



International Limited ACN 110 184 355

Corporate Head Office

91 High Street

Fremantle WA 6160

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24 January 2019

Company Announcements Platform  
Australian Securities Exchange  
Level 4  
20 Bridge Street  
SYDNEY NSW 2000

**By Electronic Lodgement**

Dear Sir/Madam

**NOTICE UNDER SECTION 708A(12C)(e) OF THE CORPORATIONS ACT 2001**

This cleansing notice (**Cleansing Notice**) is given by TV2U International Limited (ACN 110 184 355) (**Company**) under Section 708A(12C)(e) of the Corporations Act 2001 (Cth) (**Corporations Act**) as amended by ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Security) Instrument 2016/82.

The Company hereby confirms that:

- (a) the convertible security was issued without disclosure to investors under Part 6D.2 of the Corporations Act; and
- (b) this Cleansing Notice has been given in accordance with section 708A(12C)(e) of the Corporations Act;

The issue of this Cleansing Notice enables the fully paid ordinary shares in the capital of the Company (**Shares**) issued on the conversion of the convertible security issued by the Company on the terms described below, to be on-sold to retail investors without further disclosure.

This Cleansing Notice is important and should be read in its entirety.

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**1. BACKGROUND**

As announced on 23 January 2019, the Company has entered into a share purchase and convertible security agreement with Lind Asset Management XIII, LLC (**Lind** or the **Investor**) dated 23 January 2019 (**Agreement**).

The Agreement provides that no later than ten (10) Business Days after satisfaction or waiver of various conditions (**Conditions**), the Investor will advance to the Company, in immediately available funds, subject to any set-offs under the Agreement, \$500,000 (the **First Closing**), in consideration of which the Company will issue (and, at the First Closing will be deemed to have

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issued) to the Investor an uncertificated secured convertible security for the a face value of AU\$600,000 on the terms set out in the Agreement (the **Convertible Security**).

The Conditions have now been satisfied and the investor will today advance the \$500,000 and as such the Convertible Security will be deemed to have been issued on the date of this Cleansing Notice, being the First Closing under the Agreement.

Under the Agreement, the Company is obliged to seek shareholder approval within 60 days after the First Closing for the issue of the Convertible Security (on the basis that it is convertible into Conversion Shares in accordance with the Agreement) to the Investor. The Company is presently in the process of preparing the necessary documentation for the shareholder meeting.

Subject to shareholder approval, the Convertible Security may be converted (for the full amount of the outstanding Face Value or in multiples of AU\$50,000 up to a maximum of the outstanding Face Value (**Conversion Amount**)) at any time during the 24 month term (**Term**) of the Agreement (after a lock up period ending on the earlier of 30 April 2019 and an event of default that has not been remedied) upon a conversion notice given by the Investor specifying the Conversion Amount (**Conversion Notice**). Upon receipt of the Conversion Notice, the Company must effect the conversion and issue that number of shares equal to the Conversion Amount divided by the conversion price (details of which are set out below) (**Conversion Shares**).

The Convertible Security is secured by a general security over all of the assets of the Company.

The Directors consider that the Convertible Security is in the best interests of Shareholders as the Company is in a build phase in respect of its customer-generated revenue and therefore is still largely reliant on capital funding for its working capital requirements.

Under the Agreement, the Investor is also required to make various prepayments during the Term, not exceeding an amount of AU\$7,200,000, to the Company to either be repaid by the Company or where this amount is not repaid, the Company is to issue shares to the Investor (such number as determined under the Agreement and subject to satisfaction or waiver of a number of conditions) (**Tranche Shares**).

The Agreement further provides that at or prior to the First Closing the Company will grant to the Investor 60,000,000 options (**Closing Options**). The Company confirms that it has issued the Closing Options on 23 January 2019. Further options will be granted upon the issue of the Tranche Shares (**Tranche Share Issuance Options**). Both the Closing Options and Tranche Share Issuance Options will be issued out of the Company's existing placement capacity.

The Tranche Shares and the Tranche Share issuance Options are not part of the terms of the Convertible Security. The Company has also issued to the Investor 40,000,000 collateral shares, in consideration of the Investor entering into the Agreement (**Collateral Shares**).



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## **2. CONTENTS OF THIS CLEANSING NOTICE**

This Cleansing Notice sets out the following:

- (a) in relation to the Convertible Security:
  - (i) the effect of the issue on the Company;
  - (ii) a summary of the rights and liabilities attaching to the Convertible Security; and
  - (iii) a summary of the rights and liabilities attaching to the Shares that will be issued on the conversion of the Convertible Security; and
- (b) any information that:
  - (i) has been excluded from continuous disclosure notices in accordance with the ASX Listing Rules; and
  - (ii) is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
    - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
    - (B) the rights and liabilities attaching to Shares; and
  - (iii) other information relating to the Company's status as a disclosing entity.

