
SPRINTEX LIMITED
ACN 106 337 599
NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 9.00am (WST)

DATE: 13 March 2023

PLACE: 1/18 Olive Street SUBIACO WA 6008

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

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

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 (WST) on 11 March 2023.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL TO ISSUE CONVERTIBLE NOTES TO INVESTORS

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

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue the Investor Notes with a face value of \$2,821,000 on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

2. RESOLUTION 2 – ISSUE OF CONVERTIBLE NOTES TO DIRECTOR – STEVEN APEDAILE

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

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue Director Notes with a face value of \$100,000 to Steven Apedaile (or his nominee) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

3. RESOLUTION 3 – ISSUE OF CONVERTIBLE NOTES TO DIRECTOR – JUDE UPTON

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

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue Director Notes with a face value of \$100,000 to Jude Upton (or his nominee) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

4. RESOLUTION 4 – ISSUE OF CONVERTIBLE NOTES TO DIRECTOR – LI CHEN

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

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue Director Notes with a face value of \$100,000 to Li Chen (or his nominee) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

5. RESOLUTION 5 – APPROVAL TO ISSUE BROKER OPTIONS

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

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 9,871,111 Broker Options on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

6. RESOLUTION 6 – APPROVAL TO ISSUE MMR OPTIONS

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

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 3,000,000 MMR Options on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

7. RESOLUTION 7 – REPLACEMENT OF 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."

Dated: 9 February 2023

By order of the Board

Michael van Uffelen
Company Secretary

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

Resolution 1 – Approval to issue Convertible Notes to Investors	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 an associate of that person (or those persons).
Resolution 2 – Issue of Convertible Notes to Director – Steve Apedaile	Steve Apedaile (or his nominee) 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.
Resolution 3 – Issue of Convertible Notes to Director – Jude Upton	Jude Upton (or his nominee) 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.
Resolution 4 – Issue of Convertible Notes to Director – Li Chen	Li Chen (or his nominee) 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.
Resolution 5 – Approval to issue Broker Options	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 the Brokers) or an associate of that person (or those persons).
Resolution 6 – Approval to issue MMR Options	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 MMR Corporate Services Pty Ltd) or 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 a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair 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.

Voting by proxy

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.

Voting in person

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

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

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND

1.1 Background

As announced on 1 February 2023, the Company has entered into convertible note deeds proposing to issue convertible notes with a face value of \$3,121,000 (**Convertible Notes**) (**Deeds**). The Convertible Notes have been subscribed for by sophisticated and professional investors to the value of \$2,821,000, with the remaining \$300,000 being subscribed for by the Directors (**Convertible Note Issue**).

Each Convertible Note will have a conversion price of A\$0.075 per Share if converted on or before 31 July 2023, or the lower of A\$0.075 per Share and a 10-day VWAP at a 20% discount to the market price for the Company's Shares at the date of the conversion if the Convertible Notes are converted after 31 July 2023, subject to a minimum floor price of A\$0.001 (**Conversion Formula**). A summary of the key terms of the Deeds is set out in Schedule 1.

In accordance with the terms of the Deeds, the principal amount payable for the Convertible Notes is payable by the Investors and the Directors upon execution of the Deeds, and the funds raised are available to be utilised immediately by the Company as a loan. In the event that Shareholder approval is not obtained under Resolutions 1 to 5, the funds raised shall be repayable in cash by the Company to the Investors and the Directors in accordance with the redemption provisions in the Deeds.

Of the \$2,821,000 worth of Convertible Notes to be issued to the sophisticated and professional investors (**Investors**) (**Investor Notes**), \$1,622,500 worth of Investor Notes will be issued to Investors who were introduced by 180 Market Pty Ltd and MMR Corporate Services Pty Ltd, \$100,000 worth of Investor Notes will be issued to Investors who were introduced by CFAS Advisory Pty Ltd, \$498,500 worth of Investor Notes will be issued to Investors who were introduced by CNW Capital Service Limited, with the remaining \$600,000 being subscribed for by two substantial shareholders of the Company being China Automotive Holdings Limited and Mr David Steicke (**Substantial Shareholders**).

