 Northvale Capital Pte Ltd  
 Paladio Investments Pty Ltd  
 Priority One Australasia Pty Ltd  
 Priority One Europe Limited (UK)  
 Priority One Technology Pty Ltd

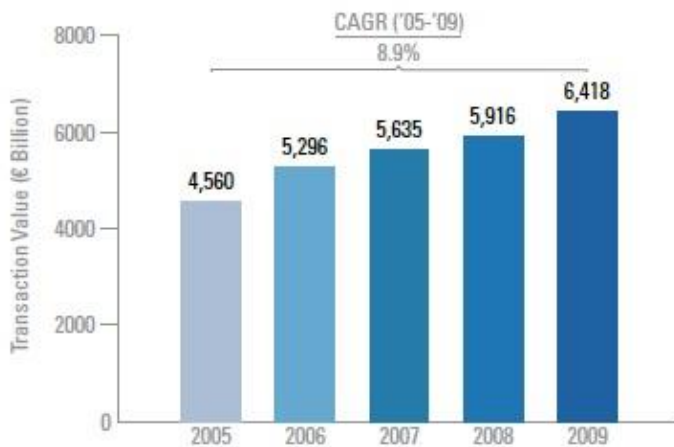
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Serendip News Network Pty Ltd  
Silver Cloud Limited  
Slate Film Production Pty Ltd  
Steer Film & Entertainment Pty Ltd  
Take Over The World Pty Ltd  
Two way Limited  
UMEUS Pty Ltd  
Web Book Pty Ltd

## Market statistics

During the past decade the payment card industry has grown significantly in size reaching US\$6.4 trillion in terms of transaction value by 2009 – a growth rate of 8.9 percent from 2005.

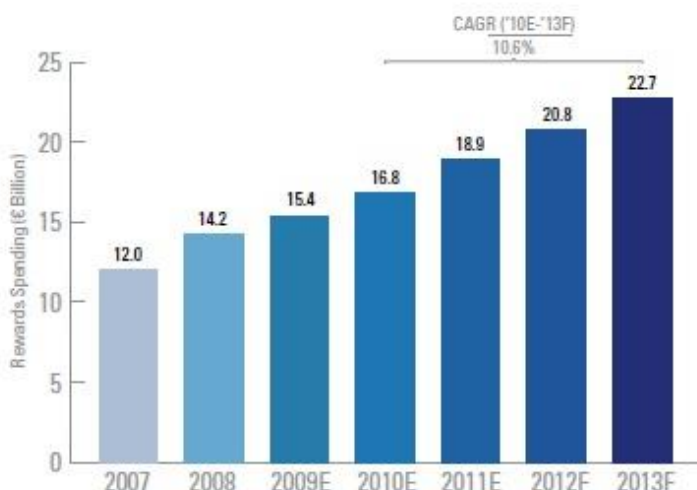
### Global card market by transaction value (€ billion) 2005-2009



Source: Capgemini Analysis, 2011: “World Payments Report, 2011”

Spending on the implementation and delivery of loyalty programs has also seen a corresponding growth. For example, spending on loyalty programs by US financial institutions is expected to reach 22.7 billion by 2013 – a growth rate of 10.6 percent from 2010.

### US financial institutions' spending on rewards (€ billion), 2007-2013F



Source: Capgemini Analysis, 2011: “Aite Group Report, 2009”



# Recommended Script Offer

## **The Global Debit Card Market:**

US debit card transactions per year	46.7 billion
Dollar amount of these transactions	US\$1.82 trillion
Average fee banks charge merchants per transaction	US\$0.24
Average cost to banks to process each transaction	US\$0.05

*Source: Board of Governors of the Federal Reserve System, based on 2011 figures, 5 March, 2013*

## **Priority Board of Directors**

Priority has a Board of Directors comprising some of the most highly regarded professionals in their fields of expertise. Each Director brings a wealth of experience and knowledge that has benefitted Priority greatly and has been instrumental in Priority assembling its structure, alliances and partners during the past two years. The Board has the know-how, experience and drive to ensure that Priority executes its unique business plan becomes a major player in the global end to end loyalty, entertainment and international money remittance and forex business.

### **6.3 Directors**

As at the date of this Bidder's Statement, the directors of Priority are as follows:

- David Allen Jones – Non-executive director
- Phillip Pryor – Director/Chief executive officer
- Robert Henkel – Non-executive director
- David Jaffe – Non-executive director
- Adrian Brogan – Non-executive director
- Joseph Buccheri – Non-executive director
- Peter Stafford – Non-executive director
- Virosh Perera – Non-executive director

### **6.4 Publicly Available Information**

Priority 's financial report for the each of the years ended 30 June 2013 and 30 June 2014 was lodged with ASIC on 16 September 2014.

