

# Voltage IP Limited ACN 057 884 876

## Options terms and conditions extracted from the share sale agreement between VIP, the Sellers and KLE dated 2 September 2015 (as amended on 21 October 2015)

In accordance with clause 3 of the SSA, VIP must issue 20,000,000 Consideration Options to the Sellers in the proportions set out in Part B of Schedule 3 of the SSA. The terms of the issue, and the rights attached to the Consideration Options, are as set out in the **Rules** contained in these terms and conditions.

### 1. Issuance of shares

VIP must issue 1 fully paid ordinary share in VIP (**Option Shares**) for each Consideration Option that is exercised by the holder of that option (**Option Holder**) in accordance with these Rules.

### 2. Exercise of Consideration Options

- (a) The **Exercise Price** for each Consideration Option will be equal to an amount of \$0.10 for each Consideration Option.
- (b) A Consideration Option may be exercised at any time within the 3 year period commencing on the Completion Date (**Exercise Period**) by the relevant Option Holder giving VIP a notice (in substantially the same form as the notice annexed to these Rules) (**Exercise Notice**) specifying the number of Consideration Options that the Option Holder is exercising and a proposed date for completing the allotment of the relevant Option Shares (**Option Completion Date**) (which must be at least 7 business days after the date of the Exercise Notice).
- (c) Following any Consideration Options being exercised by an Option Holder, any remaining Consideration Options held by that Option Holder which remain unexercised will be referred to in these Rules as **Outstanding Options**.

### 3. Completion

Subject to Rule 5, if an Option Holder gives an Exercise Notice to VIP, then:

- (a) completion of the allotment and issue of the Option Shares (**Option Completion**) relating to that Exercise Notice will occur at 2.00pm on the Option Completion Date or such other time and place as VIP and the Option Holder may agree; and
- (b) at Option Completion:
  - (i) the Option Holder must pay VIP the Exercise Price for the number of Consideration Options being exercised under the relevant Exercise Notice and deliver to VIP any option certificate for the Consideration Options being exercised (to the extent not already held by VIP); and

- (ii) subject to the Option Holder complying with Rule 3(b)(i), VIP must allot and issue to the Option Holder the Option Shares relating to the Consideration Options being exercised under the relevant Exercise Notice and cancel any option certificate that relates to the Consideration Options being exercised (and if applicable, issue a new option certificate in relation to any Outstanding Options then held by that Option Holder).

#### **4. Expiry**

If a Consideration Option is not exercised on or before the last day of the Exercise Period (**Expiry Date**), that Consideration Option will lapse and be of no further effect immediately after the passing of the Expiry Date.

#### **5. Approvals**

- (a) The issuance of any Option Shares under these Rules will be conditional on VIP receiving any necessary shareholder approvals for the purposes of the Corporations Act or the rules of any relevant financial market.
- (b) If before the proposed Option Completion Date set out in any Exercise Notice, VIP gives the Option Holder notice that the issuance of any Option Shares in accordance with that Exercise Notice will require any of the shareholder approvals contemplated by Rule 5(a) of these Rules (**Approvals**), then the Completion Date will be delayed until the date that is 7 business days after the Approvals have been obtained by VIP and VIP will use reasonable endeavours to obtain the Approvals at the next scheduled general meeting of VIP.

#### **6. Option Shares**

All Option Shares allotted in accordance with these Rules will rank equally in all respects with all other ordinary shares issued by VIP (**Ordinary Shares**).

#### **7. Quotation of Consideration Options and Option Shares**

- (a) The Consideration Options will be unlisted options. However, VIP reserves the right to apply for quotation of the Consideration Options at such time as VIP in its absolute discretion determines.
- (b) Within 5 business days after the allotment of any Option Shares to the Option Holder, VIP must apply for those Option Shares to be admitted to trading and quotation on any financial market on which VIP is listed.

