

ASX ANNOUNCEMENT

29 September 2016

QTG Non Renounceable Rights Issue – ASIC Approval of Nominee

Approval of Nominee

Q Technology Group Limited (ACN 009 259 876) (ASX: QTG) (**QTG** or the **Company**) wishes to advise that the Australian Securities and Investments Commission (**ASIC**) has, for the purpose of section 615 of the *Corporations Act 2001* (Cth) (the **Act**), approved the appointment of D2MX Pty Ltd (AFSL 297950) (the **Nominee**) as nominee for Ineligible Shareholders who are not entitled to participate in the Rights Issue announced on 23 August 2016 (the **Application**).

Q Technology has determined, pursuant to ASX Listing Rule 7.7.1 that it would be unreasonable on this occasion to extend the offer under the Rights Issue to Ineligible Shareholders having regard to the number of securities held by Ineligible Shareholders and the costs of complying with the legal and regulatory requirements which would apply to an offer of securities to Ineligible Shareholders in those jurisdictions.

The Nominee will arrange the sale of the Entitlements which would otherwise have been offered to Ineligible Shareholders had they been eligible to participate in the Rights Issue. The Company will arrange for the proceeds of sale (if any), net of expenses, to be distributed to Ineligible Shareholders in proportion to their Entitlements at the Record Date. The Nominee will be paid a fee in respect of its role as Nominee.

Potential Control Implications on Substantial Shareholders

Following ASIC's approval of the Application:

- (a) All Eligible Shareholders are entitled to apply for their full Entitlement under the Rights Issue in reliance on section 611(10) of the Act.
- (b) One of the Company's major substantial shareholders, Helmsman Funds Management Limited as trustee for the Helmsman Capital Fund Trust IIA (**Helmsman**), in reliance on section 611(10) of the Act, intends to take up its full Entitlement under the Rights Issue, but does not intend to apply for any additional ordinary shares (**Additional Shares**) under the Shortfall Facility in the Rights Issue.
- (c) The Company has not, as at the date of this announcement, received any application from its other major substantial shareholder, Cherryoak Investments Pty Ltd for C&N Family A/C (**Cherryoak**) in respect of all or part of Cherryoak's Entitlement under the Rights Issue.

As at the date of this announcement, certain of the top 10 shareholders in the Company have applied for their full Entitlement under the Rights Issue (**Initial Accepting Shareholders**).

As at the date of this announcement, the Company has received applications from Initial Accepting Shareholders in respect of 55,631,071 New Shares (excluding Helmsman), which represents 14.2% of the total 392,130,968 New Shares on offer under the Rights Issue.

The Company has outlined in the Table below, the potential effect on the total percentage shareholding of Helmsman and Cherryoak following completion of the Rights Issue, under the following scenarios:

- (a) Helmsman or Cherryoak (as applicable) take up their full Entitlement under the Rights Issue and no other Eligible Shareholder takes up any New Shares being offered under the Rights Issue;
- (b) Helmsman or Cherryoak (as applicable) take up their full Entitlement under the Rights Issue and 25% of the New Shares being offered under the Rights Issue are taken up by other Eligible Shareholders;

- (c) Helmsman or Cherryoak (as applicable) take up their full Entitlement under the Rights Issue and 50% of the New Shares being offered under the Rights Issue are taken up by other Eligible Shareholders;
- (d) Helmsman or Cherryoak (as applicable) take up their full Entitlement under the Rights Issue and 75% of the New Shares being offered under the Rights Issue are taken up by other Eligible Shareholders.

	As at 28 September 2016		Potential Control Scenario Analysis following the Rights Issue*			
Top 10 Shareholders	Shareholding	% Holding	% Holding 0 Take Up	% Holding 25%	% Holding 50%	% Holding 75%
Helmsman Funds Management Limited as trustee for the Helmsman Capital Fund Trust IIA (Helmsman)	130,115,852	33.18%	49.83%	44.28%	39.84%	36.21%
Cherryoak Investments Pty Ltd for C&N Family A/C	45,000,000	11.48%	20.59%	17.18%	14.74%	12.90%

Shortfall Allocation Policy

Subject to the Act and the requirements of the ASX Listing Rules, Eligible Shareholders who subscribe for their full entitlement, may also apply for additional ordinary shares (**Additional Shares**) under the Shortfall Facility in the Rights Issue.

The Company has adopted an allocation policy in respect of Additional Shares applied for under the Shortfall Facility, whereby:

- (a) No Eligible Shareholder will be allotted Additional Shares under the Rights Issue to the extent that:
- (i) such allotment would result in that person acquiring a relevant interest exceeding 20% of the issued share capital of the Company on a post issue basis; or
 - (ii) where that person already holds a relevant interest exceeding 20% of the issued share capital of the Company, such allotment would result in that person increasing their relevant interest, other than as a result of accepting their Entitlement.
- (b) The directors of the Company, in allocating Additional Shares under the Shortfall Facility, will do all things reasonably necessary to allocate Additional Shares on a basis that mitigates any control implications on the Company.

Cleansing Notice (section 708AA(2)(f) of the Act)

A Cleansing Notice, issued pursuant to section 708AA(2)(f) of the Act accompanies this announcement.

For further information please contact:

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 Company Secretary
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Douglas Potter
Chairman

About Q Technology Group Limited

Q Technology Group Limited is based in Melbourne, Victoria. The Group has annualised revenues of approximately \$22 million and comprises Q Security Solutions a leader in the supply and support of high quality CCTV, video switching, networking, alarm & access control products in the Australasian market.

For more information on the Company please visit
<http://www.qtechnologygroup.com.au>
<http://www.qsecuritysystems.com.au>