# Recommended Script Offer

## 7 Conquest's Intentions for Priority

### 7.1 Introduction

This Section sets out Conquest's intentions for Priority, which are based on the information concerning Priority and its business known to Conquest at the time of preparation of this Bidder's Statement. Conquest will only make final decisions in light of the material information available to it and circumstances at the relevant time. The statements set out in this Section are therefore statements of current intentions only, which may vary as new information becomes available or circumstances change.

### 7.2 Rationale for the Offer

The Directors consider that the Proposed Acquisition is an opportunity for the combined entity to:

- generate strong future revenue streams and profits from the growth strategy of Priority in the short to medium term;
- provide access to capital markets for Priority to build and rollout a strong diversified global, end to end loyalty, entertainment business together with an international money remittance and forex operation based upon the foundation created by Priority; and
- allow all stakeholders to participate in future growth in value in Priority.

### 7.3 Intentions upon becoming entitled to proceed with compulsory acquisition

If Conquest becomes entitled to compulsorily acquire all of the Priority Shares in accordance with the Corporations Act, Conquest intends to take the action set out in this Section 7.

#### (a) Corporate Matters

Conquest intends to:

- (i) proceed with compulsory acquisition of all the Priority Shares; and
- (ii) the directors of Priority will replace the current Conquest directors.

#### (b) Head Office

Conquest intends to centralise corporate head office functions of Conquest and Priority, such as company secretarial, treasury, financial management, legal, risk management and overall corporate administration of the combined operations, to reduce and eliminate duplication where appropriate. The business and head office functions will be located in Melbourne.

#### (c) Employees

Conquest currently intends to retain all full-time employees of Priority. It is presently intended that all employees will continue their employment on no less favourable terms than their current terms of employment.

#### (d) Divestment policy

Conquest does not currently intend to dispose of any assets of Priority.

### 7.4 Intentions for Priority as a partly-owned company

If Conquest fails to acquire 100% of the issued capital in Priority, the bid will fail as it is conditional on the successful acquisition by Conquest of 100% of the shares in Priority it does not own.

### 7.5 Business, assets and employees

Other than as set out elsewhere in this Section, it is Conquest's present intention:

- (a) to continue the business of Priority; and
- (b) not to make any major changes to the business of Priority or redeploy any of the fixed assets of Priority.

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## 8 Securities in Priority

### 8.1 *Priority Securities on Issue*

According to Priority's share registry records, as at the date of this Bidder's Statement, Priority has 2,283,785,107 Priority Shares on issue.

### 8.2 *Priority Shares*

The Priority Shares are not quoted on any stock exchange.

As at the date of this Bidder's Statement:

- (a) Conquest holds 60,257,991 Priority Shares;
- (b) 60,257,991 Priority Shares are registered in the name of Conquest; and
- (c) Conquest has a Relevant Interest in Priority's issued capital and 2.6% voting power in Priority.

### 8.3 *Acquisitions and disposals of Priority Shares*

- (a) Neither Conquest nor its Associates, have provided, or agreed to provide, consideration for Priority Shares under any purchase or agreement during the four (4) months before the date of this Bidder's Statement.
- (b) Neither Conquest, nor any of its Associates have provided, or agreed to provide, consideration for Priority Shares under any purchase or agreement during the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Offer.

### 8.4 *No pre-offer benefits*

Neither Conquest, nor any of its Associates have during the period of four (4) months ending on the day immediately before the date of the Offer, given, offered or agreed to give, a benefit to another person which was likely to induce the other person, or an Associate of the other person, to:

- (a) accept the Offer; or
- (b) dispose of Priority Shares,

and such benefit was not offered to all Priority Shareholders under the Offer.

### 8.5 *No escalation agreement*

Neither Conquest nor any of its Associates has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

# Recommended Script Offer

## 9 Taxation Considerations

### 9.1 *Introduction*

The information in this Section is intended to provide a general overview of the Australian income tax and capital gains tax implications for Australian resident Priority Shareholders who accept the Offer.

This summary is not intended to be comprehensive and is based upon Conquest's interpretation of Australian income tax legislation currently in force at the date of this Bidder's Statement. Priority Shareholders should not rely on the information in this Section as advice in relation to their own taxation affairs. The taxation laws are complex and there could be implications in addition to those described in this Section. Priority Shareholders should seek independent professional taxation advice in relation to their own particular circumstances.

The information in this Section does not apply to non-resident Priority Shareholders and Priority Shareholders who have received their Priority Shares in their capacity as employees of Priority. Non-resident and employee shareholders should also obtain their own independent taxation advice.

### 9.2 *Priority Shares held on capital account*

This part generally applies to Priority shareholders who held their shares for medium or long term investment purposes for the purpose of deriving dividend income resulting from their Priority shareholding. Priority shareholders must seek their own advice as to whether they are eligible for the application of capital gains tax small business relief and it is assumed in this Section that Priority Shareholders are not eligible for such small business relief.

