

7 November 2024

The Directors

Openn Negotiation Limited (Subject to Deed of Company Arrangement)

Level 2

350 Kent Street

SYDNEY NSW 2000

Dear Directors,

## **Independent Expert's Report on the proposed issue of shares**

### **1. INTRODUCTION**

- 1.1 Openn Negotiation Limited (Subject to Deed of Company Arrangement) ("OPN" or the "Company") operated a property technology business providing technology solutions for the transparent negotiation and sale of real estate through an online software platform.
- 1.2 On 3 May 2024 the Company's shares were suspended from trading on the Australian Securities Exchange ("ASX"), due to its financial condition.
- 1.3 On 13 May 2024, Mr Richard Tucker and Mr John Bumbak of KordaMentha were appointed Voluntary Administrators of the Company.
- 1.4 A proposal by Benelong Capital Partners Pty Ltd, for the restructure and recapitalisation of the Company via a Deed of Company Arrangement ("DOCA") and Creditors Trust, was submitted to the Voluntary Administrators ("Recapitalisation Proposal") on May 2024 and accepted by Creditors on 19 August 2024. The DOCA was signed on 9 September 2024. The Deed Administrators are Richard Tucker and John Bumbak.
- 1.5 The Recapitalisation Proposal is detailed at section 2 and will effectively involve new shares being issued to a shareholder who will exceed a 20% interest in the Company (referred to in this report as the "Transaction").

### ***Purpose of Report***

- 1.6 You have requested Hall Chadwick Corporate (NSW) Limited ("HCC") to prepare an Independent Expert's Report to advise the shareholders of OPN other than those associated with the proposed Transaction ("Non-Associated Shareholders"), whether the Transaction is fair and reasonable when

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considered in the context of the interests of Non-Associated Shareholders and to set out the reasons for our conclusions.

- 1.7 HCC understands and has agreed that this report will accompany the notice to convene a meeting of OPN shareholders, to assist the Non-Associated Shareholders in their consideration of the resolutions associated with the Transaction.

***Opinion***

- 1.8 In our opinion, the proposed Transaction is fair and reasonable to the Non-Associated Shareholders of OPN.
- 1.9 The ultimate decision however on whether to accept the proposed Transaction should be based on OPN shareholders' own assessment of their circumstances.

## **2. THE PROPOSED TRANSACTION**

- 2.1 The Company was formed on 11 May 2016 and was admitted on the ASX Official List on 21 July 2021. The principal activity of the company and subsidiaries was the development of global real estate transactions that would streamline and enhance the offer management process, fostering transparency. The company's property technology generated sales mostly in Canada. However despite a successful capital raising in July 2023, the company needed to pursue further fund raising in April 2024. The company signed a non-binding term sheet regarding fundraising however this did not proceed.
- 2.2 On 13 May 2024 the directors decided to appoint Richard Tucker and John Bumbak as Voluntary Administrators.
- 2.3 The Voluntary Administrators subsequently called a meeting of creditors pursuant to Section 439A of the Corporations Act, recommending the proposal from Benelong Capital Partners Pty Ltd to re-capitalize the Company. The creditors passed the requisite resolution, and a Deed of Company Arrangement was entered into on 9 September 2024 and Richard Tucker and John Bumbak became Deed Administrators. The Deed is conditional upon the relevant resolutions put to OPN Shareholders being passed without alteration.
- 2.4 The Recapitalisation Proposal is as detailed below, subject to Shareholders approval:
- a) Entering into a DOCA and Creditors Trust;
  - b) Consolidation of shares and options on a 1:100 basis;
  - c) Placement to exempt, professional and sophisticated investors, who will subscribe in aggregate for 101,626,204 shares to raise \$211,000;
  - d) The proposed appointment of New Directors for the Company;
  - e) Benelong Capital Partners Pty Ltd will pay \$175,000 into a DOCA Fund. These monies will be reimbursed by the Company to Benelong Capital Partners Pty Ltd from the capital raising of \$211,000 if the shareholders pass the necessary resolutions, leaving the Company with \$10,000 cash at bank (after a further estimated \$26,000 in administration costs), and no liabilities. These payments are to effectuate the DOCA.
  - f) The Deed Administrators must have retired by then, with respect to the Company.
- 2.5 The Recapitalisation Proposal involves the simultaneous completion or "effectuation" of the DOCA via a Creditors Trust mechanism when the shareholders pass all the resolutions. The Company will also be released from all Creditors Claims estimated at \$335,000 and will have nil liabilities once Completion occurs. The costs, charges, and expenses of Benelong Capital Partners Pty Ltd and related parties will be paid by ST Holding 2 Pty Ltd ("STH"), not the Company.
- 2.6 STH will subscribe for 101,626,204 OPN shares at \$0.00207623616 per share (post consolidation), totalling a capital investment of \$211,000. The new shares issued to STH will equate to approximately 90% of the post share capital of the Company.

