



JATENERGY LIMITED

ABN 31 122 826 242

NOTICE OF GENERAL MEETING

Time: 2.00pm

Date: 26 September 2019

Place: 101 Rathdowne Street, Carlton, VIC.



Jatenergy Limited
ABN 31 122 826 242

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TOORAK VIC 3142 AUSTRALIA

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IMPORTANT INFORMATION

A. TIME AND PLACE OF MEETING AND HOW TO VOTE

The General Meeting of Shareholders of Jatenergy Limited to which this Notice of Meeting relates will be held at 2.00 pm (Melbourne time) on 26 September 2019 at 101 Rathdowne Street, Carlton VIC.

B. YOUR VOTE IS IMPORTANT

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

C. VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the time and place set out above.

D. VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered as at 7.00pm (Melbourne time) on 24 September 2019.

E. VOTING BY PROXY

You may appoint any person to attend the Meeting and vote as your proxy, including the Chair. A proxy is not required to be a shareholder of the Company. A proxy form is enclosed with this Notice.

Unless the proxy is required by law to vote, the proxy may decide whether or not to vote on any particular item of business. If the appointment of proxy directs the proxy to vote on an item of business in a particular way, the proxy may only vote on that item as directed. Any undirected proxies on a given resolution may be voted by the appointed proxy as they choose, subject to the voting exclusions described after each resolution.

A shareholder entitled to cast two or more votes may appoint two proxies. If you appoint two proxies, you may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number of votes is specified, each proxy may exercise half of your votes (disregarding fractions).

To vote by proxy, please complete and sign the proxy form enclosed and send the proxy form to:

Security Transfer Australia Pty Ltd
PO BOX 52 Collins Street West VIC 8007

so that it is received not later than 2.00pm (Melbourne time) on 24 September 2019.

Proxy forms received later than this time will be invalid.

If the proxy form is signed by an attorney, the power of attorney or a certified copy of it must be sent with the proxy form.

Chair's intention

The Chair intends to vote all valid undirected proxies received in favour of each resolution subject to the voting exclusions after each resolution.

Privacy

Chapter 2C of the Corporations Act requires information about you (including your name, address and details of the shares you hold) to be included in the Company's public register of members. This information must continue to be included in the public register if you cease to hold shares. These statutory requirements are not altered by the *Privacy Act 1988 (Cth)*. Information is collected to administer your shareholding by Security Transfer Registrars on behalf of the Company. Security Transfer Registrars privacy policy is available at www.securitytransfer.com.au .

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders of Jatenergy Limited (the "Company") will be held at 2.00 pm (Melbourne time) on 26 September 2019 at 101 Rathdowne Street, Carlton VIC.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statements and the Proxy Form are part of this Notice of Meeting.

AGENDA

1. RESOLUTION 1 – ISSUE OF SHARES AS PART CONSIDERATION FOR ACQUISITION OF ANMA

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the issue and allotment of 36,490,596 Shares in the Company as set out in the Explanatory Statement is approved".

Voting Restriction

The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of Dongmei Hua or any of her associates. However, the Company need not disregard a vote cast on the Resolution if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the 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.

2. RESOLUTION 2 – ISSUE OF SHARES TO RAISE CAPITAL

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

"That for the purposes of ASX Listing Rule 7.1 and for all other purposes, the issue and allotment of up to 1,000 Shares as set out in the Explanatory Statement is approved".

Voting Restriction

The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary shares in the Company), or an associate of that person. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the 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.

3. RESOLUTION 3 – ADOPTION OF PERFORMANCE RIGHTS PLAN

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

“That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Performance Rights Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement”.

Voting Restriction

The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary shares in the Company), or an associate of that person. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the 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.

4. RESOLUTION 4 – ISSUE OF PERFORMANCE RIGHTS TO XIPENG LI

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

“That, subject to the passing of Resolution 3, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 1,000,000 Performance Rights to Xipeng Li (and/or his nominee) under the Performance Rights Plan on the terms and conditions set out in the Explanatory Statement”.

Voting Restriction

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of any director of the Company who is eligible to participate in the Performance Rights Plan in respect of which the approval is sought, namely Xipeng Li, Wilton Yao and Brett Crowley, or any of their associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the 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.