Priority Shareholders who accept the Offer will dispose of their Priority Shares by way of transfer to Conquest. The consideration paid by Conquest will be the issue of Shares in Conquest and this disposal will not constitute a capital gains tax event for Australian capital gains tax purposes when the offer becomes unconditional. Note roll over relief applies the cost base for the original Priority shares will remain the cost base at the time disposal of Conquest shares takes place.

### 9.3 *Priority Shares held on revenue account*

Australian resident shareholders may be subject to the general income tax provisions (rather than the capital gains tax provisions) in respect of the profit or loss made from the disposal of their Priority Shares to Conquest in some circumstances (for example those shareholders not covered by Section 10.2, including those Priority Shareholders holding those Priority Shares as trading stock). In these circumstances a taxable gain will arise to the extent the Offer Price exceeds a Priority Shareholder's cost of acquiring its Priority Shares. A loss will arise if the Offer Price is less than the price paid for the Priority Shares by the Priority Shareholder. Such a loss in certain circumstances may be offset against other profits or capital gains made by the Priority Shareholder. Note roll over relief applies the cost base for the original Priority shares will remain the cost base at the time disposal of Conquest shares takes place.

# Recommended Script Offer

## 10 Other Material Information

### 10.1 *Introduction*

There is no other information that is material to the making of the decision by a holder of Priority Shares whether to accept the Offer, which is known to Conquest, other than the following information and information contained elsewhere in this Bidder's Statement.

The circumstances under which this Takeover Bid arises are unusual because Priority is an unlisted, public company which is only subject to Chapter 6 of the Corporations Act because it has more than 50 members in total. Priority has always been operated as a private company and has not been subject to the continuous disclosure requirements or market scrutiny that applies to a listed public company.

Accordingly, the pre-bid agreements and the arrangements described below have been entered into to replicate, to the extent permissible under the Corporations Act, a private treaty acquisition and to provide Conquest with the protections typical for such acquisitions.

These protections were crucial to Conquest's decision to make the Takeover Bid and to offer ONE Conquest Share per Priority Share.

### 10.2 *Bid Implementation Arrangement*

Conquest entered into a non-binding Heads of Agreement on 11 April 2014. Subsequent to this, Conquest announced that it completed its due diligence on 4 August 2014 and resolved to implement the Bid as set out in the Bidder's Statement.

### 10.3 *Priority Directors' recommendation*

The Priority Directors have advised Conquest that, in the absence of a superior proposal, they will recommend that Priority Shareholders accept the Offer and that they intend to accept the Offer in relation to their own Priority Shares.

### 10.4 *Date for determining holders of Priority Shares*

For the purposes of section 633(2) of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) of the Corporations Act is the date of this Bidder's Statement.

### 10.5 *Consents*

This Bidder's Statement includes statements made by or based on statements made by Conquest. Conquest has consented to the inclusion of the statements it has made in the form and context in which they are included and, as at the date of this Bidder's Statement, has not withdrawn its consent.

Barraket Stanton has given and has not withdrawn its consent to be named in this Bidder's Statement as legal advisers to Conquest for preparing this Bidder's Statement. Barraket Stanton does not make, nor purport to make, any statement included in this Bidder's Statement. No statement in this Bidder's Statement is based on any statement by Barraket Stanton. To the maximum extent permitted by law, Barraket Stanton expressly disclaims and takes no responsibility for any part of this Bidder's Statement other than the reference to its name.

In addition, this Bidder's Statement contains statements made or based on statements made in documents lodged with ASIC. The terms of ASIC Class Order 01/1543 allow such statements to be included without the consent of the parties who made them. Priority Shareholders may obtain copies of these documents (free of charge) during the Offer Period by contacting Carolyn Dorrian at Barraket Stanton on +61 2 8920 1344.

Priority Shareholders should note that the directors of Conquest have assumed, for the purposes of preparing this Bidder's Statement, that the information contained in the documents lodged with ASIC is accurate. However, the directors of Conquest do not take responsibility for the content of these documents and are not to be taken as endorsing, in any way, any or all statements contained in such documents, except to the extent required by law.

# Recommended Script Offer

## 11 Offer

### 11.1 *The Offer*

- (a) Conquest offers to acquire all of your Priority Shares and all the Rights attaching to them on and subject to the terms and conditions set out in this Section 11.
- (b) By accepting this Offer, you undertake to transfer to Conquest not only the Priority Shares to which the Offer relates, but also all Rights attached to those Priority Shares.

### 11.2 *Consideration*

The consideration offered for each Priority Share is one Share in Conquest.