- 2.7 The table below shows the impact of the Transaction on the aggregated Shareholding interests (on a post Consolidation basis):

	<b>Before Transaction</b>		<b>After Transaction</b>	
	# Shares	% of Shares	# of Shares	% of Shares (Approx.)
Existing Shareholders	1,129,179,635	100%	11,291,796	10%
STH	-	-	101,626,204	90%
		<b>TOTAL</b>	<b>112,918,000</b>	<b>100%</b>

- 2.8 OPN also has options and performance rights on issue which will be affected by the consolidation of shares as follows:

*Current Capital Structure – Options and Performance Rights*

	<b>Number</b>	<b>Exercise Price</b>
Options – Expiry 20/1/2025	2,934,519	\$0.24
Performance Rights (OPNAD)	4,300,000	Nil
Performance Rights (OPNAE)	3,250,000	Nil
Performance Rights (OPNAF)	9,295,000	Nil

*Proposed Capital Structure – Options and Performance Rights*

	<b>Number</b>	<b>Exercise Price</b>
Options – Expiry 20/1/2025	29,345	\$24.00
Performance Rights (OPNAD)	43,000	Nil
Performance Rights (OPNAE)	32,500	Nil
Performance Rights (OPNAF)	92,950	Nil

Performance rights vest when the volume-weighted average price of OPN shares over 30 consecutive days is greater than between \$0.35 and \$0.65. Given the high exercise and vesting prices above, it is not likely any of these options or performance rights will be exercised and will likely lapse.

## **STRUCTURE OF REPORT**

Our report is set out under the following headings:

- 3 PURPOSE OF REPORT
- 4 OPINION
- 5 BASIS OF EVALUATION
- 6 OVERVIEW OF OPN
- 7 VALUATION METHODOLOGIES
- 8 VALUE OF OPN
- 9 ADVANTAGES AND DISADVANTAGES OF THE TRANSACTION
- 10 CONCLUSION AS TO FAIRNESS AND REASONABLENESS

## **APPENDICES**

- I SOURCES OF INFORMATION
- II STATEMENT OF DECLARATION & QUALIFICATIONS
- III FINANCIAL SERVICES GUIDE

### **3 PURPOSE OF REPORT**

- 3.1 The purpose of this report is to advise the Non-Associated Shareholders of OPN of the fairness and reasonableness of the Transaction. This report provides an opinion on whether or not the terms and conditions in relation to the Transaction are fair and reasonable to the OPN shareholders whose votes are not to be disregarded in respect of the Transaction (that is, the Non-Associated Shareholders).
- 3.2 The ultimate decision whether to accept the terms of the Transaction should be based on each shareholders' assessment of their own circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt about the Transaction or matters dealt with in this report, shareholders should seek independent professional advice.
- 3.3 This report has been prepared to satisfy the requirements of the Corporations Act 2001 ("Corporations Act") and the ASX Listing Rules.

#### **Issue of Shares to STH**

- 3.4 If the Transaction is approved, STH will be entitled to an approximate 90% interest in OPN's issued ordinary shares. Section 606(1) of the Corporations Act states that a person must not acquire an interest in issued voting shares in a listed company if that person's or any other person's voting power increases to above 20%, or increases from a starting point that is above 20% and below 90%. Section 606(1) prohibits STH from acquiring the issued ordinary shares in OPN unless one of the exemptions under Item 7 of Section 611 of the Corporations Act applies.
- 3.5 The exceptions set out in Item 7 of Section 611 of the Corporations Act include an acquisition that is approved by a resolution of shareholders of OPN passed at a general meeting as per Section 611. Therefore the Board seeks shareholder approval of the Transaction for the purposes of item 7 of section 611.
- 3.6 Australian Securities and Investments Commission ("ASIC") Regulatory Guide 111 "Content of Experts Reports" requires, amongst other things that directors of a company need to provide shareholders with an analysis of whether a proposed transaction is fair and reasonable, when considered in the context of the interests of the non-associated shareholders. Regulatory Guide 111 recommends that this analysis should include an independent expert's report. The independent expert is required to state whether, in their opinion, the proposal is fair and reasonable having regard to the interests of non-associated shareholders and state the reasons for forming that opinion. This report provides such an opinion.