5. RESOLUTION 5 – ISSUE OF PERFORMANCE RIGHTS TO WILTON YAO

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

“That, subject to the passing of Resolution 3, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 10,000,000 Performance Rights to Wilton Yao (and/or his nominee) under

the Performance Rights Plan on the terms and conditions set out in the Explanatory Statement”.

Voting Restriction

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of any director of the Company who is eligible to participate in the Performance Rights Plan in respect of which the approval is sought, namely Xipeng Li, Wilton Yao and Brett Crowley, or any of their associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the 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.

6. RESOLUTION 6 – ISSUE OF PERFORMANCE RIGHTS TO BRETT CROWLEY

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

“That, subject to the passing of Resolution 3, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 5,000,000 Performance Rights to Brett Crowley (and/or his nominee) under the Performance Rights Plan on the terms and conditions set out in the Explanatory Statement”.

Voting Restriction

The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of any director of the Company who is eligible to participate in the Performance Rights Plan in respect of which the approval is sought, namely Xipeng Li, Wilton Yao and Brett Crowley, or any of their associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the 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.

**BY ORDER OF THE BOARD
WILTON YAO
MANAGING DIRECTOR**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the General Meeting to be held on 26 September 2019 at 101 Rathdowne Street, Carlton VIC.

The purpose of this Explanatory Statement is to provide information that the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

The table below shows the number of Shares on issue if all Resolutions are passed and all Placement and Offer Shares are issued and all Performance Rights are converted to Shares:

Current number of Shares on issue	798,486,180
Plus: issue of Acquisition Shares (Resolution 1)	36,490,596
Plus: issue of Offer Shares (Resolution 2)	1,000
Number of Shares on issue if all resolutions at the Meeting are passed and all Acquisition and Offer Shares are issued	834,977,776
Plus: issue of Shares on conversion of Performance Rights (Resolution 4, 5 and 6)	16,000,000
Number of Shares on issue if all resolutions at the Meeting are passed and all Acquisition and Offer Shares are issued and all Performance Rights are converted to Shares	850,977,776

a) Background

JAT commenced to establish its fast-moving consumer goods (“FMCG”) business in 2015. On 27 March 2018, shareholders of JAT approved at a general meeting the change in the nature and scale of JAT’s activities to the FMCG business.

In 2018, JAT acquired 51% of Sunnya Pty Limited (“Sunnya”). Since acquisition, Sunnya has entered into significant distribution agreements with a number of distribution companies in China to distribute its infant and adult milk powder products. For example, Guangzhou Niurui has agreed to purchase 1.5 million tins of Sunnya’s Neuroio Lactoferrin milk powder over five years, commencing with 100,000 tins in the first year and increasing by 100,000 tins per year to reach 500,000 tins in year 5. Guangzhou Niurui must require its retailers purchasing Sunnya’s products to charge a retail price of 458CNY (A\$91.60 at current exchange rates) per tin.

In May 2019, Sunnya entered a new high-growth market segment and launched an innovative premium nutritional product, the Middle-Aged Formulated Nutritional Powder with Lactoferrin, a new range of Neuroio for the fast-growing middle-aged

market in Australia, China and other Asian markets. In June 2019, Sunnya appointed HealthOne Pty Limited as its exclusive distributor for its products in Australia, Vietnam, Indonesia and Singapore. Sunnya has recently extended its product range to include Australian made goat milk infant formula to be sold in China, Hong Kong and Macao. The development of the Neuroio goat infant formula builds on the success of the Neuroio lactoferrin series product.

The manufacture of all Neuroio formulas are contracted out to arm's length Australian manufacturers. Sunnya has recently had difficulties in obtaining sufficient manufactured products to meet demand for its products. This has resulted in Sunnya either losing or deferring sales opportunities.

b) Acquisition of Australian Natural Milk Association Limited (“ANMA”)

On 7 August 2019, JAT agreed to acquire 70% of ANMA in order to secure the supply line of JAT's growing milk formula business.

ANMA has received CNCA (now SAMR) approval for its infant formula milk powder manufacturing and canning factory for the Chinese market. Under the approval, the factory has three infant formula slots of Chinese version. As a result of the revised CNCA infant formula regulations effected from 1st January 2018 by the Chinese authorities temporarily suspending production of CNCA approved product, Australian manufacturers, including ANMA, have been operating at under maximum capacity. By acquiring ANMA and therefore gaining access to the manufacturing plant, all of Sunnya's products can be produced by ANMA, thus alleviating the problems currently faced by Sunnya in obtaining sufficient supply from its current manufacturers. Sunnya's products do not require SAMR approval.

