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**PACIFIC STAR NETWORK LIMITED**

**ABN 20 009 221 630**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 3.00 PM (Melbourne time)

**DATE:** Monday 25 November 2019

**PLACE:** Level 5, 111 Coventry St  
Southbank, Victoria 3006

This Notice of Meeting and Explanatory Statement should be read in its entirety.

If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisor prior to voting.

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## TIME AND PLACE OF MEETING AND HOW TO VOTE

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### VENUE

The Annual General Meeting of the Shareholders of Pacific Star Network Limited to which this Notice of Meeting relates will be held at 3.00 PM (Melbourne time) on Monday 25 November 2019 at Level 5 111 Coventry Street, Southbank, Victoria 3006.

### YOUR VOTE IS IMPORTANT

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

### VOTING IN PERSON

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To vote in person, attend the Annual General Meeting on the date and at the place set out above. Please bring your personalised Proxy Form with you as it will help you to register your attendance at the Meeting.

### VOTING ENTITLEMENTS

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In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)*, the Board has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person as at 7.00 PM (Sydney time) on Saturday 23 November 2019.

If you are not registered as a holder of the Company's shares at this time, you will not be entitled to attend or vote at the Meeting as a Shareholder. Share transfers registered after that time will be disregarded in determining a Shareholder's entitlement to attend and vote at the Annual General Meeting.

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### VOTING BY PROXY

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- **Appointing a proxy**

If you are a Shareholder entitled to attend and vote at the Meeting, you are entitled to appoint one or two proxies as an alternative to attending the Meeting in person. Where more than one proxy is appointed, you may specify the number or proportion of votes that each may exercise, failing which, each may exercise half of the votes. A proxy need not be a Shareholder of the Company and can be an individual or a body corporate.

If you want to appoint one proxy, please use the form provided. If you want to appoint two proxies, please follow the instructions on the front page of the proxy form.

The Company's Constitution provides that, on a show of hands, every person present and qualified to vote shall have one vote. If you appoint one proxy, that proxy may vote on a show of hands, but if you appoint two proxies, neither proxy may vote on a show of hands.

If you appoint a proxy who is also a Shareholder or is also a proxy for another Shareholder, your directions may not be effective on a show of hands, but your directions will be effective if a poll is required and your proxy votes.

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## VOTING BY PROXY CONT'D

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A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the General Meeting. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

- **How should a proxy vote?**

A proxy may vote or abstain from voting as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on a particular resolution. If an appointment directs the way the proxy is to vote on a particular resolution, then:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way;
- if the proxy has two or more appointments that specify different ways to vote on the resolution then the proxy must not vote on a show of hands; and
- if the proxy is the chair, then the proxy must vote on a poll and must vote that way.

If the proxy is not the chair, then the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

***The Chairman intends to vote all undirected proxies in respect of which he is appointed in favour of all resolutions.*** If there is a change to how the Chairman intends to vote undirected proxies, the Company will make an announcement to ASX.

- **Lodging your proxy**

For it to be effective, the proxy form must be received by the Company's Share Registry no later than 3.00PM (Melbourne time) on Saturday 23 November 2019.

<b><u>VOTE ONLINE</u></b>	www.investorvote.com.au or scan the QR Code on the proxy form with your mobile device and follow the instructions on the secure website to vote.
<b><u>CUSTODIAN VOTING</u></b>	For intermediary Online subscribers only (Custodians) please visit <a href="http://www.intermediaryonline.com">www.intermediaryonline.com</a> to submit your voting intentions.
<b><u>IN PERSON</u></b>	Share Registry – Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, Australia 3067.
<b><u>BY MAIL</u></b>	Share Registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, Australia, 3001.
<b><u>BY FAX</u></b>	Share Registry – 1800 783 447 (within Australia) or 61 3 9473 2555 (outside Australia).

If you appoint a proxy, you may still attend the Annual General Meeting. However, your proxy's rights to speak and vote are suspended while you are present. Accordingly, you will be asked to revoke your proxy if you register at the Annual General Meeting.

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## **NOTICE OF ANNUAL GENERAL MEETING**

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Notice is hereby given that an Annual General Meeting of Shareholders of Pacific Star Network Limited will be held at Level 5, 111 Coventry Street, Southbank, Victoria at 3.00 PM (Melbourne time) on Monday 25 November 2019.

The Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Meeting of the Company.

The Directors recommend Shareholders read the Explanatory Statement in full before making any decision in relation to the resolutions.

