

ASX Announcement

9 October 2015

The Manager
ASX Market Announcements
Australian Securities Exchange Limited
Sydney NSW 2000

By e-lodgement

Dear Sir/Madam

2015 Notice of Annual General Meeting

APD's 2015 Annual General Meeting (**AGM**) is scheduled for Thursday, 12 November 2015 from 1.00pm at The Teale Suite, The Como Hotel, 630 Chapel Street, South Yarra, Melbourne.

Please find attached for the market's information:

- (a) our Chairman's letter;
- (b) 2015 Notice of Annual General Meeting; and
- (c) a sample proxy form.

For shareholders who have requested a hard copy of these documents, mailing will commence today.

Shareholders who have elected to receive the above documents electronically should receive an email today.

Yours faithfully,



Campbell Nicholas
Company Secretary

Attachments

ASIA PACIFIC DIGITAL LIMITED

Annual General Meeting
Notice of Meeting & Explanatory Notes
to be held at 1pm (AEDT) on Thursday 12 November 2015 at
The Teale Suite, The Como Hotel,
630 Chapel Street, South Yarra, Melbourne.



Notice of Meeting



Sydney: Ground Floor, 35 Saunders Street Pyrmont, NSW 2009
Singapore: 77A Amoy Street Singapore 069896

30 September 2015

Dear Shareholder

Invitation to Asia Pacific Digital Limited (APD or Company) Annual General Meeting 2015

On behalf of the Directors of Asia Pacific Digital Limited you are cordially invited to attend the Company's Annual General Meeting (**AGM**) at 1pm (AEDT) on Thursday, 12 November 2015 at The Teale Suite, The Como Hotel, 630 Chapel Street, South Yarra, Melbourne.

Enclosed are your Notice of Meeting and Proxy Form.

The business of the meeting includes the Company's 2015 Remuneration Report and the elections of Ms. Laura Ashton and Mr. Mark Dalgleish as Non-Executive Directors. At the meeting the Group's Chief Commercial Officer, Mr. Peter Hynd, and I will comment on the Company's performance during the year to 30 June 2015. If you require further information, the Company's 2015 Annual Report is available at: <http://www.apdgroup.com>

The Directors of APD have set out their voting recommendation in relation to each item of business to be conducted at the AGM in the Explanatory Memorandum enclosed with this letter.

If you are unable to attend the meeting, we encourage you to complete and return the proxy form to Computershare Investor Services Pty Limited either by mailing the proxy form using the enclosed reply paid envelope, via facsimile, or online at www.investorvote.com.au. To be valid, proxies must be received no later than 1pm (AEDT) on 10 November 2015.

Yours sincerely

Roger Sharp
Chairman

Notice of Meeting

Agenda

Notice is hereby given that the 2015 Annual General Meeting of shareholders of Asia Pacific Digital Limited ACN 000 386 685 will be held at 1pm (AEDT) on Thursday, 12 November 2015 at The Teale Suite, The Como Hotel, 630 Chapel Street, South Yarra, Melbourne.

Additional information concerning the proposed resolutions to be placed before the meeting is contained in the explanatory notes which accompany and form part of this notice of meeting.

Ordinary Business

1. **To receive and consider** the annual Financial Report, the Directors' Report and the Auditor's Report of the Company for the year ended 30 June 2015.

2. **To adopt the Remuneration Report**

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

That the Remuneration Report of the Company for the financial year ended 30 June 2015 be adopted.

Please note that the vote on this resolution is advisory only and does not bind the Directors or the Company.

Refer to voting exclusions on this resolution.

3. **To elect new directors**

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

- (a) Mr. Mark Dalgleish

That Mr. Mark Dalgleish, being eligible, be elected as a director of the Company.

- (b) Ms. Laura Ashton

That Ms. Laura Ashton, being eligible, be elected as a director of the Company.

Note: Information about Ms. Ashton and Mr. Dalgleish appears in the Explanatory Memorandum.

4. **To re-elect Mr. Peter Hynd, Executive Director**

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

That Mr. Peter Hynd be re-elected as an Executive Director of the Company.

Note: Information about Mr. Hynd appears in the Explanatory Memorandum.