180 Market Pty Ltd, CFAS Advisory and CNW Capital Service Limited are hereafter referred to collectively as the **Brokers**.

As consideration for these services, the Company will issue to the Brokers, on a pro-rata basis, a fee of 8% of the funds raised by the Brokers under the Investor Note Issue and 9,871,111 Options with an exercise price of \$0.075 and an expiry date of 31 December 2024 (**Broker Options**), subject to Shareholder approval under Resolution 5.

The Company intends to issue the Convertible Notes in accordance with the Deeds, subject to Resolutions 1 to 5 being passed.

2. RESOLUTION 1 – APPROVAL TO ISSUE CONVERTIBLE NOTES TO INVESTORS

2.1 General

As set out in Section 1.1 above, the Company has entered into the Deeds proposing to issue the Investor Notes with a face value of \$2,821,000 to the Investors.

Each Investor Note will convert in accordance with the Conversion Formula pursuant to the Deeds. A summary of the key terms of the Deeds is set out in Schedule 1.

The Company intends to issue the Investor Notes in accordance with the Deeds, subject to this Resolution 1 being passed.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that period. The proposed issue of the Investor Notes does not fall within any of these exceptions and may exceed the 15% limit in Listing Rule 7.1. Accordingly, the Company is seeking Shareholder approval under Listing Rule 7.1 for the issue of the Investor Notes.

2.2 Technical information required by Listing Rule 14.1A

The issue of the Investor Notes does not fall within any of the exceptions set out in Listing Rule 7.2 and whilst the number of Investor Notes 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 Investor Notes 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.

If Resolution 1 is passed, the Company will be able to proceed with the issue of the Investor Notes. In addition, the issue of the Investor Notes and any Shares issued on conversion, will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 1 is not passed, the Company may not be able to proceed with the issue of the Investor Notes and the funds raised under the Investor Notes shall be treated as a loan, repayable in cash by the Company to the Investors, in accordance with the redemption provisions in the Deeds.

Resolution 1 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Investor Notes.

2.3 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 1:

- (a) \$2,221,000 worth of Investor Notes will be issued to professional and sophisticated investors who are clients of the Brokers. The recipients have been identified through a bookbuild process, which involved the Brokers seeking expressions of interest to participate in the Investor Note

Issue from non-related parties of the Company. A further \$600,000 worth of Investor Notes will be issued to the Substantial Shareholders;

- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that none of the recipients will be:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company;
- (c) the Investor Notes will be issued to the Investors with a total face value of \$2,821,000. The Investor Notes issued will convert into fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares in accordance with the Conversion Formula;
- (d) the maximum number of Shares to be issued on conversion of the Investor Notes is variable depending on the date at which the Investor wishes to convert their Investor Notes and the market price of the Company's Shares at the time of conversion. The Investor Note conversion will be calculated using the Conversion Formula. The Company has set out various dilution scenarios that may occur on the conversion of the Investor Notes at Section 2.4 below.
- (e) the Investor Notes 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 Listing Rules) and it is intended that issue of the Investor Notes will occur on the same date;
- (f) the Company will not receive any other consideration for the issue of the Investor Notes other than the principal amount paid by the Investors at the signing of the Deeds in accordance with the terms of the Deeds;
- (g) the purpose of the issue of the Investor Notes is to raise \$2,821,000. The funds raised through the issue of the Investor Notes will be utilised towards the working capital of the Company, aimed mainly at allowing the Company to capitalise on commercialising e-compressor sales opportunities;
- (h) the Investor Notes are being issued to the Investors pursuant to the Deeds. A summary of the material terms of the Deeds is set out in Schedule 1; and
- (i) the Investor Notes are not being issued under, or to fund, a reverse takeover.

