
BERONI GROUP LIMITED

ACN 613 077 526

NOTICE OF ANNUAL GENERAL MEETING

TIME: 12:00pm AEST

DATE: 31 May 2022

PLACE: Level 16, 175 Pitt Street, Sydney NSW 2000 Australia

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9486 4036

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 12:00pm AEST on 31 May 2022 at Level 16, 175 Pitt Street, Sydney NSW 2000 Australia.

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined that pursuant to Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 7:00pm AEST on 29 May 2022.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting at the time, date and place set out above. Voting at the Meeting will be conducted by a poll.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return it by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 31 December 2021 together with the declaration of the Directors, the Directors' Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, the following resolution as a **non-binding** ordinary resolution:

“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as attached to this notice of Annual General Meeting for the financial year ended 31 December 2021.”

Note: Pursuant to section 250R(3) of the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement:

A vote on this Resolution must not be cast by or on behalf of a member of the Company's Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member. However, a vote may be cast by such person if:

- a) the person is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution; or
- b) the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote the proxy on a resolution connected with the remuneration of a member of the Company's Key Management Personnel.

3. RESOLUTION 2 - RE-ELECTION OF DIRECTOR – MR LIBING GUO

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

“That Mr Libing Guo, having been appointed as a director on 3 November 2016, retires in accordance with clause 20.2 of the constitution and, having offered himself for re-election and being eligible, is re-elected as a director.”

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR –DR ZHINAN YIN

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

“That Dr Zhinan Yin, having been appointed as a director on 1 July 2018, retires in accordance with clause 20.2 of the Constitution and, having offered himself for re-election and being eligible, is re-elected as a director.”

5. RESOLUTION 4 - RE-ELECTION OF DIRECTOR – DR JOHN CHIPLIN

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

“That Dr John Chiplin, a Director appointed to fill a casual vacancy, retires in accordance with clause 19.4 of the Constitution and, having offered himself for re-election and being eligible, is re-elected as a Director.”

6. RESOLUTION 5 – AMENDMENT TO TERMS OF DIRECTOR OPTIONS

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

“That, for the purposes of section 195(4) of the Corporations Act, and for all other purposes, approval is given to vary the terms of the 10,250,000 Director Options issued to Messrs Boqing (Jacky Zhang), Hai Huang, Libin Guo, Yap Ting (Peter) Wong, Richard Buchta, Chen Chik (Nicholas) Ong and Dr Zhinan Yin (or their nominees) on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”

A voting exclusion statement is set out below.

Voting Exclusion Statement

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of the holder of the Director Options or any of their associates. However, the Company need not disregard a vote cast on this Resolution if 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 it is cast by the Chair of the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, a person appointed as a proxy must not vote on the basis of that appointment, on this Resolution if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and the
- (b) appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

7. RESOLUTION 6 – REINSTATEMENT OF PROPORTIONAL TAKEOVER APPROVAL PROVISIONS

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

“That, the proportional takeover provisions contained in clause 13 of the Company’s Constitution, be reinstated for a period of three years commencing on the date this Resolution is passed pursuant to section 648G of the Corporations Act.”

PROXIES

A Shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of the Shareholder.

Where the Shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion or number of Shareholder’s votes each proxy may exercise, each proxy may exercise half of the votes. A proxy need not be a Shareholder.

To be effective, the instrument of appointment of a proxy (and power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority) must be received by the Company not less than 48 hours prior to commencement of the Meeting.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on each Resolution by marking either "For" or "Against" or "Abstain" on the form of proxy for that item of business.

Subject to voting restrictions set out in the Voting Exclusion Statement, the Chairperson will vote undirected proxies on, and in favour of all Resolutions.

Undirected proxies

The Chair of the Meeting will cast undirected proxies in favour of Resolutions 1 to 6. If the Chair of the Meeting is appointed as your proxy and you have not specified the way the Chair is to vote on Resolutions 1 to 6, by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention.