Capitalised terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

## **AGENDA**

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### **BUSINESS**

#### **Adoption of Financial Statements and Reports**

To receive and consider the Annual Financial Report of the Company together with the Directors' and Auditor's report for the financial year ended 30 June 2019.

#### **Notes**

There is no requirement for Shareholders to approve those reports, however, the Chair of the meeting will allow a reasonable opportunity for Shareholders to ask questions or make comments about those reports and the management of the Company. Shareholders will also be given a reasonable opportunity to ask the Company's auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions about the management of the Company can be sent to the Chairman, Pacific Star Network Limited, at Level 5, 111 Coventry St, Southbank, Victoria 3006 or via email to [shareholder@pacificstarnetwork.com.au](mailto:shareholder@pacificstarnetwork.com.au).

Written questions on the preparation and content of the Auditor's Report, the conduct of the audit, accounting policies adopted by the Company and the independence of the auditor should also be submitted to this address no later than 5pm (Melbourne time) Monday, 18 November 2019.

#### **Resolution 1 - Adoption of Remuneration Report for the financial year ended 30 June 2019**

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

*"That for the purposes of Section 250R(2) of the Corporations Act, the Remuneration Report of the Company for the financial year ended 30 June 2019 as disclosed in the Directors' Report be adopted."*

#### **Notes**

The remuneration report of the Company for the financial year ended 30 June 2019 is set out on pages 9 - 19 of the Company's 2019 Annual Report.

Noting that each Director has a personal interest in their own remuneration from the Company as set out in the Remuneration Report, the Directors recommend that Shareholders vote in favour of adopting the Remuneration Report.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

This resolution is advisory only and does not bind the Company or its Directors.

The Board will consider the outcome of the vote and comments made by Shareholders on the remuneration report at the Meeting when reviewing the Company's remuneration policies.

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**NOTICE OF ANNUAL GENERAL MEETING CONT'D**

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**Voting Exclusion** - The Company will disregard any votes cast in favour on this item, by or on behalf of:

- a member of the Key Management Personnel (which includes any director, details of whose remuneration are included in the remuneration report); and
- a Closely Related Party (such as close family members and any controlled companies) of those persons,

unless the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction on the proxy form; or the vote is cast by the Chairman as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

In addition, the Company will disregard all votes cast on Resolution 1 by a member of the KMP or a Closely Related Party of a KMP, who has been appointed as a proxy, unless:

- the proxy is appointed by writing that specifies how the proxy is to vote on the resolution proposed in Resolution 1; or
- if the proxy is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on Resolution 1 and expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a KMP for the Company or if the Company is part of a consolidated entity, for the entity.

**Resolution 2 - Re-election of Mr Chris Giannopoulos**

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

*"That, Mr Chris Giannopoulos, who retires from office in accordance with the Constitution, being eligible and offering himself for re-election, be re-elected as a Director in accordance with clause 12.3 of the Constitution."*

**Notes**

The Directors in the absence of Mr Giannopoulos unanimously support the re-election of Mr Giannopoulos as a Director (with Mr Giannopoulos abstaining).

**Resolution 3 - Re-election of Mr Craig Coleman**

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

*"That, Mr Craig Coleman, who retires from office in accordance with the Constitution, being eligible and offering himself for re-election, be re-elected as a Director in accordance with clause 12.3 of the Constitution."*

**Notes**

The Directors in the absence of Mr Coleman unanimously support the re-election of Mr Coleman as a Director (with Mr Coleman abstaining).

**Resolution 4 – Ratification of allotment and issue of Shares**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution, with or without amendment:

*"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 1,785,716 ordinary shares on 25 September 2019 to the Vendors of Precision Talent Management on the terms and conditions set out in the Explanatory Statement."*

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**NOTICE OF ANNUAL GENERAL MEETING CONT'D**

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**Notes**

The Directors unanimously support the ratification of the allotment and issue of the Shares.

**Voting exclusion statement:** The Company will disregard any votes cast in favour on Resolution 4 by any recipient of the Shares and any of their Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the Chair of the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as the proxy decides.

**Resolution 5 – Ratification of allotment and issue of Shares**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution, with or without amendment:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 100,000 ordinary shares on 25 September 2019 to a contractor of the Company on the terms and conditions set out in the Explanatory Statement.”*

**Notes**

The Directors unanimously support the ratification of allotment and issue of the Shares.

**Voting exclusion statement:** The Company will disregard any votes cast in favour on Resolution 5 by any recipient of the Shares and any of their Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the Chair of the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as the proxy decides.

