



## **SPRINTEX LIMITED**

**ACN 106 337 599**

### **NOTICE OF GENERAL MEETING**

2 / 63 Furniss Road, Darch WA 6065  
on 28 September 2020 at 10.00am WST

The Board considers that the health, safety and welfare of the Company's staff, its Shareholders and other stakeholders to be paramount. Accordingly, the number of physical attendees at the meeting will be limited to the maximum number of attendees permitted based on the relevant Government regulations and guidelines in force at the time of the meeting. As it is unlikely that all Shareholders will be permitted to attend the Meeting in person should they choose to do so, the Meeting will be accessible to all Shareholders virtually via a live webcast.

A live webcast and electronic voting via [www.advancedshare.com.au/virtual-meeting](http://www.advancedshare.com.au/virtual-meeting) will be offered to allow Shareholders to listen to the Meeting, ask questions and vote online. Please refer to the Meeting ID and Shareholder ID on the proxy form to login to the website.

Shareholders may submit questions ahead of the Meeting via the portal from 7 September 2020

The Chair will adjourn the meeting if the number of shareholders attending the meeting will lead to a violation of relevant Government laws and regulations on crowds and gatherings.

#### **THIS DOCUMENT IS IMPORTANT**

This Notice of General Meeting and Explanatory Statement should be read in its entirety. If you do not understand this document or are in any doubt as to how to deal with this document, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately.

Should you wish to discuss the matters in this Notice of General Meeting please do not hesitate to contact the Company Secretary on +61 8 9262 7277.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10.00am on 26 September 2020.

## **CORPORATE DIRECTORY**

<b>Directors</b>	Richard Siemens David White Michael Wilson Richard O'Brien Raymond Lau
<b>Secretary</b>	Robert Molkenthin
<b>Registered Office</b>	Unit 2 / 63 Furniss Road DARCH WESTERN AUSTRALIA 6065 Telephone: +61 8 9262 7277
<b>Auditor</b>	PKF Perth Level 4 35 Havelock Street WEST PERTH WESTERN AUSTRALIA 6005 Telephone: +61 8 9322 2798
<b>Share Registry</b>	Advanced Share Registry Services 110 Stirling Highway NEDLANDS WESTERN AUSTRALIA 6009 Telephone: +61 8 9389 8033
<b>ASX Code</b>	SIX

## NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of the Shareholders of Sprintex Limited (**Company**) will be held at 10.00 am (WST) on 28 September 2020 at 2 / 63 Furniss Road, Darch WA 6065.

### AGENDA

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#### 1. RESOLUTION 1 – APPROVAL TO ISSUE SHARES TO AUTOV CORPORATION SDN. BHD

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

*‘That, subject to and conditional upon the passing of the Recapitalisation Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue to AutoV Corporation Sdn. Bhd. or its nominee/s, of that number of Shares, which when multiplied by the deemed issue price of AU\$0.086 per Share equals US\$250,000 on the terms and conditions set out in the Explanatory Statement.’*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution 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 securities in the Company) namely:

- a) AutoV Corporation Sdn. Bhd (or its nominee/s); or
- b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- b) the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - i. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - ii. the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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#### 2. RESOLUTION 2 – APPROVAL TO ISSUE SHARES TO LIDX TECHNOLOGY LIMITED

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

*‘That, subject to and conditional upon the passing of the Recapitalisation Resolutions, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 7,034,883 Shares to Lidx Technology Limited or its nominee/s, on the terms and conditions set out in the Explanatory Statement.’*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- a) Lidx Technology Limited and Mr Li Chen (or their nominee/s); and
- b) any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a Resolution by:

- a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- b) the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - i. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - ii. the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### 3. **RESOLUTION 3 – APPROVAL TO ISSUE SHARES TO GANADO INVESTMENTS CORPORATION LTD**

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

*‘That, subject to and conditional upon the passing of the Recapitalisation Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 18,681,395 Shares to Ganado Investments Corporation Ltd or its nominee/s on the terms and conditions set out in the Explanatory Statement.’*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution 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 securities in the Company) namely:

- a) Ganado Investments Corporation Ltd (or its nominee/s); or
- b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a Resolution by:

- a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- b) the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - i. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - ii. the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### 4. **RESOLUTION 4 – APPROVAL TO ISSUE SHARES TO WILSON'S PIPE FABRICATIONS PTY LTD**

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

*‘That, subject to and conditional upon the passing of the Recapitalisation Resolutions, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 10,146,790 Shares to Wilson's Pipe Fabrications Pty Ltd or its nominee/s, on the terms and conditions set out in the Explanatory Statement.’*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- a) Wilson's Pipe Fabrications Pty Ltd and Michael Wilson (or their nominee); or
- b) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a Resolution by:

- a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- b) the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - iii. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - iv. the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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## 5. RESOLUTION 5 – APPROVAL OF PLACEMENT

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

*‘That, subject to and conditional upon the passing of the Recapitalisation Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 69,767,442 Shares at an issue price of AU\$0.086 per Share to raise up to AU\$6,000,000, on the terms and conditions set out in the Explanatory Statement.’*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- a) 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 securities in the Company; or
- b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a Resolution by:

- a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- b) the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - i. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - ii. the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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**6. RESOLUTION 6 – ELECTION OF DIRECTOR – MR WAYNE KNIGHT**

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

*“That, subject to and conditional upon the passing of the Recapitalisation Resolutions, for the purpose of clause 15.4(e) of the Constitution and for all other purposes, Mr Wayne Knight, being eligible and having consented to act, be elected as a Director of the Company, effective at completion of the Recapitalisation.”*

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**7. RESOLUTION 7 – ELECTION OF DIRECTOR – MR JUDE (JAY) UPTON**

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

*“That, subject to and conditional upon the passing of the Recapitalisation Resolutions, for the purpose of clause 15.4(e) of the Constitution and for all other purposes, Mr Jude (Jay) Upton, being eligible and having consented to act, be elected as a Director of the Company, effective at completion of the Recapitalisation.”*

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**8. RESOLUTION 8 – ELECTION OF DIRECTOR – MR LI CHEN**

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

*“That, subject to and conditional upon the passing of the Recapitalisation Resolutions, for the purpose of clause 15.4(e) of the Constitution and for all other purposes, Mr Li Chen, being eligible and having consented to act, be elected as a Director of the Company, effective at completion of the Recapitalisation.”*

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**9. RESOLUTION 9 – ELECTION OF DIRECTOR – MR STEVE APEDAILE**

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

*“That, subject to and conditional upon the passing of the Recapitalisation Resolutions, for the purpose of clause 15.4(e) of the Constitution and for all other purposes, Mr Steve Apedaile, being eligible and having consented to act, be elected as a Director of the Company, effective at completion of the Recapitalisation.”*

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**10. RESOLUTION 10 – REPLACEMENT OF COMPANY’S CONSTITUTION**

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

*“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes.”*

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**11. RESOLUTION 11 – ISSUE OF OPTIONS TO MR WAYNE KNIGHT**

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

*“That, subject to the passing of the Recapitalisation Resolutions and for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 5,000,000 Options to Mr Wayne Knight (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Wayne Knight (or his nominee) or 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 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.

**Voting Prohibition Statement:**

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

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

However, the above prohibition does not apply if:

- a) the proxy is the Chair; and
- b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

**BY ORDER OF THE BOARD OF DIRECTORS**

Robert Molkenthin  
Company Secretary  
Sprintex Limited

28 August 2020

## NOTES

### REINSTATEMENT TO TRADING

The Company has been suspended from trading since 28 September 2018. Accordingly, the Company is a long term suspended entity.

If the Company does not, or is unable to, comply with the Reinstatement Conditions by 29 September 2020, the Company's Shares will not be reinstated to trading **and the Company will be removed from the official list of the ASX on 29 September 2020.**

### EXPLANATORY STATEMENT

The Explanatory Statement accompanying this Notice of General Meeting is incorporated in and comprises part of this Notice of General Meeting.

Terms and abbreviations used in this Notice of General Meeting and the Explanatory Statement will, unless the context requires otherwise, have the meaning given to them in the Glossary.

### VOTING IN PERSON

To vote in person, please attend the General Meeting on the date and at the place set out in this Notice of Meeting.

### VOTING BY A CORPORATION

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed unless previously given to the Company's Share Registry.

### PROXIES

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

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

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

Shareholders and their proxies should be aware that:

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

**The Board considers that the health, safety and welfare of the Company's staff, its Shareholders and other stakeholders to be paramount. Accordingly, the number of physical attendees at the meeting will be limited to the maximum number of attendees permitted based on the relevant Government regulations and guidelines in force at the time of the meeting. As it is unlikely that all Shareholders will be permitted to attend the Meeting in person should they choose to do so, the Meeting will be accessible to all Shareholders virtually via a live webcast.**

**A live webcast and electronic voting via [www.advancedshare.com.au/virtual-meeting](http://www.advancedshare.com.au/virtual-meeting) will be offered to allow Shareholders to listen to the Meeting, ask questions and vote online. Please refer to the Meeting ID and Shareholder ID on the proxy form to login to the website.**

**Shareholders may submit questions ahead of the Meeting via the portal from 7 September 2020**

**The Chair will adjourn the meeting if the number of shareholders attending the meeting will lead to a violation of relevant Government laws and regulations on crowds and gatherings.**

## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of General Meeting. The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the preceding Notice of General Meeting.

The ASX takes no responsibility for the contents of the Explanatory Statement and the Notice of Meeting.

**Shareholders should note that the Recapitalisation Resolutions (being, Resolutions 1 to 9) must be passed for the Recapitalisation Proposal to proceed. If the Recapitalisation Resolutions are not passed, the Recapitalisation Proposal will not proceed.**

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### 1. BACKGROUND TO RESOLUTIONS

#### 1.1 Recapitalisation Proposal

The Company has entered into a conditional terms sheet with Indian Ocean Corporate Pty Ltd (ACN 142 266 279) (**IOC**) in relation to a proposal for the recapitalisation of the Company (**Recapitalisation Proposal** or **Recapitalisation**).