## 4. OPINION

4.1 In our opinion, the proposed Transaction is fair and reasonable to the Non-Associated Shareholders of OPN.

4.2 Our opinion is based solely on information available as at the date of this report. The principal factors that we have considered in forming our opinion are summarised below.

### 4.3 *Fairness*

4.3.1 Based on the analysis contained in section 8 of this report, the indicative value of the OPN shares is currently *nil* given the Company is in a negative net asset position with no current business activity.

4.3.2 The Transaction will result in the Company having a net cash position of approximately \$10,000 with no liabilities.

4.3.3 Following completion of the Transaction, the Company will have a net asset position of approximately \$10,000 with 112,918,000 shares on issue, equating to a net asset backing of \$0.0001 per share. This compares to the cash consideration being paid by STH for the ordinary shares in OPN of \$0.00207623616 per share.

4.3.4 We have determined that the Transaction is fair as the value of the OPN shares held by Non-Associated Shareholders increases as a result of the Transaction, from nil to \$0.0001 per share.

### 4.4 *Reasonableness*

4.4.1 ASIC Regulatory Guide 111 states that a transaction is reasonable if:

- The Transaction is fair; or
- Despite not being fair the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

4.4.2 We have concluded that the Transaction is reasonable. In forming our opinion we have considered the following relevant factors.

- The Transaction will raise \$211,000 which will be used to meet the costs of the Voluntary Administration, DOCA, make distributions to the creditors of the Company under the creditors' trust, and shareholder approval for this Transaction, with the balance being working capital.
- The Transaction would result in a net cash position of approximately \$10,000 after the payment of creditors, with the Company having no liabilities, compared with the current position where the Company has no assets and debts of approximately \$335,000.
- If the Transaction is completed, the Company's chances to continue to investigate opportunities are enhanced as without the recapitalisation, it is likely that the Company would be liquidated with no prospect of a return for shareholders.
- The Company currently does not have any assets and its (former) voluntary administrators concluded in their s 439A report that there would be no residual equity in a liquidation scenario.

- It is anticipated the Company will find a new business to potentially enhance shareholder value and raise additional funds so that it can meet ASX Listing Rules requirements providing an opportunity for a potential return to shareholders.
- The proposed directors bring additional expertise to the Company as they have financial and corporate experience as directors or managers of other entities.
- If the Transaction is not approved and the conditions of the DOCA not met or waived by 31 December 2024 or such other date as agreed by the Deed Administrators and Benelong Capital Partners Pty Ltd or if it appears the terms of the DOCA cannot be fulfilled, then the Deed Administrator may take steps to place the Company into Liquidation. The likely outcome of conditions precedent (to effectuation of the DOCA) not being satisfied or waived by the relevant deadline would be liquidation of the Company.

4.5 *Accordingly, in our opinion, the Transaction is fair and reasonable to the Non-Associated Shareholders of OPN.*



## **5 BASIS OF EVALUATION**

- 5.1 In our assessment of whether the Transaction is fair and reasonable to OPN Non-Associated Shareholders, we have given due consideration to the Regulatory Guides issued by the ASIC, in particular, Regulatory Guide 74 “Acquisitions Agreed to by Shareholders”, Regulatory Guide 111 “Content of Experts Reports” and Regulatory Guide 112 “Independence of Experts Reports”.
- 5.2 ASIC Regulatory Guide 74 requires, amongst other things, that shareholders are provided with sufficient information to make an effective, informed decision on whether the proposed Transaction is fair and reasonable. Under Regulatory Guide 111, a transaction is “fair” if the value of the asset being acquired or consideration received is equal to or greater than the value of the shares being issued. Additionally, under Regulatory Guide 111 an offer is “reasonable” if it is fair or if shareholders would obtain an overall benefit if the transaction proceeds. It is possible for an offer to be reasonable despite being unfair, if after considering other non-financial factors the shareholders should still accept the offer.
- 5.3 Our report has compared the likely advantages and disadvantages to non-associated shareholders if the Transaction is agreed to, with the advantages and disadvantages to those shareholders if it is not. Comparing the consideration to be paid under the proposal and the value of the shares being issued is only one element of this assessment.
- 5.4 Additionally we have considered whether any shareholder will obtain a level of control in OPN as a result of the proposed transaction. In the event that a change in control arises from the proposed transaction, proportionately greater benefits to non-associated shareholders must be demonstrated. In this case there is a change in control from the perspective of the Non-Associated Shareholders of OPN and therefore this issue needs to be considered in comparing the value received by Non-Associated Shareholders in comparison to the value being paid.
- 5.5 Normal valuation practice is to determine the fair market value of an asset assuming a counter party transaction between a willing and not anxious buyer and a willing but not anxious seller, clearly at arm’s length. We have adopted this approach in determining the market value of OPN.
- 5.6 We consider that the Transaction will be reasonable if, on balance, the Non-Associated Shareholders in OPN will be better off if the Transaction is approved. We will also consider the Non-Associated Shareholder’s interests should the Transaction not proceed.
- 5.7 In our assessment of the Transaction we have considered, in particular the following:
- The operational and financial position of OPN;
  - The value of OPN shares, under various methodologies;
  - Any control premium associated with the Transaction;
  - The advantages and disadvantages associated with approving the Transaction;
  - The likely value and liquidity of OPN shares in the absence of the Transaction.
- 5.8 The documents and information relied on for the purpose of this valuation are set out in Appendix I. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld. The information provided was evaluated

