



SPRINTEX LIMITED
ABN: 38 106 337 599

16 April 2021

PRE-REINSTATEMENT CONFIRMATIONS

Sprintex Limited (ASX:SIX) (**Company**) provides the following confirmations to satisfy conditions for reinstatement of the Company's securities to quotation on ASX.

Capitalised terms used in this announcement have the meaning given in the Prospectus (defined below) unless the context otherwise requires.

Conditions for Reinstatement

The Company confirms it has satisfied all of the conditions to reinstatement set out in the letter from ASX dated 31 August 2020 (to the satisfaction of ASX).

Completion of Public Offer

The Company confirms that all conditions to the Public Offer under the prospectus prepared by the Company and lodged with ASIC on 19 October 2020, as supplemented by the first supplementary prospectus lodged with ASIC on 30 October 2020, the second supplementary prospectus lodged with ASIC on 19 January 2021 and the third supplementary prospectus lodged with ASIC on 24 March 2021 (together, the **Prospectus**) have been satisfied and the Company has issued 75,581,395 Shares under the Public Offer.

Completion of acquisition of Proreka Sprintex

The Company confirms that all conditions precedent to the acquisition of the remaining 50% interest in the issued capital of Proreka Sprintex Sdn. Bhd. (**Proreka Sprintex**) that the Company does not already own from AutoV Corporation Sdn. Bhd. (**AutoV**) (the **Acquisition**) pursuant to the agreement entered into between the Company and AutoV in March 2019 (as subsequently varied) (the **Acquisition Agreement**) have been satisfied and the Company has completed the Acquisition.

In accordance with the Acquisition Agreement, the Company has now issued 3,805,940 Shares to AutoV as part consideration for the Acquisition.

Issue of Securities under Recapitalisation Proposal

In addition to the Shares issued pursuant to the Public Offer and the Acquisition, the Company confirms that, as approved by Shareholders at the general meeting held on 28 September 2020 (**General Meeting**), the Company has also issued the following securities under its Recapitalisation:

- (a) 5,755,814 Shares to Lidx Technology Limited (an entity controlled by Proposed Director, Mr Li Chen) (or its nominee) at a deemed issue price per Share of AU\$0.086 in lieu of repayment of the total amount drawn under the Lidx Loan of \$440,000 and the Financing Charge of \$55,000. The Company notes that it obtained Shareholder approval for

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conversion of the total amount of the Lidx Loan into Shares (being, \$550,000) however the amount was not fully utilised and so a lesser number of Shares were issued;

- (b) 18,681,395 Shares to Ganado Investments Corporation Ltd (or its nominee) (an unrelated party of the Company) at a deemed issue price per Share of AU\$0.086, in lieu of conversion of the amount outstanding under the GICL Loan into Shares;
- (c) 10,146,790 Shares to Wilson's Pipe Fabrication Pty Ltd (an entity controlled by Director, Mr Michael Wilson) (or its nominee) at a deemed issue price of AU\$0.086, in lieu of conversion of part of the amount outstanding under the WPF Loan into Shares; and
- (d) 5,000,000 Options to the Proposed Non-Executive Chairman, Mr Wayne Knight (**Chairman Options**).

Repayment and extinguishment of outstanding debt under Recapitalisation Proposal

The Company confirms:

- (a) extinguishment of the CAHL Loan (being, US\$1,950,000) will become effective on the date of reinstatement of the Company to trading on the ASX (**Reinstatement Date**); and
- (b) repayment of the final amount outstanding under the WPF Loan (being AU\$600,000) will occur on the Reinstatement Date.

Resignation of Directors and Appointment of Proposed Directors

The resignation of the following Directors will become effective on the Reinstatement Date:

Mr Richard Siemens, Non-Executive Chairman;

Mr David White, Non-Executive Deputy Chairman;

Mr Michael Wilson, Non-Executive Director;

Mr Richard O'Brien, Non-Executive Director; and

Mr Raymond Lau, Non-Executive Director.

The appointment of the following proposed directors will become effective on the Reinstatement Date:

Mr Wayne Knight, Proposed Non-Executive Chairman;

Mr Jude (Jay) Upton, Proposed Managing Director;

Mr Li Chen, Proposed Non-Executive Director; and

Mr Steven Apedaile, Proposed Non-Executive Director.

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The Company thanks the outgoing Directors for their contribution to the Company.