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## **3. THE EFFECT OF THE ISSUE ON THE STRUCTURE OF THE COMPANY**

### **3.1 Effect of the issue on the Company**

The principal effect of the issue of the Convertible Security on the Company will be to:

- (a) increase the Company's cash reserves by \$500,000 (subject to any set-offs under the Agreement);
- (b) increase the number of unlisted secured Convertible Securities on issue from one (1) to two (2);
- (c) give rise to the Company having a liability for the amount of the Face Value; and
- (d) if the Convertible Security is converted, either whole or in part, increase the number of Shares on issue as a consequence of the issue of Shares on the conversion of the Convertible Security.



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In addition, as a consequence of entering into the Agreement by which the Convertible Security will be issued, the Company will also:

- (a) increase the number of shares on issue upon the issue of the Collateral Shares and the Tranche Shares;
- (b) increase the number of options on issue, by 60,000,000 unlisted Closing Options which are to be granted to the Investor at or prior to the First Closing; and
- (c) increase the number of options on issue, by that number of unlisted Tranche Share Issuance Options equivalent to 33% of the number of Tranche Shares to be issued.

### 3.2 Financial Effect on the Company

The primary financial effect on the Company of the issue of the Convertible Security is expected to be the immediate increase to cash at bank of approximately \$450,000, being the amount owing to the Company for the issue of the Convertible Security (\$500,000) less the costs of the issue of approximately \$50,000.

In addition, there is expected to be a corresponding increase in the borrowings of the Company by \$600,000.

### 3.3 Potential effect on share structure

- (a) As at the date of this Cleansing Notice, the issued capital of the Company is 2,128,358,112.
- (b) The capital structure of the Company will be affected by the conversion of the Convertible Security by the Investor which will result in additional Shares being issued.
- (c) As set out above, subject to shareholder approval, the Convertible Security may be converted for the full amount of the outstanding Face Value or in multiples of AU\$50,000 up to a maximum of the outstanding Face Value (**Conversion Amount**) at any time during the Term (after a lock up period ending on the earlier of 30 April 2019 or an event of default that has not been remedied) upon a Conversion Notice given by the Investor.
- (d) Upon receipt of the Conversion Notice, the Company must effect the conversion and issue that number of shares equal to the Conversion Amount divided by the Conversion Price (details of which are set out in section 4(e) below) (**Conversion Shares**).
- (e) If the full amount of the Convertible Security is converted, then based on an assumed conversion price of \$0.0045 per new Share and assuming the full face value of \$600,000 is converted and that no Conversion Collateral Capitalisation Election is made (see section 4(d) below) (**Assumptions**), 133,333,333 new Shares would be issued. The actual effect of the share capital of the Company will depend on what actual Conversion



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Price and the actual amount of the Convertible Security that is converted. The effect on the issued share capital of the Company on conversion of the Convertible Security is set out in the table below based on the Assumptions.

Shares	Number
Shares on issue prior to the issue of the Convertible Security	2,128,358,112
Collateral Shares issued at or prior to the First Closing	40,000,000
Shares issued upon conversion of the full Face Value of the Convertible Security (based on the Assumptions)	133,333,333
<b>Total Shares on issue following conversion of the full Face Value of the Convertible Security</b>	<b>2,301,691,445</b>

Options	Number
Listed Options on issue prior to the issue of the Convertible Security	351,413,781
Unlisted Options on issue prior to the issue of the Convertible Security	99,687,500
Unlisted Closing Options issued at or prior to the First Closing	60,000,000
Options issued upon the conversion of the Convertible Facility	Nil
<b>Total Options on issue following conversion of the full Face Value of the Convertible Security</b>	<b>511,101,281</b>

Performance Shares	Number
Performance Shares on issue prior to the issue of the Convertible Security	428,571,428
Performance Shares issued upon the conversion of the Convertible Facility	Nil
<b>Total Options on issue following conversion of the full Face Value of the Convertible Security</b>	<b>428,571,428</b>

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Convertible Securities	Number
Convertible Security pursuant to Convertible Funding Agreement dated 15 September 2018 <b>(First Convertible Security)</b>	1
Convertible Security pursuant to the Agreement (if full Face Value converted)	0
<b>Total Convertible Securities on issue following conversion of the full Face Value of the Convertible Security under the Agreement (assuming First Convertible Security is not converted)</b>	<b>1</b>

- (f) Where the Company elects to issue Tranche Shares instead of repaying the prepaid amounts detailed in section 1, the capital structure of the Company will also be affected by the issue of the Tranche Shares and the Tranche Share Issuance Options. These issues are not shown in the above tables.