through analysis, enquiry and review for the purpose of forming an opinion as to whether the Transaction is fair and reasonable. However, in assignments such as this, time is limited and we do not warrant that our enquiries have identified or verified all of the matters which an audit or more extensive examination might disclose. None of these additional tasks have been undertaken.

- 5.9 We understand the accounting and other financial information that was provided to us has been prepared in accordance with generally accepted accounting principles.
- 5.10 An important part of the information used in forming an opinion of the kind expressed in this report is the opinions and judgement of advisers. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.
- 5.11 HCC are not the auditors of OPN. We have analysed and reviewed information provided by advisers of OPN and made further enquiries where appropriate.
- 5.12 This report has been prepared after taking into consideration the current economic and market climate. We take no responsibility for events occurring after the date of this report which may impact upon this report or which may impact upon the assumptions referred to in the report.

## 6 OVERVIEW OF OPN

### 6.1 Corporate History

- 6.1.1 The Company was formed on 11 May 2016 and was admitted on the ASX Official List on 21 July 2021. The principal activity of the company and subsidiaries was the development of global real estate transactions that would streamline and enhance the offer management process, fostering transparency.
- 6.1.2 The Company's property technology generated sales mostly in Canada. However despite a successful capital raising in July 2023, the company needed to pursue further fund raising in April 2024. The company signed a non-binding term sheet regarding fundraising however this did not proceed.
- 6.1.3 On 3 May 2024 the Company's shares were suspended from trading on the ASX due to its financial condition.
- 6.1.4 On 13 May 2024 the directors decided to appoint Richard Tucker and John Bumbak as Voluntary Administrators of OPN.
- 6.1.5 The Voluntary Administrators subsequently called a meeting of creditors pursuant to Section 439A of the Corporations Act, recommending a proposal from Benelong Capital Partners Pty Ltd to re-capitalize the Company. The creditors passed the requisite resolution, and a DOCA was entered into on 9 September 2024 and Richard Tucker and John Bumbak became Deed Administrators. The Deed is conditional upon the relevant resolutions put to OPN Shareholders being passed without alteration.
- 6.1.6 The Recapitalisation Proposal involves the simultaneous completion or "effectuation" of the DOCA via a Creditors Trust mechanism when the shareholders pass all the resolutions. The Company will also be released from all Creditors Claims estimated at \$335,000 and will have nil liabilities once Completion occurs.

### 6.2 Financial Information

- 6.2.1 The completion of the Transaction will increase the Company's cash balance by \$211,000 (before costs) and also increase the Company's net assets by the same amount. The Company's only asset will be the cash raised, less amounts expended in accordance with the table set out below:

<b>Total funds raised</b>	<b>\$211,000</b>
Voluntary Administration costs and DOCA	175,000
Independent Experts Report, printing and mail out of this notice, ASIC, Share Registry	26,000
Working Capital for the Company	10,000
<b>Total funds utilised</b>	<b>\$211,000</b>

- 6.2.2 The Company has not presented a current balance sheet as recent historical audited financial information is not available owing to the Company being in administration. In addition, the Company is of the opinion that to present a financial position based on this historical information would not be representative of the Company's current financial position.
- 6.2.3 Following the Transaction and amounts expended above, the cash balance and net assets of the Company will be approximately \$10,000 as shown in the below pro forma financial position:

<b>Pro forma Balance Sheet</b>	
Cash Assets	<u>10,000</u>
Net Assets	10,000
<b>Shareholders Equity</b>	<b>10,000</b>

## 7 VALUATION METHODOLOGIES

### 7.1 Selection of Methodology

7.1.1 In order to assess the fairness of the Transaction a value needs to be attributed to OPN shares.

7.1.2 In assessing the value of OPN we have considered a range of valuation methods. ASIC Regulatory Guide 111 *Content of Expert Reports* states that in valuing a company the expert should consider the following commonly used valuation methodologies:

- Market Value of Shares: the quoted price for listed securities in a liquid and active market;
- Capitalisation of Future Maintainable Earnings: the value of trading operations based on the capitalisation of future maintainable earnings;
- Discounted Cash Flow: the net present value of future cash flows;
- Realisation of Assets: the amount that would be available for distribution to security holders on an orderly realisation of assets.