The key terms of the Recapitalisation Proposal are as follows:

- (a) **Capital Raising:** The Company will raise a minimum of AU\$5,000,000 and a maximum of AU\$6,000,000 via an issue of Shares at an issue price per Share of AU\$0.086 (**Placement**) pursuant to a prospectus to be lodged with ASIC.
  - (b) **Loan:** Lidx Technology Limited (an entity incorporated in Hong Kong) (**Lidx**) has provided an interest free loan of AU\$550,000 to the Company (**Loan**) on the following key terms and conditions:
    - (i) AU\$250,000 of the Loan was used for general working capital, the remaining balance of the Loan of AU\$300,000 is to be used for overhead and general working capital purposes, specifically:
      - (A) AU\$50,000 on costs associated with the Recapitalisation (advisor and third party);
      - (B) AU\$250,000 on working capital;
    - (ii) subject to Shareholder approval, the Loan is to be repaid via an issue of Shares at a deemed issue price of AU \$0.086 per Share on the reinstatement of the Company's securities to trading on the ASX. Where Shareholder approval is not obtained, or reinstatement does not occur on or before 31 October 2020, the Loan will be repaid in cash on 1 April 2021 or such later date as is agreed between the Company and Lidx;
    - (iii) the Company has agreed, subject to Shareholder approval, to issue Lidx 639,535 Shares at a deemed issue price of AU \$0.086 per Share (being, \$55,000 worth of Shares) in consideration for providing the Loan (**Financing Charge**). Where Shareholder approval is not obtained, or reinstatement does not occur on or before 31 October 2020, the Financing Charge will be satisfied in cash on 1 April 2021 or such later date as is agreed between the Company and Lidx; and
    - (iv) repayment of the Loan is secured by a charge over the assets of the Company.
- The Company notes that following entry into the Loan in May 2020 (at which time Lidx was an unrelated party of the Company), Lidx has subsequently become a related party of the Company by virtue of the Company proposing to appoint Mr Li Chen (who controls Lidx) as a director of the Company upon completion of the Recapitalisation (refer to Resolution 8).
- (c) **Conditions:** The Recapitalisation Proposal is subject to satisfaction of the following outstanding conditions:
    - (i) the Company completing the acquisition of the remaining interest in the Malaysian joint venture, Proreka Sprintex Sdn. Bhd. (**Joint Venture**) that it does not already own, being a 50% interest held by AutoV Corporation Sdn. Bhd. (**AutoV**) (**Acquisition**). The Company has agreed, subject to Shareholder approval, to issue to AutoV US\$250,000

(approximately \$348,275<sup>1</sup>) worth of Shares at a deemed issue price of AU\$0.086 per Share (calculated at the exchange rate on the day immediately prior to completion of the issue of Shares) in consideration for the Acquisition (refer to Schedule 2 for further detail regarding the terms and conditions of the Acquisition);

- (ii) the loan of US\$1,110,000 (agreed to be equal to AU\$1,606,600 by the Company and GICL) from Ganado Investments Corporation Ltd (**GICL**), an unrelated party of the Company, being converted into Shares at a deemed issue price of AU\$0.086 per Share (being, 18,681,395 Shares) (**GICL Debt Conversion**) (refer to Section 3 below for further detail regarding the terms and conditions of the GICL Debt Conversion);
  - (iii) the Company ensuring the Shares issued under the Placement are cleansed and freely tradeable;
  - (iv) the parties obtaining all relevant regulatory and Shareholder approvals in accordance with the ASX Listing Rules and the Corporations Act; and
  - (v) the Company withdrawing the 5 to1 equity consolidation previously announced by the Company on 23 April 2019.
- (d) **Existing Shareholder Loans:**
- (i) the loans from China Automotive Holdings Limited (**CAHL**) of US\$1,950,000 (approximately AU\$2.82 million) will be forgiven; and
  - (ii) subject to Shareholder approval, the loans from Wilson's Pipe Fabrications Pty Ltd (an entity controlled by Director, Mr Michael Wilson) (**WPF**) of approximately AU\$1,472,624 will be converted to Shares at a deemed price of AU\$0.086 per Share, resulting in the issue of 10,146,790 Shares, and the balance of the loan of AU\$600,000 will be repaid by the Company in cash from proceeds of the Placement (**WPF Debt Conversion**) (refer to Section 5 below for further detail regarding the WPF Debt Conversion).
- (e) **Corporate Advisor:** Pursuant to the conditional terms sheet entered into in relation to the Recapitalisation Proposal, IOC is appointed as corporate advisor to the Company in respect of the Recapitalisation (including, for the avoidance of doubt, the Placement) and will receive a fee of 6% of the total amount raised under the Placement in cash at completion of the Placement.
- (f) **Board changes:** All of the Directors are to resign from the board of the Company upon completion of the Recapitalisation.

The business to be conducted at the General Meeting primarily relates to the Recapitalisation Proposal (refer to Section 1.3 for further detail).

## 1.2 Reinstatement to Trading

The Company has been suspended from trading since 28 September 2018.

This reinstatement of the Company securities to trading on the official list of the ASX is subject to the discretion of the ASX, however the Company has received confirmation from the ASX that it will, subject to satisfaction of the Reinstatement Conditions, allow reinstatement of the Company's securities to Official Quotation.

The Reinstatement Conditions are set out in Schedule 1. The Company has until 29 September 2020 to comply with the Reinstatement Conditions set out above and have its securities reinstated to Official Quotation on the ASX.

**If the Company does not, or is unable to, comply with the Reinstatement Conditions by 29 September 2020, the Company's Shares will not be reinstated to trading, and the Company will be removed from the official list of the ASX on 29 September 2020 by virtue of the Company being a long term suspended entity.**

## 1.3 Resolutions

The following Resolutions are put to Shareholders in respect of the Recapitalisation and to satisfy certain of the Reinstatement Conditions:

- (a) **Resolution 1:** The issue of that number of Shares which, when multiplied by the deemed issue price of AU\$0.086 equals US\$250,000, in satisfaction of the consideration of US\$250,000 payable to

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<sup>1</sup> Using a foreign exchange rate of 1.3931 as at 24 August 2020.

AutoV Corporation Sdn. Bhd. (**AutoV**) for the acquisition of a 50% interest in the Joint Venture held by AutoV.

- (b) **Resolution 2:** The issue of 7,034,883 Shares to Lidx Technology Limited (or its nominee) at a deemed issue price per Share of AU\$0.086 in lieu of repayment of the Loan and Financing Charge.
- (c) **Resolution 3:** The issue of 18,681,395 Shares to GICL (or its nominee) at a deemed issue price per Share of AU\$0.086, in lieu of conversion of the amount outstanding under the loan from GICL into Shares.
- (d) **Resolution 4:** The issue of 10,146,790 Shares to WPF (an entity controlled by Director, Mr Michael Wilson) at a deemed issue price of AU\$0.086, in lieu of conversion of part of the amount outstanding under loans from WPF into Shares.
- (e) **Resolution 5:** The issue of Shares at an issue price of \$0.086 per Share to raise a minimum of AU\$5,000,000 and a maximum of AU\$6,000,000 under the Placement.
- (f) **Resolutions 6-9:** The appointment of the Proposed Directors.

(together, the **Recapitalisation Resolutions**).

In addition, the Company proposes adopting a replacement constitution in place of its existing constitution that was adopted by Shareholders in 2008 (refer to Resolution 10). Resolution 10 is not a Recapitalisation Resolution.

**Shareholders should note that the Recapitalisation Resolutions are inter-connected and as such, must be passed for the Recapitalisation Proposal to proceed. If any of the Recapitalisation Resolutions are not passed by the requisite majority, the Recapitalisation Proposal will not proceed.**

## 1.4 Capital Structure

Upon completion of the Recapitalisation, the Company's capital structure will be as follows:

	Number of Shares (Minimum Subscription)	Number of Shares (Maximum Subscription)
Shares currently on issue	100,000,000	100,000,000
Issue of Shares pursuant to the Acquisition (Resolution 1) <sup>1</sup>	4,049,709	4,049,709
Issue of Shares to Loan Providers (Resolutions 2 and 3)	25,716,279	25,716,279
Issue of Shares to Related Party Loan Provider (Resolution 4)	10,146,790	10,146,790
Issue of Shares under Placement (Resolution 5)	58,139,535	69,767,442
<b>Shares on issue on completion of the Recapitalisation</b>	<b>198,052,313</b>	<b>209,680,220</b>

### Notes:

- Assuming 4,049,709 Shares are issued based on a foreign exchange rate of 1.3931 as at 24 August 2020 (refer to Section 2.4 for further detail regarding the maximum number of Shares which may be issued based on various foreign exchange rates and the dilutive effect on Shareholders).

## 1.5 Use of Funds

The Company intends to use funds raised under the Placement and the remaining funds available under the Lidx Loan (being, approximately AU\$300,000) as follows:

Item	Minimum Subscription (AU\$)	Maximum Subscription (AU\$)
Expenses of the Recapitalisation (including, the Placement and Acquisition)	316,000	376,000
Partial repayment of the WPF debt	600,000	600,000
Creditors	610,000	610,000
Durability Testing <sup>1</sup>	80,000	80,000
New Products Tooling <sup>2</sup>	80,000	80,000
USA emissions certification Jeep JL <sup>3</sup>	40,000	40,000
Administration and other corporate costs <sup>4</sup>	250,000	250,000
R&D Costs for new product <sup>5</sup>	240,000	500,000
Working capital <sup>6</sup>	2,084,000	2,764,000
Cash reserve to cover costs during unexpected delays	1,000,000	1,000,000
<b>Total</b>	<b>AU\$5,300,000</b>	<b>AU\$6,300,000</b>

**Notes:**

1. Comprising durability testing of the new (2019 & on) Jeep JL system and front entry supercharger, to be undertaken in September, October and November (total AU\$60,000) and durability testing for the Eaton replacement rotating group in December 2020 and January 2021 (total AU\$20,000).
2. Comprising, machining and assembly fixtures and tooling for the new Jeep JL system, Eaton replacement rotating group and China Original Equipment Manufacturer (**OEM**) rotors and specialised rotor cutting tooling and fixtures for Eaton replacement and China OEM rotors.
3. Comprising certified emissions laboratory testing, carried out on a company test vehicle on location in California, including expenses for one engineer in attendance.
4. Comprising, ASX listing fees, ASIC fees, auditors, legal and accounting professional fees and two non-executive directors fees.
5. Comprising AU\$200,000 for development of Eaton replacement rotor group. In the case of maximum subscription of \$6m, R&D cost would be increased to accelerate development and fund additional new product.
6. Comprising minimum working capital at the minimum subscription of AU\$5m million and additional working capital in the case of higher or maximum subscription of AU\$6m million. Increased working capital from higher subscription would allow faster development of new products such as the Eaton rotating assembly replacement group.

The above table is a statement of current intentions as of the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis. Actual expenditure may differ significantly from the above estimates due to a change in market conditions, the development of new opportunities and other factors.

The Board believes that the funds raised from the Placement, combined with existing cash reserves, provide the Company with sufficient working capital to progress its business objectives.

## 1.6 Pro-forma balance sheet

The Company has prepared a pro forma balance sheet as at 31 December 2019 which takes into account the effect of the Recapitalisation Proposal on the Company (including, for the avoidance of doubt, each of the Resolutions set out in this Notice of Meeting). This pro forma balance sheet is contained in Annexure A.