**Resolution 6 – Ratification of allotment and issue of Performance Share Rights**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution, with or without amendment:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 600,000 Performance Share Rights on 25 September 2019 to the Vendors of Rapid TV on the terms and conditions set out in the Explanatory Statement.”*

**Notes**

The Directors unanimously support the ratification of allotment and issue of the Performance Share Rights.

**Voting exclusion statement:** The Company will disregard any votes cast in favour on Resolution 6 by any recipient of the Performance Share Rights and any of their Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the Chair of the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as the proxy decides.

**Resolution 7 - Amendment to terms of Performance Rights issued under the 2018 LTI plan**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution, with or without amendment:

*“Pursuant to and in accordance with ASX Listing Rule 6.23.4, and for all other purposes, Shareholders approve the amendments to the terms of the Performance Rights issued under the 2018 LTI Plan which are described in the Explanatory Statement.”*

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**NOTICE OF ANNUAL GENERAL MEETING CONT'D**

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**Notes**

The Directors (other than Mr Hutchison and Mr Giannopoulos) recommend that Shareholders vote in favour of Resolution 7. Mr Hutchison and Mr Giannopoulos have not made a recommendation due to their interest in the outcome of the Resolution.

**Voting Exclusion** - The Company will disregard any votes cast in favour on this item, by or on behalf of:

- a person who holds a Performance Right that is the subject of the resolution; and
- an associate of those persons,

unless the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction on the proxy form; or the vote is cast by the Chairman as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

In addition, the Company will disregard all votes cast on Resolution 7 by a member of the KMP or a Closely Related Party of a KMP, who has been appointed as a proxy, unless:

- the proxy is appointed by writing that specifies how the proxy is to vote on the resolution proposed in Resolution 7; or
- if the proxy is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on Resolution 7 and expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a KMP for the Company or if the Company is part of a consolidated entity, for the entity.

**Resolution 8 – Appointment of Auditor**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution, with or without amendment:

*"That, for the purposes of Section 327B of the Corporations Act, and for all other purposes, BDO Audit Pty Ltd of Level 10, 12 Creek Street, Brisbane, QLD, having been nominated by a member of the Company, pursuant to Section 328B(1) of the Corporations Act, and consented in writing to act in the capacity of Auditor, pursuant to Section 328A(1) of the Corporations Act, be appointed as auditor of the Company."*

**Notes**

The Directors unanimously support the appointment of BDO Audit Pty Ltd as auditor of the Company.

**DATED THIS 21<sup>st</sup> DAY OF OCTOBER 2019**

**BY ORDER OF THE BOARD**



Craig Coleman  
**Chairman**  
**Pacific Star Network Limited**

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## **EXPLANATORY STATEMENT**

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This Explanatory Statement contains an explanation of, and information about, the Resolutions to be considered at the Annual General Meeting. Shareholders should read this Explanatory Statement in full. This Explanatory Statement forms part of the accompanying Notice of Meeting and should be read with the Notice of Meeting.

This Explanatory Statement does not take into account the individual investment objectives, financial situation and needs of individual Shareholders or any other person. If you are in any doubt about what to do in relation to the Resolutions, you should consult your financial or other professional adviser.

Capitalised words used in the Notice of Meeting and in this Explanatory Statement are defined in the Glossary section at the end of this Explanatory Statement.

The Annual General Meeting of the Company is to be held at 3:00 PM (Melbourne time) on Monday 25 November 2019 at Level 5, 111 Coventry St, Southbank, Vic 3006.

### **Financial Statements**

Section 317 of the Corporations Act requires that the business of an annual general meeting (AGM) include the receipt and consideration of the financial statements and reports the Company is required to prepare by law for the previous financial year. Those statements and reports are found in the Company's 2019 Annual Report, which is available for Shareholders and can be downloaded from the Company's website [www.pacificstarnetwork.com.au](http://www.pacificstarnetwork.com.au). If you would like to receive a hard copy of the Annual Report, free of charge, you can contact the Company's Share Registry on 1300 137 328.

There is no requirement for Shareholders to approve these statements or reports. During this item of business, the Chair of the Meeting will provide Shareholders with a reasonable opportunity to ask questions and make comments on these financial statements and reports. BDO East Coast Partnership conducted the audit of the Company for the last financial year and has been invited to attend the Meeting and the Company has been advised that a suitably qualified member of the audit team of BDO East Coast Partnership, will attend the Meeting.