Notice of Meeting

Special Business

5. To approve the issue of securities to Directors

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

Laura Ashton - Non-Executive Director

That, in accordance with the provisions of Listing Rule 10.11 of the ASX Listing Rules and Part 2E of the *Corporations Act 2001* (Cth) and for all other purposes, the Company be authorised to issue ordinary shares up to the value of \$60,000 to Ms Laura Ashton, being a Director of the Company on the terms described in the Explanatory Memorandum, in lieu of Directors' fees which Ms Ashton would otherwise be entitled to, at an issue price which is the higher of 1) the price of any issue of shares after the date of the Notice of Meeting and prior to the date of the AGM or, 2) the volume weighted average market price of the ordinary shares over the last 30 days prior to the date of the AGM.

Refer to voting exclusions on this resolution.

6. To approve the issue of securities to Valuestream Investment Management Ltd as trustee of the Co-Investor No. 3 PIPE Fund

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

That, in accordance with the provisions of Listing Rule 10.11 of the ASX Listing Rules and Part 2E of the *Corporations Act 2001* (Cth) and for all other purposes, the Company be authorised to issue a maximum of 2,780,000 ordinary shares, at an issue price which is the higher of 1) the price of any issue of shares after the date of the Notice of Meeting and prior to the date of the AGM or, 2) the volume weighted average market price of the ordinary shares over the last 30 days prior to the date of the AGM, to Valuestream Investment Management Ltd ACN 094 107 034 as trustee of the Co-Investor No.3 PIPE Fund to reduce the major shareholder's working capital debt facility to the Company in lieu of repaying this debt in cash, on the terms described in the Explanatory Memorandum.

Refer to voting exclusions on this resolution.

7. To approve the prior issues of securities to refresh the Company's 15% placement capacity

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

That, for the purposes of Listing Rule 7.4 and for all other purposes, the 15% placement capacity of the Company be refreshed by the previous issue of 2,985,173 shares at an issue price of \$0.425 on 3 June 2015, 874,700 shares at an issue price of \$0.425 on 28 April 2015 and 4,705,882 shares at an issue price of \$0.425 on 20 March 2015 on the basis set out in the Explanatory Memorandum, being ratified and approved.

Refer to voting exclusions on this resolution.

Notice of Meeting

8. To approve the increase in the Company's placement capacity under Listing Rule 7.1A

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

That for the purposes of ASX Listing Rule 7.1A and for all other purposes, the issue of up to an additional 10% of the Company's share capital calculated in accordance with the formula in Listing Rule 7.1A.2, and on the terms and conditions set out in the Explanatory Memorandum, is approved.

Refer to voting exclusions on this resolution.

9. To appoint a new Auditor

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

Subject to the Australian and Securities and Investments Commission (**ASIC**) consenting to the resignation of Ernst & Young as auditor of the Company that, pursuant to section 327B of the *Corporations Act 2001* (Cth) and for all other purposes, BDO be appointed as auditor of the Company with effect from the later of the conclusion of the 2015 Annual General Meeting and the day on which ASIC gives its consent.

Note: Information about the auditor appears in the Explanatory Memorandum.

By order of the Board



Campbell Nicholas

Company Secretary

Notice of Meeting

Explanatory Notes on Items of Business

Item 1 - Financial Statements

As required by section 317 of the *Corporations Act 2001* (Cth) (**Corporations Act**), the Financial Report, Directors' Report and Auditor's Report of the Company and its subsidiaries for the financial year ended 30 June 2015 (**Reports**) will be laid before the Annual General Meeting.

The Reports are available on APD's website at www.apdgroup.com

Shareholders will be provided with the opportunity to ask questions about, or make comments on, the Reports, management or about APD generally but there is no requirement for a formal resolution on this item. Accordingly, there will be no formal resolution put to the Annual General Meeting in respect of the Reports.

Item 2 - Adoption of Remuneration Report

The Board recommends that shareholders vote in favour of the resolution to adopt the Remuneration Report.

The Company is required under the Corporations Act to include, in the business of its Annual General Meeting, a resolution to adopt the Remuneration Report for the financial year ended 30 June 2015. The vote on this resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report includes an explanation of the Company's remuneration policy and the remuneration arrangements in place for Directors and other key management personnel.

APD is reliant on its employees to deliver the Company's targeted performance. Remuneration policies have been developed to provide market-competitive compensation in order to protect the interests of shareholders while the Company is built throughout the region.