In the event that the Chinese authorities reversed the regulations which have temporarily suspended production of CNCA approved products, ANMA can again commence production of three infant formula slots of Chinese version.

By acquiring ANMA and therefore gaining access to the manufacturing plant, JAT can ensure that all of Sunnya's products can be produced under its control. Production of JAT products commenced on 15 August 2019.

b) JAT Investment in Lactoferrin manufacturing plant Post-acquisition

As soon as possible after completing the acquisition of ANMA, JAT intends to have ANMA acquire additional production lines for the manufacture of lactoferrin. Lactoferrin is an extremely expensive ingredient and is key in setting apart Sunnya's products from other products in the market. The cost of the production lines is expected to be around \$3 million.

c) Material Terms of the Acquisition

The material terms of the acquisition are as follows:

- (i) JAT will acquire 70% of the issued capital of ANMA from the current shareholders;
- (ii) the consideration payable by JAT to the vendors is \$12 million in cash payable in instalments and \$2 million payable by the way of issue of JAT shares, subject to shareholder approval;
- (iii) the instalment of \$2 million in JAT shares will be issued within one month after the approval, if any, of shareholders at a general meeting
- (iv) the cash instalments totalling \$12 million are payable as follows:

Event	Amount
Completion of satisfactory due diligence	\$500,000
Approval of JAT shareholders for the issue of shares	\$3.5 million
1 October 2019	\$1 million
31 December 2019	\$4 million
30 June 2020	\$3 million
Total	\$12 million

d) Funding of Consideration

The consideration payable of \$12 million will be funded from the following sources:

- (i) current cash resources within the JAT group;
- (ii) proceeds from the potential conversion of 6c options in JAT, all of which have an expiry date of November 2019;
- (iii) debt funding; and
- (iv) cash flow generated from the trading operations of JAT and its subsidiaries.

1. RESOLUTION 1 – ISSUE OF SHARES AS PART CONSIDERATION FOR ACQUISITION OF ANMA

(a) Background

The terms of the acquisition of 70% of the issued shares of ANMA require JAT to issue shares (“Acquisition Shares”) to satisfy the payment of an instalment of \$2 million to one of the vendors of the ANMA shares, Dongmei Hua and/or nominee. The issue price of the \$2 million in Acquisition Shares is calculated as the VWAP of JAT shares over the seven trading days up to and including 16 August 2019, less 15%. The VWAP for the seven days up to and including 16 August 2019, less 15%, is 5.48c. Accordingly, the number of

Acquisition Shares to be issued to Dongmei Hua and/or nominee is 36,490,596.

(b) ASX Listing Rule Information

The information required by listing rule 7.3 is as follows:

- i. The maximum number of Acquisition Shares to be issued to Dongmei Hua and/or nominee will be 36,490,596.
- ii. The Acquisition Shares will be issued on the same day which will be no later than three months after the date of the meeting.
- iii. The issue price of the Acquisition Shares will be a deemed issue price of 5.48c per Share, no funds will be raised from the issue.
- iv. The Acquisition Shares to be issued will be fully paid ordinary Shares and will rank equally with all existing Shares on issue.
- v. No funds will be raised from the issue.
- vi. Dongmei Hua is not a related party of JAT.

2. RESOLUTION 2 - ISSUE OF SHARES TO RAISE CAPITAL

The issue of the Offer Shares will be made pursuant to a Prospectus to be lodged with ASIC on or about 2 September 2019 which will seek to raise a nominal amount of \$100. The Prospectus will be prepared primarily for the purposes of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of the Shares issued pursuant to Resolution 1.

ASX Listing Rule 7.3 requires this Notice to include the following information:

- i. Up to a maximum of 1,000 Offer Shares will be issued.
- ii. The Offer Shares to be issued on completion of the Offer will be issued on a single date that is no later than three months after the date of the meeting.
- iii. The Offer Shares are to be issued at 10c per Share.
- iv. The Offer Shares will be issued to subscribers under the Prospectus. None of the subscribers will be a related party of the Company.
- v. The Offer Shares will be ordinary fully paid shares and are to be issued on the same terms and rank equally with other fully paid Shares on issue.
- vi. The funds raised by the issue of the Offer Shares will be used to meet the costs of the Offer.