7.1.3 *Financial information relied upon in assessing valuation methods:* We have reviewed the financial information for the last three years of OPN. Ultimately, the Management of OPN are responsible for the preparation and presentation of the financial information provided. The purpose of our review is to establish that the financial information used is not materially misstated. This review does not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion. We also note that historical financial information does not represent the current business and therefore is not considered relevant to this Transaction.

We consider each of these valuation methodologies below.

#### 7.1.4 *Market Value of Shares as Quoted on the ASX*

This method involves the valuation of an entity based on its actively traded equities, which represent the market capitalisation of the share capital of the entity, in a liquid and knowledgeable market.

If a quoted ordinary equity is traded in an active, liquid and knowledgeable market, then the market price of the quoted ordinary equity should represent the ‘fair’ market value of the quoted ordinary equity.

A premium may also need to be applied to the value of the quoted ordinary equity to determine the value of the equity holding in the circumstances where a party is acquiring or increasing a controlling equity position.

OPN shares have been suspended from trading on the ASX since 3 May 2024. Therefore this method is not appropriate for the valuation of OPN shares.

#### *7.1.5 Capitalisation of Future Maintainable Earnings*

Under the earnings-based valuation method, the value of the business is determined by capitalising the estimated future maintainable earnings of the business at an appropriate capitalisation rate or multiplier of earnings. The multiple is a coefficient, representing the risk that the business may not achieve projected earnings.

This method is appropriate in valuing a business when there is a history of earnings, the business is established and it is assumed the earnings are sufficiently stable to be indicative of ongoing earnings potential.

This method is not considered appropriate for the valuation of OPN due to the losses incurred to-date and that there is no longer a business to forecast any future earnings.

#### *7.1.6 Discounted Cash Flow – Net Present Value*

Discounted cash flow valuations involve calculating the value of a business on the basis of the net cash flow that will be generated from the business over its life. The cash flows are discounted to reflect the time value of money and the risk involved with achieving the forecast cash flows. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the valuation date to give an overall value of the business.

Management of OPN are unable to forecast future cash flows as there is no current business activity, and therefore a value cannot be placed on the company using the discounted cash flow method.

#### *7.1.7 Realisation of Assets*

The net assets or cost based approach to value is based on the assumption that the value of all assets (tangible and intangible) less the value of all liabilities should equal the value of the entity. The net asset value is determined by marking every asset and liability on and off the company's balance sheet to current market values.

This approach is generally not appropriate where assets are employed productively and are earning more than the cost of capital. It is often used as a cross check to assess the relative riskiness of the business.

Given the lack of business activity, we have considered the book value of the net assets given the lack of other appropriate valuation methods.

## **8 VALUE OF OPN**

### **8.1 OPN valuation considerations**

- 8.1.1 In considering the valuation of the OPN shares we have considered the following:
- a) OPN currently has no business activity;
  - b) OPN's shares are currently suspended and the Company is in a negative net asset position prior to the funds being raised by the Transaction to complete the repayment of creditors.
- 8.1.2 A premium would generally be considered for obtaining control of a public company which in this case is partially diminished because of the regulatory requirements necessary to achieve the reinstatement of shares and recapitalisation of the Company. However any value attributed to the listed company shell which would also represent a premium for control would not be sufficient to result in a positive net asset value given the substantial negative net asset position of the Company prior to approval of the Transaction.

### **8.2 Conclusion on the Value of OPN Shares**

- 8.2.1 As detailed at section 6, OPN has debt of approximately \$335,000 prior to negotiating the Recapitalisation Proposal with Creditors for shareholders approval.
- 8.2.2 Prior to approval of the Transaction the net assets of the Company are of negative value. We are therefore of the opinion that the value of the OPN shares for the purpose of this report is *nil* prior to the Transaction occurring.
- 8.2.3 Following completion of the Transaction, the Company will have a net asset position of approximately \$10,000 and 112,918,000 shares on issue, equating to a net asset backing of \$0.0001 per share.