NAA Agreement

As set out in section 2.5 of the Company's Third Supplementary Prospectus dated 24 March 2021, the Company confirms that it has entered into a manufacturing and OEM supply agreement with North American Assembly LLC (an approved supplier to General Motors, Ford, Fiat Chrysler Automobiles and Mopar, the aftermarket division of Fiat Chrysler Automobiles). Refer to section 2.5 of the Third Supplementary Prospectus for further details in relation to this agreement.

Corporate Governance

The Company's compliance or departures from the corporate governance principles has been separately announced in the Company's corporate governance statement announced on the same date as this announcement.

ASX Waiver of Listing Rule 14.7

Further to the Company's previous announcement on 9 April 2021, ASX agreed to grant the Company a short extension to condition 1.1 of the waiver. This short extension, extended the date for the issue of the shares under the Prospectus and Acquisition from 12 April 2021 to 15 April 2021.

Statement of Capital Structure

The current capital structure of the Company (following completion of the Acquisition and the issue of securities pursuant to the General Meeting and the Prospectus) is set out below.

Full Subscription	
Shares currently on issue ¹	213,971,334
Options currently on issue ²	5,000,000

Notes:

1. The rights attaching to the Shares are summarised in Section 10.2 of the Prospectus.
2. Held by Mr Wayne Knight (Proposed Chairman), exercisable at \$0.086 each on or before the date that is three years from the date of issue of the Options.
3. No securities on issue in the Company are subject to ASX restrictions or voluntary escrow.

Statement of Commitments

The Company intends to apply funds raised from the Offer over the first two years following re-admission of the Company to the official list of ASX as follows:

Funds Available	Full Subscription (\$6,500,000)	Percentage of Funds
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	(\$)	(%)
Existing cash reserves ¹	152,905	2.30%
Funds raised from the Public Offer	6,500,000	97.70%
TOTAL	6,652,905	100.00
Allocation of Funds		
Partial repayment of WPF Loan ²	600,000	9.02
Repayment of amounts owed to creditors ³	1,833,830	27.56
Durability testing ⁴	80,000	1.20
New products tooling ⁵	380,000	5.71
USA emissions certification for new Jeep JL supercharger system ⁶	40,000	0.60
Research and development costs for new products ⁷	500,000	7.52
Expenses of the Recapitalisation (including, the Public Offer) ⁸	559,869	8.42
Administration and other corporate costs ⁹	250,000	3.76
Working capital	1,409,206	21.18
Cash reserves to cover costs during unexpected delays	1,000,000	15.03
TOTAL	6,652,905	100.00

Notes:

1. Refer to the Financial Information set out in Section 6 of the Prospectus for further detail for further detail.
2. Refer to Section 9.2.4 of the Prospectus for further detail.
3. This includes an amount of approximately US\$191,618 payable to MPI in respect of unpaid development costs for the new JL supercharger system.
4. Comprising durability testing of the new (2019 model onwards) Jeep JL system (approximately \$60,000) and durability testing for the Eaton replacement rotating group (approximately \$20,000).
5. Comprising, machining and assembly fixtures and tooling for the new Jeep JL system and Eaton replacement rotating group and specialised rotor cutting tooling and fixtures for the Eaton replacement rotating group.
6. Comprising certified emissions laboratory testing, carried out on a company test vehicle on location in California, including expenses for one engineer in attendance.
7. Comprising costs of development of the Eaton replacement rotor group.
8. Refer to Section 10.7 of the Prospectus for further detail for further details.

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9. Administration costs include the general costs associated with the management and operation of the Company's business including administration expenses, management salaries, directors' fees, rent and other associated costs.

The above table is a statement of current intentions as of the date of this ASX announcement. Actual expenditure may differ significantly from the above estimates due to a change in market conditions, the development of new opportunities and other factors. Further, as with any budget, intervening events (including the success or failure of the Company's research and development programmes) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The Directors consider that following completion of the Public Offer, the Company will have sufficient working capital to carry out its stated objectives.

Statement of Financial Position

The following is an updated statement of financial position as at 31 December 2020 for the Company based on actual funds raised (\$6,500,000) under the Prospectus.