DATED: 2 MAY 2022

BY ORDER OF THE BOARD

**MR CHEN CHIK (NICHOLAS) ONG
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information that the Directors believe to be material to Shareholders in deciding whether to pass the Resolutions that are the subject of the business of the Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 31 December 2021 together with the declaration of the directors, the Directors' Report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on NSX website <https://www.nsx.com.au/ftp/news/021739469.PDF> or by contacting the Company on +61 (8) 9486 4036.

2. RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or 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 attached to the 2021 Annual Report.

The Chair of the meeting will allow a reasonable opportunity for Shareholders to ask questions about or make comments on the Remuneration Report at the Meeting.

2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (other than the managing director) who were in office at the date of approval of the applicable directors' report (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (Spill Meeting) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, 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 as directors of the company is approved will be the directors of the company.

The Company's shareholders have approved the Remuneration Report at each previous annual general meeting. A Spill Resolution will not be required at this Annual General Meeting as the votes against the Remuneration Report at the Company's previous annual general meeting were less than 25%.

The Chair intends to cast all undirected proxies in favour of Resolution 1. If the Chair of the Meeting is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention.

3. RESOLUTIONS 2 AND 3 – RE-ELECTION OF DR ZHINAN YIN AND MR LIBING GUO

3.1 Background

Clause 20.2 of the Constitution provides that unless otherwise determined by a resolution of the Company, while the Company is listed, one third of the Directors for the time being, or if their number is not a multiple of 3, then the whole number nearest one third, must retire from office at each annual general meeting. A Director who retires or whose office is vacated under this Constitution will be eligible for election or re-election to the Board.

The Company currently has eight (8) Directors and accordingly three (3) must retire.

Mr Libing Guo was appointed on 3 November 2016. Dr Zhinan Yin was appointed 1 July 2018. They, being the Directors who have been longest in office since their last election retire by rotation and seek re-election.

Details of Mr Guo's and Dr Yin's background and experience are set out in the Annual Report.

3.2 Board recommendations

The Board (other than Mr Guo) unanimously supports the re-election of Mr Guo as a director and recommends that Shareholders vote in favour of Resolution 2.

The Board (other than Mr Yin) unanimously supports the re-election of Dr Yin as a director and recommends that Shareholders vote in favour of Resolution 3.

4. RESOLUTION 4 – RE-ELECTION OF DR JOHN CHIPLIN

4.1 Background

Clause 19.4 of the Constitution requires that a Director appointed by the Board as an additional Director holds office until the next annual general meeting of the Company and is then eligible for re-election. Dr John Chiplotin was appointed to the Board on 1 April 2022. Accordingly, he will retire in accordance with clause 19.4 of the Constitution and being eligible, seeks re-election.

Details of Dr Chiplotin's background and experience are set out in the Company's Announcement dated 31 March 2022.

4.2 Board recommendation

The Board (other than Dr Chiplotin) unanimously supports the re-election of Dr Chiplotin as a director and recommends that Shareholders vote in favour of Resolution 4.

5. RESOLUTION 5 – AMENDMENT TO TERMS OF DIRECTOR OPTIONS

5.1 Background

Shareholders approved the issue of a total of 13,250,000 Director Options at the Company's annual general meeting on 16 July 2021 as follows:

Related Party (Director)	Director Options
Boqing (Jacky) Zhang	6,000,000
Hai Huang	1,500,000
Libin Guo	950,000
Yap Ting (Peter) Wong	3,000,000
Zhinan Yin	600,000
Richard Buchta	600,000
Chen Chik (Nicholas) Ong	600,000

The terms of the Director Options were set out in Schedule 2 of the 2021 notice of annual general meeting.

The Director Options were issued to Directors as an incentive package and in return for services.

