

**CAQ Holdings Limited  
ACN 091 687 740**

**Notice of Annual General Meeting**

**Annual General Meeting to be held at Price Sierakowski  
Corporate, Level 24, 44 St Georges Terrace, Perth,  
Western Australia on Monday, 20 May 2019,  
commencing at 11:30 am (WST).**

**IMPORTANT**

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

## Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Shareholders of CAQ Holdings Limited (“the Company”) will be held at Price Sierakowski Corporate, Level 24, 44 Georges Terrace, Perth, Western Australia on Monday, 20 May 2019, commencing at 11.30 am (WST).

### Special Business

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#### 1. Item 1 - Annual Report for year ended 31 December 2018

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To receive and consider the Annual Report of the Company for the year ended 31 December 2018 which includes the Financial Report of the Company, the Director’s Report, the Remuneration Report and the Auditor’s Report.

#### 2. Resolution 1 – Adoption of Remuneration Report

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

*“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s annual financial report for the financial year ended 31 December 2018.”*

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

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of Resolution 1 by, or on behalf of, a member of the Company’s Key Management Personnel (KMP), details of whose remuneration are included in the Remuneration Report for the year ended 31 December 2018 or a closely related party of a KMP whether the votes are cast as a shareholder, proxy or in any other capacity.

However, the Company will not disregard a vote if:

- (a) It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) It is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

#### 3. Resolution 2 – Re-election of Paul Price

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To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That Mr Paul Price, who retires as a Director by rotation in accordance with clauses 11.1.3 and 11.1.5 of the Constitution, and being eligible for re-election, offers himself for re-election, is re-elected as a Director.”*

#### 4. Resolution 3 – Re-election of KC Ong

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To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That Mr KC Ong, who as a Director retires by rotation in accordance with clauses 11.1.3 and 11.1.5 of the Constitution and being eligible for re-election, offers himself for re-election, is re-elected as a Director.”*

## 5. Resolution 4 – Re-election of Michael Siu

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To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That Mr Michael Siu, who as a Director retires by rotation in accordance with clauses 11.1.3 and 11.1.5 of the Constitution and being eligible for re-election, offers himself for re-election, is re-elected as a Director.”*

## 6. Resolution 5 – Approval of 10% Placement Facility

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

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

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of Resolution 5 by a person (or any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit (or any associates of such a person), except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed.

However, the Company need not disregard a vote if:

- (a) It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) It is cast by the Chairman as a proxy for a person who is entitle to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice of Annual General Meeting and should be read in conjunction with it.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used in this notice of Annual General Meeting and the Explanatory Statement.

## Proxies

Please note that:

- (a) a Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company;
- (c) a Shareholder may appoint a body corporate or an individual as its proxy;
- (d) a body corporate appointed as a Shareholder’s proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder’s proxy; and
- (e) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorizing him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative.

### **Voting Entitlements**

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of Shareholders as at 5.00pm (WST) on Thursday, 16 May 2019. Accordingly, transactions registered after that time will be disregarded in determining Shareholder's entitlement to attend and vote at the Annual General Meeting.

### **By Order of the Board of Directors**

**Paul Price**  
**Chairman**  
CAQ Holdings Limited  
12 April 2019

## Explanatory Statement

### 1. Annual Report for the year ended 31 December 2018

The Corporations Act requires the Annual Report of the Company for the year ended 31 December 2018, which includes the Financial Report of the Company, the Directors' Report, the Remuneration Report and the Auditor's Report, to be laid before the Annual General Meeting. The financial statements and reports are contained in the Annual Report. Shareholders who have elected to receive the Annual Report have been provided with a copy. The Annual Report is also available on ASX's website.

While no resolution is required in relation to this item, Shareholders will be given the opportunity to ask questions and make comments on the financial statements and reports.

### 2. RESOLUTION 1 – Approval of Remuneration Report

Section 249L(2) of the Corporations Act requires a company to inform shareholders that a resolution on the Remuneration Report will be put at the Annual General Meeting. However, section 250R(3) of the Corporations Act expressly provides that the vote on this Resolution is advisory only and does not bind the Directors of the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' Report contained in the Annual Report.