## **9 ADVANTAGES & DISADVANTAGES OF THE TRANSACTION**

### **9.1 Approach to assessing Fairness and Reasonableness**

HCC has followed the guidelines of ASIC Regulatory Guide 111 in assessing the fairness and reasonableness of the Transaction. In forming its conclusions in this report, HCC compared the advantages and disadvantages for Non-Associated Shareholders if the Transaction proceeds.

### **9.2 Advantages of the Transaction**

- 9.2.1 The Transaction will raise \$211,000 which will be used to meet the costs of the Voluntary Administration, DOCA, make distributions to the creditors of the Company under the creditors' trust, and shareholder approval for this Transaction, with the balance being working capital.
- 9.2.2 The Transaction would result in a net cash position of approximately \$10,000 after the payment of creditors, with the Company having no liabilities, compared with the current position where the Company has no assets and debts of approximately \$335,000.
- 9.2.3 The Company currently does not have any assets and its (former) voluntary administrators concluded in their s 439A report that there would be no residual equity in a liquidation scenario.
- 9.2.4 If the Transaction is completed, the Company's chances to continue to investigate opportunities are enhanced as without the recapitalisation, it is likely that the Company would be liquidated with no prospect of a return for shareholders.
- 9.2.5 It is anticipated the Company will find a new business to potentially enhance shareholder value and raise additional funds so that it can meet ASX Listing Rules requirements providing an opportunity for a potential return to shareholders.
- 9.2.6 The proposed directors bring additional expertise to the Company as they have financial and corporate experience as directors or managers of other entities.
- 9.2.7 If the Transaction is not approved and the conditions of the DOCA not met or waived by 31 December 2024 or such other date as agreed by the Deed Administrators and Benelong Capital Partners Pty Ltd or if it appears the terms of the DOCA cannot be fulfilled, then the Deed Administrator may take steps to place the Company into Liquidation. The likely outcome of conditions precedent (to effectuation of the DOCA) not being satisfied or waived by the relevant deadline would be liquidation of the Company.

### **9.3 Disadvantages of the Transaction**

- 9.3.1 There may be other opportunities OPN will not be able to undertake to realise the value of its listing if it accepts the Transaction due to the controlling interest being obtained by STH.
- 9.3.2 An opportunity may be lost to obtain a takeover premium for the Company's shares unless STH sold their interest in OPN or subscribed for a 100% interest.
- 9.3.3 The Transaction will result in the dilution of current shareholders ownership percentages to approximately 10%.



- 9.3.4 ASX has absolute discretion in deciding whether or not to re-admit the Company to the official list and to quote its securities. This means the Company may not be reinstated and the shares may never be requoted.
- 9.3.5 The Company would only have net cash of approximately \$10,000 following completion of the Transaction. The Company will still need to find a new business to potentially enhance shareholder value and raise additional funds so that it would meet Listing Rule requirements.
- 9.3.6 If the Company seeks new business opportunities, it is not certain that such businesses will be profitable or successful.

## **10 CONCLUSION AS TO FAIRNESS AND REASONABLENESS**

### **10.1 *Fairness***

- 10.1.1 Based on the analysis contained in section 8 of this report, the indicative value of the OPN shares is currently *nil* given the Company is in a negative net asset position with no current business activity. This would be the case even after considering a premium for control.
- 10.1.2 The Transaction will result in the Company having a net cash position of approximately \$10,000 with no liabilities.
- 10.1.3 Following completion of the Transaction, the Company will have a net asset position of approximately \$10,000 and 112,918,000 shares on issue, equating to a net asset backing of \$0.0001 per share. This compares to the cash consideration being paid by STH for the ordinary shares in OPN of \$0.00207623616 per share.
- 10.1.4 We have determined that the Transaction is fair as the value of the OPN shares held by Non-Associated Shareholders increases as a result of the Transaction, from nil to \$0.0001 per share.

### **10.2 Reasonableness**

- 10.2.1 ASIC Regulatory Guide 111 states that a transaction is reasonable if:
- The Transaction is fair; or
  - Despite not being fair the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.
- 10.2.2 In forming our opinion we have considered the following relevant factors.
- The Transaction will raise \$211,000 which will be used to meet the costs of the Voluntary Administration, DOCA, make distributions to the creditors of the Company under the creditors' trust, and shareholder approval for this Transaction, with the balance being working capital.
  - The Transaction would result in a net cash position of approximately \$10,000 after the payment of creditors, with the Company having no liabilities, compared with the current position where the Company has no assets and debts of approximately \$335,000.
  - The Company currently does not have any assets and its (former) voluntary administrators concluded in their s 439A report that there would be no residual equity in a liquidation scenario.
  - If the Transaction is completed, the Company's chances to continue to investigate opportunities are enhanced as without the recapitalisation, it is likely that the Company would be liquidated with no prospect of a return for shareholders.
  - It is anticipated the Company will find a new business to potentially enhance shareholder value and raise additional funds so that it can meet ASX Listing Rules requirements providing an opportunity for a potential return to shareholders.
  - The proposed directors bring additional expertise to the Company as they have financial and corporate experience as directors or managers of other entities.