### 11.3 *Persons to whom offers are made*

- (a) Conquest is making an offer in the form of this Offer to:
  - (i) each person registered as the holder Priority Shares in the register of Priority Shareholders at 9.00 am (Sydney time) on the Record Date; and
  - (ii) any person who becomes registered or entitled to be registered as the holder of your Priority Shares during the period commencing on the Record Date and ending at the end of the Offer Period.
- (b) If, at any time during the Offer Period, you are registered or entitled to be registered as the holder of one or more parcels of Priority Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate Offer on the same terms and conditions as this Offer had been made in relation to each of those parcels and any parcel you hold in your own right. To validly accept the Offer for each parcel, you must comply with the procedure in sub-section 653B(3) of the Corporations Act.

### 11.4 *Offer Date*

This Offer is dated 6 October 2014.

### 11.5 *Offer Period*

- (a) Unless withdrawn, the Offer will remain open for acceptance during the period commencing on the date of this Offer and ending at 5.00 pm (Sydney time) on the later of:
  - (i) 3 November 2014; and
  - (ii) any date to which the Offer Period is extended in accordance with the Corporations Act.
- (b) Conquest reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last seven days of the Offer Period, either of the following events occur:
  - (i) the Offer is varied to improve the consideration offered; or
  - (ii) Conquest's voting power in Priority increases to more than 50%,then the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act.

### 11.6 *How to accept this Offer*

- (a) General
  - (i) Subject to Section 11.3(b), you may accept the Offer **only** in respect of all of your Priority Shares.
  - (ii) You may accept the Offer at any time during the Offer Period.

# Recommended Script Offer

- (iii) The Acceptance and Transfer Form requires your authorised Priority share certificate to accompany the Acceptance and Transfer Form. If the Acceptance and Transfer Form is executed under a power of attorney, a certified copy of the power of attorney will also need to accompany your Acceptance and Transfer Form.
- (b) Acceptance and Transfer Form
- To accept the Offer, you must:
- (i) complete and sign the Acceptance and Transfer Form accompanying this Bidder's Statement (and which forms part of this Offer) in accordance with the terms of this Offer and the instructions on the Acceptance and Transfer Form; and
  - (ii) ensure that the Acceptance and Transfer Form and your authorised Priority share certificate (and any other documents required by the terms of this Offer and the instructions on the Acceptance and Transfer Form) are received before the expiry of the Offer Period at the address indicated on the Acceptance and Transfer Form.
- (c) Receipt of Acceptance and Transfer Form
- (i) If your Acceptance and Transfer Form and your authorised Priority share certificate (and any other documents required by the terms of the Offer and the instructions on the Acceptance and Transfer Form) is returned by post, it will be deemed to be received in time if the envelope in which it is sent is post-marked before the end of the Offer Period even if it is received after that date.
  - (ii) If your Acceptance and Transfer Form (and any other documents required by the terms of the Offer and the instructions on the Acceptance and Transfer Form) is returned by facsimile, it will be deemed to be received in time if the facsimile transmission is received (evidenced by a confirmation of successful transmission) before the end of the Offer Period, but you will not be entitled to receive the consideration to which you are entitled, until your original Acceptance and Transfer Form and your authorised Priority share certificate (and any other documents required by the terms of the Offer and the instructions on the Acceptance and Transfer Form) are received at the address specified above.
  - (iii) The transmission of the Acceptance and Transfer Form and other documents is at your own risk.
- (d) Validity of acceptances
- (i) Subject to this Section 11.6(d), your acceptance of the Offer will not be valid unless it is made in accordance with the procedure sets out in Section 11.6(b).
  - (ii) Conquest will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Offer and time of receipt of an acceptance of the Offer. Conquest is not required to communicate with you prior to making this determination. The determination of Conquest will be final and binding on all parties.
  - (iii) Despite Section 11.6(b), Conquest may, in its sole discretion, at any time and without further communication to you, deem any Acceptance and Transfer Form it receives to be a valid acceptance in respect of your Priority Shares, even if a requirement for acceptance has not been complied with, however the payment of the consideration in accordance with the Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Conquest.

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- (iv) Where you have satisfied the requirements for acceptance in respect of only some of your Priority Shares, Conquest may, in its sole discretion, regard the Offer to be accepted in respect of those Priority Shares but not the remainder.
  - (v) Conquest will provide the consideration to you in accordance with Section 11.8(d) in respect of any part of the acceptance determined by Conquest to be valid.
  - (vi) If any Priority Shares delivered by you are not exchanged for Conquest Shares for any reason under the terms and conditions of this Offer, they will be returned to you (at your risk) as promptly as practicable following the expiration or withdrawal of this Offer. In such case, Conquest will return, at your risk, your Acceptance and Transfer Form together with any other documents forwarded by you, to your address as shown on the Acceptance and Transfer Form or such other address as you may notify Conquest in writing.
- (e) Certain Overseas Residents
- (i) If, at the time you accept this Offer, any authority or clearance of the Reserve Bank of Australia, the Australian Taxation Office or the Minister of Foreign Affairs is required for you to receive any consideration under this Offer, or you are resident in, or a resident of, a place to which, or you are a person to whom any law in Australia that would make it unlawful for Conquest to provide consideration for your Priority Shares, applies, then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive the consideration specified in this Offer unless and until all requisite authorities or clearances have been obtained by Conquest.