The Company's remuneration policy is aligned with both its financial and strategic business objectives and recognises that people are a major contributor to sustained improvements in performance.

The Remuneration Report:

- sets out the Board's policies in respect of the nature and level of remuneration paid to Directors and other key management personnel of the Company;
- discusses the link between the Board's policies and the Company's performance;
- explains why the performance conditions were chosen and how performance is measured against them;
- sets out the remuneration details for each Director and each member of the Company's senior management team; and
- makes clear that the basis for remunerating non-executive Directors is distinct from the basis for remunerating executives and executive Directors.

Notice of Meeting

Item 3 – Election of Directors

The Board unanimously supports the election of each of the Directors standing for election as outlined in items 3 and 4. Each Director who is standing for election abstained from any consideration by the Board on their election.

(a) Laura Ashton

Laura Ashton was appointed as a Non-Executive Director of APD in August 2015. Ms. Ashton is Head of Asia Pacific and Global Relationship Marketing at A.T. Kearney, a leading global management consulting firm with offices in more than 40 countries. Throughout her 30-year career, which includes 18 years in Asia, Ms. Ashton has held marketing and leadership roles at national, regional and global levels in diverse industries including consumer packaged goods, advertising, downstream energy, consumer durables, electronics and professional services. Ms. Ashton is a graduate of McGill University in Montreal.

The Board has determined that Ms. Ashton is free from any business or other relationship that could interfere with the exercise of her objective, unfettered or independent judgement. If elected, the Board considers that Ms. Ashton would be an independent Director.

(b) Mark Dalglish

Mark Dalglish was appointed as a Non-Executive Director of APD in August 2015. Mr. Dalglish is a Sydney-based digital marketing entrepreneur with more than 25 years' experience in marketing and communications. Mr. Dalglish has previously built and sold two market-leading digital businesses in the UK and Australia, which were acquired by international advertising and marketing groups Interpublic and Enero.

The Board has determined that Mr. Dalglish is free from any business or other relationship that could interfere with the exercise of his objective, unfettered or independent judgement. If elected, the Board considers that Mr Dalglish would be an independent Director.

Mr Dalglish is a member of the Audit Committee.

Item 4 - Re-election of Mr Peter Hynd as a director

Mr Peter Hynd, age 42, was appointed a Non-Executive Director of the Company in August 2012. Since 31 March 2014, Mr. Hynd has been an Executive Director of APD.

In accordance with Article 56 of the Company's constitution, which provides that at every Annual General Meeting one third (if not a whole number then the nearest number not exceeding one third) of the Directors, excluding the Managing Director, must retire from office. The Director who is to retire each year is the one who has been in office the longest since the last election.

Any director who is retiring may opt to be re-elected at the Annual General Meeting.

Notice of Meeting

Mr. Hynd is eligible for re-election at the Annual General Meeting and shareholder approval is required under Article 56.3 of the Company's constitution to re-elect Mr. Peter Hynd as a Director of the Company. Mr. Hynd is Managing Director - Australia of North Ridge Partners Pty Ltd, a substantial shareholder of the Company. He has nearly twenty years of experience in advising, financing and investing in emerging listed and private companies. Mr. Hynd has spent the last nine years as Investment Director and as Managing Director - Australia of North Ridge Partners. Prior to that he spent eight years with Ernst & Young and as a small cap corporate financier. A Member of the Financial Services Institute of Australasia and the Institute of Chartered Accountants of Australia, he holds B.Bus.Mgmt, B.Com, and Grad.Dip. in Applied Finance & Investment qualifications.

As a member of the executive team, the Board does not classify Mr Hynd as an independent Director.

Item 5 - Approval of issue of shares to Directors

The Directors (other than Laura Ashton) believe that resolution 5 is in the best interests of the Company and its shareholders, and recommend that shareholders vote in favour of the resolution.

APD has agreed to pay Ms. Laura Ashton annual Directors' fees of \$60,000. The Company seeks authorisation from shareholders to issue ordinary shares up to the value of \$60,000 to Ms Ashton, on the terms described in the Explanatory Memorandum, in lieu of the cash payments to which she would otherwise be entitled, at an issue price which is the higher of 1) the price of any issue of shares after the date of the Notice of Meeting and prior to the date of the AGM or, 2) the volume weighted average market price of the ordinary shares over the last 30 days prior to the date of the AGM. Resolution 5 seeks shareholder approval in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act. Resolution 5 is to be passed as an ordinary resolution.