5.2 Proposed Amendments

The Company is seeking Shareholder approval to amend the terms of the Director Options on the terms set out in **Schedule 1 (Proposed Amendments)** to this Explanatory Memorandum. In summary, the Proposed Amendments are:

- (a) a change in the exercise price of the Listing Milestone Options from US\$2.00 to US\$1.25. A total of 4,250,000 options are affected by this change;
- (b) a change in the exercise price of the Revenue Milestone #1 (2021-2023) Options from US\$2.00 to US\$1.25 and a change in the vesting condition from revenue of US\$3,000,000 to revenue of US\$2,000,000. A total of 2,200,000 options are affected by this change;
- (c) a change in the exercise price of the Revenue Milestone #2 (2021-2023) Options from US\$2.50 to US\$1.75 and a change in the vesting condition from revenue of US\$5,000,000 to revenue of US\$3,000,000. A total of 2,200,000 options are affected by this change;
- (d) a change in the exercise price of the Revenue Milestone #3 (2021-2023) Options from US\$3.00 to US\$2.25 and a change in the vesting condition from revenue of US\$7,000,000 to revenue of US\$4,000,000. A total of 2,200,000 options are affected by this change; and

- (e) a change in the exercise price of the Clinical Trial Milestone (2021-2023) Options from US\$2.00 to US\$1.5 and no change in the vesting condition. A total of 2,400,000 options are affected by this change.
- (f) an extension of the expiry date of the Director Options by 12 months to 30 June 2025. A total of 13,250,000 options are affected by this change.

The changes to the Director Option exercise prices and vesting conditions (performance milestones) are set out more fully in **Schedule 2**.

5.3 Section 195(4) Corporations Act

Section 195(4) Corporations Act provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a “material personal interest” are being considered, except in certain limited circumstances.

Section 195(4) of the Corporations Act relevantly provides that if there are not enough directors to form a quorum, for a directors meeting because of the restriction set out in section 195 of the Corporations Act, one or more of the directors may call a general meeting and the general meeting may pass a resolution to deal with the matter.

Insofar as the directors have a material personal interest in the outcome of Resolution 5, a quorum could not be formed to consider the matters contemplated by Resolution 5 at Board level.

Accordingly, the Company seeks shareholder approval for Resolution 5 in accordance with section 195(4) of the Corporations Act in respect of the reliance on the reasonable remuneration exception provided for by section 211 of the Corporations Act and the decision not to seek Shareholder approval under Chapter 2E of the Corporations Act and for all other purposes.

5.4 Chapter 2E of the Corporations Act

Under section 208 of the Corporations Act for a public company to give a financial benefit to a related party (such as a director of the Company), the public company must obtain the approval of the company’s members unless the giving of the financial benefit falls within an exception set out in sections 210 and 216 of the Corporations Act.

Section 229 of the Corporations Act defines “financial benefit” broadly and states that the economic and commercial substance of the conduct is to prevail over its legal form. Accordingly, whilst it is not proposed that additional equity will be issued to the Directors, the Board considers it prudent to have regard to Chapter 2E of the Corporations Act in agreeing to the Proposed Amendments.

- (a) In assessing whether the benefit granted by the Proposed Amendments constitutes reasonable remuneration for the directors roles and, as such, falls within the exception set out in section 211 of the Corporations Act, Shareholders may wish to consider: the liquidity of the Company’s shares
- (b) the Company’s prevailing Share price and the exercise price of the Director Options;
- (c) the need for the Company to effectively incentivise the Directors while aligning the incentive with increasing Shareholder value;
- (d) the impact of COVID-19 on revenue and timeframes generally;
- (e) the desirability of preserving cash resources within the Company;

- (f) the preference to avoid further dilutionary issues to Directors; and
- (g) the vesting conditions of the Director Options.

The Board believes that the Proposed Amendment will enable the Director Options to remain an effective remuneration and incentivisation tool which will preserve the cash reserves of the Company and avoid unnecessary dilution to Shareholders

5.5 Additional information

Although the Company is not seeking shareholder approval under Chapter 2E of the Corporations Act, the following information which would otherwise be required if Shareholder approval under Chapter was sought is provided to Shareholders to enable them to assess the merits of the Resolution:

- (a) The Related parties to whom Resolution 5 would permit a financial benefit to be given are Boqing (Jacky) Zhang, Hai Huang, Libin Guo, Yap Ting (Peter) Wong; Zhinan Yin; Richard Buchta and Chen Chin (Nicholas) Ong, all of whom are Directors of the Company
- (b) The nature of the financial benefit is set out in section 5.2 above arises because of a reduction in exercise price, reduction in vesting conditions (i.e. revenue milestones) and extension of option expiry date which increases the value of the options as set out in the valuation table at 5.5(g) below.
- (c) The reasons for giving the financial benefit is to enable the Director Options to remain an effective remuneration and incentivisation tool.
- (d) The existing relevant interest of the Directors in securities of the Company is set out below:

Related Party	Shares	Director Options
Boqing (Jacky) Zhang	25,028,132	6,000,000
Hai Huang	2,041,766	1,500,000
Libin Guo	4,252,238	950,000
Yap Ting (Peter) Wong	520,000	3,000,000
Zhinan Yin	100,000	600,000
Richard Buchta	0	600,000
Chen Chin (Nicholas Ong)	64,954	600,000

- (e) Total Remuneration package

Related Party	Current Financial Year	Previous Financial Year
Boqing (Jacky) Zhang	180,000	180,000

Hai Huang	80,000	80,000
Libin Guo	40,000	40,000
Yap Ting (Peter) Wong	120,000	120,000
Zhinan Yin	40,000	40,000
Richard Buchta	36,000	36,000
Chen Chin (Nicholas Ong)	36,000	36,000

(f) Dilution

Resolution 5 concerns a change in Director Option terms, not the issue of additional equity securities. If the 13,250,000 Director Options issued to directors following the 2021 annual general meeting are in fact exercised, the Company's issued share capital will increase from 76,618,372 Shares to 88,972,348 Shares (assuming no other Shares are issued) with the effect that existing Shareholders will be diluted by 17.29%.

(g) Valuation of the financial benefit to be given to the Directors:

The value of the financial benefit to be given to the Directors is set out below:

Assumptions			
	2022 AGM	2021 AGM	
Valuation date	26 April 2022	4 June 2021	
Market price of Shares	A\$1.25	A\$1.25	
Exercise price	\$1.74 to \$3.13	\$2.67 to \$4	
Expiry date (length of time from issue)	30 June 2025	30 June 2025	
Risk free interest rate	0.25%	0.25%	
Volatility (discount)	45.63%	45.63%	
Indicative value per Director Option	\$0.096 to \$0.26	\$0.0532 to \$0.126	
			Difference
Total Value of Director Options	\$2,719,200	\$1,404,892	\$1,314,308
Boqing (Jacky) Zhang	\$1,231,000	\$635,733	\$595,267
Hai Huang	\$307,750	\$158,933	\$148,817

Libin Guo	\$204,650	\$101,640	\$103,010
Yap Ting (Peter) Wong	\$615,500	\$317,867	\$297,633
Zhinan Yin	\$120,100	\$63,573	\$56,527
Richard Buchta	\$120,100	\$63,573	\$56,527
Chen Chik (Nicholas) Ong	\$120,100	\$63,573	\$56,527

The valuation of the financial benefit set out above has been carried out by internal management.

The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision on whether it is in the best interest of the Company to pass Resolution 5.

5.7 Recommendations

The Directors each decline to make a recommendation on Resolution 5 as they each have a material personal interest in the outcome of the resolution. The Directors and their associates will not be entitled to vote on Resolution 5.

The Chairman of the Meeting will cast undirected proxies in favour of Resolution 5. If the Chair of the Meeting is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 5, by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention.

6. RESOLUTION 6: REINSTATEMENT OF THE PROPORTIONAL TAKEOVER PROVISIONS IN THE COMPANY'S CONSTITUTION

6.1 Background

Clause 13 was included in the Company's Constitution adopted in June 2016 and provided that the Company must not register share transfers resulting from a proportional takeover bid until approved by Shareholders by special resolution.

In accordance with section 648G(1) of the Corporations Act, clause 13 of the Constitution ceased to have effect at the end of the third anniversary of its adoption. Shareholder approval has not been sought at subsequent annual general meetings to reinstate clause 13.