## 1.7 Going Forward

The Company is an automotive engineering company focused on manufacturing and supplying its patented twin screw supercharger products to the overseas market, particularly in Asia and the United States of America. In the past 6 years, Sprintex has typically operated with little or no cash reserve, severely limiting the ability to develop products in a timely manner, move with the market and stay up to date and relevant. This factor also handicapped the Company in regard to its ability to win OEM manufacturing opportunities.

Under the Recapitalisation, Sprintex will become effectively debt free and will continue manufacturing operations at a viable cost, with the high overhead costs of recent years no longer a drain on the business. This will allow Sprintex to operate in a conventional manner, able to fund development of new products, as required to be successful in the market.

The recapitalised company, with reduced overhead and fewer projects, will be able to focus clearly on current projects of the new Pentastar II supercharger system and front entry supercharger, to suit 2019 to 2025 Jeep Wrangler JL and other Chrysler models initially and progress to the other projects of the OEM rotating group replacement system to suit most OEM supercharged vehicles produced since 2010 and aftermarket competitor's systems. Additionally, following acquisition of the remaining 50% of the Malaysia Joint venture the company will pursue opportunities to manufacture supercharger rotors and head units for other original equipment manufacturers (OEMs). The Company will also market its products in line with the move to digital marketing and following successful practices of other automotive product manufacturers.

In addition, Sprintex has owned a 50% interest in Sprintex Malaysia, a high-tech supercharger manufacturing company, for several years and has agreed to acquire the remaining interest it does not hold from its Joint Venture partner AutoV, resulting in 100% ownership at completion of the Acquisition. The facility in Malaysia is set up with the sole purpose of the manufacture of Sprintex superchargers and supercharger systems, and procurement of system parts. This facility affords Sprintex a unique advantage in the supercharger industry, with the ability to manufacture medium volumes in high quality at OEM cost levels. The facility also offers Sprintex the advantage of making units for its own systems at a lower cost than its competitors, who must buy from supercharger manufacturers.

Further detail regarding the proposed activities of the Company on completion of the Recapitalisation will be set out in the prospectus to be lodged in respect of the Placement.

## 1.8 Conclusion

The Company considers the Resolutions contemplated in this Notice of Meeting are necessary to discharge existing debt, acquire the remaining 50% of the Malaysian Joint Venture for nil cash outlay and raise funds, such that the Recapitalisation Proposal can be completed. Further, so that Sprintex is in a stronger operational and financial position to carry out its stated objectives.

## 1.9 Board Recommendation

The Board of Directors (other than Michael Wilson in respect of Resolution 4) do not have a material personal interest in any of the Resolutions and recommend that Shareholders vote in favour of all Resolutions.

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## 2. RESOLUTION 1 – APPROVAL TO ISSUE SHARES TO AUTOV CORPORATION SDN. BHD.

### 2.1 Background

As set out above, the Company has entered into an agreement with AutoV to acquire their 50% interest in the Malaysian joint venture, Sprintex Malaysia, for consideration of US\$250,000, which will be settled by way of an issue of Shares at a deemed issue price of AU\$0.086 per Share (calculated at the exchange rate on the day immediately prior to completion of the issue of Shares) (the **Acquisition**) (**Acquisition Agreement**). A summary of the material terms of the Acquisition Agreement is set out in Schedule 2.

Upon completion of the Acquisition, Sprintex will hold an interest of 100% of the Joint Venture which owns the facility that manufactures the Company's supercharger units.

Resolution 1 seeks Shareholder approval for the issue of that number of Shares to AutoV (or its nominee) which when multiplied by the deemed issue price of AU\$0.086, equals US\$250,000 in consideration for the Acquisition (the **AutoV Shares**).

## 2.2 ASX Listing Rule 7.1

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, without shareholder approval (**Placement Capacity**). However, if shares are issued with shareholder approval, those shares will not be included in the Placement Capacity.

The issue of the AutoV Shares does not fall within any of these exceptions and whilst the number of AutoV Shares may not exceed the 15% limit in Listing Rule 7.1, the Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval under Listing Rule 7.1. To do this, the Company is asking Shareholders to approve the issue of the AutoV Shares under Listing Rule 7.1 so that it does not use up any of the 15% limit on issue equity securities without Shareholder approval set out in Listing Rule 7.1.

## 2.3 Technical information required by Listing Rule 14.1A

If Resolution 1 is passed, the Company will be able to proceed with the issue of AutoV Shares. In addition, the AutoV Shares will be excluded in calculating the Company's 15% limit in Listing Rules 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the AutoV Shares.

If Resolution 1 is not passed, the AutoV Shares will not be issued and the Company will not be able to complete its obligations under the Acquisition Agreement (based on the existing terms of the Acquisition Agreement) and may be required to satisfy the consideration of US\$250,000 in cash. Further, the Recapitalisation Proposal will not proceed.

Resolution 1 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the AutoV Shares in consideration for the Acquisition.

## 2.4 Information required by ASX Listing Rule 7.3

The following information is required by Listing Rule 7.3, for the purpose of Shareholder approval under Listing Rule 7.1:

- the AutoV Shares will be issued to AutoV Corporation Sdn. Bhd. (or its nominee) who is not a related party of the Company;
- the maximum number of AutoV Shares to be issued is that number of Shares which, when multiplied by the deemed issue price of AU\$0.086, equals US\$250,000 (being, AU\$348,275 based on a RBA USD to AUD exchange rate as at 24 August 2020 of 1.3931).

The table set out below shows worked examples (for illustrative purposes) of the maximum number of Shares to be issued at various US\$ exchange rates:

	10% decrease Foreign Exchange Rate	Foreign Exchange Rate *	10% increase in Foreign Exchange Rate
<b>Foreign Exchange Rate</b>	1.2538	1.3931	1.5324
<b>Value of US\$250,000 Consideration in AU\$</b>	AU\$313,450	AU\$348,275	AU\$383,100
<b>Deemed issue price per Share</b>	AU\$0.086	AU\$0.086	AU\$0.086
<b>Number of Shares</b>	3,644,767	4,049,709	4,454,651

\* RBA USD to AUD exchange rate as at 24 August 2020 of 1.3931

In addition, the dilutive effect of the issue of the Shares to AutoV based on the assumed Foreign Exchange Rates of 1.2538, 1.3931 and 1.5324 is set out below:

Assumed Foreign Exchange Rate	Value of US\$250,000 Consideration in AU\$	Maximum number of Shares which the Company could issue (rounded up to the nearest whole number) pursuant to Resolution 1 based on the Assumed Foreign Exchange Rates	Current Shares on issue	Total number of Shares on issue assuming the Company issued the maximum amount pursuant to Resolution 1 based on the Assumed Foreign Exchange Rates	Dilution effect on existing Shareholders
1.2538	AU\$313,450	3,644,738	100,000,000	103,644,738	3.52%
1.3931	AU\$348,275	4,049,709	100,000,000	104,049,709	3.89%
1.5324	AU\$383,100	4,454,651	100,000,000	104,454,651	4.26%

- c) the AutoV Shares issued 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;
- d) the AutoV Shares will be issued no later than three months after the date of the Meeting (or such longer period as ASX may, in its discretion allow). It is intended that all AutoV Shares will be issued on the same date;
- e) the AutoV Shares will be issued for nil cash consideration, at a deemed issue price of AU\$0.086 per Share;
- f) the purpose of the issue of the AutoV Shares is to satisfy the Company's obligations under the Acquisition Agreement in respect of the consideration payable to AutoV for the Acquisition. Accordingly, no funds will be raised from the issue of Shares;
- g) the AutoV Shares are being issued under the Acquisition Agreement. A summary of the material terms and conditions of the Acquisition Agreement is set out in Schedule 2;
- h) the AutoV Shares are not being issued under, or to fund, a reverse takeover; and
- i) a voting exclusion statement is included in Resolution 1 of the Notice of Meeting.

### 3. RESOLUTION 2: APPROVAL TO ISSUE SHARES TO LIDX TECHNOLOGY

#### 3.1 Background

As set out above, the Company has entered into an agreement with Lidx Technology Limited (an entity controlled by Proposed Director, Mr Li Chen) (**Lidx**) under which Lidx has agreed to provide an interest free loan of AU\$550,000 to the Company to be used for overhead and general working capital purposes (**Loan**) (**Loan Agreement**).

Subject to Shareholder approval, the Loan is to be repaid via an issue of Shares at a deemed issue price of AU\$0.086 per Share (equating to 6,395,349 Shares) on the reinstatement of the Company's securities to trading on the ASX.

Where Shareholder approval is not obtained, or reinstatement does not occur on or before 31 October 2020, the Loan will be repaid in cash on 1 April 2021 (or such other date as is agreed between the Company and Lidx).

In addition, the Company also agreed, subject to Shareholder approval, to issue Lidx 639,535 Shares at a deemed issue price of AU\$0.086 per Share (being \$55,000 worth of Shares) in consideration for providing the Loan (**Financing Charge**). Where Shareholder approval is not obtained, or reinstatement does not occur on or before 31 October 2020, the Financing Charge will be satisfied in cash on 1 April 2021 (or such other date as is agreed between the Company and Lidx).

Resolution 2 seeks Shareholder approval for the issue of a total of 7,034,883 Shares to Lidx in lieu of repayment of the Loan and satisfaction of the Financing Charge (together, the **Lidx Shares**).

Please refer to Section 1.1(b) above for the material terms and conditions of the Loan Agreement.

#### 3.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Lidx Shares constitutes giving a financial benefit and Lidx is a related party of the Company by virtue of being an entity controlled by Proposed Director, Mr Li Chen.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Lidx Shares because the Shares will be issued to Lidx (or its nominee) on the same terms as Shares issued to non-related parties under the Recapitalisation Proposal and as such the giving of the financial benefit is on arm's length terms.

### **3.3 Listing Rule 10.11**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of the Lidx Shares falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 2 seeks Shareholder approval for the issue of Lidx Shares under and for the purposes of Listing Rule 10.11.

### **3.4 Technical information required by Listing Rule 14.1A**

If Resolution 2 is passed, the Company will be able to proceed with the issue of the Lidx Shares within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Shares in respect of the Participation (because approval is being obtained under Listing Rule 10.11), the issue of the Shares will not use up any of the Company's 15% annual placement capacity.

If Resolution 2 is not passed, the Company will not be able to proceed with the issue of Lidx Shares and the Loan will be repayable, and the Financing Charge satisfied, in cash, on 1 April 2021 (or such other date as is agreed between the Company and Lidx). In addition, the Recapitalisation Proposal will not proceed.