Pursuant to Listing Rule 10.11, a "related party" of a listed company is precluded from participating in any issue of securities in a company without the prior approval of shareholders.

Shareholder approval is required under Listing Rule 10.11 because Ms Ashton is a Director and therefore a related party of the Company.

If approval is given under Listing Rule 10.11 approval is not required under Listing Rule 7.1.

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company.

- (a) The shares will be issued to Ms Ashton, who is a Director of the Company;
- (b) The price for the maximum number of shares to be issued will be based on the higher of 1) the price of any issue of shares after the date of the Notice of Meeting and prior to the date of the AGM or, 2) the volume weighted average market price of the ordinary shares over the last 30 days prior to the date of the AGM.
- (c) The shares will be issued to Ms. Ashton within one (1) month of the date of the AGM (or such longer period of time as ASX may in its discretion approve);
- (d) The shares, once issued, will rank equally with the existing shares on issue; and
- (e) The shares will be issued in lieu of a cash payment.

Notice of Meeting

Item 6 – Approval of issue of Shares to Valuestream Investment Management Ltd as trustee of the Co-Investor No. 3 PIPE Fund

The Directors (other than Mr. Sharp or Mr. Hynd) believe that resolution 6 is in the best interests of the Company and its shareholders, and recommend that shareholders vote in favour of this resolution.

APD maintains a working capital debt facility with its major shareholder. The Company now seeks to convert a portion of the outstanding loan to equity by the issue of ordinary shares in order to reduce its indebtedness to the shareholder and improve the balance sheet position of the Company.

The Company has entered into financing arrangements with Valuestream Investment Management Ltd as Trustee of the Co-Investor No.3 PIPE Fund (**Valuestream**). The total amount owed to Valuestream under those finance arrangements at 30 September 2015 was \$3,157,799.30. Valuestream and the Company have agreed that some of the outstanding amounts under those arrangements will be repaid through the issue of 2,780,000 ordinary shares in the capital of the Company at an issue price which is the higher of 1) the price of any issue of shares after the date of the Notice of Meeting and prior to the date of the AGM or, 2) the volume weighted average market price of the ordinary shares over the last 30 days prior to the date of the AGM, subject to approval by the shareholders of the Company. The Company will not issue ordinary shares if it would cause any person or entity to be unable to comply with Item 9 of section 611 of the *Corporations Act 2001*(Cth).

Resolution 6 is to be passed as an ordinary resolution.

Pursuant to Listing Rule 10.11, a “related party” of a listed company is precluded from participating in any issue of securities in a company without the prior approval of Shareholders.

Shareholder approval is required under Listing Rule 10.11 because Valuestream Investment Management Ltd is the registered holder of more than 50% of the shares in the capital of the Company and is therefore a related party of the Company but does not have a relevant interest in the ordinary shares as it holds the ordinary shares as a bare trustee for the purposes of section 609(2) of the Corporations Act.

If approval is given under Listing Rule 10.11 approval is not required under Listing Rule 7.1.

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company.

- (a) The shares will be issued to Valuestream who is the registered holder of more than 50% of the shares in the capital of the Company;
- (b) The maximum number of shares to be issued to Valuestream will be 2,780,000 ordinary shares;
- (c) The reduction in the outstanding amounts owed to Valuestream under the finance arrangements will be based on a price per share calculated as the higher of 1) the price of any issue of shares after the date of the Notice of Meeting and prior to the date of the AGM or, 2) the volume weighted average market price of the ordinary shares over the last 30 days prior to the date of the AGM;
- (d) The shares will be issued to Valuestream Investment Management Ltd within one (1) month of the date of the AGM (or such longer period of time as ASX may in its discretion approve);
- (e) The shares, once issued, will rank equally with the existing shares on issue;
- (f) The funds raised will be used to reduce the Company’s indebtedness to Valuestream; and
- (g) A voting exclusion statement is included in the Notice.