The Directors consider it is appropriate to now reinstate clause 13 on the basis that it is designed to assist Shareholders to receive proper value for their Shares if a proportional takeover bid was made for the Company. As the Directors consider that it is in the best interests of the Shareholders to have the proportional takeover provisions in the Constitution, Shareholders are asked to consider the special resolution to reinstate clause 13 on its existing terms. If the proposed resolution is approved, clause 13 will be reinstated and have effect for a period of 3 years from date the Resolution is passed.

The Corporations Act requires that the following information be provided to Shareholders when considering the reinstatement of proportional takeover provisions in a constitution.

6.2 What is a proportional takeover bid?

A proportional takeover bid is a takeover bid where the offer made to each Shareholder is only for a proportion of that Shareholder's Shares in the Company (i.e. less than 100%).

The specified proportion must be the same in the case of all Shareholders. If a Shareholder accepts, the Shareholder disposes of that specified portion and retains the balance.

In order to deal with this possibility, a company may provide in its constitution that:

- (a) in the event of a proportional takeover bid being made for shares in the company, shareholders are required to vote by ordinary resolution and collectively decide whether to accept or reject the offer; and
- (b) the majority decision of the company's shareholders will be binding on all individual shareholders.

These provisions allow shareholders to decide whether a proportional takeover bid is acceptable in principle and assist in ensuring that any partial bid is appropriately priced.

6.3 What is the effect of the proposed provisions?

The proportional takeover provisions in rule 13 of the Constitution provide that if a proportional takeover bid is made, the Directors must convene a meeting of Shareholders to vote on a resolution to approve the proportional takeover bid. This must occur before the fourteenth day before the last day of the bid period. The vote is decided on a simple majority and each person (other than the bidder and its associates) who, as at the end of the day on which the first offer under the bid was made, held bid class securities, is entitled to vote.

If the resolution is not voted on within the required time, the bid will be taken to have been approved. The Directors will breach the Corporations Act if they fail to ensure the resolution is voted on. If the resolution is not passed, Share transfers giving effect to takeover contracts for the proportional takeover bid will not be registered and the offer will be deemed under the Corporations Act to have been withdrawn.

If the resolution is approved (or taken to have been approved), the Share transfers under the proportional takeover bid must be registered (provided they comply with other provisions of the Corporations Act and the Company's Constitution).

The proportional takeover approval provisions do not apply to full takeover bids and will only apply for 3 years from the date of renewal. The provisions may be renewed for a further term, but only by a special resolution of Shareholders.

6.4 What are the reasons for proposing Resolution 6?

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium.

6.5 Knowledge of any acquisition proposals

As at the date of this Notice, other than the proposed share issue the subject of Resolution 1, no Director of the Company is aware of any proposal by any person to acquire or to increase a substantial interest in the Company.

6.6 What are the potential advantages and disadvantages?

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for the Directors and that they remain free to make a recommendation as to whether an offer under a proportional takeover bid should be accepted.

The potential advantages for Shareholders of the proportional takeover provisions include:

- (a) Shareholders, as a collective, have the right to consider the terms of the proportional takeover bid and to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) the provisions can assist in ensuring that control does not pass without an appropriate premium being paid;
- (c) they may help Shareholders to avoid being locked in as a minority;
- (d) they increase Shareholders' bargaining power and may assist in ensuring that any proportional takeover bid is adequately priced; and
- (e) knowing the view of the majority of Shareholders may help each individual Shareholder assess the likely outcome of the proportional takeover bid and decide whether to accept or reject an offer under the bid.

The potential disadvantages for Shareholders include:

- (a) proportional takeover bids for Shares in the Company may be discouraged;
- (b) Shareholders may lose an opportunity to sell some of their Shares at a premium;
- (c) the likelihood of a proportional takeover succeeding may be reduced; and
- (d) individual Shareholders may consider that the proportional takeover provisions would restrict their ability to deal with their Shares as they see fit.

The Directors believe that the potential advantages outweigh the potential disadvantages of renewing the proportional takeover provisions for the following 3 year period.