## 11.7 *The effect of acceptance*

- (a) Once you have accepted this Offer, you will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw your Priority Shares from the Offer or otherwise dispose of your Priority Shares, except as follows:
  - (i) if, by the end of the Offer Period, the conditions in Section 11.9 have not all been satisfied or waived in accordance with Section 11.11, the Offer will automatically terminate and your Priority Shares will be returned to you; or
  - (ii) if the Offer Period is extended for more than one month and, at the time, the Offer is subject to one or more of the conditions in Section 11.9, you may be able to withdraw your acceptance and your Priority Shares. A notice will be sent to you at the time explaining your rights in this regard.
- (b) By signing and returning the Acceptance and Transfer Form, or otherwise accepting the Offer pursuant to Section 11.6, you will be deemed to have:
  - (i) accepted the Offer (and any variation of it) in respect of all your Priority Shares (even if the number of Priority Shares specified on the Acceptance and Transfer Form differs from the number of your Priority Shares);
  - (ii) agreed to transfer to Conquest all your Priority Shares, subject to this Offer being declared free from the conditions set out in Section 11.9 (or such conditions being satisfied);
  - (iii) represented and warranted to Conquest that at the time of acceptance, and the time the transfer of your Priority Shares to Conquest is registered, all your Priority Shares are and will be fully paid up, and Conquest will acquire good title to them and full beneficial ownership of them free from all mortgages, charges, liens, encumbrances (whether legal or equitable) and adverse interests of any nature and restrictions on transfer of any kind, and that you have full power and capacity to accept this Offer and to sell and



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transfer the legal and beneficial ownership in those Priority Shares to Conquest, and that you have paid to Priority all amounts which at the time of acceptance have fallen due for payment to Priority in respect of your Priority Shares;

- (iv) irrevocably authorised Conquest (or any director, secretary, agent or nominee of Conquest) as your attorney to exercise all your powers and rights attaching to your Priority Shares. This includes, without limitation, powers and rights to requisition, convene, attend and vote in person or by proxy at all general meetings of Priority from the time the contract resulting from your acceptance of this Offer becomes unconditional, to the earlier of the withdrawal of your acceptance under section 650E of the Corporations Act or the end of the Offer Period or, if all the conditions of the Offer have been satisfied or waived, the registration of Conquest as the holder of those Priority Shares;
  - (v) agreed that in exercising the powers conferred by the power of attorney in Section 11.7(b)(iv), Conquest or its nominee is entitled to act in the interest of Conquest as the beneficial owner and intended registered holder of your Priority Shares;
  - (vi) agreed not to attend or vote in person at any general meeting of Priority, or to exercise or purport to exercise any of the powers conferred on Conquest or its nominee in Section 11.7(b)(iv);
  - (vii) irrevocably authorised Conquest (or any nominee or nominees of Conquest) to alter the Acceptance and Transfer Form by rectifying any errors in or omissions from it as may be necessary to make it an effective acceptance of this Offer or to enable registration of the transfer of your Priority Shares to Conquest;
  - (viii) irrevocably authorised and directed Priority to pay to Conquest, or to account to Conquest for, all Rights in respect of your Priority Shares. If this Offer is withdrawn or rescinded, Conquest will account to you for any such Rights received by Conquest;
  - (ix) irrevocably authorised Conquest to notify Priority on your behalf that your place of address for the purpose of serving notices upon you in respect of your Priority Shares is the address specified by Conquest in the notification;
  - (x) agreed to do all such acts, matters and things that Conquest may require to give effect to the matters the subject of this Section 11.7(b) (including the execution of a written form of proxy to the same effect as this Section 11.7(b) which complies in all respects with the requirements of the constitution of Priority if requested by Conquest); and
  - (xi) agreed, subject to the conditions of this Offer in Section 11.9 being satisfied or waived, to execute all such documents, transfers and assurances as may be necessary or desirable to convey your Priority Shares registered in your name and Rights to Conquest.
- (c) The representations, warranties and authorities referred to in Section 11.7(b) will remain in force after you receive the consideration for your Priority Shares and after Conquest becomes registered as the holder of your Priority Shares.

## 11.8 *When you will receive payment*

- (a) Subject to Section 11 and the Corporations Act, if you have accepted this Offer and the contract resulting from your acceptance becomes unconditional, Conquest will provide the consideration (as set out in Section 11.2) to you on or before:
  - (i) 5 Business Days after the date of your acceptance; or,
  - (ii) if this Offer is subject to a defeating condition when you accept this Offer, within 5 Business Days after the takeover contract resulting from your acceptance of the Offer

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becomes unconditional. It should be noted that notwithstanding acceptance by you of the bid, the ASX may decline to list any shares to be allotted to you or to list some or all of them subject to restriction.