3. RESOLUTION 3 – APPROVAL OF PERFORMANCE RIGHTS PLAN

Resolution 3 seeks approval of Shareholders for the adoption of an employee share scheme titled Performance Rights Plan (the "Plan") in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1. If Resolution 3 is passed, the Company will be able to issue Securities under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12-month period.

No Securities have previously been issued under the Plan.

The objective of the Plan is to attract, motivate and retain directors and key employees and it is considered by the Company that the adoption of the Plan and the future issue of Securities under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company. Any future issues of Securities under the Plan to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time. For this reason, the Company is also seeking approval under Resolution 4, 5 and 6 for the issue of Securities under the Plan, to be referred to as Performance Rights, to Xipeng Li, Wilton Yao and Brett Crowley pursuant to the Plan.

A summary of the key terms and conditions of the Plan is set out below. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

Summary of Plan Terms and Performance

- a) Eligible executives (or their nominees) will be offered incentive rights that entitle the holder to receive one fully paid JAT share per incentive right. The incentive rights will be offered as Performance Rights.
- b) Performance Rights granted will vest when the Board determines that the conditions in the Plan and the applicable offer invitation have been met.
- c) The participant must be an employee (which includes a director) at the time the Performance Rights are eligible to vest and the relevant participant must not have

resigned or have been given notice of termination of employment by JAT or a member of the JAT Group.

- d) Performance Rights carry no entitlements to shares or dividends or other benefits unless and until they vest and shares are issued or transferred to the participant.
- e) The Plan is intended to fall within the scope of the relief set out in ASIC Class Order [CO 14/1000] and the number of Performance Rights that may be issued under the Plan is capped at the levels set out in ASIC Class Order [CO 14/1000].
- f) JAT may arrange for a trustee to subscribe for or purchase shares to be held on trust on behalf of present and future participants.
- g) The Board has an ongoing discretion to deem unvested Performance Rights to have lapsed, and to deem any vested Plan shares to be forfeited, in certain circumstances of fraud, dishonesty, breach of obligation, breach of policy or misconduct (of the participant or any other employee).
- h) Performance Rights may not be transferred, encumbered or subject to any hedging or derivative instrument intended to limit the economic risk of holding them.
- i) If JAT reconstructs or reorganises its capital, the Performance Rights will be adjusted to the extent necessary to comply with the ASX Listing Rules.

4. RESOLUTION 4 – ISSUE OF PERFORMANCE RIGHTS TO XIPENG LI

The Company has agreed, subject to the adoption of the Performance Rights Plan (refer Resolution 3) and obtaining Shareholder approval, to issue a total of 1,000,000 Performance Rights to Mr Xipeng Li (and/or his nominee) on the terms and conditions set out below.

The Company has considered over the course of this year the best mechanism available to it to motivate and retain key executives as it advances its FMCG business and establishes itself as a manufacturer in its own right of Australian milk formula for export to China and other markets. The Company concluded that the award of Performance Rights with the award linked to continuation of employment and successful establishment of JAT as a manufacturer will provide the necessary motivation for key executives to invest energies and commitment over time to create shareholder value.

Issue of Performance Rights to Mr Li

The number of Performance Rights, Conditions and Vesting Dates are set out in the table below.

	Number of Performance Rights	Conditions and Vesting Dates
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Tranche 1	500,000	Upon JAT reporting consolidated revenue of JAT in a full financial year of \$80 million or more.
Tranche 2	500,000	On the first anniversary after the Vesting Date of Tranche 1.

General Terms & Conditions of Performance Rights

The Performance Rights in Tranches 1 and 2 will be forfeited unless the corresponding Conditions (“Performance Condition”) are satisfied.

If Mr Li’s employment is terminated for convenience by the Company, for example, redundancy, or Mr Li resigns due to permanent illness or material disability that renders him unable to work, or Mr Li dies, then the Performance Rights in respect of which the Performance Conditions have been met will vest at the date of termination or death.

If there is a Control Event, then the vesting date will be brought forward to the date of the Control Event.