### **3.5 Information required by ASX Listing Rule 10.11**

Further to the information provided above, and in accordance with the requirements of Listing Rule 10.11, the following information is provided to Shareholders in respect of Resolution 2:

- (a) the Lidx Shares will be issued to Lidx (or its nominee) who falls within the category set out in Listing Rule 10.11.1, as Lidx is a related party of the Company by virtue of being an entity controlled by Proposed Director, Li Chen;
- (b) the maximum number of Lidx Shares to be issued to Lidx (or its nominee) is 7,034,883;
- (c) the Lidx Shares issued 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;
- (d) the Lidx Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Lidx Shares will be issued on the same date;
- (e) the Lidx Shares will be issued for nil cash consideration in lieu of repayment of the Loan and payment of the Financing Charge;
- (f) the deemed issue price of Lidx Shares is AU\$0.086 per Share;
- (g) the purpose of the issue of the Lidx Shares is to satisfy the Company's obligations under the Loan Agreement. Accordingly, the Company will not receive any proceeds from the issue of Lidx Shares;
- (h) the Lidx Shares are being issued under the Loan Agreement. A summary of the material terms and conditions of the Loan Agreement is set out in Section 1.1(b);
- (i) the Lidx Shares are not being issued under, or to fund, a reverse takeover; and
- (j) a voting exclusion statement is included in Resolution 2 of the Notice of Meeting.

#### **4. RESOLUTION 3: APPROVAL TO ISSUE SHARES TO GANADO INVESTMENTS CORPORATION LTD**

##### **4.1 Background**

On 27 July 2017 and 16 August 2017, the Company received US\$500,000 and US\$400,000 respectively pursuant to unsecured loan facility agreements with Ganado Investments Corporation Ltd, an unrelated third party (**GICL**). These facilities attracted a facility fee of US\$55,000 and US\$45,000 respectively. This facility was subsequently refinanced on 15 December 2017 which attracted an additional facility fee of US\$110,000. The full amount was due on 15 December 2018.

On 15 July 2020, the Company entered into an agreement with GICL (the **GICL Debt Conversion Agreement**) in respect of the conversion of all amounts owing to GICL being US\$1,110,000 (the **GICL Debt**) on the following terms:

- (a) subject to Shareholder approval and completion of the Placement, the Company has agreed to issue to GICL (or its nominee/s), and GICL agreed to accept, 18,681,395 Shares, in full and final repayment of the GICL Debt; and
- (b) the parties have agreed that the exchange rate for the conversion of the GICL Debt will be set at 0.6909 AUD to USD, and the GICL Debt Conversion Shares issued at a deemed issue price of AU\$0.086 per Share.

Resolution 3 seeks Shareholder approval for the issue of 18,681,395 Shares to GICL (or its nominee/s) in full settlement of the GICL Debt (**GICL Debt Conversion Shares**).

##### **4.2 ASX Listing Rule 7.1**

As set out in Section 2.2. above, Listing Rule 7.1 imposes a 15% cap on the number of securities that can be issued by a company without shareholder approval in any 12 month period. However, if shares are issued with shareholder approval, those shares will not be included in the Placement Capacity.

The proposed issue of the GICL Debt Conversion Shares does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

##### **4.3 Technical information required by Listing Rule 14.1A**

If Resolution 3 is passed, the Company will be able to proceed with the issue of the GICL Debt Conversion Shares. In addition, the Shares will be excluded in calculating the Company's 15% limit

in Listing Rules 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Shares.

If Resolution 3 is not passed, the GICL Debt Conversion Shares will not be issued and the Recapitalisation Proposal will not proceed. In addition, the GICL Debt will continue to be carried by the Company as a debt owing to GICL, repayable in cash.

Resolution 3 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the GICL Debt Conversion Shares.

#### 4.4 Information required by ASX Listing Rule 7.3

The following information is required by Listing Rule 7.3, for the purpose of Shareholder approval under Listing Rule 7.1:

- a) The GICL Debt Conversion Shares will be issued to Ganado Investments Corporation Ltd (or its nominee) who is not a related party of the Company;
- b) the maximum number of GICL Debt Conversion Shares to be issued is 18,681,395 Shares. The GICL Debt Conversion Shares issued 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;
- c) the GICL Debt Conversion Shares will be issued and allotted no later than three months after the date of the Meeting (or such longer period as ASX may, in its discretion allow). It is intended that all GICL Debt Conversion Shares will be issued on the same date.
- d) the GICL Debt Conversion Shares will be issued for nil cash consideration in lieu of conversion of the GICL Debt;
- e) the deemed issue price of GICL Debt Conversion Shares is AU\$0.086 per Share;
- f) the purpose of the issue of the GICL Debt Conversion Shares is to satisfy the Company's obligations under the GICL Debt Conversion Agreement. Accordingly, the Company will not receive any proceeds from the issue of GICL Debt Conversion Shares;
- j) the Shares are being issued under the GICL Debt Conversion Agreement. A summary of the material terms and conditions of the GICL Debt Conversion Agreement is set out in Section 4.1;
- k) the GICL Debt Conversion Shares are not being issued under, or to fund, a reverse takeover; and
- g) a voting exclusion statement is included in Resolution 3 of the Notice of Meeting.

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## 5. RESOLUTION 4 – APPROVAL OF SHARE ISSUE TO WILSON'S PIPE FABRICATION PTY LTD

### 5.1 Background

Since 14 August 2018, the Company has received funding from shareholder, Wilson's Pipe Fabrication Pty Ltd (**WPF**). WPF is a related party of the Company by virtue of WPF being an entity controlled by Mr Michael Wilson, a Director of the Company. The funding advanced by WPF is unsecured, and attracts facility fees of AU\$11,000, in-lieu of interest and other charges.

On 13 July 2020, the Company entered into an agreement with WPF (the **WPF Debt Conversion Agreement**) in respect of the conversion and or repayment of all amounts owing to WPF being AU\$1,472,624 (the **WPF Debt**) on the following terms:

- (a) subject to Shareholder approval and completion of the Placement, AU\$600,000 of the WPF Debt will be repaid in cash by the Company; and
- (b) subject to Shareholder approval and completion of the Placement, AU\$872,624 of the WPF Debt will be converted to 10,146,790 Shares at a deemed issue price of AU\$0.086 per Share.

Resolution 4 seeks Shareholder approval for the issue of 10,146,790 Shares to WPF (or its nominee/s) in full settlement of AU\$872,624 of the WPF Debt (**WPF Debt Conversion Shares**).

### 5.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Debt Conversion Shares constitutes giving a financial benefit and WPF is a related party of the Company by virtue of being an entity controlled by Director, Mr Michael Wilson.

The Directors (other than Michael Wilson has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Debt Conversion Shares because the Shares will be issued to WPF (or its nominee) on the same terms as Shares issued to non-related parties under the Recapitalisation Proposal (particularly, the debt conversion under Resolutions 3) and as such the giving of the financial benefit is on arm's length terms.

### **5.3 Listing Rule 10.11**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of WPF Debt Conversion Shares falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 4 seeks Shareholder approval for the issue of WPF Debt Conversion Shares under and for the purposes of Listing Rule 10.11.

### **5.4 Technical information required by Listing Rule 14.1A**

If Resolution 4 is passed, the Company will be able to proceed with the issue of the WPF Debt Conversion Shares within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Shares in respect of the Participation (because approval is being obtained under Listing Rule 10.11), the issue of the Shares will not use up any of the Company's 15% annual placement capacity.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of the WPF Debt Conversion Shares and the Recapitalisation Proposal will not proceed. In addition, the WPF Debt will continue to be carried by the Company as a debt owing to WPF, repayable in cash.

### **5.5 Information required by ASX Listing Rule 10.11**

Further to the information provided above, and in accordance with the requirements of Listing Rule 10.11, the following information is provided to Shareholders in respect of Resolution 4:

- (a) the WPF Debt Conversion Shares will be issued to WPF (or its nominee) who falls within the category set out in Listing Rule 10.11.1, as WPF is a related party of the Company by virtue of being an entity controlled by Director, Michael Wilson;
- (b) the maximum number of WPF Debt Conversion Shares to be issued to WPF (or its nominee) is 10,146,790;
- (c) the WPF Debt Conversion Shares issued 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;
- (d) the WPF Debt Conversion Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the WPF Debt Conversion Shares will be issued on the same date;
- (e) the WPF Debt Conversion Shares will be issued for nil cash consideration in lieu of part conversion of the WPF Debt;
- (f) the deemed issue price of WPF Debt Conversion Shares is AU\$0.086 per Share;
- (g) the purpose of the issue of the WPF Debt Conversion Shares is to satisfy part of the Company's obligations under the WPF Debt Conversion Agreement. Accordingly, the Company will not receive any proceeds from the issue of WPF Debt Conversion Shares;
- (h) the WPF Debt Conversion Shares are being issued under the WPF Debt Conversion Agreement. A summary of the material terms and conditions of the WPF Debt Conversion Agreement is set out in Section 5.1;
- (i) the WPF Debt Conversion Shares are not being issued under, or to fund, a reverse takeover; and
- (j) a voting exclusion statement is included in Resolution 5 of the Notice of Meeting.

## 5.6 Recommendation

By converting the loan owing to WPF at AU\$0.086 per share the Company will be relieved from the requirement to pay in cash the amounts owing in respect of a loan payable of AU\$872,624.

The Directors (other than Michael Wilson) are of the opinion that, in light of the current circumstances of the Company, the need for payment of the loan and the closing price of Shares prior to suspension of AU\$0.095 on 28 September 2018, the conversion to equity is reasonable and provides a substantial benefit to all Shareholders as it is necessary for the Company to achieve its proposed objectives and restructure appropriately. Further, the Company notes that the conversion price is in accordance with the price of the Shares to be issued under Resolutions 1 to 3 and 5.

The Directors, with the exception of Mr Michael Wilson who has a material personal interest in Resolution 4, recommend that Shareholders vote in favour of Resolution 4.

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## 6. RESOLUTION 5: APPROVAL OF PLACEMENT

### 6.1 Background

As set out in Section 1.1 above, as part of the Recapitalisation, the Company is seeking to issue a minimum of 58,139,535 Shares at an issue price of AU\$0.086 per Share to raise AU\$5 million and a maximum of 69,767,442 Shares at an issue price of AU\$0.086 per Share to raise AU\$6 million under the Placement.

This Resolution 5 seeks Shareholder approval for the issue of a maximum of 69,767,442 Shares at an issue price of AU\$0.086 per Share to raise AU\$6 million. The proposed use of funds raised under the Placement is set out in Section 1.5 above.

### 6.2 ASX Listing Rule 7.1

As set out in Section 2.2 above, in general terms, Listing Rule 7.1 imposes a 15% cap on the number of securities that can be issued by a company without shareholder approval in any 12 month period. However, if shares are issued with shareholder approval, those shares will not be included in the Placement Capacity.

The proposed issue of the Shares under the Placement (the **Placement Shares**) does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

Accordingly, Resolution 5 seeks Shareholder approval under ASX Listing Rule 7.1 for the issue of the Placement Shares.