2.4 Dilution

Set out below is a worked example of the number of Shares that may be issued subject to conversion of the Investor Notes under Resolution 1 based on the assumed conversion prices of \$0.075, \$0.042 and \$0.001 per Investor Note, being the conversion price of the Investor Notes if converted before 31 July 2023, an assumed conversion price which is a 20% discount to the Share price as of 7 February 2023, being \$0.05 should the Investor Notes be converted after 31 July 2023 and the minimum floor price of \$0.001 pursuant to the terms of the Deeds.

Assumed issue price	Maximum number of Shares which may be issued on conversion of the Investor Notes ¹	Current Shares on issue as at the date of this Notice ²	Increase in the number of Shares on issue assuming the conversion of the maximum amount of Investor Notes pursuant to Resolution 1 ³	Dilution effect on existing Shareholders
\$0.075	37,613,333	254,354,327	291,967,660	12.88%
\$0.042	67,812,500	254,354,327	322,166,827	21.05%
\$0.001	2,821,000,000	254,354,327	3,075,354,327	91.73%

Notes:

1. Rounded to the nearest whole number.
2. There are currently 254,354,327 Shares on issue as at the date of this Notice and this table assumes no Options are exercised, no performance securities converted or additional Shares issued, other than the maximum number of Shares which may be issued on conversion of the Investor Notes pursuant to Resolution 1 (based on the assumed conversion prices set out in the table).
3. The Company notes that the above workings are an example only and the actual issue price may differ. This will result in the maximum number of Shares to be issued and the dilution percentage to also differ.

3. RESOLUTIONS 2-4 – ISSUE OF CONVERTIBLE NOTES TO DIRECTORS

3.1 General

As set out in Section 1.1 above, the Company has entered into the Deeds proposing to issue Convertible Notes with a face value of \$300,000 to the Directors on the same terms as unrelated participants in the Convertible Note Issue (**Participation**) (**Director Notes**).

The Directors have subscribed for the Director Notes in the following proportions:

- (a) \$100,000 worth of Director Notes to Steven Apedaile (or his nominee), the subject of Resolution 2;
- (b) \$100,000 worth of Director Notes to Jude Upton (or his nominee), the subject of Resolution 3; and
- (c) \$100,000 worth of Director Notes to Li Chen (or his nominee), the subject of Resolution 4.

Each Director Note will convert in accordance with the Conversion Formula pursuant to the Deeds. A summary of the key terms of the Deeds is set out in Schedule 1.

Accordingly, Resolutions 2 to 4 seek Shareholder approval for the issue of the Director Notes to the Directors (or their nominees), as a result of the Participation on the terms set out below.

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 Participation will result in the issue of Shares which constitutes giving a financial benefit and Steven Apedaile, Jude Upton and Li Chen, are related parties of the Company by virtue of being Directors.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Convertible Notes will be issued to all the Directors (or their nominees) on the same terms as the Convertible Notes issued to non-related party participants in the Convertible Note Issue 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 Participation 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.

Resolutions 2 to 4 seek Shareholder approval for the Participation under and for the purposes of Listing Rule 10.11.

3.4 Technical information required by Listing Rule 14.1A

If Resolutions 2 to 4 are passed, the Company will be able to proceed with the issue of the Director Notes under the Participation 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) and will raise additional funds which will be utilised towards the working capital of the Company, aimed mainly at allowing the Company to capitalise on commercialising e-compressor sales opportunities. As approval pursuant to Listing Rule 7.1 is not required for the issue of the Director

Notes in respect of the Participation (because approval is being obtained under Listing Rule 10.11), the issue of the Director Notes will not use up any of the Company's 15% annual placement capacity.

If Resolutions 2 to 4 are not passed, the Company will not be able to proceed with the issue of the Director Notes and the funds raised under the Director Notes shall be repayable in cash by the Company to the Directors in accordance with the redemption provisions in the Deeds.