Shareholders, as a whole, will also be provided a reasonable opportunity at the Meeting to ask the auditor's representative questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Shareholders who are entitled to vote at the Meeting may also submit written questions to the auditor that are relevant to the content of the auditor's report to be considered at the Meeting or the conduct of the audit of the annual financial report to be considered at the Meeting. Written questions may be submitted by giving them to the Company's Company Secretary. Questions must be submitted no later than the fifth Business Day before the Meeting is held.

### **Resolution 1**

#### **Adoption of Remuneration Report**

The Chair of the Meeting will provide Shareholders with a reasonable opportunity to ask questions about, or make comments on, the Company's Remuneration Report for the financial year ending 30 June 2019. The Remuneration Report is included in the Company's 2019 Annual Report and appears on pages 9 - 19 of that report.

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**EXPLANATORY STATEMENT CON'T**

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The Remuneration Report sets out the Company's remuneration arrangements for its non-executive directors, executive director and senior executives.

The Corporations Act requires that a resolution, that the Remuneration Report be adopted, be put to the vote at the Company's annual general meeting. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

However, the Board will take the outcome of Resolution 1 into consideration when reviewing the remuneration practices and policies of the Company.

Shareholders should note that, in accordance with the "two strikes rules" of the Corporations Act, the outcome of voting on Resolution 1 may also affect next year's annual general meeting.

Specifically, if:

- 25% or more of the votes cast on Resolution 1 are cast "against"; AND
- 25% or more of the votes cast in respect of the adoption of the Remuneration Report at the 2020 annual general meeting are cast "against",

then a resolution will be put to Shareholders at the 2020 annual general meeting (the "spill resolution") that the Company convene a further meeting of Shareholders (within 90 days), at the end of which meeting the existing Directors (other than the managing director) will cease to hold office, but may stand for re-election.

More than 99% of the votes cast on the Company's Remuneration Report for the 2018 financial year were cast in favour of the relevant resolution.

The Directors recommend that Shareholders vote in favour of Resolution 1.

### **Resolutions 2 and 3**

#### **Re-election of Mr Chris Giannopoulos and Mr Craig Coleman**

*Listing Rule 14.4, provides that a director must not hold office (without re-election) past the third annual general meeting following the directors' appointment or three years, whichever is longer.*

*Under Listing Rule 14.5, the Company is required to hold an election of Directors each year. Further, clause 12.2 of the Constitution requires one third of the Directors (or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in the case of doubt)) to retire from office at each annual general meeting.*

#### *Mr Chris Giannopoulos*

Mr Giannopoulos, Executive Director, who was appointed a director upon completion of the acquisition of Crocmedia by the Company on 29 March 2018, retires from office by rotation in accordance with the Constitution and the Listing Rules and, being eligible, offers himself for re-election. Personal particulars for Mr Giannopoulos are set out in the Board of Directors information included in the Company's 2019 Annual Report.

*Mr Craig Coleman*

Mr Coleman, Chairman, who has been in office as a Director since 15 November 2017 and was last re-elected by Shareholders at the annual general meeting on 23 November 2017, retires from office by rotation in accordance with the Constitution and the Listing Rules and, being eligible, offers himself for re-election. Personal particulars for Mr Coleman are set out in the Board of Directors information included in the Company's 2019 Annual Report. Mr Coleman is Executive Chairman and a shareholder of Viburnum Funds Pty Ltd, which holds 24.34% of the shares on issue in the Company.

## **Resolutions 4 and 5**

### **Ratification of allotment and issue of Shares**

The effect of passing Resolutions 4 and 5 is to restore the Company's discretionary power to issue further securities up to 15% of the issued capital of the Company under Listing Rule 7.1 without Shareholder approval.

On 25 September 2019, the Company announced that it was issuing:

- 1,785,716 ordinary shares at a 5-day average closing price of \$0.28 in connection with the Company's acquisition of the business assets of Precision Talent Management (**Precision**) (ASX announcement 21 August 2019). These Shares are the subject of Resolution 4.
- 100,000 ordinary shares at nil consideration upon the exercise of Performance Share Rights to a contractor of the Company as part of their services contract. These Shares are the subject of Resolution 5.

These Shares were issued and allotted on 25 September 2019 without Shareholder approval under the Company's 15% placement capacity under Listing Rule 7.1.

Resolutions 4 and 5 seeks to ratify the issue of ordinary shares to the Vendors of Precision and the contractor to restore the ability of the Company to issue further securities within the 15% limit under Listing Rule 7.1 during the next 12 months. The Company confirms that the issue of the Shares, at the time of the issue, did not breach Listing Rule 7.1.