6.7 Review of proportional takeover provisions

When rule 13 of the Constitution was previously in effect, there were no full or proportional takeover bids for the Company. Therefore, there has been no example against which to review the advantages or disadvantages of the provisions for the Directors and Shareholders. However, the Directors are not aware of any potential takeover bid that was discouraged by rule 13 when it was in operation.

6.8 Board recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 6.

7. ENQUIRIES

Shareholders are required to contact the Company Secretary, Mr Chen Chik (Nicholas) Ong, on (+61 8) 9486 4036 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

US\$ means United States dollars.

AEST means Australian Eastern Standard Time.

AGM means Annual General Meeting.

ASIC means the Australian Securities and Investments Commission.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that NSX declares is not a business day

Chair means the Chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

Company means Beroni Group Limited (ACN 613 077 526).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Director Options means the options described in section 5.1 of this Explanatory Statement.

Directors means the current directors of the Company.

Directors' Report means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that NSX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes 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) of the Company.

Notice or **Notice of Meeting** or means this notice of annual general meeting including the Explanatory Statement and the Proxy Form.

Meeting means the annual general meeting convened by the Notice.

NASDAQ means the NASDAQ Capital Market in the United States.

NSX means National Stock Exchange of Australia Limited ABN 11 000 902 063 or the National Stock Exchange, as the context requires.

NSX Listing Rules means the Listing Rules of NSX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Ordinary Securities has the meaning set out in the NSX Listing Rules.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the Remuneration Report as attached to this notice of AGM.

Resolutions means the resolutions set out in this Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Security includes a Share, Option and Convertible Note issued by the Company.

Securityholder means a holder of a Security.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

SCHEDULE 1: PROPOSED AMENDED DIRECTOR OPTION TERMS AND CONDITIONS

The terms and conditions of the Options are as follows:

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph (i), the amount payable upon exercise of each Option will be equal to that price as shown in Schedule 2 based on achievement of the various performance milestones (**Exercise Price**).

(c) Expiry Date

Each Option will expire at 5:00 pm (AEST) on 30 June 2025 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Directors Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Directors Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give NSX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) apply for official quotation on NSX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the NSX Listing Rules at the time of the reconstruction.

(j) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) Transferability

The Options are transferable with written notice by the Optionholder to the Company, subject to any restriction or escrow arrangements imposed by NSX or under applicable Australian securities laws.

(m) Cashless Exercise

In lieu of paying the aggregate Exercise Price under (b), an Optionholder may elect to receive, without payment of cash or other consideration, upon surrender of the applicable portion of exercisable Options to the Company, a number of Shares determined in accordance with the following formula (**Cashless Exercise**):

$A = [B \times (C - D)] / C$, where:

A = the number of Shares (rounded down to the nearest whole number) to be issued to the Optionholder pursuant to this paragraph (m);

B = the number of Shares otherwise issuable upon the exercise of the Option or portion of the Directors Options being exercised;

C = the Market Value of one Share determined as of the date of delivery to the Company Secretary of the Notice of Exercise; and

D = the Exercise Price.

For the purposes of this paragraph (m), **Market Value** means, at any given date, the volume weighted average price per Share traded on the NSX over the five (5) trading days immediately preceding that given date.

(n) Quotation

The Company does not intend to apply for the quotation of the Options on NSX.

SCHEDULE 2: PROPOSED AMENDED EXERCISE PRICES AND VESTING CONDITIONS (PERFORMANCE MILESTONES)