Chapter 2E of the Corporations Act

Section 208(1) of the Corporations Act 2001 (Cth) (the Act) provides that a public company must not, without the approval of the Company’s members, give a financial benefit to a related party unless an exception to the prohibitions which are set out in sections 210 to 216 of the Act applies to that issue. As a Director of the Company, Mr Li is a related party of the Company for the purposes of section 228(2) of the Act. The issue of the Performance Rights and the issue of shares on vesting of the Performance Rights will constitute the giving of a financial benefit to a related party for the purposes of section 229(3)(e) of the Act.

The Board considers that the issue of the Performance Rights constitutes reasonable remuneration within the meaning of section 211(1) of the Act for the following reasons:

- a) The incentive represented by the issue of the Performance Rights is a cost-effective and efficient incentive when compared to other forms of incentive;
- b) The Board has reviewed the performance of Mr Li and noted that Mr Li currently receives no remuneration in his role as non-executive director. Mr Li contributes significantly to developing the JAT business in China. The Board reached the conclusion that it is fair and reasonable that he be paid for his services via 1,000,000 Performance Rights.
- c) The Performance Conditions provide an incentive to Mr Li in his role as non-executive director to remain with the Company and develop the FMCG business in China and other markets.

Taking this into consideration, the Directors (other than Mr Li) consider there is no opportunity cost or benefit foregone to the Company in granting the Performance Rights under Resolution 4.

Accordingly, Shareholder approval is not required under section 208(1) of the Act.

If Shareholders do not approve the proposed issue of the Performance Rights to Mr Li under Resolution 4, the issue will not proceed. This may affect JAT's ability to incentivise Mr Li and align his interests with those of shareholders. The Board will need to consider alternative remuneration arrangements which may include cash payment.

ASX Listing Rule 10.14

ASX Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

The following information is provided pursuant to ASX Listing Rule 10.15A in relation to the proposed grant of Performance Rights to Mr Li:

- a) the related party is Mr Li who is a related party by virtue of being a Director;
- b) the maximum number of Performance Rights (being the nature of the financial benefit being provided) to be issued to Mr Li (and/or his nominee) is 1,000,000;
- c) the Performance Rights will be issued to Mr Li (and/or his nominee) for nil cash consideration and no cash consideration will be payable upon the conversion of the Performance Rights or the subsequent issue of Shares (if any). Accordingly, no funds will be raised from the issue or conversion of the Performance Rights;
- d) no securities have been issued to date under the Plan;
- e) the related parties who are entitled to participate in the Plan are the current directors being Mr Wilton Yao, Mr Brett Crowley and Mr Xipeng Li;
- f) the Performance Rights will be issued to Mr Li no later than three years after the date of the Meeting;
- g) no loan will be provided to Mr Li in relation to the acquisition of the Performance Rights or the underlying Shares to be issued under the Plan;
- h) details of any Performance Rights to be issued under the Plan will be published in each annual report of the Company relating to a period in which the Performance Rights have been issued, and that approval for the issue of Performance Rights was obtained under ASX Listing Rule 10.14. Any additional persons who become entitled to participate in the Plan after this resolution is approved and who were not named in this Notice, will not participate until approval is obtained under ASX Listing Rule 10.14; and

- i) the Shares issued on conversion of the Performance Rights will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.

5. RESOLUTION 5 – ISSUE OF PERFORMANCE RIGHTS TO WILTON YAO

The Company has agreed, subject to the adoption of the Performance Rights Plan (refer Resolution 3) and obtaining Shareholder approval, to issue a total of 10,000,000 Performance Rights to Mr Wilton Yao (and/or his nominee) on the terms and conditions set out below.

The Company has considered over the course of this year the best mechanism available to it to motivate and retain key executives as it advances its FMCG business and establishes itself as a manufacturer in its own right of Australian milk formula for export to China and other markets. The Company concluded that the award of Performance Rights with the award linked to successful establishment of JAT as a manufacturer will provide the necessary motivation for him to invest energies and commitment over time to create shareholder value.

Issue of Performance Rights to Mr Yao

The number of Performance Rights, the Performance Conditions and the Vesting Dates are set out in the table below.

	Number of Performance Rights	Conditions and Vesting Dates
Tranche 1	5,000,000	On the date on which all of the following events have occurred: <ol style="list-style-type: none"> 1. Completion of acquisition of a 70% interest in ANMA; 2. Production by ANMA of milk formula under a brand owned by JAT or its subsidiaries; and 3. Installation of a lactoferrin production line at the ANMA factory.
Tranche 2	5,000,000	Upon JAT reporting consolidated revenue of JAT in a full financial year of a minimum of \$80 million.