### **Listing Rules**

Listing Rule 7.1 broadly provides that subject to certain exceptions, a company may issue up to 15% of its issued capital in any 12-month period without Shareholder approval. Listing Rule 7.4 permits ratification of previous issues of securities made without prior Shareholder approval, provided the issue did not breach the maximum threshold set by Listing Rule 7.1.

Listing Rule 7.5 contains requirements as to the contents of a Notice sent to Shareholders for the purpose of Listing Rule 7.4 and the following information is included in this Explanatory Statement for that purpose:

- (a) 1,785,716 ordinary shares were issued by the Company to the Vendors of Precision and a further 100,000 ordinary shares to the contractor. Neither the Vendors of the Precision nor the Contractor are a related party of the Company;

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**EXPLANATORY STATEMENT CON'T**

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- (b) The deemed issue price was \$0.28 per Share for the vendors of Precision and nil for the contractor;
- (c) the Shares were issued with a voluntary escrow period of 24-months from the date of allotment to the Vendors of Precision and no escrow for the contractor;
- (d) no funds were raised by the issue of the Shares. The Shares were issued in connection with the acquisition of the business assets of Precision and in part consideration for service hurdles for the contractor; and
- (e) a voting exclusion statement is included in respect of Resolutions 4 and 5 in the Notice.

The Directors recommend that Shareholders vote in favour of Resolutions 4 and 5.

**Resolution 6**

**Ratification of allotment and issue of Performance Share Rights**

The effect of passing Resolution 6 is to restore the Company's discretionary power to issue further securities up to 15% of the issued capital of the Company under Listing Rule 7.1 without Shareholder approval.

On 25 September 2019, the Company announced that it was issuing 600,000 Performance Share Rights in connection with the Company's acquisition of Rapid TV Pty Ltd and Rapid Broadcast Pty Ltd (**Rapid TV**) (ASX announcement 19 July 2019).

The Performance Share Rights were issued and allotted on 25 September 2019 without Shareholder approval under the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 6 seeks to ratify the issue of Performance Share Rights to the Vendors of Rapid TV to restore the ability of the Company to issue further securities within the 15% limit under Listing Rule 7.1 during the next 12 months. The Company confirms that the issue of the Performance Share Rights, at the time of the issue, did not breach Listing Rule 7.1.

**Listing Rules**

Listing Rule 7.1 broadly provides that subject to certain exceptions, a company may issue up to 15% of its issued capital in any 12-month period without Shareholder approval. Listing Rule 7.4 permits ratification of previous issues of securities made without prior Shareholder approval, provided the issue did not breach the maximum threshold set by Listing Rule 7.1.

Listing Rule 7.5 contains requirements as to the contents of a Notice sent to Shareholders for the purpose of Listing Rule 7.4 and the following information is included in this Explanatory Statement for that purpose:

- (a) 600,000 Performance Share Rights were issued by the Company;
- (b) the Performance Share Rights were issued for nil consideration;
- (c) each Performance Share Right:
  - o entitles the holder to acquire one Share (or the cash equivalent, at the discretion of the Board) if the performance hurdles are achieved on vesting;

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**EXPLANATORY STATEMENT CON'T**

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- o will expire or lapse if the performance hurdles are not achieved two years after the date on which the vendors of Rapid TV commenced employment with Crocmedia;
  - o was issued subject to the following performance hurdles;
    - i. that the Rapid TV business generates a net profit of \$300,000 in the first 12 months after the Completion Date; and
    - ii. each of the vendors of Rapid TV remain employed by Crocmedia or any other member entity of the Pacific Star Network Ltd group for a period of at least 24 months;
  - o is subject to the adjustments consistent with the Listing Rules in the event of a reconstruction of capital ; and
  - o may vest proportionately in the event of a change of control of the Company, or otherwise lapse;
- (d) the Performance Shares Rights were issued to the Vendors of Rapid TV and the Vendors of the Rapid TV are not a related party of the Company;
- (e) no funds were raised by the issue of the Performance Share Rights. The Performance Share Rights were issued to the Vendors as part of the consideration to acquire Rapid TV; and
- (f) a voting exclusion statement is included in respect of Resolution 6 in the Notice.

The Directors recommend that Shareholders vote in favour of Resolution 6.

**Resolution 7**

**Amendment to terms of Performance Rights issued under the 2018 LTI Plan**

The Company has issued 7,392,676 Performance Rights under the 2018 LTI Plan to eligible employees, including 2,055,050 to the Company's Managing Director, Mr Craig Hutchison, and 1,027,525 to Executive Director, Mr Chris Giannopoulos in connection with the acquisition of Crocmedia.