#### 4. RIGHTS AND LIABILITIES ATTACHING TO THE CONVERTIBLE SECURITY

The following is a broad summary of the rights, privileges and restrictions attaching to the Convertible Security. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Investor.

(a) **Face Value**

The Convertible Security has a total face value of \$600,000.

(b) **Conversion and Term**

Subject to shareholder approval, a conversion of the Convertible Security may occur at any time during the 24 month term of the agreement provided it is after a lock-up period commencing on the execution of the Agreement and ending on the earlier of 30 April 2019 or an event of default that has not been remedied, subject to the conditions set out in the Agreement.

(c) **Conversion Amount**

The conversion amount, must be an amount determined by the Investor and must be either:

- (i) the amount of the outstanding Face Value of the Convertible Security; or
- (ii) an amount in multiples of AU\$50,000 up to a maximum of the outstanding Face Value of the Convertible Security,



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**(Conversion Amount).**

**(d) Conversion Collateral Capitalisation Election**

The Investor may also elect whether to have the conversion amount satisfied in whole or in part by a reduction to the collateral shareholding number (**Conversion Collateral Capitalisation Election**).

**(e) Conversion Price**

The Conversion Price applicable to the conversion will be the lower of:

- (i) the price per Company Share equal to 90% of the average of three (3) daily VWAPs per Company Share during the twenty (20) consecutive Trading Days immediately prior to the relevant Conversion Notice Date selected by the Investor (in its sole discretion) (provided that if the resultant average VWAP number contains four or more decimal places, such number will be rounded down to the next lowest number containing three decimal places); and
- (ii) the price per Company Share equal to 130% of the average of each of the twenty (20) daily VWAPs during the twenty (20) Trading Days immediately prior to the Execution Date (provided that if the resultant number contains four or more decimal places, such number will be rounded down to the next lowest number containing three decimal places).

**(f) Conversion Shares**

The number of Conversion Shares that the Company must Issue and Electronically Deliver in a Conversion shall be determined by dividing the Australian dollar amount of the relevant Conversion Amount by the Conversion Price, provided that if the resultant number contains a fraction, such number shall be rounded up to the next highest whole number.

**(g) Security**

The Convertible Security is secured through a General Security Deed over the Company's property.

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**5. RIGHTS AND LIABILITIES ATTACHING TO SHARES ISSUED UNDER THE CONVERTIBLE SECURITY**

The Shares issued to the Investor on the conversion of the Convertible Security and the Collateral Shares will rank equally in all respects with all of the Company's existing Shares. The rights attaching to the Shares, including new Shares to be issued to the Investor on the conversion of the Convertible Security and the Collateral Shares, are set out in the Company's Constitution,



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and, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules and the general law.

The Company intends to apply to ASX Limited for quotation of the shares issued on conversion of the Convertible Security and the Collateral Shares.

Full details of the rights and liabilities attaching to shares are set out in the Constitution, a copy of which can be inspected free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of shareholders of the Company (**Shareholders**).

(a) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting rights**

Subject to the Constitution and to any rights or restrictions attached to any shares or class of shares, at a general meeting:

- (i) on a show of hands, every member present who is a Shareholder or a proxy, attorney or Representative of a Shareholder has one vote;
- (ii) on a poll, every member present who is a Shareholder or a proxy, attorney or Representative of a Shareholder has:
  - (A) one vote for each fully paid share held by the member and in respect of which the member is entitled to vote; and
  - (B) a fraction of a vote for each partly paid share held by the member and in respect of which the member is entitled to vote, equivalent to the proportion which the amount paid (not credited) on the share bears to the total amounts paid and payable (excluding amounts credited) on the share.





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(c) **Dividend rights**

Subject to and in accordance with the Corporations Act, the Listing Rules, the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time decide to pay a dividend to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The directors may rescind a decision to pay a dividend if they decide, before the payment date, that the Company's financial position no longer justifies the payment.

The Directors may from time to time pay to the Shareholders any interim dividends that they may determine.

No dividend shall carry interest as against the Company.

Subject to the Company Constitution, the directors may set aside out of the profits of the Company reserves or provisions for any purpose as they think fit.

Subject to the Listing Rules and the Corporations Act, the directors may implement a dividend reinvestment plan on the terms they think fit under which the whole or any part of a dividend due to members who participate in the plan on their shares or any class of shares may be applied in subscribing for securities of the Company or of a related body corporate. The directors may amend, suspend or terminate a dividend reinvestment plan implemented by them.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the sanction of a special resolution:

- (i) divide among the members the whole or any part of the property of the Company; and
- (ii) determine how the division is to be carried out as between the members or different classes of members.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.