If at least 25% of the votes on this Resolution are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2020 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of the Directors ("**Spill Resolution**").

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting ("**Spill Meeting**") within 90 days. All of the Directors (other than the Managing Director), will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election is approved will be the directors of the Company.

In accordance with section 250SA of the Corporations Act, the Chairman will provide a reasonable opportunity for discussion of the Remuneration Report at the Annual General Meeting.

### 3. RESOLUTION 2 – Re-election of Paul Price

In accordance with clause 11.1.3 of the Constitution, every year one third of the Directors for the time being, or the number nearest one third must retire from office. Clause 11.1.5 provides that the directors to retire at any annual general meeting must be those who have been longest in office since their last election. Clause 11.1.4 provides that a retiring Director is eligible for re-election.

Mr Paul Price retires by rotation and being eligible for re-election is offering himself for election as a Director of the Company.

#### **4. RESOLUTION 3 – Re-election of KC Ong**

In accordance with clause 11.1.3 of the Constitution, every year one third of the Directors for the time being, or the number nearest one third must retire from office. Clause 11.1.5 provides that the directors to retire at any annual general meeting must be those who have been longest in office since their last election. Clause 11.1.4 provides that a retiring Director is eligible for re-election.

Mr KC Ong retires by rotation and being eligible for re-election is offering himself for election as a Director of the Company.

#### **5 RESOLUTION 4 – Re-election of Michael Siu (Mr Siu Kin Wai)**

In accordance with clause 11.1.3 of the Constitution, every year one third of the Directors for the time being, or the number nearest one third must retire from office. Clause 11.1.5 provides that the directors to retire at any annual general meeting must be those who have been longest in office since their last election. Clause 11.1.4 provides that a retiring Director is eligible for re-election.

Mr Michael Siu retires by rotation and being eligible for re-election is offering himself for election as a Director of the Company.

#### **6 RESOLUTION 5 – Approval of 10% Placement Facility**

##### **6.1 Background**

Listing Rule 7.1A enables eligible entities to issue Equity Securities totalling up to 10% of its issued share capital through placements over a 12-month period after the entity's annual general meeting ("**10% Placement Facility**"). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2.

##### **6.2 Description of Listing Rule 7.1A**

###### **(a) Shareholder approval**

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

###### **(b) Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of the Notice, the Company has the following Equity Securities on issue:

- 717,786,281 Shares.

### **(c) Formula for calculating 10% Placement Facility**

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12-month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

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

**A** is the number of shares on issue 12 months before the date of issue or agreement:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

Note: A has the same meaning as in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is 10%.

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

### **(d) Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (please refer to section (c) above).

### **(e) Minimum issue price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the volume weighted average market price of Equity Securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- i. the date on which the price at which the Equity Securities are to be issued is agreed; or
- ii. if the Equity Securities are not issued within 5 trading days of the date in section i, the date on which the Equity Securities are issued.

**(f) 10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- i. the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- ii. the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking) (**10% Placement Period**).

**6.3 Specific information required by Listing Rule 7.3A**

In accordance with Listing Rule 7.3A, the following information is provided to Shareholders in relation to the 10% Placement Facility:

1. The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average market price for the Company's Equity Securities in the same class calculated over the 15 trading days immediately before:
  - a. the date on which the price at which the Equity Securities are to be issued is agreed; or
  - b. if the Equity Securities are not issued within 5 trading days of the date in Section 6.3 (1)(a), the date on which the Equity Securities are issued.
2. If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table below. There is a risk that:
  - a. the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
  - b. the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of the Notice.