### **6.3 Technical information required by Listing Rule 14.1A**

If Resolution 5 is passed, the Company will be able to proceed with the issue of the Placement Shares. In addition, the Placement Shares will be excluded in calculating the Company's 15% limit in Listing Rules 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Shares.

If Resolution 5 is not passed, the Placement Shares will not be issued by the Company, the Company will not raise any funds under the Placement and the Recapitalisation Proposal will not proceed.

Resolution 5 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Placement Shares.

### **6.4 Information required by Listing Rule 7.3**

The following information is required by Listing Rule 7.3, for the purpose of Shareholder approval under Listing Rule 7.1:

- a) the Placement Shares will be issued to professional, sophisticated and retail investors who are clients of Indian Ocean Corporate Pty Ltd or brokers appointed by Indian Ocean Corporate Pty Ltd. The recipients will be identified through a bookbuild process, which will involve seeking expressions of interest to participate in the capital raising from non-related parties of the Company. None of the recipients will be related parties of the Company;
- b) The maximum number of Placement Shares to be issued is 69,767,442 Shares.
- c) The Placement Shares 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.
- d) The Placement Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date.
- e) The Placement Shares will be issued at an issue price of AU\$0.086 per Share.
- f) The purpose of the issue of the Placement Shares is to raise a minimum of AU\$5,000,000 and up to AU\$6,000,000. The proposed use of funds raised under the Placement (net of Placement costs) will be used to fund additional development and research opportunities, to repay the loan owing to WPF (an entity controlled by Mark Wilson), explore strategic acquisition alternatives and for working capital purposes as set out in Section 1.5 above.
- g) the Placement Shares are not being issued under an agreement
- h) the Placement Shares are not being issued under, or to fund, a reverse takeover; and
- i) A voting exclusion statement is included in Resolution 5 of this Notice of Meeting.

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## **7. RESOLUTIONS 6 TO 9 – ELECTION OF DIRECTORS**

### **7.1 General**

Pursuant to the terms of the Recapitalisation as summarised above, it is proposed that all current Directors will resign and Mr Wayne Knight be nominated as the Chairman of the Board, Mr Jude (Jay) Upton as the Managing Director and Messrs Li Chen and Steve Apedaile as Non-Executive Directors of the Company (respectively) upon completion of the Recapitalisation.

Shareholder approval for the election of the Proposed Directors is being sought under Resolutions 6 to 9 of this Notice of Meeting for the purposes of clause 15.4(e) of the Company's Constitution.

The Company advises Shareholders that the passing of Resolutions 6 to 9 is subject to Shareholder approval being obtained for all of the Recapitalisation Resolutions. As such, the Proposed Directors will only be appointed where Resolutions 1 to 9 are passed by the requisite majorities.

## 7.2 Qualifications and other material directorships – Mr Knight

Mr Knight has over 20 years' experience working as a financial adviser in the financial services industry. He provides advice on creating financial security through personal and business risk protection and provides services in the areas of personal superannuation planning, managed investments, rollover and redundancy planning, wealth creation and insurances.

Mr Knight has listed company experience, having been a director of Jadar Resources Limited (formerly South East Asia Resources Limited and Victory West Moly Ltd). Mr Knight has not held any other directorships (other than South East Asia Resources Limited) in the past three years.

*Current External Directorships:* Nil

*Past Directorships in last 3 years:* Jadar Resources Limited ASX:JDR (formerly South East Asia Resources Limited and Victory West Moly Ltd)

## 7.3 Qualifications and other material directorships – Mr Upton

Mr Upton has a broad range of business managerial and technical engineering experience gained over a 20-year period working in the international automotive industry where he has amassed a network of international industry contacts. Prior to this, he gained a further 20 years' experience in engineering management in the heavy mobile equipment sector and in both industrial and automotive high-performance engine engineering.

From 2011-2016, Mr Upton was the Chief Technology Officer for the Company and in 2019, was the Technical Consultant. During this period, he was responsible for all technical development within the Company and is recognised as the inventor on two international supercharger patents assigned to the Company. Also during this time, Mr Upton performed technical presentations to, and commercial negotiations with, vehicle manufacturers in ASEAN, China, Japan, USA, Europe and Australia. He also worked with the Managing Director on business strategy, corporate presentations and capital raisings.

From 2012 to 2017 Sprintex Malaysia, he was instrumental in both the selection of the location for Sprintex's offshore manufacturing and the establishment of the joint venture company. Working closely with the CEO of AutoV (Sprintex Limited's JV partner), Mr Upton oversaw the selection and procurement of the manufacturing equipment and the building of the facility in Malaysia for the Company.

Mr Upton was the Director of Business Development with the Company from 2007 to 2011. He was responsible for the establishment and setup of Sprintex USA Inc. and also acted as secretary of the US entity for regulatory purposes. Mr Upton oversaw market development in USA, Middle East, South Africa and China and was responsible for commercial agreements with OEMs, suppliers, distributors and dealers in multiple jurisdictions. Prior to this, from 2004-2007 Mr Upton was the General Manager for the Company at which time he was responsible for the initial setup of the operations and for day to day management of all operational and technical functions. From 2000-2004 he was the General Manager of the Automotive Division of Advanced Engine Components (an entity previously listed on the ASX) where he carried out the day to day management of both Sprintex and Bullet Supercars (Qld), including overseeing emissions and full vehicle compliance of a high-performance sports car for Australian production.

*Current External Directorships:* Nil

*Past Directorships in last 3 years:* Nil

## 7.4 Qualifications and other material directorships – Mr Li Chen

Mr Chen has over 6 years' experience from an engineer to a managing director in mechatronics research and development, business development, project management, scheduling, budget control and resource planning. With a degree in Mechanical Engineering from University College London, Mr Chen also qualified as a Senior New-energy Engineer (Ministry of Industry and Information Technology, China). Mr Chen is fluent in Chinese and English. During his appointment as Project Researcher for the Chinese Academy of Sciences (Ningbo Institute) between 2015 to 2016, Mr Chen conducted research for composites material fabrication technique, designed and built robotic spray process for composite vehicle body parts and coordinated carbon car body design project. More recently, Mr Chen has been focused on strategic planning and building strategic relationships with global Tier-1 automotive components suppliers involving joint venture and licensed production and fundraising for business scaling at Aeristech Limited and technology outsourcing and overseeing

(focusing on high-speed electric compressor and motor drive) at LidX Technology Limited (a Hong Kong based technology investment company).

Currently, Mr Chen is a director of Aeristech Limited (an entity incorporated in the United Kingdom who through its Chinese subsidiary, specialises in supply chain and business development in China for the patented high tech eSuperchargers and Fuel Cell Compressors made by Aeristech) and LidX Technology Ltd (an entity incorporated in Hong Kong, also has China mainland research arm, that conducts technology outsourcing service for industrial clients and has previously introduced and implemented electric supercharger and 48V electric auxiliaries' technology from UK tech companies to leading Chinese commercial vehicle OEMs for their hybrid bus and truck projects). The technologies offered by Aeristech are synergistic with Sprintex's technologies enabling both companies to enhance their sales potential.

*Current External Directorships:* Nil

*Past Directorships in last 3 years:* Nil

## **7.5 Qualifications and other material directorships – Mr Steve Apedaile**

Mr Apedaile has worked in the accounting profession for nearly 30 years, 25 years of which were spent in Hong Kong with the first 7 years with KPMG HK and then 18 years with Horwath HK. In his position as Senior Audit Partner, Mr Apedaile's experience included management advice, risk analysis, strategic planning, public listings, forensic accounting, M&A and general business advice. Mr Apedaile served on the Member Review Committee of Horwath International for 3 years performing quality control and risk assessments on a number of Asian based member firms. Mr Apedaile also served for two terms (2 years) on the Hong Kong Society of Accountants Audit Standards Review Committee.

From 2005 to 2013, Mr Apedaile was the Chairman and then Managing Director of the Company. As Managing Director, Mr Apedaile's key achievements were to list the company on the Australian Securities Exchange and to establish a joint venture manufacturing facility in Malaysia.

From 2002 to 2005, Mr Apedaile specialised in forensic accounting and established Horwath Matrimonial to provide services to solicitors and their clients to assist in the identification of the total matrimonial estate both from an asset and income point of view. Mr Apedaile is the Managing Director of Sirius Corporate Services (HK) Limited with offices in Hong Kong, Melbourne and Perth. Mr Apedaile has acted as an expert witness and acted as a single and joint expert in a number of family law assignments involving business valuations, asset tracking and recovery, expenditure analysis and Duxbury calculations and advising on business, partnership and shareholder disputes.

Mr Apedaile is a Non-Executive Director of Nanoveu Limited (ASX: NVU). Nanoveu develops and commercialises Nano-imprint science products. Its first product, EyeFly3D, enables 3D images and videos to be viewed on smart phones and tablets. Nanoveu listed on the ASX in November 2018.

Mr Apedaile is a Fellow member of the UK Institute of Chartered Accountants in England and Wales and is a Member of the Australian Institute of Company Directors.

*Current External Directorships:* Nanoveu Limited (ASX: NVU)

*Past Directorships in last 3 years:* Nil

## **7.6 Independence and adverse information**

Mr Knight has no interests, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his/her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company as a whole rather than in the interests of an individual security holder or other party. If elected, the Board considers that Mr Knight will be an independent Director.

Mr Upton has no interests, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his/her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company as a whole rather than in the interests of an individual security holder or other party. If elected, the Board considers that Mr Upton will not be an independent Director.

Mr Chen has no interests, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his/her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company as a whole rather than in the

interests of an individual security holder or other party. If elected, the Board considers that Mr Chen will be an independent Director.

Mr Apedaile has no interests, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his/her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company as a whole rather than in the interests of an individual security holder or other party. If elected, the Board considers that Mr Apedaile will be an independent Director.

Further, the Board advises that it has conducted checks into the background and experience of each Proposed Director and no materially adverse information has been revealed through such checks.

## **7.7 Board Recommendation**

The Board of Directors supports the election of Mr Wayne Knight and recommends that Shareholders vote in favour of Resolution 6.

The Board of Directors supports the election of Mr Jude (Jay) Upton and recommends that Shareholders vote in favour of Resolution 7.

The Board of Directors supports the election of Mr Li Chen and recommends that Shareholders vote in favour of Resolution 8.

The Board of Directors supports the election of Mr Steve Apedaile and recommends that Shareholders vote in favour of Resolution 9.

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## **8. RESOLUTION 10 –REPLACEMENT OF COMPANY’S CONSTITUTION**

### **8.1 General**

A company may modify or repeal its constitution or a provision of its constitution by special Resolution of shareholders.

Resolution 10 is a special Resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (Proposed Constitution) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and Listing Rules.

This will incorporate amendments to the Corporations Act and Listing Rules since the current Constitution was adopted in 2008.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- (a) updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- (b) expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company’s website (<http://www.sprintex.com.au/>) and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 9262 7277). Shareholders are invited to contact the Company if they have any queries or concerns.