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Subject to the rights of Shareholders (if any) entitled to Shares with special rights in a winding-up and the Corporations Act all monies and property that are to be distributed among Shareholders on a winding-up, shall be distributed in proportion to the Shares held by them respectively, irrespective of the amount paid-up or credited as paid-up on the Shares.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares, unissued Shares shall be under the control of the Directors and, subject to the Corporations Act, the Listing Rules and this Constitution, the Directors may at any time issue such number of Shares either as ordinary Shares or Shares of a named class or classes (being either an existing class or a new class) at the issue price that the Directors determine and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Directors shall, in their absolute discretion, determine.

(h) **Variation of rights**

The rights attached to any class of shares may, unless their terms of issue state otherwise, be varied:

- (i) with the written consent of the holders of 75% of the shares of the class; or
- (ii) by a special resolution passed at a separate meeting of the holders of shares of the class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.



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## 6. COMPLIANCE WITH DISCLOSURE OBLIGATIONS

The Company is a “**disclosing entity**” under the Corporations Act and, as such, is subject to regular reporting and disclosure obligations under both the Corporations Act and the ASX Listing Rules.

These obligations require the Company to notify ASX of information about specific events and matters as they arise. In particular, the Company is obliged to continuously disclose to the market immediately any information which a reasonable person would expect to have a material effect on the price or the value of the Company's Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

The Company will provide a copy of each of the following documents, free of charge, to any person on request:

- (a) the annual financial report most recently lodged by the Company with ASIC, being the financial report of the Company for the year ended 30 June 2018;
- (b) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in (a) and before the lodgement of this Cleansing Notice with ASX; and
- (c) any continuous disclosure documents given by the Company to ASX after the lodgement of the annual financial report referred to in (a) and before the lodgement of this Cleansing Notice with ASX.

A list of the continuous disclosure documents given by the Company to ASX after lodgement of the annual financial report referred to in (a) and before the lodgement of this Cleansing Notice with ASX is set out below in the table.

Date	Announcement
23/01/2019	Cleansing Notice
23/01/2019	Appendix 3B – Collateral Shares and Closing Options
23/01/2019	TV2U SECURES ADDITIONAL FUNDING TO SCALE REVENUES
14/01/2019	Webinar Presentation – January 2019
14/01/2019	JEE TV SELECTS TV2U FOR NEW OTT SERVICE LAUNCH
31/12/2018	Cleansing Statement



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28/12/2018	Appendix 3B - Issue of Ordinary Shares and Unlisted Options
27/12/2018	TV2 AFRICA APP RELEASED ON APPLE'S APP STORE
17/12/2018	TV2U Webinar Series for 2019
14/12/2018	KEY PROJECTS BUSINESS UPDATE
10/12/2018	TV2U POWERS NEW GLOBAL ENTERTAINMENT HUB FOR LEMMON.ID
07/12/2018	Launch of White Label Global OTT Service
30/11/2018	Results of Annual General Meeting
29/11/2018	Annual General Meeting Presentation
07/11/2018	TV2U ANNOUNCES FULL COMMERCIAL LAUNCH OF TV2AFRICA
02/11/2018	KEY PROJECTS BUSINESS UPDATE
01/11/2018	Quarterly Activities Report - September 2018
01/11/2018	Quarterly Cashflow Report - September 2018
31/10/2018	Notice of Annual General Meeting and Proxy Form
16/10/2018	Appendix 3X - Initial Director's Interest Notice
16/10/2018	Appendix 3Z - Final Director's Interest Notice
16/10/2018	Resignation and Appointment of Directors
11/10/2018	Appendix 3B - Issue of First Convertible Security
01/10/2018	Corporate Governance Statement
01/10/2018	2018 Appendix 4G
01/10/2018	Annual Report for the year ended 30 June 2018

## 7. INFORMATION EXCLUDED FROM CONTINUOUS DISCLOSURE NOTICES

As at the date of this Cleansing Notice, the Company advises that it has fully complied with its disclosure obligations under the ASX Listing Rules and the Corporations Act, and, in particular, there is no information which the Company has excluded from any of its continuous disclosure notices given in accordance with the ASX Listing Rules and the Corporations Act as at the date of this Cleansing Notice which it would be reasonable for investors and their professional advisors to require for the purpose of making an informed assessment of:

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- (a) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
- (b) the rights and liabilities attaching to the Convertible Security under the Facility and the Shares.

For more information please contact the undersigned on +61 400 007 906.

Yours sincerely

A handwritten signature in black ink that reads 'Sophie Raven'.

**SOPHIE RAVEN  
COMPANY SECRETARY  
TV2U INTERNATIONAL LIMITED**