Notice of Meeting

Item 7 – Approval of prior issues of securities to refresh the Company’s 15% placement capacity

The Directors believe that resolution 7 is in the best interests of the Company and its shareholders and, recommend that shareholders vote in favour of this resolution.

Item 7 seeks the approval of shareholders for the prior issue of ordinary shares that have occurred in the 12 months prior to the date of the AGM and have not already been approved by shareholders, for the purposes of Listing Rule 7.4.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the company’s issued capital at the commencement of that 12 month period.

Listing Rule 7.4 sets out an exception to Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

The Company is seeking Shareholder approval to the issues of securities described below. The Board believes that it is in the best interests of the Company to maintain the ability to issue up to its full placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval so that the Company retains financial flexibility and can take advantage of commercial opportunities that may arise.

By way of background, the Company has issued the following shares under the Company’s 15% placement capacity:

- 2,985,173 shares to Illimite Pty Ltd and Wodi Wodi Pty Ltd in repayment of debt under the Company’s secured debt facility at an issue price of \$0.425 on 3 June 2015;
- 874,700 shares to Tobias James Wilson, Francis Gim Siah Choo and Edmund Yuh Min Choa for the acquisition of the business and assets of Accomplish Pte Ltd at an issue price of \$0.425 on 28 April 2015; and
- 4,705,882 shares under a placement to institutional and professional investors namely, Trina Investments Pty Ltd, Armada Trading Pty Ltd, Mr Mark Dalgleish, Capital Accretion Pty Ltd, Jonathan Pearce Pty Ltd, Mr Scobie Ward, HSBC Custody Nominees (Australia) Limited and JP Morgan Nominees Australia Limited at an issue price of \$0.425 on 20 March 2015.

Funds raised as a result of these issues of shares were used to fund the general working capital of the Company and its growth in Asia.

Item 8 – Additional 10% placement capacity

The Directors believe that resolution 8 is in the best interests of the Company and its shareholders and, recommend that shareholders vote in favour of this resolution. This will provide the Company with flexibility to raise capital quickly if advantageous terms are available and it is in the best interests of the Company to do so.

Notice of Meeting

Under Item 8, the Company is seeking shareholder approval to create an ability to issue up to an additional 10% of the issued share capital of the Company under ASX Listing Rule 7.1A (**10% Placement**). Item 8 is a special resolution and requires the approval of 75% of the votes cast by shareholders present and eligible to vote. The only securities that the 10% Placement can cover are existing quoted securities, namely ordinary fully paid shares.

Eligibility criteria

Under Listing Rule 7.1A an eligible listed entity may, subject to shareholder approval by way of special resolution, issue shares comprising up to 10% of its issued share capital in addition to the normal 15% new issue 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.

Formula under Listing Rules 7.1A.2

Listing Rule 7.1A.2 provides that in addition to issues under Listing Rule 7.1 an eligible entity which has obtained the approval of the holders of its ordinary securities under Listing Rule 7.1A may issue or agree to issue during the period of the approval a number of equity securities calculated in accordance with the following formula:

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

A = has the same meaning as in Listing Rule 7.1.

D = 10%

E = The number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the issue date or date of agreement to issue that are not issued with the approval of holders of ordinary securities under Listing Rule 7.1 or 7.4.

Minimum issue price

In accordance with Listing Rule 7.1A.3, shares issued by the Company under a 10% Placement can only be issued at a price that is not less than 75% of the VWAP (volume weighted average price) of the shares calculated over the 15 trading days on which trades in its shares were recorded immediately before:

- the date on which the issue price of the shares is agreed; or
- the issue date (if the shares are not issued within five trading days of the date on which the issue price is agreed).

Dilution to existing shareholdings

If Item 8 is approved by shareholders and the Company issues shares under the 10% Placement, there is a risk of economic and voting dilution to existing shareholders as a result. Further, as the market price of the Company's shares may be significantly lower on the issue date than on the date of AGM approval, and because the shares may be issued at a price that is at a discount to the market price on the issue date, there is a risk that the 10% Placement may raise less funding than it would based on current market prices.

Notice of Meeting

As required by Listing Rule 7.3A.2, the table below shows a number of hypothetical scenarios for a 10% Placement where variable “A” in the formula in Listing Rule 7.1A.2 (representing the Company’s share capital) has increased by either 50% or 100%, and the share price has decreased by 50% or increased by 100% from the approximate share price as at the date of finalisation of this Notice of Meeting.