The Performance Rights are subject to Performance Milestones which were determined prior to the merger of the Company with Crocmedia and are based on the existing business revenues and cost structures of the two separate businesses that were merging. The Company has undertaken a number of acquisitions and disposals, including the acquisitions of AFL Record, 23 Additional Radio Licences, Rapid TV and the business of Precision Talent Management as well as the disposal of the businesses of Morrison Media Services Pty Ltd, since the merger. The Performance Milestones are considered no longer reflective of the combined business of the Company, which has a different cost structure and long term growth agenda.

It is also considered that the current Performance Milestones do not properly incentivise management in certain circumstances, by not taking into account budgeted performance of businesses acquired by the Company and the actual performance of businesses disposed of by the Company. In certain cases, this could lead to Performance Rights holders being penalised where businesses acquired or disposed of by the Company, have outperformed budgeted performance.

**EXPLANATORY STATEMENT CON'T**

The Company is seeking to address these issues, by seeking Shareholder approval to amend the terms of the Performance Milestones as set out below.

**Current Performance Milestones**

The Performance Rights are currently subject to the following Performance Milestones.

One third of the Performance Rights were eligible to vest on 30 June 2019 (**First Tranche**), one third are eligible to vest on 30 June 2020 (**Second Tranche**) and one third are eligible to vest on 30 June 2021 (**Third Tranche**), subject to satisfaction of the following:

<b>First Tranche</b>	\$10,400,000 LTM EBITDA, as set out in the audited financial statements of the Company in respect of the financial year ending 30 June 2019, normalised to exclude one-off items agreed to be excluded from the determination of the LTM EBITDA of Crocmedia and the Company in the determination of the value of Crocmedia for the purposes of their combination.
<b>Second Tranche</b>	\$12,600,000 LTM EBITDA, as set out in the audited financial statements of the Company in respect of the financial year ending 30 June 2020
<b>Third Tranche</b>	\$15,500,000 LTM EBITDA, as set out in the audited financial statements of the Company in respect of the financial year ending 30 June 2021

The Performance Milestones are subject to adjustments for (amongst other things):

- acquisitions of new businesses by the Company or any of its subsidiaries, in respect of which the LTM EBITDA required to achieve the Performance Milestone will increase by the LTM EBITDA attributed to the acquired entity or asset; and
- disposals of businesses by the Company or any of its subsidiaries, in respect of which the Performance Hurdle will decrease by the respective LTM Milestone attributed to the entity or asset that is disposed of.

Each Performance Right entitles the holder to receive one Share, subject to vesting and capital structure adjustments.

Performance Rights which do not satisfy the Performance Milestones do not vest and are rolled forward on the following basis:

<b>First Tranche</b>	<ul style="list-style-type: none"> <li>• 50% of the First Tranche will be rolled into the future and tested against the Performance Milestones for the Second Tranche on 30 June 2020 (<b>Tranche 1A</b>).</li> <li>• 50% of the First Tranche will be rolled into the future and tested against the Performance Rights for the Third Tranche at any time prior to 30 June 2020 (<b>Tranche 1B</b>).</li> </ul>
<b>Second Tranche</b>	<ul style="list-style-type: none"> <li>• 50% of the Second Tranche (excluding those rolled from the First Tranche) are rolled into the Third Tranche and tested against the Performance Milestones on 30 June 2021 (<b>Tranche 2A</b>); and</li> <li>• 50% of the Second Tranche (excluding those rolled from the First Tranche) are rolled into the future and tested on 30 June 2021 but have an LTMI EBITDA Performance Hurdle of \$17,000,000 (subject to adjustment in accordance with the LTI Plan Rules) (<b>Tranche 2B</b>).</li> </ul>

Performance Rights which are eligible to vest, but do not vest by the issue of the Company's audited financial statements in respect of the financial year ending 30 June 2021, lapse.

**EXPLANATORY STATEMENT CON'T**

**Proposed amendment**

The Company proposes to amend the Performance Milestones as follows:

<b>Second Tranche and Tranche 1A</b>	The budgeted EBITDA approved by the Board for the financial year ending 30 June 2020, tested on that date.
<b>Third Tranche, Tranche 1B and Tranche 2A</b>	The budgeted EBITDA approved by the Board for the financial year ending 30 June 2021, tested on that date.
<b>Tranche 2B</b>	The budgeted EBITDA approved by the Board for the financial year ending 30 June 2021, plus \$1,500,000, tested on 30 June 2021 .