- (b) Where the Acceptance and Transfer Form requires an additional document to be given with your acceptance (such as your authorised share certificate or a certified copy of a power of attorney):
  - (i) if that document is delivered with your acceptance, Conquest will provide the consideration in accordance with Section 11.8(a);
  - (ii) if that document is given after acceptance and before the end of the Offer Period, while this Offer is subject to a defeating condition, Conquest will provide the consideration to you 5 Business Days after this Offer becomes unconditional;
  - (iii) if that document is delivered after acceptance and before the end of the Offer Period, while this Offer is not subject to a defeating condition, Conquest will provide the consideration due to you for your Priority Shares 5 Business Days after that document is delivered; and
  - (iv) if that document is given after the end of the Offer Period, Conquest will provide the consideration within 5 Business Days after that document is given. However, if at the time the document is given, the takeover contract is still subject to a defeating condition that relates to a circumstance or event referred to in sub-section 652C(1) or 652C(2) of the Corporations Act, Conquest will provide the consideration due to you for your Priority Shares within 5 Business Days after the Offer becomes unconditional.
- (c) If you accept this Offer, Conquest is entitled to all Rights in respect of your Priority Shares. Conquest may require you to provide all documents necessary to vest title to those Rights in Conquest, or otherwise to give it the benefit or value of those Rights. If you do not do so, or if you have received the benefit of those Rights, Conquest will be entitled to deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by Conquest) of those Rights.
- (d) The issue of any Conquest Shares to which you are entitled will be issued by the Conquest share registry. The relevant holding statement will be sent to you, at your risk, by ordinary mail (or in the case of overseas shareholders, by airmail) to your address as shown on the Acceptance and Transfer Form or such other address as you may notify to Conquest in writing before dispatch.
- (e) If, at the time you accept this Offer, you are a resident in, or a resident of, a place outside Australia to which the Banking (Foreign Regulations) apply you will not be entitled to receive any consideration for your Priority Shares until all requisite authorities or clearances of the Reserve Bank of Australia or of the Australian Taxation Office have been received by Conquest.

## 11.9 Conditions of this Offer

The completion of this Offer and any contract that results from an acceptance of the Offer, are subject to the fulfilment of the conditions set out below.

### (a) Minimum acceptance

Prior to the end of the Offer Period, Conquest becomes entitled to compulsorily acquire Priority Shares under Part 6A.1 of the Corporations Act.

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(b) Other Securities

Prior to the end of the Offer Period, all Priority Convertible Notes shall have been repaid, or satisfied, in full in accordance with their terms.

(c) Consents

Prior to the end of the Offer Period, any consent or approval required to implement the Takeover Bid are obtained.

(d) No material adverse change

Between the Date of the Offer and end of the Offer Period, no event, change or condition occurs, is announced where that event, change or condition (when aggregated with any other event, change or condition) has had, or could reasonably be expected to have;

without limiting the generality of sub-paragraph (ii) below, the effect of a loss or a diminution of the Priority's net assets by more than \$1 million against what it would reasonably have been expected to be but for the event, change or occurrence;

- (i) a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Priority, taken as a whole, or on the status or terms of arrangements entered into by the Priority,

but will not include any event, change or condition which:

- (ii) is fairly disclosed in the Disclosure Materials; or  
(iii) arises as a result of regulatory changes, accounting standard changes or changes to law after the Execution Date; or  
(iv) is required or permitted to be undertaken pursuant to the terms of the Offer.

(e) No regulatory action

Between the Execution Date and the end of the Offer Period:

- (i) no preliminary or final decision, order or decree issued by a Public Authority is in effect;  
(ii) no action or investigation is announced, commenced or threatened by any Public Authority; and  
(iii) no application is made to any Public Authority,

(other than an application to, or decision of, ASIC or the Takeovers Panel in the exercise of powers conferred by the Corporations Act in consequence of or in connection with the Takeover Bid or Offer) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially adversely impacts on (or is reasonably likely to restrain, prohibit or impede or materially adversely impact on) the making or completion of the Takeover Bid or the Offer or the acquisition of Priority Shares under the Offer.

(f) No Distributions

Between the Execution Date and the end of the Offer Period, Priority does not declare, determine as payable or pay a distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie), other than the Permitted Dividend.