Dilution Table				
Share Capital Variable ‘A’ in LR 7.1A.2		\$0.16 50% decrease in issue price	\$0.32 issue price	\$0.64 100% increase in issue price
Current 92,931,343 shares	Number of shares	9,293,134	9,293,134	9,293,134
	Funds raised	\$1,486,901	\$2,973,803	\$5,947,606
50% increase 139,397,015 shares	Number of shares	13,939,701	13,939,701	13,939,701
	Funds raised	\$2,230,352	\$4,460,704	\$8,921,409
100% increase 185,862,686 shares	Number of shares	18,586,269	18,586,269	18,586,269
	Funds raised	\$2,973,803	\$5,947,606	\$11,895,212

The dilution table has been prepared on the following hypothetical assumptions. The Company does not represent that they will necessarily occur:

- (a) the Company issues the maximum number of shares available under the 10% Placement;
- (b) any increase in Variable A (being the issued share capital at the time of issue) is due to an issue of shares which is an exception in Listing Rule 7.2, for example a pro-rata rights issue. However, a 15% placement under Listing Rule 7.1 does not increase variable “A” for the purposes of calculating the placement capacity under Listing Rule 7.1A;
- (c) the table shows only the effect of issues of shares under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1;
- (d) the table does not show the dilution that may be caused to any particular shareholder by reason of placements under Listing Rule 7.1A, based on that shareholder’s holding at the date of the AGM. For instance, shareholders will have different outcomes depending on whether or not they participate in a pro-rata issue which has the effect of increasing variable “A”; and
- (e) the issue price is assumed to be \$0.32 being the approximate share price immediately prior to finalising this Notice of Meeting.

Placement period

Shareholder approval under Listing Rule 7.1A is valid from the date of this AGM until the earlier to occur of:

- (a) 12 months after the date of the AGM; and
- (b) the date of approval by shareholders of a 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), or such longer period if allowed by ASX.

Notice of Meeting

Shareholder approval under Listing Rule 7.1A does not lapse if the Company's market capitalisation subsequently exceeds \$300 million or if it is included in the S&P/ASX 300 Index at some time during that period provided that the Company meets those criteria on the date of the AGM.

Purpose of the 10% Placement

The Company may seek to issue shares under the 10% Placement for either:

- a cash issue price. In this case, the Company may use the funds for working capital or for other corporate purposes; or
- non-cash consideration, such as for the acquisition of new assets or investments, subject to any applicable ASX requirements. In either case, the cash issue price or the value of the non-cash consideration must comply with the minimum issue price noted above.

Allocation policy

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue under the 10% Placement. The identity of the allottees under the 10% Placement will be determined on a case by case basis having regard to the factors including the following:

- the methods of raising funds that are available to the Company, including a rights issue or other issue in which existing shareholders can participate;
- the effect of the issue of the shares on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate, financial and broking advisors (if applicable).

The allottees under the 10% Placement have not been determined as at the date of finalisation of this Notice of Meeting and may include existing substantial shareholders and/or new shareholders, but the allottees cannot include any directors, related parties or associates of a related party of the Company without a further specific shareholder approval.

Previous approval

The Company has not previously obtained shareholder approval under Listing Rule 7.1A.

Item 9 – Appointment of Auditor

The Directors believe that resolution 9 is in the best interests of the Company and its shareholders and, recommend that shareholders vote in favour of this resolution.

Ernst & Young has been APD's auditor for more than 10 years. Since this time Ernst & Young has conducted the audit in a most effective and competent manner.

APD's Audit Committee considers annually whether an audit tender process is required for the appointment of the Company's external auditor. APD considered that an audit tender process was required after completion of the 2015 financial year and, following an intensive review process, Directors now recommend the appointment of BDO as auditor.

Subject to shareholder approval at the AGM, the appointment of BDO will be effective for 2015/2016 financial year. If BDO is appointed auditor, arrangements are in place between APD, BDO and Ernst & Young to enable a smooth transition between audit firms.

Notice of Meeting

It is anticipated that Ernst & Young's resignation will take effect from the later of the date of AGM and the day on which ASIC gives its consent. APD's expectation is that ASIC's consent will be forthcoming prior to the date of the AGM.