## **8.2 Summary of material proposed changes**

### **Restricted Securities (clause 2.12)**

The Proposed Constitution complies with the recent changes to Listing Rule 15.12 which took effect from 1 December 2019. As a result of these changes, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will permit the Company to issue restriction notices to holders of restricted securities in the form of the new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

### **Minimum Shareholding (clause 3)**

Clause 3 of the Constitution outlines how the Company can manage shareholdings which represent an “unmarketable parcel” of shares, being a shareholding that is less than \$500 based on the closing price of the Company’s Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with “unmarketable parcels” outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

### **Fee for registration of off market transfers (clause 8.4(c))**

On 24 January 2011, ASX amended Listing Rule 8.14 with the effect that the Company may now charge a “reasonable fee” for registering paper-based transfers, sometimes referred to “off-market transfers”.

Clause 8.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

### **Direct Voting (clause 13, specifically clauses 13.35 – 13.40)**

The Proposed Constitution includes a new provision which allows Shareholders to exercise their voting rights through direct voting (in addition to exercising their existing rights to appoint a proxy). Direct voting is a mechanism by which Shareholders can vote directly on Resolutions which are to be determined by poll. Votes cast by direct vote by a Shareholder are taken to have been cast on the poll as if the Shareholder had cast the votes on the poll at the meeting. In order for direct voting to be available, Directors must elect that votes can be cast via direct vote for all or any Resolutions and determine the manner appropriate for the casting of direct votes. If such a determination is made by the Directors, the notice of meeting will include information on the application of direct voting.

### **Dividends (clause 22)**

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (c) the company’s assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (d) the payment of the dividend is fair and reasonable to the company’s shareholders as a whole; and

- (e) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

#### **Partial (proportional) takeover provisions (new clause 36)**

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

Information required by section 648G of the Corporations Act

#### *Effect of proposed proportional takeover provisions*

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a Resolution to approve the proportional off-market bid is passed.

#### *Reasons for proportional takeover provisions*

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

#### *Knowledge of any acquisition proposals*

As at the date of this Notice of Meeting, other than as may be contemplated by the Recapitalisation Proposal, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

#### *Potential advantages and disadvantages of proportional takeover provisions*

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

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

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (f) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (g) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

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

- (a) proportional takeover bids may be discouraged;

- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

#### *Recommendation of the Board*

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 10.

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## **9. RESOLUTION 11 – ISSUE OF OPTIONS TO MR WAYNE KNIGHT**

### **9.1 General**

As set out above, the Company is proposing to appoint Mr Wayne Knight as the Chairman of the Company upon completion of the Recapitalisation. As part of the remuneration package negotiated with Mr Knight, the Company has agreed, subject to obtaining Shareholder approval, to issue 5,000,000 Options (**Related Party Options**) to Mr Knight (or his nominee) on the terms and conditions set out below.

The key terms and conditions of Mr Knight's appointment as Chairman are as follows:

- (a) **Term:** Mr Knight will be appointed as Chairman upon completion of the Recapitalisation. Mr Knight's appointment will continue until such a time as he not re-elected by Shareholders, or resigns as Chairman of the Company;
- (b) **Fees:** Mr Knight will receive fees of AU\$48,000 per annum; and
- (c) **Incentives:** Mr Knight will receive 5,000,000 Options (on the terms and conditions set out in Schedule 3) upon appointment to the Board (being, the Related Party Options).

Mr Knight's letter of appointment contains such other changes as are considered standard for an agreement of this nature.

Resolution 11 seeks Shareholder approval for the issue of the Related Party Options to Mr Knight (or his nominee).

### **9.2 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of Related Party Options constitutes giving a financial benefit and Mr Knight is a related party of the Company by virtue of being a proposed Director.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Related Party Options because the agreement to grant the Related Party Options, reached as part of the remuneration package for Mr Knight, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

### **9.3 Listing Rule 10.11**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;

- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

Mr Knight falls within Listing Rule 10.11.1 as Mr Knight is a proposed Director and does not fall within any of the exceptions in Listing Rule 10.12. The grant of the Related Party Options to Mr Knight therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 11 seeks Shareholder approval for the grant of the Related Party Options under and for the purposes of Listing Rule 10.11.

#### 9.4 Technical information required by Listing Rule 14.1A

If Resolution 11 is passed, the Company will be able to proceed with the issue of the Related Party Options within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Related Party Options (because approval is being obtained under Listing Rule 10.11), the issue of the Related Party Options will not use up any of the Company's 15% annual placement capacity.

If Resolution 11 is not passed, the Company will not be able to issue the Related Party Options. This may result in the Company having to renegotiate the terms of the Mr Knight's appointment and or offer Mr Knight additional cash remuneration which will deplete the Company's cash reserves.

#### 9.5 Technical Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 11:

- a) the Related Party Options will be issued to Mr Knight (or his nominee), who falls within the category set out in Listing Rule 10.11.1, as Mr Knight is a related party of the Company by virtue of being a proposed Director;
- b) the maximum number of Related Party Options to be issued to Mr Knight (or his nominee) is 5,000,000;
- c) the Related Party Options issued will be issued on the terms and conditions set out in Schedule 3. The exercise price of the Related Party Options is AU\$0.086, being the same price at which Shares are being offered by the Company under the Placement;
- d) the Related Party Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Shares will be issued on the same date;
- e) the Related Party Options will be issued for nil cash consideration in consideration for services provided by Mr Knight as Chairman, accordingly no funds will be raised;
- f) the purpose of the issue of Related Party Options is to provide an incentive based component of the remuneration of Mr Knight as Chairman of the Company;
- g) the proposed total remuneration package for Mr Knight is as follows:

Director	Remuneration <sup>1</sup>
Mr Wayne Knight	AU\$48,000 per annum

#### Notes:

- 1. Excluding superannuation and subject to completion of the Recapitalisation.

If the Related Party Options are issued, the total remuneration package for Mr Knight would increase by AU\$264,437.99, being the value of the Options (based on the Black Scholes methodology).

- h) the Related Party Options are being issued under Mr Knight's appointment letter. A summary of the material terms of Mr Knight's appointment letter is set out above in Section 9.1; and
- i) a voting exclusion statements is included in Resolution 11 of the Notice.

## GLOSSARY

In this Notice of Meeting and Explanatory Statement, each of the following terms have the following meanings unless the context otherwise requires:

<b>AU\$</b>	Australian dollars or the currency of Australia.
<b>Acquisition</b>	The acquisition of a 50% interest in Sprintex Malaysia (the Company's Malaysian joint venture) held by AutoV
<b>ASX</b>	ASX Limited or the securities market operated by the ASX Limited (as the context requires).
<b>AutoV</b>	AutoV Corporation Sdn. Bhd (an entity incorporated in Malaysia).
<b>Board</b>	Board of Directors of the Company.
<b>CAHL</b>	China Automotive Holdings Limited
<b>Closely Related Party</b>	of a member of the Key Management Personnel means: <ul style="list-style-type: none"> <li>a) a spouse or child of the member;</li> <li>b) a child of the member's spouse;</li> <li>c) a dependent of the member or the member's spouse;</li> <li>d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;</li> <li>e) a company the member controls; or</li> <li>f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.</li> </ul>
<b>Company</b>	Sprintex Limited ACN 106 337 599.
<b>Constitution</b>	Constitution of the Company.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Director</b>	Director of the Company and <b>Directors</b> has a corresponding meaning.
<b>Joint Venture</b>	Sprintex Malaysia, the issued capital of which is currently held 50% by AutoV and 50% by the Company.
<b>Key Management Personnel</b>	has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.
<b>Listing Rules or ASX Listing Rules</b>	The official listing rules of ASX.
<b>Lidx</b>	Lidx Technology Limited
<b>Meeting or General Meeting</b>	The general meeting of the Company convened pursuant to this Notice of Meeting.
<b>Notice of Meeting or Notice of General Meeting</b>	This notice of General Meeting.
<b>OEM</b>	Original Equipment Manufacturer.
<b>Placement</b>	the capital raising via an issue of <b>Shares</b> at an issue price of AU\$0.086 per Share to raise a minimum of AU\$5,000,000 and a maximum of AU\$6,000,000.

<b>Prospectus</b>	The disclosure document to be issued by the Company in respect of the Placement and lodged with the ASIC.
<b>Proxy Form</b>	The proxy form enclosed with this notice of General Meeting.
<b>Recapitalisation Proposal</b>	Has the meaning set out in Section 1.1.
<b>Recapitalisation Resolutions</b>	Means Resolutions 1 to 9 (inclusive) set out in this Notice of Meeting
<b>Related Party or Related Parties</b>	Has the meaning given to that term in the Listing Rules.
<b>Related Party Loan Provider</b>	Wilson's Pipe Fabrication Pty Ltd, an entity controlled by Director, Mr Michael Wilson.
<b>Resolution</b>	A Resolution contained in this Notice of General Meeting.
<b>Share</b>	Fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	Holder of a Share.
<b>Sprintex Malaysia</b>	Proreka Sprintex Sdn. Bhd. (an entity incorporated in Malaysia).
<b>WPF</b>	Wilson's Pipe Fabrication Pty Ltd
<b>WST</b>	Australian Western Standard Time.
<b>US\$</b>	US Dollars or the currency of the United States of America.