		Sprintex Group	Proreka Sprintex Sdn. Bhd.	Sprintex Group post-Recapitalisation
		Audit Reviewed	Unaudited	Unaudited
		Actual	Actual	Pro-forma Consolidated
	Notes	31 Dec 2020	31 Dec 2020	31 Dec 2020
		AU\$	AU\$	AU\$
CURRENT ASSETS				
Cash and cash equivalents	1	148,327	6,645	5,165,103
Pledged bank deposits		30,000	-	30,000
Trade and other receivables		179,761	148,937	328,698
Inventories		-	74,486	74,486
TOTAL CURRENT ASSETS		358,088	230,068	5,598,287
NON CURRENT ASSETS				
Property, plant and equipment		183,545	-	183,545
Right of use assets		-	409,533	409,533
TOTAL NON CURRENT ASSETS		183,545	409,533	593,078
TOTAL ASSETS		541,633	639,601	6,191,365
CURRENT LIABILITIES				

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Trade and other payables		1,299,225	135,166	1,434,391
Borrowings	2	1,010,000	5,775,822	80,000
Lease liabilities		13,411	162,993	176,404
Provisions		119,725	-	119,725
TOTAL CURRENT LIABILITIES		2,442,361	6,073,981	1,810,520
NON CURRENT LIABILITIES				
Lease liabilities		11,632	273,601	285,233
TOTAL NON CURRENT LIABILITIES		11,632	273,601	285,233
TOTAL LIABILITIES		2,453,993	6,347,582	2,095,753
NET ASSETS / (LIABILITIES)		(1,912,360)	(5,707,981)	4,095,612
EQUITY				
Contributed equity	3	59,451,471	3,397,085	65,876,312
Reserves		(119,227)	78,566	(119,227)
Accumulated losses	4	(61,244,604)	(9,183,633)	(61,661,473)
TOTAL EQUITY		(1,912,360)	(5,707,982)	4,095,612

	Sprintex Group	Proreka Sprintex Sdn. Bhd.	Sprintex Group post-Recapitalisation
	Audit Reviewed	Unaudited	Unaudited
	Actual	Actual	Pro-forma Consolidated
	31 Dec 2020	31 Dec 2020	31 Dec 2020
	AU\$	AU\$	AU\$
Note 1: Cash and Cash Equivalents			
Cash and cash equivalents	148,327	6,645	154,972
Repayment of WPF loan	-	-	(600,000)
Repayment of short-term loan	-	-	(330,000)
Proceeds from Placement	-	-	6,500,000
Cost of Placement	-	-	(559,869)
	148,327	6,645	5,165,103
Note 2: Borrowings			
Borrowings	1,010,000	5,775,822	6,785,822

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WPF loan re-payment	-	-	(600,000)
Short term loan repayment	-	-	(330,000)
Proreka Sptintex Sdn Bhd inter-company loan on acquisition	-	-	(5,775,822)
	1,010,000	5,775,822	80,000
Note 3: Contributed equity			
Contributed equity	59,451,471	3,397,085	59,451,471
Issue of shares on acquisition of Proreka Sptintex Sdn Bhd	-	-	324,591
Placement shares issued	-	-	6,500,000
Share issue costs	-	-	(399,750)
			65,876,312
Note 4: Accumulated losses			
Accumulated losses	(61,244,604)	(9,183,633)	(61,244,604)
Proreka Sptintex Sdn Bhd inter-company loan written-off			5,775,822
Loss on acquisition of Proreka Sptintex Sdn Bhd			(6,032,572)
Share issue costs	-	-	(160,119)
	(63,904,353)	(9,183,633)	(61,661,473)

No material subsequent events

The Company confirms there have been no material subsequent events to alter the Company's statement of financial position as detailed in the Prospectus.

No impediments

The Company confirms there are no legal, regulatory or contractual impediments to the Company undertaking the activities the subject of the commitments disclosed in the Prospectus.

No security interests

The Company confirms that its secured creditors have released and discharged any security granted to them by the Company and there are no outstanding security interests registered over the Company's assets and that secured creditors have no further interest in the Company's assets (other than Royal Wolf Trading which is an ordinary course security interest).

No default

The Company confirms that no event of default has occurred under any of the loan agreements as per the terms of the Recapitalisation Proposal.

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No litigation update

The Company confirms there is no update to the matter disclosed in section 10.1 of the Prospectus.

Compliance with ASX Listing Rules

The Company is in compliance with the ASX Listing Rules and in particular ASX Listing Rules 3.1, 12.1 and 12.2.

Responsible person

The responsible person for the purposes of Listing Rule 1.1 Condition 12 is Mr Henry Thong (the Company Secretary).

TERMS AND CONDITIONS OF CHAIRMAN OPTIONS

(a) Entitlement

Each Option entitles the holder to subscribe for one (1) Share upon exercise of the Option.

(b) Exercise Price

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

(c) Expiry Date

Each Option will expire at 5:00 pm (WST) on the date that is 3 years from the date of issue of the Options (**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

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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

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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.

(I) **Transferability**

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

Yours faithfully

Henry Thong
Company Secretary

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