General Terms & Conditions of Performance Rights

The Performance Rights in Tranches 1 and 2 will be forfeited unless the Performance Conditions are satisfied.

If Mr Yao's employment is terminated for convenience by the Company, for example, redundancy, or Mr Yao resigns due to permanent illness or material disability that renders him unable to work, or Mr Yao dies, then the Performance Rights in respect of which the Performance Conditions have been met will vest at the date of termination or death.

If there is a Control Event, then the vesting date will be brought forward to the date of the Control Event.

Chapter 2E of the Corporations Act

Section 208(1) of the Corporations Act 2001 (Cth) (the Act) provides that a public company must not, without the approval of the Company's members, give a financial benefit to a related party unless an exception to the prohibitions which are set out in sections 210 to 216 of the Act applies to that issue. As a Director of the Company, Mr Yao is a related party of the Company for the purposes of section 228(2) of the Act. The issue of the Performance Rights and the issue of shares on vesting of the Performance Rights will constitute the giving of a financial benefit to a related party for the purposes of section 229(3)(e) of the Act.

The Board considers that the issue of the Performance Rights constitutes reasonable remuneration within the meaning of section 211(1) of the Act for the following reasons:

- a) The incentive represented by the issue of the Performance Rights is a cost-effective and efficient incentive when compared to other forms of incentive;
- b) The Board has reviewed the performance of Mr Yao and his remuneration package. The Board reached the conclusion that it is fair and reasonable that his salary package includes Performance Rights. The cash component of the salary package consists of salary and superannuation, amounting to \$240,000. It is proposed that the balance of the salary package be paid by way of 10,000,000 Performance Rights.
- c) The Performance Conditions provide an incentive to Mr Yao in his role as Managing Director to remain with the Company, develop the FMCG business and establish JAT as a manufacturer in its own right of Australian milk formula for export to China and other markets.

Taking this into consideration, the Directors (other than Mr Yao) consider there is no opportunity cost or benefit foregone to the Company in granting the Performance Rights under Resolution 5.

Accordingly, Shareholder approval is not required under section 208(1) of the Act.

If Shareholders do not approve the proposed issue of the Performance Rights to Mr Yao under Resolution 5, the issue will not proceed. This may affect JAT's ability to incentivise Mr Yao and align his interests with those of Shareholders. The Board will need to consider alternative remuneration arrangements which may include cash payment.

ASX Listing Rule 10.14

ASX Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

The following information is provided pursuant to ASX Listing Rule 10.15A in relation to the proposed grant of Performance Rights to Mr Yao:

- a) the related party is Mr Yao who is a related party by virtue of being a Director;
- b) the maximum number of Performance Rights (being the nature of the financial benefit being provided) to be issued to Mr Yao (and/or his nominee) is 10,000,000 Performance Rights;
- c) the Performance Rights will be issued to Mr Yao (and/or his nominee) for nil cash consideration and no cash consideration will be payable upon the conversion of the Performance Rights or the subsequent issue of Shares (if any). Accordingly, no funds will be raised from the issue or conversion of the Performance Rights;
- d) no securities have been issued to date under the Plan;
- e) the related parties who are entitled to participate in the Plan are the current directors being Mr Wilton Yao, Mr Brett Crowley and Mr Xipeng Li;
- f) the Performance Rights will be issued to Mr Yao no later than three years after the date of the Meeting;
- g) no loan will be provided to Mr Yao in relation to the acquisition of the Performance Rights or the underlying Shares to be issued under the Plan;
- h) details of any Performance Rights to be issued under the Plan will be published in each annual report of the Company relating to a period in which the Performance Rights have been issued, and that approval for the issue of Performance Rights was obtained under ASX Listing Rule 10.14. Any additional persons who become entitled to participate in the Plan after this resolution is approved and who were not named in this Notice, will not participate until approval is obtained under ASX Listing Rule 10.14; and
- i) the Shares issued on conversion of the Performance Rights will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.