In accordance with subsection 328B(1) of the Corporations Act, notice in writing nominating BDO as auditor has been given to APD by a shareholder. A copy of this notice is shown in attachment A to the Explanatory Notes

Subject to ASIC's consent, BDO has agreed to accept appointment as the auditor of Company.

BDO refers to one or more of the independent member firms of BDO International Ltd, a UK company limited by guarantee. Each BDO member firm is a separate legal entity. Please refer to <http://www.bdo.com.au/about-us> for a detailed description of the legal structure of BDO International Ltd and its member firms.

BDO is an international network of public accounting, tax and advisory firms, which has representation in 152 territories, with 60,000 people working out of 1,328 offices worldwide.

Notice of Meeting

Voting Exclusion Statement

The Corporations Act 2001 (Cth) (**Corporations Act**) and the Listing Rules require that certain persons must not vote, and the Company must disregard any votes cast by or on behalf of certain persons, on certain resolutions to be considered at the Annual General Meeting. These voting exclusions are described below.

Item 2 - Adoption of Remuneration Report

The Company will disregard any votes cast on this resolution by, or on behalf of:

- (a) a member or a former member of the key management personnel (**KMP**), whose remuneration is disclosed in the Remuneration Report in any capacity;
- (b) a closely related party of such KMP; or
- (c) a member of such KMP (or any of their closely related parties) acting as proxy,

unless the vote is cast by:

- (a) a KMP (or any of its closely related parties) as proxy for a person entitled to vote in accordance with a direction on the proxy form; or
- (b) the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

A closely related party includes close family members and companies the KMP controls.

Item 5 – Approval of issue of shares to Directors

Laura Ashton – Non-Executive Director

The Company will disregard any votes cast on this resolution by:

- (a) Laura Ashton and any of her associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.
- (b) any member of the KMP of the Company and any closely related party of a KMP member, acting as a proxy, if their proxy appointment does not specify the way the proxy is to vote on the relevant resolution, unless: the proxy is the Chairman of the meeting; and the proxy appointment expressly authorises the Chairman to exercise the proxy even if that resolution is connected directly or indirectly with the remuneration of a KMP member.

Notice of Meeting

Item 6 – Approval of issue of Shares to Valuestream

The Company will disregard any votes cast on this resolution by Valuestream Investment Management Ltd and any associate of Valuestream Investment Management Ltd. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directors on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Item 7 - Approval of prior issues of securities to refresh the Company's 15% placement capacity

The Company will disregard any votes cast on the Item 7 by any person that participated in the issue or any person who benefited from the issue of the shares and the associates of such persons.

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides

Item 8 – Additional 10% placement capacity

The Company will disregard any votes cast on Item 8 by any person who may participate in the proposed issue or any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, and any associate of such person.

Notice of Meeting

Notes

1 Determination of voting entitlement

Pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), for the purposes of the Annual General Meeting (**AGM**), the Directors have determined that shares will be taken to be held by persons registered as holders of the Company's shares as at 7.00pm (AEDT) on 10 November 2015 (**Record Date**).

2 Votes of members

On a show of hands, each member present in person or by proxy or, in the case of a body corporate, by a corporate representative at the AGM shall have one vote. On a poll, every member present in person or by attorney or by proxy or, in the case of a body corporate, by a representative, has one vote for each share held by them as at the Record Date.

3 Proxies

Please note that:

- (a) a member entitled to attend and vote at the AGM is entitled to appoint no more than two proxies;
- (b) an instrument appointing a proxy must be in the form of the proxy form attached to this Notice of Meeting;
- (c) where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. If a member appoints two proxies, and the appointment does not specify the proportion of the member's voting rights, each proxy may exercise one-half of the voting rights;
- (d) a proxy need not be a member of the Company;
- (e) a proxy form may specify the manner in which the proxy is to vote in respect of a particular resolution and, where the proxy form so provides, the proxy is not entitled to vote on that resolution except as specified in the proxy form;
- (f) a proxy has the authority to vote on the member's behalf as he or she thinks fit, on any motion to adjourn the AGM, or any other procedural motion, unless the member gives a direction to the contrary;
- (g) a valid proxy form will be deemed to confer authority to demand or join in demanding a poll;
- (h) to be valid, a proxy form must be signed by the member or the member's attorney or, if the member is a corporation, executed in accordance with that corporation's constitution and the Corporations Act (and may be signed on behalf of the corporation by its attorney); and