(g) No prescribed occurrences

Between the Date of the Offer and the end of the Offer Period, none of the Prescribed Occurrences occur, but will not include any event which:

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- (i) is fairly disclosed in the Disclosure Materials; or
  - (ii) is required or permitted to be undertaken pursuant to the terms of the Takeover Bid.
- (h) Conduct of business

Between the Execution Date and the end of the Offer Period, no member of the Priority:

- (i) enters, or agrees to enter, into any contract of service for the appointment of a director or senior manager;
- (ii) varies, or agrees to vary and existing contract of service with any director or senior manager, including making or agreeing to make any material change in the basis or amount of remuneration of any director or senior manager;
- (iii) enters into, amends in a material respect, terminates or waives or otherwise forgoes any material rights under any agreement, arrangement or understanding to which any member of the Priority is a party that is material to the operation of the business of any member of the Priority;
- (iv) makes any changes to its constitution or passes any special resolution;
- (v) other than in the ordinary course of business:
  - (A) borrows any money or incurs new financial indebtedness (or agrees to do so); or
  - (B) enters into any guarantee or indemnity on behalf or, or provides security for the obligations of, any person (or agrees to do so); or
- (vi) other than in the ordinary course of business, grants or agrees to grant, any Encumbrance over any of its assets,

but will not include any event which:

- (vii) is fairly disclosed in the Disclosure Material; or
- (viii) is required or permitted to be undertaken pursuant to the terms of the Takeover Bid.

## 11.10 Nature and benefit of conditions

- (a) The conditions in Section 11.9 are conditions subsequent. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period, prevent a contract to sell your Priority Shares from arising, but entitles Conquest by written notice to you, to rescind the contract resulting from your acceptance of this Offer.
- (b) Subject to the Corporations Act, Conquest alone is entitled to the benefit of the conditions in Section 11.9, or to rely on any non-fulfilment of any of them.
- (c) Each condition in Section 11.9 is a separate, several and distinct condition.

## 11.11 Freeing Offer of conditions

- (a) One Business Day after the Conditions listed in paragraphs 12.9(a) to (d) have been satisfied, Conquest must give a notice to Priority under section 650F of the Corporations Act declaring the Offer free from Conditions, unless:
  - (i) any of the Conditions have been breached or triggered at or before the time when the section 650F notice is required to be given; or
  - (ii) if the other party is in material breach of the Takeover Bid at the time when the section 650F notice is required to be given.

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- (b) If, at the end of the Offer Period, the conditions in Section 11.9 have not been fulfilled and Conquest has not declared the Offer (or it has not become) free from those conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

## *11.12 Notice on the status of conditions*

The date for giving the notice on the status of the conditions referred to in Section 11.11 required by section 630(1) of the Corporations Act is 27 October 2014 (subject to extension in accordance with section 630(2) of the Corporations Act, if the Offer Period is extended).

## *11.13 Withdrawal of Offer*

- (a) This Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If so, Conquest will give notice of the withdrawal to you and to Priority and will comply with any other conditions imposed by ASIC.
- (b) If this Offer is withdrawn, all contracts arising from its acceptance become void.

## *11.14 Variation of Offer*

Conquest reserves the right to vary this Offer in accordance with the Corporations Act.

## *11.15 No stamp duty*

Conquest will pay any stamp duty charges, if any, payable on the transfer of your Priority Shares to it.

This Offer and any contract that results from your acceptance of this Offer are governed by the laws in force in New South Wales.

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## 12 Definitions and Interpretation

### 12.1 Definitions

In this Bidder's Statement:

- (a) **Acceptance and Transfer Form** means the acceptance and transfer form that accompanies the Offer.
- (b) **Announcement Date** means 22 September 2014.
- (c) **ASIC** means the Australian Securities & Investments Commission.
- (d) **Associate** has the meaning given in section 12(2) of the Corporations Act.
- (e) **Bid Implementation Agreement** means the proposal outlined and agreed between Conquest and Priority, evidenced by the non-binding Heads of Agreement and the confirmation that its due diligence had been completed on 4 August 2014.
- (f) **Bidder's Statement** means this document and each schedule and annexure to it.
- (g) **Business Day** means a day that is not a Saturday, a Sunday or a public holiday or bank holiday in the place concerned.
- (h) **Closing Date** means 3 November 2014, unless the Offer is extended or withdrawn.
- (i) **Competing Proposal** means any expression of interest, proposal, offer or transaction by a person other than Priority or its Associates (**Third Party**) that, if completed, would result in:
  - (i) Third Party holding a relevant interest in 10% or more of Priority Shares or of the securities of any member of the Priority;
  - (ii) Third Party directly or indirectly acquiring or obtaining an interest (including an economic interest) in all or a substantial part or material part of the business conducted by, or assets or property of, Priority;
  - (iii) Third Party acquiring Control of Priority or any member of the Priority; or
  - (iv) Third Party otherwise acquiring, or merging with, Priority (including by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of securities, strategic alliance, dual listed company structure, joint venture or partnership).
- (j) **Completion** means the completion of the allotment and issue of Conquest Shares to each Investor in accordance with the Subscription Deeds.
- (k) **Conditions** means the conditions to the Offer which are described in paragraph 11.9 of this document.
- (l) **Control** has the meaning given under section 50AA of the Corporations Act. Controlled has the same meaning.
- (m) **Control Point** means the day Conquest gives PRIORITY a notice under section 650F of the Corporations Act declaring the Offer free from Conditions.
- (n) **Corporations Act** means the *Corporations Act 2001*.
- (o) **Disclosure Materials** means the materials disclosed to Conquest for the purposes of the Takeover Bid.
- (p) **Encumbrance** means any Security Interest and any burden, charge, mortgage, lien, pledge or other security interest or third party interest, whether legal or equitable.
- (q) **Conquest** means Conquest Agri Limited ACN 091 320 464.
- (r) **Conquest Shares** means fully paid ordinary shares in Conquest.