6. RESOLUTION 6 – ISSUE OF PERFORMANCE RIGHTS TO BRETT CROWLEY

The Company has agreed, subject to the adoption of the Performance Rights Plan (refer Resolution 3) and obtaining Shareholder approval, to issue a total of 5,000,000 Performance Rights to Mr Brett Crowley (and/or his nominee) on the terms and conditions set out below.

The Company has considered over the course of this year the best mechanism available to it to motivate and retain key executives as it advances its FMCG business and establishes itself as a manufacturer in its own right of Australian milk formula for export to China and other markets. The Company concluded that the award of Performance Rights with the award linked to increased turnover of JAT will provide the necessary motivation for Mr Crowley to invest energies and commitment over time to create shareholder value.

Issue of Performance Rights to Mr Crowley

The number of Performance Rights, the Performance Conditions and the Vesting Dates are set out in the table below.

	Number of Performance Rights	Conditions and Vesting Dates
Tranche 1	2,500,000	Upon JAT reporting consolidated revenue of JAT in a full financial year of a minimum of \$80 million.
Tranche 2	2,500,000	On the first anniversary after the vesting date of Tranche 1.

General Terms & Conditions of Performance Rights

The Performance Rights in Tranche 1 and 2 will be forfeited unless the Performance Conditions are satisfied.

If Mr Crowley's employment is terminated for convenience by the Company, for example, he is removed by a vote of shareholders, or Mr Crowley resigns due to permanent illness or material disability that renders him unable to work, or Mr Crowley dies, then the Performance Rights in respect of which the Performance Conditions have been met will vest at the date of termination or death.

If there is a Control Event, then the vesting date will be brought forward to the date of the Control Event.

Chapter 2E of the Corporations Act

Section 208(1) of the Corporations Act 2001 (Cth) (the Act) provides that a public company must not, without the approval of the Company's members, give a financial benefit to a related party unless an exception to the prohibitions which are set out in sections 210 to 216 of the Act applies to that issue. As a Director of the Company, Mr Crowley is a related party of the Company for the purposes of section 228(2) of the Act. The issue of the Performance Rights and the issue of shares on vesting of the Performance Rights will constitute the giving of a financial benefit to a related party for the purposes of section 229(3)(e) of the Act.

The Board considers that the issue of the Performance Rights constitutes reasonable remuneration within the meaning of section 211(1) of the Act for the following reasons:

- a) The incentive represented by the issue of the Performance Rights is a cost-effective and efficient incentive when compared to other forms of incentive;
- b) The Board has reviewed the performance of Mr Crowley and his remuneration package. The Board reached the conclusion that it is fair and reasonable that his salary package includes Performance Rights. The cash component of the salary package consists of salary and superannuation, amounting to \$60,000. It is proposed that the balance of the salary package be paid by way of 5,000,000 Performance Rights.
- c) The Performance Conditions provide an incentive to Mr Crowley in his role as Chairman to remain with the Company, develop the FMCG business and establish JAT as a manufacturer in its own right of Australian milk formula for export to China and other markets.

Taking this into consideration, the Directors (other than Mr Crowley) consider there is no opportunity cost or benefit foregone to the Company in granting the Performance Rights under Resolution 6.

Accordingly, Shareholder approval is not required under section 208(1) of the Act.

If Shareholders do not approve the proposed issue of the Performance Rights to Mr Crowley under Resolution 6, the issue will not proceed. This may affect JAT's ability to incentivise Mr Crowley and align his interests with those of shareholders. The Board will need to consider alternative remuneration arrangements which may include cash payment.

ASX Listing Rule 10.14

ASX Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

The following information is provided pursuant to ASX Listing Rule 10.15A in relation to the proposed grant of Performance Rights to Mr Crowley:

- a) the related party is Mr Crowley who is a related party by virtue of being a Director;
- b) the maximum number of Performance Rights (being the nature of the financial benefit being provided) to be issued to Mr Crowley (and/or his nominee) is 5,000,000 Performance Rights;
- c) the Performance Rights will be issued to Mr Crowley (and/or his nominee) for nil cash consideration and no cash consideration will be payable upon the conversion of the Performance Rights or the subsequent issue of Shares (if

any). Accordingly, no funds will be raised from the issue or conversion of the Performance Rights;