## SCHEDULE 1 – REINSTATEMENT CONDITIONS

### Conditions for Reinstatement

The Recapitalisation Proposal requests confirmation from ASX of the conditions precedent to the reinstatement of SIX's securities to official quotation. Further to the above, and based solely on the information provided to ASX in the Proposal, ASX advises that it can see no reason why the securities of SIX should not be reinstated to official quotation, subject to compliance with the following conditions precedent:

1. Confirmation that all the conditions to the Recapitalisation Proposal (as per the terms of the Recapitalisation Proposal) have been satisfied. If any of the conditions have been waived, such waiver must be on terms acceptable to ASX.
2. Sprintex Limited's ("**SIX**") shareholders approving all the resolutions required to effect the Recapitalisation Proposal to be considered at a general meeting of shareholders ("**Meeting**").
3. SIX releasing a full form prospectus pursuant to section 710 of the Corporations Act 2001 (Cth) ("**Prospectus**") in relation to the placement and issuing 58,139,535 shares (minimum subscription) and up to 69,767,442 shares (maximum subscription) at an issue price of AU\$0.086 per share raising a minimum of AU\$5,000,000 and a maximum of AU\$6,000,000 (before costs) (the "**Capital Raising**") and any other securities to be issued in connection with the Recapitalisation Proposal or the proposed reinstatement of the securities of SIX to official quotation, namely:
  - 3.1. the issue of 6,395,349 shares to Lidx Technology Limited (an entity incorporated in Hong Kong) ("**Lidx**") on conversion of the loan provided to the Company by Lidx ("**Lidx Loan**") into shares in SIX;
  - 3.2. the issue of 639,535 shares to Lidx as consideration for providing the Lidx Loan;
  - 3.3. the issue of 10,146,790 shares to Wilson's Pipe Fabrication Pty Ltd ("**WPF**") on conversion of the loan provided by WPF ("**WPF Loan**") into shares in SIX;
  - 3.4. the issue of 18,681,395 shares to Ganado Investments Corporation Ltd ("**Ganado**") (or its nominees) on conversion of the loan provided by Ganado ("**Ganado Loan**") into shares in SIX;
  - 3.5. the issue of approximately 4,019,041 shares (being that number of shares, which, when multiplied by the deemed issue price of AU\$0.086, equals US\$250,000, based on the current exchange rate of 1.38255 from US Dollars to Australian Dollars) to AutoV Corporation Sdn. Bhd. ("**AutoV**") as consideration for the Acquisition (defined below).
4. Completion of the Capital Raising and confirmation that SIX has reached minimum subscription.
5. Confirmation in a form acceptable to ASX that SIX has received cleared funds for the complete amount of the issue price of every security allotted and issued to every successful applicant for securities under the Capital Raising under the Prospectus.
6. Confirmation that SIX has lodged audited accounts for its latest full financial year - that is not subject to modification.
7. Provision of a reviewed pro forma statement of financial position for SIX, based on SIX's audited accounts for the year ended 30 June 2020, showing the effect of any transactions expected to occur in conjunction with SIX's Recapitalisation Proposal. The review must be conducted by a registered company auditor, or an overseas equivalent of a registered company auditor, or an independent accountant. The reviewed pro forma statement of financial position must not contain a modified conclusion, emphasis of matter or other matter paragraph that ASX considers unacceptable.
8. SIX demonstrating compliance with the California Vehicle Code and obtaining requisite

executive orders from the California Air Resources Board.

9. Confirmation to the satisfaction of ASX that SIX has entered into a binding development and manufacturing agreement with an unrelated party.
10. Confirmation to the satisfaction of ASX that SIX has entered into a binding development and marketing agreement with an unrelated party.
11. Confirmation of completion of the following:
  - 11.1. Completion of the issue of 6,395,349 shares to Lidx on conversion of the Lidx Loan into shares in SIX;
  - 11.2. Completion of the issue of 639,535 shares to Lidx in consideration for providing the Lidx Loan;
  - 11.3. Extinguishment of the CAHL Loan;
  - 11.4. Completion of the issue of 10,146,790 shares to WPF on conversion of the WPF Loan into shares in SIX; and
  - 11.5. Confirmation of the payment of AU\$600,000 from proceeds of the Capital Raising into WPF in cash as part payment of the WPF Loan.
12. Confirmation of completion of the issue of 18,681,395 shares to Ganado on conversion of the Ganado Loan into shares in SIX.
13. Confirmation that the current directors of SIX have resigned from office upon completion of the Recapitalisation Proposal.
14. Confirmation that Messrs Wayne Knight, Jude (Jay) Upton, Li Chen and Steve Apedaile have been appointed as directors of SIX and have satisfied the 'good and fame' requirements required by Listing Rule 1.1 condition 20 at the date of SIX's listing.
15. Confirmation that SIX has acquired the remaining 50% interest in the Malaysian joint venture, Proreka Sprintex Sdn. Bhd. (the "Joint Venture") held by AutoV ("Acquisition") and completion of the issue of approximately 4,019,041 shares (being that number of shares, which, when multiplied by the deemed issue price of AU\$0.086, equals US\$250,000, based on the current exchange rate of 1.38255 from US Dollars to Australian Dollars) to AutoV in consideration for the Acquisition.
16. Confirmation that SIX's secured creditors have released and discharged any security granted to them by SIX and there are no outstanding security interests over SIX's assets and that SIX's secured creditors have no further interest in SIX's assets (other than Lidx as per the terms of the Lidx Security).
17. Confirmation that SIX has withdrawn the 5 to 1 equity consolidation announced by SIX on the ASX Market Announcements Platform on 23 April 2019;
18. Confirmation of certain matters in relation to patents held by SIX.
19. SIX demonstrating compliance with Listing Rules 12.1 to 12.4 inclusive, to the satisfaction of the ASX, as set out below.
  - 19.1. SIX satisfies the requirements of Listing Rule 12.1.
  - 19.2. SIX's financial condition satisfies the requirements of Listing Rule 12.2, including:
    - 19.2.1 Completion of SIX's Capital Raising and that, after payment of the costs of the Capital Raising (if any) and payments to any other parties or entities to satisfy obligations under Recapitalisation Proposal (and any amendments or variations thereto), SIX can demonstrate to ASX that it will have net tangible assets for at least \$4 million pursuant and satisfies the requirements of Listing Rule 1.3.2(a);
    - 19.2.2 Providing a 'working capital statement' similar to that required by listing rule 1.3.3(a) to the effect that following completion of the Capital Raising, SIX will have sufficient working capital at the time of reinstatement to carry out its activities; and

19.2.3 Satisfying the 'working capital test' of at least \$1.5 million pursuant to Listing Rule 1.3.3(c).

20. SIX's level of shareholder spread will satisfy the requirements of Listing Rule 12.4, with there being at least 300 non-affiliated holders each holding at least AU\$500 worth of fully paid ordinary shares (such calculation to be based on the issue price of the Placement).
21. Confirmation (to the satisfaction of ASX) that no event of default has occurred under any of the loan agreements as per the terms of the Recapitalisation Proposal.
22. Confirmation of the completion of all agreements required to complete the recapitalisation of SIX.
23. Lodgement of all outstanding Appendices 3B and Appendices 2A with ASX for issues of new securities.
24. Reinstatement of SIX's CHESS sub-register (if applicable).
25. SIX having a free float (as that term is defined in Chapter 19 of the Listing Rules) of not less than 20% at the time of its reinstatement to the official list
26. Provision of copies of restriction agreements entered into by SIX and the relevant shareholder, together with undertakings provided by a bank, recognised trustee or the provider of registry services, in relation to the restricted securities of SIX, if required.
27. Lodgement of any outstanding reports for the period since SIX's securities were suspended and any other outstanding documents required by Listing Rule 17.5.
28. Lodgement of Director's Interest Notices, being either Appendix 3Xs, 3Ys, or 3Zs, as required.
29. Confirmation that there are no legal, regulatory or contractual impediments to SIX undertaking the activities the subject of the commitments disclosed in the Prospectus.
30. Payment of any ASX fees, including listing fees, applicable and outstanding (including the annual listing fee for the year ended 30 June 2021).
31. Confirmation the securities to be issued following the Meeting have been issued, and despatch of each of the following has occurred.
  - 31.1. In relation to all holdings on the CHESS sub-register, a notice from the Entity under ASX Settlement Operating Rule 8.9.1.
  - 31.2. In relation to all other holdings, issuer sponsored holding statements.
  - 31.3. Any refund money.
32. Provision of the following documents, in a form suitable for release to the market.
  - 32.1. A statement setting out the names of the 20 largest holders of each class of securities to be quoted, including the number and percentage of each class of securities held by those holders.
  - 32.2. A distribution schedule of the numbers of holders in each class of security to be quoted, setting out the number of holders in the following categories.
    - 1 - 1,000
    - 1,001 - 5,000
    - 5,001 - 10,000
    - 10,001 - 100,000
    - 100,001 and over
  - 32.3. A statement outlining the SIX's capital structure following the Meeting on a post-issue basis.
  - 32.4. SIX's pro forma balance sheet based on actual funds raised.
  - 32.5. SIX's updated statement of commitments based on actual funds raised.

- 32.6. A consolidated activities report setting out the proposed business strategy for SIX (including an update on the status of SIX's assets and the current activities with respect thereto).
- 32.7. Full terms and conditions of all options on issue (if any).
- 32.8. Full terms and conditions of any employee incentive schemes (if any).
- 32.9. A statement disclosing the recipients of the broker shares, if any (including the number of shares issued to each broker).
- 32.10. A statement confirming that SIX has entered into a binding development and marketing agreement with an unrelated party;
- 32.11. A statement confirming that SIX has entered into a binding marketing and distribution agreement with an unrelated party;
- 32.12. A statement confirming the following:
  - 32.12.1 conversion of the Lidx Loan into fully paid ordinary shares in SIX;
  - 32.12.2 completion of the issue of 639,535 shares to Lidx in consideration for providing the Lidx Loan;
  - 32.12.3 the extinguishment of the CAHL Loan;
  - 32.12.4 conversion of the WPF Loan into shares in SIX;
  - 32.12.5 payment of AU\$600,000 from proceeds of the Capital Raising into WPF in cash; and
  - 32.12.6 conversion of the Ganado Loan into shares in SIX.
- 32.13. A statement confirming that SIX has acquired the remaining 50% interest in the Joint-Venture held by AutoV and completion of the issue of approximately 4,019,041 shares (being that number of shares, which, when multiplied by the deemed issue price of AU\$0.086, equals US\$250,000, based on the current exchange rate of 1.38255 from US Dollars to Australian Dollars) to AutoV in consideration for the Acquisition at AU\$0.086 per Share.
- 32.14. A statement confirming that SIX's secured creditors have released and discharged any security granted to them by SIX and there are no outstanding security interests over SIX's assets and that SIX's secured creditors have no further interest in SIX's assets (other than Lidx as per the terms of the Lidx Security).
- 32.15. A statement confirming that following completion of the Capital Raising SIX will have sufficient working capital at the time of reinstatement to carry out its activities as required by Listing Rule 1.3.3 (c).
- 32.16. A statement disclosing the extent to which SIX will follow, as at the date its securities are reinstated, the recommendations set by the ASX Corporate Governance Council. If SIX does not intend to follow all of the recommendations on its reinstatement, SIX must identify those recommendations that will not be followed and give its reasons for not following them.
- 32.17. A statement setting out the number of securities subject to ASX restrictions or voluntary escrow and the restriction period (or voluntary escrow period) applied to those securities.
- 32.18. A copy of SIX's securities trading policy as required by Listing Rule 12.9.
- 32.19. An update on all litigation with respect to SIX (if any).
- 32.20. A statement confirming that there are no legal, regulatory or contractual impediments to SIX undertaking the activities the subject of the commitments disclosed in the Prospectus.
- 32.21. A statement confirming SIX is in compliance with the Listing Rules and in particular Listing Rule 3.1.

- 32.22. Any further documents and confirmations ASX may determine are required to be released to the market as pre-quotation disclosure.
- 32.23. A statement confirming of the responsible person for the purposes of Listing Rule 1.1 condition 12.
- 33. Provision of any other information required or requested by ASX including, but not limiting the generality of the foregoing, in relation to any issues that may arise (1) from ASX's review of the Prospectus; and (2) from ASX's review of SIX's financial reports.
- 34. SIX will be required to lodge quarterly cash flow and activities reports after reinstatement, in compliance with listing rule 4.7B and 4.7C ("Quarterly Reports").