- If the Transaction is not approved and the conditions of the DOCA not met or waived by 31 December 2024 or such other date as agreed by the Deed Administrators and Benelong Capital Partners Pty Ltd or if it appears the terms of the DOCA cannot be fulfilled, then the Deed Administrator may take steps to place the Company into Liquidation.

10.2.3 Accordingly, in our opinion, having considered the advantages of the Transaction and the alternatives of not proceeding with the Transaction, in our opinion the Non-Associated Shareholders of OPN should benefit if the Transaction proceeds and therefore, in our opinion, the Transaction is reasonable.

Yours faithfully  
Hall Chadwick Corporate (NSW) Limited

A handwritten signature in blue ink, appearing to read 'Drew Townsend', is written over a light blue rectangular background.

DREW TOWNSEND

## **APPENDIX I - SOURCES OF INFORMATION**

- Voluntary Administrators Reports to Creditors;
- Openn Negotiation Limited Executed Deed of Company Arrangement;
- Openn Negotiation Limited Notice of General Meeting and Explanatory Memorandum;
- Regulatory Guide 74 ‘Acquisitions Agreed to by Shareholders’;
- Regulatory Guide 111 ‘Content of Expert Reports’;
- Regulatory Guide 112 ‘Independence of Expert’s Reports’; and
- APES 225 ‘Valuation Services’.

## **APPENDIX II - STATEMENT OF DECLARATION & QUALIFICATIONS**

### **Confirmation of Independence**

Prior to accepting this engagement HCC determined its independence with respect to OPN and STH with reference to ASIC Regulatory Guide 112 (RG 112) titled "Independence of Expert's Reports". HCC considers that it meets the requirements of RG 112 and that it is independent of OPN.

Also, in accordance with s648 (2) of the Corporations Act we confirm we are not aware of any business relationship or financial interest of a material nature with OPN or STH, its related parties or associates that would compromise our impartiality.

Mr Drew Townsend, director of Hall Chadwick Corporate (NSW) Limited, who is a registered company auditor, has prepared this report. Neither they nor any related entities of Hall Chadwick Corporate (NSW) Limited have any interest in the promotion of this Transaction nor will Hall Chadwick Corporate (NSW) Limited receive any benefits, other than normal professional fees, directly or indirectly, for or in connection with the preparation of this report. The fee is not contingent upon the success or failure of the proposed Transaction and has been calculated with reference to time spent on the engagement at normal professional fee rates for work of this type. Accordingly, HCC does not have any pecuniary interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion under this engagement.

HCC provided a draft copy of this report to the Directors of OPN for their comment as to factual accuracy, as opposed to opinions, which are the responsibility of HCC alone. Changes made to this report, as a result of the review by the Directors of OPN have not changed the methodology or conclusions reached by HCC.

### **Reliance on Information**

The statements and opinions given in this report are given in good faith and in the belief that such statements and opinions are not false or misleading. In the preparation of this report HCC has relied upon information provided on the basis it was reliable and accurate. HCC has no reason to believe that any information supplied to it was false or that any material information (that a reasonable person would expect to be disclosed) has been withheld from it. HCC evaluated the information provided to it by OPN as well as other parties, through enquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially mis-stated or would not afford reasonable grounds upon which to base our report. Accordingly, we have taken no further steps to verify the accuracy, completeness or fairness of the data provided.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards. HCC does not imply and it should not be construed that it has audited or in anyway verified any of the information provided to it, or that its enquiries could have verified any matter which a more extensive examination might disclose.

The sources of information that we relied upon are outlined in Appendix I of this report.

OPN has provided an indemnity to HCC for any claims arising out of any mis-statement or omission in any material or information provided by OPN to HCC in preparation of this report.

## **Qualifications**

Hall Chadwick Corporate (NSW) Limited (“HCC”) carries on business at Level 40, 2 Park Street, Sydney NSW 2000. HCC holds Australian Financial Services Licence No. 227902 authorising it to provide financial product advice on securities to retail clients. HCC’s representatives are therefore qualified to provide this report.

