

## ASX Announcement

### Placement and Strategic Partnership Agreements

- **CCP secures two major strategic partners to fund and grow the business**
- **Combined target of \$15,000,000 in cumulative revenues over the next two years to qualify for the full performance-based incentive**
- **Placement to raise approximately \$1,700,000 to support CCP's growth initiatives, particularly in the Asian market**
- **CCP to establish a wholly-owned China operation with the support of strategic partners**

**11 December 2019** – CCP Technologies Limited ("the Company") (ASX:CT1) ('CCP' or 'the Company') is delighted to announce that it has signed a set of legally binding agreements to formalise a strategic relationship with two significant partners.

Following from the completion of the Rights issue first announced 18 October 2019, the Company is pleased to advise that it has entered into further arrangements with associates of the two corporate underwriters to deepen their involvement with the company, both at an equity level as well as commercially.

Ray Malone has a proven track record of growing listed companies. He led AMA Group Limited (ASX:AMA) as Executive Chairman from 2009 to 2019. He also Chaired Money3 Group Limited (ASX:MNY) from 2015 to 2018. Ray has a strong network of commercial, financial and corporate contacts that we believe can bring value to the growth of CCP.

Mr Bao and Mr Zhang are senior executives actively involved in the environmental technology and utilities sector in China. They are engaged in a number of significant projects and operations in the environmental protection, energy saving, infrastructure and engineering sectors. They spend their time between Australia and China and seek to invest in companies that they consider may offer solutions for their commercial network in China.

Mr Ray Malone, Mr Bao and Mr Ian Zhang are each existing shareholders of CCP and have now committed further funds and their best efforts to assist the board and management in growing the company.

IoT can be found in almost every industry sector and CCP's solution suite and development services are well placed to grow a significant business in this emerging market.

Chairman, Leath Nicholson said that,

*"We are very excited to welcome the increased involvement of these existing supporters and their associates. The board and management have sought to position the Company for growth and securing the involvement of incentivised, connected, experienced and invested strategic partners of this calibre is an important pillar of the Company's overall growth strategy."*

The resulting agreements that have been entered into contemplate the following key terms:

1. **A two-tranche placement** to Mr Ray Malone and, Mr. Xiaoniu Bao and Mr. Yi Zhang (“Strategic Partners”) to issue a total of 243,758,058 ordinary shares at \$0.007 per share to raise approximately \$1.7m (“Placement Shares”).
2. **Strategic Partnership agreements** were entered into separately with the Strategic Partners whereby they may collectively receive up to a maximum of 200,000,000 shares at nil consideration (“Consideration Shares”) on the achievement of \$15,000,000 in cumulative revenue by the 31<sup>st</sup> of December 2021 (“Revenue Target”).

**Key conditions and provisions of the agreements include:**

**1. Placement:**

- The first tranche of 120,000,000 Placement Shares must be settled by no later than 31 December 2019 (‘First Tranche’).
- The Placement Shares are to be escrowed until the earlier of:
  - 12 months for 50% of the Placement Shares and the balance escrowed for 24 months from the date of issue; and
  - Two thirds of the respective Revenue Target being achieved for 50% and 100% on achievement of full Revenue Target.
- The Company will initially allocate \$1m for the establishment of its wholly-owned China operations, which will be funded out of the strategic placement.

**2. Strategic Partnership:**

- The revenues in relation to the Revenue Targets will be recognised in accordance with International Financial Reporting Standards.
- The Strategic Partners will receive 50% of their respective allocations of the Consideration Shares on achievement of two-thirds of their respective allotments of the Revenue Target being 42m shares for Mr Malone and 61m shares for Messrs Xiaoniu Bao and Yi Zhang, and the balance on 100% achievement (and as set out below).
- The issue of the Consideration Shares is subject to the achievement of the Revenue Target and on issue will be escrowed until receipt of the amounts associated with the Revenue Target in cash.
- Mr Ray Malone and Messrs. Xiaoniu Bao and Yi Zhang have entered separate Strategic Partnership on the same general terms and conditions excepting that:
  - Mr Ray Malone’s:
    - All revenues received from the pre-agreed introductions will count towards the Revenue Target allocated to Mr Ray Malone, being \$6m.
    - Mr Malone will receive 50% of the consideration shares (42m) on achievement of \$3m revenue and the balance pro rata to \$6m.
  - Messrs. Xiaoniu Bao and Yi Zhang:
    - All revenues received from the Company’s wholly-owned China subsidiaries once established will count towards the Revenue Target allocated to Mr. Xiaoniu Bao and Mr. Yi Zhang, being \$9m.
    - Messrs. Xiaoniu Bao and Yi Zhang will receive 50% of the consideration shares (61m) on achievement of \$4.5m revenue and the balance pro rata to \$9m.

- If either party has not achieved 100% of their performance target by 31 December 2021 and the other party has over achieved then the Company will permit them to re-allocate the Consideration Shares.
- For the avoidance of doubt the Strategic Partners will not receive any Consideration Shares if neither achieve a minimum of two-thirds of their respective allocations of the Revenue Target by 31 December 2021.

**Shareholder approval**

The Company intends to issue the First Tranche under its available placement capacity pursuant to LR 7.1, and the balance of 123,758,058 ordinary shares will be issued subject to shareholder approval that is to be sought at an Extraordinary General Meeting (“EGM”) to be held on or around the 31<sup>st</sup> of January 2020.

The Company will also seek shareholder approval at the EGM for the issue of the 200m performance rights. No Consideration Shares will be issued until the Revenue Targets are achieved within the 2 year period.

**Further information**

- The Company will work with the strategic partners and their nominees to ensure that no single holder or their associates will account for 20% or more of the Company’s ordinary shares.
- In regard to the Placement Shares:
  - Mr Malone and his nominees will subscribe for a total of 102,378,384 shares; and
  - Mr. Xiaoniu Bao and Mr. Yi Zhang and their nominees will subscribe for a total of 141,379,674 shares.
- Of the Consideration Shares:
  - Mr Malone’s maximum potential issue of Consideration Shares is 84,000,000 shares, subject to achieving the \$6m revenue target in 2 years; and
  - Mr Mr. Xiaoniu Bao and Mr. Yi Zhang’s maximum potential issue of Consideration Shares is 112,000,000 shares, subject to achieving the \$9m revenue target in 2 years.
- The agreements do not contemplate any changes to the nature of the business, the board or management of the Company. The Directors will continue to periodically assess the composition of the board in its normal course of duties as the Company grows.
- The nature of the projects that CCP anticipates bidding for in China are IoT development projects and product solution sales that are consistent with the existing work undertaken by the business in other geographies.
- All parties agreed during the negotiations that Revenue Targets are the most practical commercial metric to apply given the nature of the performance-based arrangements, and

that the Company retains absolute discretion regarding the nature and pricing of the revenue generating contracts that it undertakes.

- The Company confirms that, other than noted in this announcement, there are no other material conditions that need to be satisfied before the parties become legally bound to proceed with the agreements and that there is no other material information relevant at this time to assessing the impact of the agreements on the price or value of the Company's securities.

ENDS

For further information please contact [info@ccp-technologies.com](mailto:info@ccp-technologies.com) or 1800 100 227.

**About CCP Technologies Limited**

CCP Technologies Limited offers an IoT technology solution suite and a device and software development services business.

The solution suite currently comprises a monitoring and reporting platform for temperature, movement and other ambient conditions, that is primarily applied to refrigerated biological material – food, medicines and research specimens.

The Company's IT development division specialises in IoT software and hardware development and maintenance and can deliver an end-to-end service for IoT innovators and managers that is a unique outsource offering in the marketplace.