Notice of Meeting

- (i) To be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) must be received by no later than 1pm (AEDT) on 10 November 2015.

by the Company's Share Registry, Computershare Investor Services Pty Ltd by one of the following methods:

- by mail: GPO Box 242
Melbourne VIC 3001
- by facsimile: 1800 783 447 (within Australia)
+61 3 9473 2555 (outside Australia)

or you may vote online at www.investorvote.com.au. You will need the control number, holder number and postcode as shown on your proxy form.

Custodian voting – For Intermediary Online subscribers only (custodians), please visit www.intermediaryonline.com to submit your voting intentions.

A form of proxy accompanies this Notice of Meeting.

4 Corporate representatives

A shareholder, or proxy, that is a corporation and entitled to attend and vote at the AGM may appoint an individual to act as its corporate representative. Evidence of that appointment of a corporate representative must be in accordance with section 250D of the Corporations Act and be lodged with the Company before the AGM.

5 Attorneys

A shareholder entitled to attend and vote at the AGM may appoint an attorney to attend and vote at the AGM on the shareholder's behalf. An attorney need not be a shareholder of the Company. The power of attorney appointing the attorney must be duly signed and specify the name of each of the shareholder, the Company and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

To be effective, the power of attorney must also be returned in the same manner, and by the same time, as outlined above for proxy forms.

6 Evidence of signing authority

If a proxy form or appointment of a corporate representative is signed on behalf of an individual or corporation under power of attorney or other authority, the power of attorney or other authority under which the relevant instrument is signed, or a copy of that power of attorney or authority, certified as a true copy by statutory declaration, must accompany the instrument unless the power of attorney or other authority has previously been noted by the Company's share registry.

7 Voting at the AGM

APD plans for every resolution arising at the AGM to be decided on a poll. Upon a poll, every shareholder who is present in person or by proxy, or by representative or by attorney, will have one vote for each share held by that person.

Notice of Meeting

Attachment A

Auditor Nomination Letter



1 October 2015

Asia Pacific Digital Limited
Ground Floor, 35 Saunders Street
PYRMONT NSW 2009

Dear Sir/Madam

Nomination of auditor

We, being a member of Asia Pacific Digital Limited (**Company**), hereby nominate BDO for appointment as auditor of the Company.

Yours faithfully,

Peter Hynd
Managing Director, Australia
North Ridge Partners

North Ridge Partners Pty Ltd. 33-35 Saunders St, Pyrmont NSW 2009 Australia
T: +612 8235 3880 ABN: 65 110 402 134 www.northridgepartners.com
MELBOURNE - SYDNEY - SINGAPORE - BANGKOK



Asia Pacific Digital Limited
ABN 30 000 386 685

Lodge your vote:



Online:
www.investorvote.com.au



By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 556 161
(outside Australia) +61 3 9415 4000

Proxy Form

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Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



For your vote to be effective it must be received by 1:00pm (AEDT) Tuesday 10 November 2015

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

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

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

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Asia Pacific Digital Limited hereby appoint

☐

the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of **Asia Pacific Digital Limited** to be held at **The Teale Suite, The Como Hotel, 630 Chapel Street, South Yarra, Melbourne on Thursday, 12 November 2015 at 1:00 pm (AEDT)** and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items 2 & 5** (except where I/we have indicated a different voting intention below) even though **Items 2 & 5** are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items 2 & 5** by marking the appropriate box in step 2 below.

STEP 2

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

For Against Abstain

2.	To adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3(a).	To elect Mr. Mark Dalglish as a new director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3(b).	To elect Ms. Laura Ashton as a new director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	To re-elect Mr. Peter Hynd, Executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SPECIAL BUSINESS

5.	To approve the issue of securities to Ms. Laura Ashton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	To approve the issue of securities to Valuestream Investment Management Ltd as trustee of the Co-Investor No. 3 PIPE Fund	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For Against Abstain

7.	To approve the prior issues of securities to refresh the Company's 15% placement capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	To approve the increase in the Company's placement capacity under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.	To appoint a new Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

_____ / _____ / _____

Date