## **Consent and Disclaimers**

The preparation of this report has been undertaken at the request of the Directors of OPN. It also has regard to relevant ASIC Regulatory Guides. It is not intended that the report should be used for any other purpose than to accompany the Notice of General Meeting to be sent to OPN shareholders. In particular, it is not intended that this report should be used for any purpose other than as an expression of HCC’s opinion as to whether or not the Proposed Transaction is fair and reasonable. HCC consent to the issue of this report in the form and context in which it is included in the Notice of General Meeting to be sent to OPN shareholders.

Shareholders should read all documents issued by OPN that consider the proposed Transaction in its entirety, prior to proceeding with a decision. HCC had no involvement in the preparation of these documents, with the exception of this report.

This report has been prepared specifically for the non-associated shareholders of OPN. Neither HCC, nor any member or employee thereof undertakes responsibility to any person, other than a non-associated shareholder of OPN, in respect of this report, including any errors or omissions howsoever caused. This report is "General Advice" and does not take into account any person's particular investment objectives, financial situation and particular needs. Before making an investment decision based on this advice, you should consider, with or without the assistance of a securities advisor, whether it is appropriate to your particular investment needs, objectives and financial circumstances.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards (AUS).

Our opinions are based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. Furthermore, financial markets have been particularly volatile in recent times. Accordingly, if circumstances change significantly, subsequent to the issue of the report, our conclusions and opinions may differ from those stated herein. There is no requirement for HCC to update this report for information that may become available subsequent to this date.

## **APPENDIX VI - FINANCIAL SERVICES GUIDE**

Dated 7 November 2024

### **What is a Financial Services Guide (FSG)?**

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by Hall Chadwick Corporate (NSW) Limited ABN 28 080 462 488, Australian Financial Services Licence Number 227902 (HCC).

This FSG includes information about:

- HCC and how they can be contacted
- the services HCC is authorised to provide
- how HCC are paid
- any relevant associations or relationships of HCC
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that HCC has in place.

This FSG forms part of an Independent Expert's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of dealing in the particular financial product.

### **Financial services that HCC is authorised to provide**

HCC holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of finance products.

### **HCC's responsibility to you**

HCC has been engaged by the independent directors of Openn Negotiation Limited ("OPN" or the "Client") to provide general financial product advice in the form of a Report to be included in the Notice of Meeting (Document) prepared by OPN in relation to the proposed Transaction.

You have not engaged HCC directly but have received a copy of the Report because you have been provided with a copy of the Document. HCC nor the employees of HCC are acting for any person other than the Client.

HCC is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

### **General Advice**

As HCC has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

#### **Fees HCC may receive**

HCC charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay HCC \$15,000 (excluding GST and out of pocket expenses) for preparing the Report. HCC and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

HCC officers and representatives receive remuneration from Hall Chadwick and associated entities. Remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

#### **Referrals**

HCC does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

#### **Associations and relationships**

HCC is controlled by and operates as part of the Hall Chadwick Sydney Partnership. HCC's directors may be partners in the Hall Chadwick Sydney Partnership. Mr Drew Townsend, director of HCC and a partner in the Hall Chadwick Sydney Partnership, has prepared this report. The financial product advice in the Report is provided by HCC and not by the Hall Chadwick Sydney Partnership.

From time to time HCC, the Hall Chadwick Sydney Partnership and related entities (HC entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses. Over the past two years no professional fees have been received from the Client.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the Transaction.

#### **Complaints resolution**

If you have a complaint, please let HCC know. Formal complaints should be sent in writing to:

The Complaints Officer

Hall Chadwick Corporate (NSW) Limited

GPO Box 3555

Sydney NSW 2001

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9263 2600 and they will assist you in documenting your complaint.



Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

**External complaints resolution process**

If HCC cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Australian Financial Complaints Authority (AFCA). AFCA provides free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at their website [www.afca.org.au](http://www.afca.org.au) or by contacting them directly at:

Australian Financial Complaints Authority Limited

GPO Box 3, Melbourne Victoria 3001

Telephone: 1800 931 678

Facsimile (03) 9613 6399

Email: [info@afca.org.au](mailto:info@afca.org.au)

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

**Compensation arrangements**

HCC has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

**Contact Details**

You may contact HCC at:

Hall Chadwick Corporate (NSW) Limited

GPO Box 3555

Sydney NSW 2001

Telephone: 02 9263 2600

Facsimile: 02 9263 2800