3.5 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 Resolutions 2 to 4:

- (a) the Director Notes will be issued to Steven Apedaile, Jude Upton and Li Chen (or their nominees), who fall within the category set out in Listing Rule 10.11.1, as Steven Apedaile, Jude Upton and Li Chen are related parties of the Company by virtue of being Directors;
- (b) the Director Notes will be issued to the Directors with a total face value of \$300,000 as set out in Section 3.1. The Director Notes issued will convert into fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares in accordance with the Conversion Formula;
- (c) the maximum number of Shares to be issued on conversion of the Director Notes is variable depending on the date at which each Director wishes to convert their Director Notes and the market price of the Company's Shares at the time of conversion. The Director Note conversion will be calculated using the Conversion Formula. The Company has set out various dilution scenarios that may occur on the conversion of the Director Notes at Section 3.6 below.
- (d) the Director Notes 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 Director Notes will be issued on the same date;
- (e) the Company will not receive any other consideration for the issue of the Director Notes other than the principal amount paid at the signing of the Deeds in accordance with the terms of the Deeds;
- (f) the purpose of the issue of the Director Notes is to raise \$300,000. The funds raised through the issue of the Director Notes will be utilised towards the working capital of the Company, aimed mainly at allowing the Company to capitalise on commercialising e-compressor sales opportunities;
- (g) the Director Notes to be issued under the Participation are not intended to remunerate or incentivise the Directors;
- (h) the Directors Notes are being issued to the Directors under the Deeds. A summary of the material terms of the Deeds is set out in Schedule 1; and
- (i) voting exclusion statements are included in Resolutions 2 to 4 of the Notice.

3.6 Dilution

Set out below is a worked example of the number of Shares that may be issued subject to conversion of the Director Notes under Resolutions 2 to 4 based on the assumed conversion prices of \$0.075, \$0.042 and \$0.001 per Investor Note, being the conversion price of the Director Notes if converted before 31 July 2023, an assumed conversion price which is a 16% discount to the Share price as of 7 February 2023, being \$0.05 should the Director Notes be converted after 31 July 2023 and the minimum floor price of \$0.001 pursuant to the terms of the Deeds.

Assumed issue price	Maximum number of Shares which may be issued on conversion of the Director Notes ¹	Current Shares on issue as at the date of this Notice ²	Increase in the number of Shares on issue assuming the conversion of the maximum amount of Director Notes pursuant to Resolutions 2 to 4 ³	Dilution effect on existing Shareholders
\$0.075	4,000,000	254,354,327	258,354,327	1.55%
\$0.042	7,211,538	254,354,327	261,565,865	2.76%
\$0.001	300,000,000	254,354,327	554,354,327	54.12%

Notes:

1. Rounded to the nearest whole number.
2. There are currently 254,354,327 Shares on issue as at the date of this Notice and this table assumes no Options are exercised, no performance securities converted or additional Shares issued, other than the maximum number of Shares which may be issued on conversion of the Director Notes pursuant to Resolutions 2 to 4 (based on the assumed conversion prices set out in the table).
3. The Company notes that the above workings are an example only and the actual issue price may differ. This will result in the maximum number of Shares to be issued and the dilution percentage to also differ.

4. RESOLUTION 5 – APPROVAL TO ISSUE BROKER OPTIONS

4.1 General

As set out in Section 1.1 above, the Company is proposing to issue 9,871,111 Broker Options with an exercise price of \$0.075 and an expiry date of 31 December 2024 in part consideration for broker services provided by the Brokers.

The Broker Options will be issued to the Brokers in the following proportions:

- (a) 7,211,111 Broker Options to 180 Market Pty Ltd (or their nominees);
- (b) 444,444 Broker Options to CFAS Advisory Pty Ltd (or their nominees); and
- (c) 2,215,556 Broker Options to CNW Capital Service Limited (or their nominees).

The Company will also issue to the Brokers, on a pro-rata basis, a fee of 8% of the funds raised by the Brokers under the Convertible Note Issue.