The table also shows:

- i. two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at future meetings of Shareholders; and
- ii. two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable A in Listing Rule 7.1A.2		Dilution		
		\$0.019 50% decrease in market price	\$0.038 current market price	\$0.7.6 100% increase in market price
Current variable "A" 717,786,281	10% voting dilution	71,778,628 Shares	71,778,628 Shares	71,778,628 Shares
	Funds raised	\$1,363,794	\$2,727,588	\$5,455,176
50% increase in current variable "A" 1,076,679,422	10% voting dilution	107,667,942 Shares	107,667,942 Shares	107,667,942 Shares
	Funds raised	\$2,045,691	\$4,091,382	\$8,182,764
100% increase in current variable "A" 1,435,572,562	10% voting dilution	143,557,256 Shares	143,557,256 Shares	143,557,256 Shares
	Funds raised	\$2,727,588	\$5,455,176	\$10,910,351

The table on page 11 has been prepared on the following assumptions:

1. The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
  2. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
  3. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
  4. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  5. The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
  6. The issue price is \$0.038, being the closing price of the Shares on ASX on 4 April 2019.
3. The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 5 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a further transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
  4. The Company may seek to issue the Equity Securities under the 10% Placement Facility.

The Company may also issue Equity Securities for non-cash consideration, such as for the acquisition of new assets or investments. If the Company issues Equity Securities for non-cash consideration, the Company will release on valuation of the non-cash consideration that demonstrates that the deemed issue price of the Equity Securities complies with Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon any issue of Equity Securities.

5. The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the persons to whom the Equity Securities will be issued will be determined on a case-by-case basis having regard to factors which include the following:

- a. the purpose of the issue;
- b. the methods of raising funds that are available to the Company including, but not limited to, rights issue or other issues in which existing Shareholders can participate;
- c. the effect of the issue of the Equity Securities on the control of the Company;
- d. the financial situation and solvency of the Company;
- e. prevailing market conditions; and
- f. advice from corporate, financial and broking advisers (if applicable).

The persons issued securities under the 10% Placement Facility have not been determined as at the date of the Notice but are likely to be Exempt Investors.

If the Company is successful in acquiring new assets (businesses) or investments, it is likely that the persons issued securities under the 10% Placement Facility will be the vendors of the new assets or investments.

6. No Equity Securities were issued in the 12 months preceding the date of the Notice of Meeting.
7. A voting exclusion statement is included in the Notice.

## **7. DIRECTORS' RECOMMENDATIONS**

The Directors unanimously recommend that Shareholders vote in favour of all Resolutions, other than to the extent that a Director abstains from expressing an opinion or making a recommendation in the relevant Resolutions due to having a material personal interest in the Resolution.

## Glossary

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

<b>Associate</b>	has the meaning set out in sections 11 to 17 of the Corporations Act, as applicable and as applied in accordance with the note to Listing Rule 14.11.
<b>ASX</b>	ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as the context requires.
<b>Board</b>	board of Directors.
<b>Business Day</b>	a day that is not a Saturday, Sunday, public holiday or bank holiday in Perth, Western Australia.
<b>Chairman</b>	Paul Price.
<b>Closely Related Party</b>	means a closely related party of a member of Key Management Personnel as defined in Section 9 of the Corporations Act, being: <ul style="list-style-type: none"><li>(a) a spouse or child of the member;</li><li>(b) a child of that member's spouse;</li><li>(c) a dependant of that member or of that member's spouse;</li><li>(d) anyone else who is one of that member's family and may be expected to influence that member, or be influenced by that member, in that member's dealings with the Company;</li><li>(e) a company that is controlled by that member; or</li><li>(f) any other person prescribed by the regulations.</li></ul>
<b>Company</b>	CAQ Holdings Limited (ACN 091 687 740).
<b>Constitution</b>	Constitution of the Company.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Director</b>	director of the Company.
<b>Explanatory Statement</b>	this Explanatory Statement accompanying the Notice of Meeting.
<b>Key Management Personnel</b>	means the key management personnel of the Company as defined in Section 9 of the Corporations Act and Australian Accounting Standards Board accounting standard 124, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).
<b>Listing Rules</b>	the official listing rules of the ASX as amended from time to time.
<b>Notice of Meeting</b>	the notice convening the Annual General Meeting which accompanies this Explanatory Statement.
<b>Related Party</b>	the meaning give to that term in the Corporations Act.
<b>Resolutions</b>	the resolutions set out in the Notice of Meeting.

<b>Share</b>	fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	shareholder of the Company.
<b>Voting Power</b>	the meaning given to that term in the Corporations Act.
<b>WST</b>	Western Standard Time in Australia.