Director	Listing Milestone				Revenue Milestone # 1 (2021 - 2023)				Revenue Milestone #2 (2021 - 2023)				Revenue Milestone # 3 (2021 - 2023)				Clinical Trial Milestone (2021-2023)		
	No of Shares	Exercise Price	Vesting Condition		No of Shares	Exercise Price	Vesting Condition		No of Shares	Exercise Price	Vesting Condition		No of Shares	Exercise Price	Vesting Condition		No of Shares	Exercise Price	Vesting Condition
Boqing (Jacky) Zhang	2,000,000	US\$1.25	Listing on Nasdaq		1,000,000	US\$1.25	US\$2,000,000		1,000,000	US\$1.75	US\$4,000,000		1,000,000	US\$1.5	US\$7,000,000		1,000,000	US\$1.5	One clinical trial progresses to next phase
Yap Ting (Peter) Wong	1,000,000	US\$1.25	Listing on Nasdaq		500,000	US\$1.25	US\$2,000,000		500,000	US\$1.75	US\$4,000,000		500,000	US\$1.5	US\$7,000,000		500,000	US\$1.5	One clinical trial progresses to next phase
Hai Huang	500,000	US\$1.25	Listing on Nasdaq		250,000	US\$1.25	US\$2,000,000		250,000	US\$1.75	US\$4,000,000		250,000	US\$1.5	US\$7,000,000		250,000	US\$1.5	One clinical trial progresses to next phase
Libing Guo	300,000	US\$1.25	Listing on Nasdaq		150,000	US\$1.25	US\$2,000,000		150,000	US\$1.75	US\$4,000,000		150,000	US\$1.5	US\$7,000,000		200,000	US\$1.5	One clinical trial progresses to next phase
Zhinan Yin	150,000	US\$1.25	Listing on Nasdaq		100,000	US\$1.25	US\$2,000,000		100,000	US\$1.75	US\$4,000,000		100,000	US\$1.5	US\$7,000,000		150,000	US\$1.5	One clinical trial progresses to next phase
Richard Buchta	150,000	US\$1.25	Listing on Nasdaq		100,000	US\$1.25	US\$2,000,000		100,000	US\$1.75	US\$4,000,000		100,000	US\$1.5	US\$7,000,000		150,000	US\$1.5	One clinical trial progresses to next phase
Chen Chik (Nicholas) Ong	150,000	US\$1.25	Listing on Nasdaq		100,000	US\$1.25	US\$2,000,000		100,000	US\$1.75	US\$4,000,000		100,000	US\$1.5	US\$7,000,000		150,000	US\$1.5	One clinical trial progresses to next phase
TOTAL	4,250,000				2,200,000				2,200,000				2,200,000				2,400,000		

**PROXY FORM
APPOINTMENT OF PROXY
BERONI GROUP LIMITED
ACN 613 077 526**

ANNUAL GENERAL MEETING

I/We

of

being a member of BERONI GROUP LIMITED entitled to attend and vote at the Annual General Meeting, hereby
Appoint

Name of proxy

OR

☐

the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given the Chairman intends to vote in favour of each item of business, and subject to the relevant laws as the proxy sees fit, at the Annual General Meeting to be held at Level 16, 175 Pitt Street, Sydney NSW 2000 Australia, at 12:00pm (AEST), on 31 May 2022 and at any adjournment thereof.

Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-Election of Director – Mr Libing Guo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 1 – Re-Election of Director – Dr Zhinan Yin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 1 – Re-Election of Director – Dr John Chiplin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 1 – Amendment to Terms of Director Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 1 – Reinstatement of Proportional Takeover Approval Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is

Signature of Member(s):

Date: _____

Individual or Member 1

Member 2

Member 3

**Sole Director/Company
Secretary**

Director

**Director/Company
Secretary**

Contact Name: _____

Contact Ph (daytime):

BERONI GROUP LIMITED
ACN 613 077 526

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a Proxy):** A member entitled to attend and cast a vote at an Annual General Meeting is entitled to appoint a proxy to attend and vote on their behalf at the meeting. If the member is entitled to cast 2 or more votes at the meeting, the member may appoint a second proxy to attend and vote on their behalf at the meeting. However, where both proxies attend the meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A member who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a member appoints 2 proxies and the appointments do not specify the proportion or number of the member's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
 - **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
 - **(Power of Attorney):** If you have not already provided 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, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Minerva Corporate, PO Box 5638, St Georges Tce, Perth, WA 6831; or
 - (b) email the Company Secretary Nicholas.ong@minervacorporate.com.au,so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy forms received later than this time will be invalid.