As summarised in Section 2.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Broker Options does not fall within any of the exceptions set out in Listing Rule 7.2 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

4.2 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 Broker Options. In addition, the issue of the Broker Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 5 is not passed, the Company will not be able to proceed with the issue of the Broker Options and will be forced to find another way to compensate the Brokers for their services.

Resolution 5 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Broker Options.

4.3 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 5:

- (a) the Broker Options will be issued to the Brokers;
- (b) the maximum number of Broker Options to be issued to the Brokers is 9,871,111 in the proportions set out in Section 4.1. The terms and conditions of the Broker Options are set out in Schedule 1;
- (c) the Broker Options 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 Listing Rules) and it is intended that issue of the Broker Options will occur on the same date;
- (d) the Broker Options will be issued at a nil issue price, in part consideration for broker services provided by the Brokers pursuant to the Convertible Note Issue;
- (e) the purpose of the issue of the Broker Options is to remunerate the Brokers for their services introducing the Investors to the Company;
- (f) The Broker Options are not being issued under a written agreement; and
- (g) the Broker Options are not being issued under, or to fund, a reverse takeover.

5. RESOLUTION 6 – APPROVAL TO ISSUE MMR OPTIONS

5.1 General

The Company is proposing to issue a further 3,000,000 Options to MMR Corporate Services Pty Ltd with an exercise price of \$0.075 and an expiry date of 31 December 2024 as consideration for introducing the Company to 180 Market Pty Ltd (**MMR Options**).

As summarised in Section 2.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its

shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the MMR Options does not fall within any of the exceptions set out in Listing Rule 7.2 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

5.2 Technical information required by Listing Rule 14.1A

If Resolution 6 is passed, the Company will be able to proceed with the issue of the MMR Options. In addition, the issue of the MMR Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 6 is not passed, the Company will not be able to proceed with the issue of the MMR Options.

Resolution 6 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the MMR Options.

5.3 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 6:

- (a) the MMR Options will be issued to MMR Corporate Services Pty Ltd or its nominee;
- (b) the maximum number of MMR Options to be issued is 3,000,000. The terms and conditions of the MMR Options are set out in Schedule 2;
- (c) the MMR Options 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 Listing Rules) and it is intended that issue of the MMR Options will occur on the same date;
- (d) the Company will not receive any consideration for the issue of the MMR Options (other than in respect of funds received on exercise of the MMR Options);
- (e) the purpose of the issue of the MMR Options is as consideration for introducing the Company to 180 Market Pty Ltd;
- (f) the MMR Options are not being issued under an agreement; and
- (g) the MMR Options are not being issued under, or to fund, a reverse takeover.

6. RESOLUTION 7 – REPLACEMENT OF CONSTITUTION

6.1 General

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

Resolution 7 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 September 2020.

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.

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 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.

6.2 Summary of material proposed changes

Minimum Security holding (clause 3)

This Proposed Constitution now extends the minimum holding provisions to all securities as provided for under the Listing Rules. The clause previously only referred to shares.

Joint Holders (clause 9.8)

CHESS is currently being replaced by ASX with a projected go-live date of April 2023. As part of the CHESS replacement, the registration system will be modernised to record holder registration details in a structured format that will allow up to four joint holders of a security. Clause 9.8 of the Proposed Constitution provides that the number of registered joint holders of securities shall be as permitted under the Listing Rules and the ASX Settlement Operating Rules.

Capital Reductions (clause 10.2)

The Proposed Constitution now permits sales of unmarketable parcels to a sale nominee as part of a capital reduction.

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.

Use of technology (clause 14)

The Proposed Constitution includes a new provision to permit the use of technology at general meetings (including wholly virtual meetings) to the extent permitted under the Corporations Act, Listing Rules and applicable law.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Broker Options has the meaning given to it at Section 1.1.

Brokers has the meaning given to it at Section 1.1.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means Sprintex Limited (ACN 106 337 599).

Constitution means the Company's constitution.

Conversion Formula has the meaning given to it at Section 1.1.

Convertible Notes means convertible notes convertible into Shares according to the terms of the Deeds.