The Company proposes to amend the adjustments to the Performance Milestones relating to acquisitions and disposals (the current terms of which are set out above) as follows:

- in respect of acquisitions: the Performance Milestones be adjusted as approved by the Board, based on the expected EBITDA of the entity or asset acquired determined as at the date of, or soon after the acquisition; and
- In respect of disposals: Performance Milestones be adjusted as approved by the Board, based on the greater of: (i) the actual LTM EBITDA value attributed to the entity or asset that is disposed of; and (ii) the respective proportion of the LTM EBITDA accounted for in the relevant Performance Hurdle attributable to the entity or asset that is disposed of.

**ASX Listing Rules**

ASX Listing Rule 6.23.4 provides that a change to the terms of options which is not prohibited under Listing Rule 6.23.3 can only be made if holders of ordinary securities approve the change. ASX Listing Rule 6.23.4 also extends to performance rights.

The proposed change is one which is not prohibited by Listing Rule 6.23.3. Accordingly, Listing Rule 6.23.4 requires Shareholder approval for this change to the Performance Hurdle adjustments for the Performance Rights.

**Chapter 2E of Corporations Act**

The Company notes that Mr Craig Hutchison and Mr Chris Giannopoulos are related parties of the Company as they are directors of the Company.

Under Chapter 2E of the Corporations Act, shareholder approval is required for a public company to provide a financial benefit to a related party, unless an exception applies.

The proposed amendments to the Performance Milestones constitute a financial benefit to Mr Craig Hutchison and Mr Chris Giannopoulos, since if approved, they will result in a change to the terms of the Performance Rights which they hold that may be beneficial to them.

Section 211 of the Corporations Act, provides that shareholder approval is not required for the purposes of Chapter 2E of the Corporations Act, to give a financial benefit, if the benefit is remuneration to a related party as an officer or employee of a public company and to give the remuneration would be reasonable given the circumstances of the public company and the related party's circumstances (including the responsibilities involved in the office or employment).

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**EXPLANATORY STATEMENT CON'T**

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The Company has determined not to obtain Shareholder approval pursuant to Chapter 2E of the Corporations Act, in reliance on the exception provided in section 211 of the Corporations Act, on the basis that the amendments to the Performance Milestones of the Performance Rights held by Mr Craig Hutchison and Mr Chris Giannopoulos will be part of their reasonable remuneration in the circumstances of the Company and their role going forward.

**Recommendations**

The Directors (other than Mr Hutchison and Mr Giannopoulos) recommend that Shareholders vote in favour of Resolution 7. Mr Hutchison and Mr Giannopoulos have not made a recommendation due to their interest in the outcome of the Resolution.

**Resolution 8**

**Appointment of Auditor**

As a result of the Company's existing Auditor, BDO East Coast Partnership (**BDO ECP**), undertaking an internal restructure, BDO ECP resigned as Auditor of the Company in accordance with Section 329(5) of the Corporations Act (**Act**) and, pursuant to Section 329(6) of the Act, ASIC consented to BDO ECP's resignation.

Pursuant to Section 327C of the Act, the Directors of the Company appointed BDO Audit Pty Ltd as the auditor of the Company to fill the vacancy left by BDO ECP. This appointment by the Directors is only valid until the next annual general meeting.

Section 327B of the Corporations Act provides that a public company must appoint an auditor of the Company to fill any vacancy in the office of auditor at the subsequent annual general meeting. BDO Audit Pty Ltd is eligible for reappointment to fill that vacancy.

Section 328B(1) of the Corporations Act provides that a company may appoint an auditor at its annual general meeting only if a member of the company gives the company written notice of the nomination of the proposed auditor before the meeting was convened or not less than 21 days before the meeting. The Company has received a notice of nomination from Spencer Sidney Smith, a member of the Company, for the appointment of BDO Audit Pty Ltd as Auditor of the Company.

Pursuant to Section 328B(3), the written notice nominating BDO Audit Pty Ltd as auditor of the Company is attached to this Explanatory Statement in Annexure A.

BDO Audit Pty Ltd has consented to being appointed auditor of the Company as required by Section 328A of the Corporations Act.

**Recommendations**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 8.

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**GLOSSARY**

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**Annual Report** means the annual report of the Company for the year ended 30 June 2019.

**Board** means the Board of Directors.

**Chairman** or **Chair** means the chairman of the meeting.

**Company** means Pacific Star Network Limited (ABN 20 009 221 630).

**Constitution** mean the constitution of the company.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Crocmedia** means Crocmedia Pty Ltd (ACN 129 637 378) a 100% owned subsidiary of the Company.