## **Other**

SIX has until **29 September 2020** to comply with the conditions precedent set out above and have its securities reinstated to official quotation.

Upon satisfaction of the above conditions precedent, ASX would intend to reinstate SIX's securities to official quotation. Please note that ASX has discretion not to reinstate SIX should it fail to comply with the Listing Rules, the spirit of the Listing Rules or be unable to disclose information to the market as requested by ASX or required by Listing Rule 3.1.

ASX makes no comment on the application of escrow with respect to any securities to be issued pursuant to the Recapitalisation Proposal.

## SCHEDULE 2 – TERMS AND CONDITIONS OF ACQUISITION AGREEMENT

The Company has entered into a share purchase agreement with AutoV in respect of the Acquisition (Acquisition Agreement). A summary of the material terms of the Acquisition Agreement is set out below:

- (a) **Acquisition:** The Company has agreed to purchase, and AutoV has agreed to sell, 1,000,000 ordinary shares and 4,000,000 redeemable convertible preference shares (**Sale Shares**) in the issued share capital of Proreka Sprintex Sdn. Bhd. (**Sprintex Malaysia**) owned by AutoV, together with the Advance (defined below) for the Consideration (defined below);
- (b) **Consideration:** The consideration payable to AutoV for the acquisition of:
  - (i) the Sale Shares; and
  - (ii) all amounts due and owing by Sprintex Malaysia to AutoV as at the date of Completion (defined below) (the **Advance**) (which amount the Company notes was MYR849,713.22 (approximately AU\$295,000) as at the date of entry into the Acquisition Agreement),shall be US\$250,000 (the **Consideration**), which shall be satisfied by the issue of SIX Shares at a deemed issue price per Share and upon such other terms not less favourable than the terms offered to other creditors and investors of the Company under the Recapitalisation.
- (c) **Conditions Precedent:** Completion (defined below) is subject to and conditional upon the satisfaction (or waiver) of the following conditions precedent on or before 31 October 2020 (unless otherwise extended by the parties):
  - (i) the Company, AutoV and Sprintex Malaysia obtaining all applicable approvals including but not limited to shareholder and regulatory approvals relating to the transactions contemplated in the Acquisition Agreement as are required under all applicable laws, rules and regulations;
  - (ii) the Company undertaking the Placement and receiving valid subscription amounts under the Placement for the minimum amount required to satisfy the ASX reinstatement conditions (as determined by the Company in its sole discretion); and
  - (i) the Company receiving the conditional approval from ASX for the securities of the Company to be reinstated to trading on the official list of the ASX (on terms acceptable to the Company acting reasonably),(together, the **Conditions Precedent**); and
- (d) **Completion:** Completion of the sale and purchase of the Sale Shares and the Advance (**Completion**) shall occur on the date that is 5 business days after satisfaction (or waiver) of the Conditions Precedent.

The Acquisition Agreement otherwise contains terms and conditions considered standard for an agreement of this nature.

## **SCHEDULE 3 – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS**

**(a) Entitlement**

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

**(b) Exercise Price**

Subject to paragraph 0, the amount payable upon exercise of each Related Party Option will be AU\$0.086 (**Exercise Price**).

**(c) Expiry Date**

Each Related Party Option will expire at 5:00 pm (WST) on the date which is 3 years from the date of issue (**Expiry Date**). A Related Party Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

**(d) Exercise Period**

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

**(e) Notice of Exercise**

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

**(f) Exercise Date**

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

**(g) Timing of issue of Shares on exercise**

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

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

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

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

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

(j) **Participation in new issues**

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

(k) **Change in exercise price**

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

(l) **Transferability**

The Related Party Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## ANNEXURE A – PRO FORMA BALANCE SHEET AS AT 31 DECEMBER 2019

### Historical Consolidated Statement of Financial Position post Recapitalisation

		Sprintex	Proreka Sprintex Sdn. Bhd.	Sprintex post- Recapitalisation	Sprintex post- Recapitalisation
		Audit Reviewed	Unaudited	Unaudited Min Subscription	Unaudited Max Subscription
		Actual	Actual	Pro-forma Consolidated	Pro-forma Consolidated
	Notes	31 Dec 2019	31 Dec 2019	31 Dec 2019	31 Dec 2019
		AU\$	AU\$	AU\$	AU\$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	1	34,237	9,300	4,041,437	4,981,437
Pledged bank deposits		30,000	-	30,000	30,000
Trade and other receivables		91,777	109,570	201,347	201,347
Inventories		278,816	1,055,137	1,333,953	1,333,953
<b>TOTAL CURRENT ASSETS</b>		<b>434,830</b>	<b>1,174,007</b>	<b>5,606,737</b>	<b>6,546,737</b>
<b>NON CURRENT ASSETS</b>					
Property, Plant and equipment		224,582	231,869	456,451	456,451
<b>TOTAL NON CURRENT ASSETS</b>		<b>224,582</b>	<b>231,869</b>	<b>456,451</b>	<b>456,451</b>
<b>TOTAL ASSETS</b>		<b>659,412</b>	<b>1,405,876</b>	<b>6,063,188</b>	<b>7,003,188</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables		1,110,132	87,962	1,198,094	1,198,094
Borrowings	2	5,483,578	5,427,159	48,058	48,058
Provisions		130,266	-	130,266	130,266
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,723,976</b>	<b>5,515,121</b>	<b>1,376,418</b>	<b>1,376,418</b>
<b>NON CURRENT LIABILITIES</b>					
Borrowings		48,627	-	48,627	48,627
<b>TOTAL NON CURRENT</b>		<b>48,627</b>	<b>-</b>	<b>48,627</b>	<b>48,627</b>
<b>TOTAL LIABILITIES</b>		<b>6,772,603</b>	<b>5,515,121</b>	<b>1,425,045</b>	<b>1,425,045</b>
<b>NET ASSETS / (LIABILITIES)</b>		<b>(6,113,191)</b>	<b>(4,109,245)</b>	<b>4,638,143</b>	<b>5,578,143</b>
<b>EQUITY</b>					
Contributed equity	3	56,477,246	4,360,528	64,602,245	65,542,245
Reserves		93,159	(1,105,640)	93,159	93,159
Accumulated losses	4	(62,683,596)	(7,364,133)	(60,057,261)	(60,057,261)
<b>TOTAL EQUITY</b>		<b>(6,113,191)</b>	<b>(4,109,245)</b>	<b>4,638,143</b>	<b>5,578,143</b>

	<b>Sprintex</b>	<b>Proreka Sprintex Sdn. Bhd.</b>	<b>Sprintex post- Recapitalisation</b>	<b>Sprintex post- Recapitalisation</b>
	<b>Audit Reviewed</b>	<b>Unaudited</b>	<b>Unaudited Min Subscription</b>	<b>Unaudited Max Subscription</b>
	<b>Actual</b>	<b>Actual</b>	<b>Pro-forma Consolidated</b>	<b>Pro-forma Consolidated</b>
	<b>31 Dec 2019</b>	<b>31 Dec 2019</b>	<b>31 Dec 2019</b>	<b>31 Dec 2019</b>
	<b>AU\$</b>	<b>AU\$</b>	<b>AU\$</b>	<b>AU\$</b>
<b>Note 1: Cash and Cash Equivalents</b>				
Cash and cash equivalents	34,237	9,300	43,537	43,537
Repayment of WPF loan	-	-	(600,000)	(600,000)
Proceeds from Placement	-	-	5,000,000	6,000,000
Cost of Placement	-	-	(402,100)	(462,100)
	<b>34,237</b>	<b>9,300</b>	<b>4,041,437</b>	<b>4,981,437</b>
<b>Note 2: Borrowings</b>				
Borrowings	5,483,578	5,427,159	10,910,737	10,910,737
GICL conversion of debt to equity	-	-	(1,579,053)	(1,579,053)
WPF loan received post 31 Dec 2019	-	-	390,169	390,169
WPF conversion of debt to equity	-	-	(872,624)	(872,624)
WPF loan re-payment	-	-	(600,000)	(600,000)
CAHL loan forgiven	-	-	(2,774,012)	(2,774,012)
Proreka Sprintex Sdn Bhd inter-company loan on acquisition	-	-	(5,427,159)	(5,427,159)
	<b>5,483,578</b>	<b>5,427,159</b>	<b>48,058</b>	<b>48,058</b>
<b>Note 3: Contributed equity</b>				
Contributed equity	56,477,246	4,360,528	56,477,246	56,477,246
GICL conversion of debt to equity (net of exchange rate loss)	-	-	1,606,600	1,606,600
WPF conversion of debt to equity	-	-	872,624	872,624
Issue of shares on acquisition of Proreka Sprintex Sdn Bhd	-	-	348,275	348,275
Loan conversion debt to equity and finance charge paid in shares	-	-	605,000	605,000
Placement shares issued	-	-	5,000,000	6,000,000
Share issue costs	-	-	(307,500)	(367,500)
			<b>64,602,245</b>	<b>65,542,245</b>

	<b>Sprintex</b>	<b>Proreka Sprintex Sdn. Bhd.</b>	<b>Sprintex post- Recapitalisation</b>	<b>Sprintex post- Recapitalisation</b>
	<b>Audit Reviewed</b>	<b>Unaudited</b>	<b>Unaudited Min Subscription</b>	<b>Unaudited Max Subscription</b>
	<b>Actual</b>	<b>Actual</b>	<b>Pro-forma Consolidated</b>	<b>Pro-forma Consolidated</b>
	<b>31 Dec 2019</b>	<b>31 Dec 2019</b>	<b>31 Dec 2019</b>	<b>31 Dec 2019</b>
	<b>AU\$</b>	<b>AU\$</b>	<b>AU\$</b>	<b>AU\$</b>
<b>Note 4: Accumulated losses</b>				
Accumulated losses	(62,683,596)	(7,364,133)	(62,683,596)	(62,683,596)
GICL loan conversion foreign exchange rate loss	-	-	(27,547)	(27,547)
Expenses paid with WPF loan received post 31 Dec 2019	-	-	(390,168)	(390,168)
Expenses paid with Loan received post 31 Dec 2019	-	-	(550,000)	(550,000)
Finance charge in respect of the Loan			(55,000)	(55,000)
CAHL loan forgiven	-	-	2,774,012	2,774,012
Acquisition of Proreka Sprintex Sdn Bhd			969,638	969,638
Share issue costs	-	-	(94,600)	(94,600)
	<b>(62,683,596)</b>	<b>(7,364,133)</b>	<b>(60,057,261)</b>	<b>(60,057,261)</b>