Convertible Note Issue has the meaning given to it at Section 1.1.

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

Deeds means the deeds entered into by the Company with each of the Investors and the Directors taking part in the Convertible Note Issue.

Directors means the current directors of the Company.

Director Notes means the means the Convertible Notes issued to the Directors.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Investors means the sophisticated and professional investors who have subscribed for the Investor Notes.

Investor Notes means the Convertible Notes issued to the Investors.

Listing Rules means the Listing Rules of ASX.

MMR Options has the meaning given to it at Section 5.1.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share with the terms and conditions set out in Schedule 2.

Optionholder means a holder of an Option.

Participation means the participation of the Directors in the Convertible Note Issue.

Proposed Constitution has the meaning given to it at Section 6.1.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

Substantial Shareholders means China Automotive Holdings Limited and Mr David Steicke.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS OF THE CONVERTIBLE NOTE DEEDS

1.	Issuer	Sprintex Limited
2.	Subscribers	The Directors and the Investors.
3.	Aggregate Face Value	A\$3,121,000
4.	Interest Rate	12% flat rate.
5.	Application for Convertible Notes	<p>(a) The Subscriber agrees to subscribe for, and the Company agrees to issue the Convertible Notes.</p> <p>(b) The Subscriber agrees to pay the principal amount payable on the date of signing of the Convertible Note Deed.</p> <p>(c) The issue of the Convertible Notes is subject to shareholder approval.</p> <p>(d) Until receipt of shareholder approval, the both parties agree that the principal amount payable shall be a loan repayable in accordance with the terms of the Redemption (defined below) of the Convertible Notes, subject to the following amendments - the term "Convertible Notes" is replaced with "Loan", "redeemed" with "repaid" and "redemption" with "repayment".</p>
6.	Interest Payment	<p>(a) The Company shall pay the interest owed in advance, by way of a deduction from the value of Convertible Notes subscribed for, net of any applicable interest withholding taxes.</p> <p>(b) Subsequent to the issue of the Convertible Notes, the Company shall not be liable for any additional interest on the Convertible Notes.</p>
7.	Maturity Date	All Convertible Notes will have a maturity date of 31 July 2024, with the exception of the Convertible Notes issued to Investors introduced by CNW Capital Service Limited (face value of \$498,500) which shall have a maturity date of 31 January 2024 (Maturity Date).
8.	Security	The Convertible Notes are unsecured. Each Subscriber shall rank as an unsecured general creditor of the Company.
9.	Conversion Price	Each Convertible Note shall convert into Shares at a conversion price of A\$0.075 if converted on or before 31 July 2023 or the lower of A\$0.075 per Share and a 10-day VWAP at a 20% discount to the market price for the Company's Shares at the date of the conversion if converted after 31 July 2023, subject to a minimum price of A\$0.001.
10.	Redemption	<p>The Convertible Notes will only be redeemed at the first to occur of the following:</p> <p>(a) the receipt by the Company of a notice in writing requesting the Convertible Notes held be redeemed from the Subscriber (Redemption Notice) in respect of the Convertible Notes as a result of the exercise of the Subscriber's rights in the event that a person other than the Subscriber acquires an interest in over 50% of the Company's Shares (Change of Control);</p>