**Director** means a director of the Company.

**Explanatory Statement** means the explanatory statement accompanying this Notice of Meeting.

**General Meeting** or **Meeting** means the annual general meeting of the Shareholders of the Company convened by this Notice of Meeting.

**KMP** means Key Management Personnel

**Listing Rules** means the official listing rules of ASX.

**Notice of Meeting** means this notice of the Meeting and, where the context requires, includes the Explanatory Statement.

**Precision** or **Precision Talent Management** means the business acquired from Precision Sports & Entertainment Group Pty Ltd (ACN 169 078 755) trading as Precision Talent Management.

**2018 LTI Plan** or the **2018 PNW Performance Rights Plan** as approved by Shareholders at the Extraordinary General Meeting held on 15 March 2018.

**Rapid TV** means Rapid TV Pty Ltd (ACN 151 067 122) and Rapid Broadcast Pty Ltd (ACN 633 758 853)

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

**Shareholder** means a holder of one or more Shares.

21 October 2019

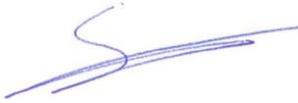
Company Secretary  
Pacific Star Network Limited  
Level 5  
111 Coventry St  
South Melbourne Victoria 3006

**RE: Nomination of BDO Audit Pty Ltd as auditor of Pacific Star Network Limited (Company)**

In accordance with section 328B(1) of the *Corporations Act 2001* (Cth), I, Spencer Sidney Smith, being a shareholder of the Company, provide notice of nomination of BDO Audit Pty Ltd (ABN 33 134 022 870) of Level 10, 12 Creek Street, Brisbane, QLD for appointment as auditor of the Company.

It is intended that this nomination will be put forward as an item of business for consideration of shareholders at the annual general meeting that is to be held on 25th November 2019.

Yours sincerely



Spencer Sidney Smith

PNW

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Need assistance?



**Phone:**

1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**

[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **3.00pm (Melbourne time) Saturday 23 November 2019.**

# Proxy Form

## How to Vote on Items of Business

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

### APPOINTMENT OF PROXY

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

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

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

**A proxy need not be a securityholder of the Company.**

### SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

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

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

### ATTENDING THE MEETING

**If you are attending in person, please bring this form with you to assist registration.**

#### Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**

**SRN/HIN: I999999999**

**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



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

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

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



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Pacific Star Network Limited hereby appoint

the Chairman of the Meeting **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Pacific Star Network Limited to be held at Level 5, 111 Coventry St, Southbank, Victoria 3006 on Monday, 25 November 2019 at 3.00pm (Melbourne time) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 7 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1 and 7 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 7 by marking the appropriate box in step 2.

## Step 2 Items of Business

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

	For	Against	Abstain
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Mr Chris Giannopoulos as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Re-election of Mr Craig Coleman as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Ratification of allotment and issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Ratification of allotment and issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Ratification of allotment and issue of Performance Share Rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Amendment to terms of Performance Rights issued under the 2018 LTI plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1  Securityholder 2  Securityholder 3  / /  
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

**Update your communication details** (Optional)

Mobile Number  Email Address   
 By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically



# Pacific Star Network

ABN 20 009 221 630

PNWRM

MR RETURN SAMPLE  
123 SAMPLE STREET  
SAMPLE SURBURB  
SAMPLETOWN VIC 3030

Dear Securityholder,

We have been trying to contact you in connection with your securityholding in Pacific Star Network Limited. Unfortunately, our correspondence has been returned to us marked "Unknown at the current address". For security reasons we have flagged this against your securityholding which will exclude you from future mailings, other than notices of meeting.

Please note if you have previously elected to receive a hard copy Annual Report (including the financial report, directors' report and auditor's report) the dispatch of that report to you has been suspended but will be resumed on receipt of instructions from you to do so.

We value you as a securityholder and request that you supply your current address so that we can keep you informed about our Company. Where the correspondence has been returned to us in error we request that you advise us of this so that we may correct our records.

You are requested to include the following;

- > Securityholder Reference Number (SRN);
- > ASX trading code;
- > Name of company in which security is held;
- > Old address; and
- > New address.

Please ensure that the notification is signed by all holders and forwarded to our Share Registry at:

Computershare Investor Services Pty Limited  
GPO Box 2975  
Melbourne Victoria 3001  
Australia

Note: If your holding is sponsored within the CHESS environment you need to advise your sponsoring participant (in most cases this would be your broker) of your change of address so that your records with CHESS are also updated.

Yours sincerely

**Pacific Star Network Limited**