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- (s) **Offer** means Conquest's offer to acquire Priority Shares set out in Section 11.
- (t) **Offer Period** means the period commencing on 6 October 2014 and ending on the Closing Date.
- (u) **Offer Price** means one Conquest Share per Priority Share.
- (v) **Prescribed Occurrences** means an event or occurrence described in sections 652C(1) and (2) of the Corporations Act.
- (w) **Priority** means Priority One Network Group Limited ACN 149 674 484.
- (x) **Priority Board** means the board of directors of Priority.
- (y) **Priority Group** means Priority and its Subsidiaries and **PRIORITY Company** means any one of them.
- (z) **Priority Convertible Notes** means the unsecured convertible notes issued by Priority.
- (aa) **Priority Shareholder** means a person who is the registered holder of one or more Priority Shares.
- (bb) **Priority Shares** means fully paid ordinary shares in Priority.
- (cc) **Public Authority** means any government or any governmental, semi-governmental, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia or elsewhere. It also includes any self-regulatory organisation established under statute and any stock exchange.
- (dd) **Record Date** means 6 October 2014.
- (ee) **Regulators** mean any Public Authority having the power to regulate the activities of Conquest and/or Priority by way of statute, ordinance or regulation.
- (ff) **Responsible Person** has the meaning given in each Subscription Deed.
- (gg) **Relevant Interest** has the meaning given in section 608 of the Corporations Act.
- (hh) **Rights** means all accretions and rights that accrue to or arise from Priority Shares after the date this Bidder's Statement is lodged with ASIC, including all rights to receive dividends, to receive or subscribe for shares, notes, options or other securities and all other distributions or entitlements declared, paid, made or issued by Priority after that date.
- (ii) **Section** means a section of this Bidder's Statement.
- (jj) **Subsidiary** has the meaning given to that term in section 46 of the Corporations Act.
- (kk) **Superior Proposal** means a bona fide Competing Proposal that is received by Priority and which the Priority Directors acting in good faith, after taking advice from their advisers, determine:
  - (i) is reasonably capable of being completed on a timely basis; and
  - (ii) if completed substantially in accordance with its terms, would be more favourable to Priority Shareholders than the Takeover Bid,in each case, after taking into account all aspects of the Competing Proposal (including its terms and conditions) and the identity of the person making it.
- (ll) **Takeover Bid** means an off-market takeover bid by Conquest under Chapter 6 of the Corporations Act to acquire all of the Priority Shares.
- (mm) **Target's Statement** means the target's statement to be issued by Priority in response to this Bidder's Statement in accordance with section 633(1) of the Corporations Act.

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## 12.2 Interpretation

- (a) Reference to:
  - (i) words and phrases given a particular meaning in Chapter 6 of the Corporations Act have the same meaning in this Bidder's Statement, unless the context otherwise requires;
  - (ii) one gender includes the others;
  - (iii) the singular includes the plural and the plural includes the singular;
  - (iv) a person includes a body corporate;
  - (v) a person includes the person's executors, administrators, successors and permitted assigns;
  - (vi) a statute, regulation or provision of a statute or regulation (**Statutory Provision**) includes:
    - (A) that Statutory Provision as amended or re-enacted;
    - (B) a statute, regulation or provision enacted in replacement of that Statutory Provision; and
    - (C) another regulation or other statutory instrument made or issued under that Statutory Provision; and
  - (vii) money is to Australian dollars, unless otherwise stated.
- (b) **Including** and similar expressions are not words of limitation.
- (c) Where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have a corresponding meaning.
- (d) Headings and any table of contents are for convenience only and do not affect the interpretation of this Bidder's Statement.



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## Approval of Bidder's Statement

This Bidder's Statement has been approved by a unanimous resolution passed by all the directors of Conquest.

Dated: 22 September 2014

A handwritten signature in black ink, appearing to read 'L. Shutes', with a long, sweeping flourish extending to the right.

Larry Shutes  
Chairman  
Conquest Agri Limited