- d) no securities have been issued to date under the Plan;
- e) the related parties who are entitled to participate in the Plan are the current directors being Mr Wilton Yao, Mr Crowley and Mr Xipeng Li;
- f) the Performance Rights will be issued to Mr Crowley no later than three years after the date of the Meeting;
- g) no loan will be provided to Mr Crowley in relation to the acquisition of the Performance Rights or the underlying Shares to be issued under the Plan;
- h) details of any Performance Rights to be issued under the Plan will be published in each annual report of the Company relating to a period in which the Performance Rights have been issued, and that approval for the issue of Performance Rights was obtained under ASX Listing Rule 10.14. Any additional persons who become entitled to participate in the Plan after this resolution is approved and who were not named in this Notice, will not participate until approval is obtained under ASX Listing Rule 10.14; and
- i) the Shares issued on conversion of the Performance Rights will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.

Schedule 1 - Definitions

In this Explanatory Statement and Notice of General Meeting:

Acquisition Share means a Share issued pursuant to Resolution 1.

Company means Jatenergy Limited.

Control Event means any of the following:

- (1) an offer is made by a person for the whole of the issued ordinary share capital of the Company (or any part as is not at the time owned by the offeror or any person acting in concert with the offeror) and after announcement of the offer the offeror (being a person who did not Control the Company prior to the offer) acquires Control of the Company; or
- (2) any other event which the Board reasonably considers should be regarded as a Control Event.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Explanatory Statement means the explanatory statement to the Notice.

JAT means Jatenergy Limited ACN122 826 242.

Notice means this Notice of General Meeting.

Offer means the offer of the Offer Shares under the Prospectus.

Offer Shares means the Shares to be offered under the Prospectus.

Prospectus means the prospectus to be lodged with ASIC on or about 2 September 2019 which will seek to raise a nominal amount of \$100.

Proxy Form means the proxy form attached to the Notice.

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

PROXY FORM

**APPOINTMENT OF PROXY
JATENERGY LIMITED
ABN 31 122 826 242**

GENERAL MEETING – 26 September 2019

I/We

being a member of Jatenergy Limited entitled to attend and vote at the General Meeting, hereby

Appoint
Name of proxy

OR Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the General Meeting to be held at 2.00pm (Melbourne time), on 26 September 2019 at 101 Rathdowne Street, Carlton VIC and at any adjournment thereof.

If the Chair of the General Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy please place a mark in this box.

The Chair of the General Meeting intends to vote undirected proxies in favour of all Resolutions.

Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Issue of Shares as Part Consideration for Acquisition of ANMA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 - Issue of Shares to Raise Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 - Approval of Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 - Issue of Performance Rights to Xipeng Li	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 - Issue of Performance Rights to Wilton Yao	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 - Issue of Performance Rights to Brett Crowley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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
<input style="width: 250px; height: 30px;" type="text"/>	<input style="width: 210px; height: 30px;" type="text"/>	<input style="width: 230px; height: 30px;" type="text"/>

Sole Director/Company Secretary

Director

Director/Company Secretary

Contact Name: _____ Contact Ph (daytime): _____

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a Proxy):** A Shareholder entitled to attend and cast a vote at the meeting is entitled to appoint a proxy. A proxy need not be a Shareholder and may be an individual or body corporate. If a body corporate is appointed as a proxy it must appoint a corporate representative to exercise its powers as proxy at the meeting. A Shareholder who is entitled to cast two or more votes may appoint two proxies to attend the meeting and vote on their behalf and may specify the proportion or a number of votes each proxy is appointed to exercise. If a Shareholders appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes (disregarding fractions). If you wish to appoint a second proxy, you may copy the enclosed proxy form or obtain a form from the Company's share registry. The chairman of the meeting, or any other director, is willing to act as proxy for any shareholder who wishes to appoint him for that purpose. The chairman of the meeting or any other director appointed as proxy intends to vote discretionary proxies in favour of the relevant resolution. To do this enter "the Chairman" or the name of your proxy in the space allocated in this form. The chairman of the meeting will vote all undirected proxies in favour of the resolutions.
2. **(Voting 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 as they choose. If you mark more than one box on an item your 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 must 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):** Shareholders who plan to attend the meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting if possible, so that their holding may be checked against the Company's register of members and attendances recorded. 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.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return to:

Security Transfer Australia Pty Ltd
PO BOX 52 Collins Street West VIC 8007

so that it is received not later than 2.00pm (Melbourne time) on 24 September 2019.

Proxy forms received later than this time will be invalid.