		<p>(b) the receipt by the Company of a Redemption Notice in respect of the Convertible Notes as a result of the exercise of the Subscriber's rights due to an event of default occurring; and</p> <p>(c) the Maturity Date.</p>
11.	Conversion	<p>(a) Subject to a Change of Control, the Subscriber will be entitled to convert all, or a portion of the Convertible Notes held, subject to a minimum conversion amount of A\$12,500, at the Conversion Price by delivering a notice in writing requesting the Convertible Notes held be converted from the Subscriber (Conversion Notice) to the Company at any time prior to the Maturity Date.</p> <p>(b) Within 5 Business Days of receipt of a Conversion Notice the Company will proceed to issue to the Subscriber that number of Shares as calculated at the Conversion Price.</p> <p>(c) The allotment and issue of Shares on conversion will reduce the principal amount outstanding to the Subscriber pursuant to the Convertible Notes by the value of the conversion amount the subject of the Conversion Notice.</p> <p>(d) The Shares issued upon the conversion will rank equally in all respects with all issued fully paid ordinary shares in the capital of the Company.</p> <p>(e) The Company will make application for Official Quotation by ASX of all Shares issued upon conversion as soon as reasonably practicable after the Shares are issued.</p> <p>(f) Within 5 business days after the issue of Shares to the Subscriber the Company will deliver to the Subscriber a holding statement in respect of the Shares.</p> <p>(g) If only a portion of the Convertible Notes are converted, the Company will, within 5 Business Days after the issue of the Shares, deliver to the Subscriber a new certificate detailing the remaining Convertible Notes held by the Subscriber.</p>

SCHEDULE 2 – TERMS OF THE BROKER OPTIONS AND MMR OPTIONS

The terms and conditions of the Broker Options and the MMR Options are set out below:

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.075 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 31 December 2024 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

The 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 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 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 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 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 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 Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

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

(l) **Transferability**

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

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LODGE YOUR PROXY APPOINTMENT ONLINE



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



MOBILE DEVICE PROXY APPOINTMENT

Lodge your proxy by scanning the QR code below, and enter your registered postcode.

It is a fast, convenient and a secure way to lodge your vote.

GENERAL MEETING PROXY FORM

I/We being shareholder(s) of Sprintex Limited and entitled to attend and vote hereby:

APPOINT A PROXY

The Chair of
the Meeting

OR



PLEASE NOTE: If you leave the section blank, the Chair of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) named, the Chair of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the General Meeting of the Company to be held at **1/18 Olive Street, Subiaco WA 6008 on 13 March 2023 at 9.00am (WST)** and at any adjournment or postponement of that Meeting.

Chair's voting intentions in relation to undirected proxies: The Chair intends to vote all undirected proxies in favour of all Resolutions. In exceptional circumstances, the Chair may change his/her voting intentions on any Resolution. In the event this occurs, an ASX announcement will be made immediately disclosing the reasons for the change.

VOTING DIRECTIONS

Resolutions

	For	Against	Abstain*
1 Approval to issue Convertible Notes to Investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Issue of Convertible Notes to Director – Steven Apedaile	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Issue of Convertible Notes to Director – Jude Upton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Issue of Convertible Notes to Director – Li Chen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval to issue Broker Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval to issue MMR Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



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

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, all the shareholders should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address

☐

Please tick here to agree to receive communications sent by the Company via email. This may include meeting notifications, dividend remittance, and selected announcements.

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

APPOINTMENT OF A PROXY

If you wish to appoint the Chair as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

DEFAULT TO THE CHAIR OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chair of the Meeting.

VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each resolution of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given resolution, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on a resolution, your vote on that resolution will be invalid.

PLEASE NOTE: If you appoint the Chair as your proxy (or if they are appointed by default) but do not direct them how to vote on a resolution (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution), the Chair may vote as they see fit on that resolution.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

COMPLIANCE WITH LISTING RULE 14.11

In accordance with Listing Rule 14.11, if you hold shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the shares, you are required to ensure that the person(s) or entity/entities for which you hold the shares are not excluded from voting on resolutions where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the company that you are in compliance with Listing Rule 14.11.

CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

SIGNING INSTRUCTIONS ON THE PROXY FORM

Individual:

Where the holding is in one name, the security holder must sign.

Joint Holding:

Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

Companies:

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

LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by **9.00am (WST) on 11 March 2023**, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled Meeting.



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



BY MAIL

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009; or
PO Box 1156, Nedlands WA 6909



BY FAX

+61 8 6370 4203



BY EMAIL

admin@advancedshare.com.au



IN PERSON

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009



ALL ENQUIRIES TO

Telephone: +61 8 9389 8033