#### **8. Consideration Options transferable**

Except to the extent prohibited by clause 17 of the SSA, the Consideration Options are transferable subject to compliance with the Corporations Act and provided that any proposed transferee:

- (a) is not a person that would need to receive a disclosure document from VIP under Chapter 6D of the Corporations Act in order for any Option Shares to be issued to that person in compliance with the Corporations Act; and

- (b) first covenants with VIP (on terms reasonably acceptable to VIP) to comply with these Rules.

## 9. Participation in new issues

- (a) Subject to Rule 10, the Consideration Options will only entitle the Option Holder to participate in any new issues of securities by VIP to the extent that the Consideration Options have been exercised and Option Shares have been issued in respect of those Consideration Options before the closing date for determining entitlements under that new issue.
- (b) VIP will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 business days after the opening of the offer period associated with the new issue, in order to give the Option Holder the opportunity to exercise some or all of the Consideration Options prior to the date for determining entitlements to participate in any such issue.

## 10. Bonus issues

- (a) If after the Agreement Date VIP makes a bonus issue of Ordinary Shares or other securities to its shareholders (or pays a dividend to shareholders in the form of newly issued Ordinary Shares or other securities) (**Bonus Issue**) before some or all of the Consideration Options held by the Option Holder have been exercised, then the number of Option Shares to be issued on exercising those Consideration Options is to be increased by the number of additional Option Shares to which the Option Holder would have been entitled had the Consideration Options held by the Option Holder at the record time for the Bonus Issue been exercised (and Option Shares issued) before the record time for the Bonus Issue.
- (b) Where a Bonus Issue occurs, no change will be made to the Exercise Price of the Outstanding Options.

## 11. Adjustment for rights issue

If after the Agreement Date VIP makes a pro rata issue of Ordinary Shares (other than a Bonus Issue) to existing holders of Ordinary Shares, then the Exercise Price of each Outstanding Option will be reduced according to the following formula:

$$\text{New Exercise Price} = O - \frac{E[P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Consideration Option;

E = the number of underlying Option Shares to which 1 Consideration Option is exercisable;

P = the average market price per Ordinary Share (weighted by reference to the volume) of the underlying Ordinary Shares during the 5 trading days ending on the day before the ex-rights date or ex-entitlements date;

S = the subscription price of an Ordinary Share under the pro rata issue;

- D = any dividend per Ordinary Share due but not yet paid on the existing Ordinary Shares (except those to be issued under the pro rata issue); and
- N = the number of Ordinary Shares with rights or entitlements that must be held to receive a right to one new Ordinary Share under the pro rata issue.

## **12. Reorganisations**

- (a) In the event of:
- (i) a consolidation, subdivision or pro rata cancellation of the issued ordinary share capital of VIP, the number of Outstanding Options held by the Option Holder will be reduced or increased in the same proportion as the issued capital of VIP is consolidated, subdivided or cancelled and an inverse adjustment will be made to the Exercise Price (as reasonably determined by VIP), to the effect that the total amount payable on the exercise of all Outstanding Options by the Option Holder will not alter;
  - (ii) a return of any of the issued ordinary share capital of VIP, the number of Outstanding Options must remain the same, and the Exercise Price of each Outstanding Option must be reduced by the same amount as the amount returned in relation to each Ordinary Share;
  - (iii) a reduction of any of the issued ordinary share capital of VIP by cancellation of paid up capital that is lost or not represented by available assets (when no Ordinary Shares or other securities are cancelled), the number of Outstanding Options and the Exercise Price of each Outstanding Option must remain unaltered; or
  - (iv) any other type of reorganisation of VIP in respect of its issued ordinary share capital, the number of Outstanding Options or the Exercise Price, or both, must be reorganised so that the Option Holder will not receive a benefit that the holders of Ordinary Shares do not receive.
- (b) Any adjustments made under this Rule 12 will be subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reorganisation.

## **13. Adjustments for reorganisations**

If any reorganisation of VIP occurs while VIP is listed on a financial market and these Rules do not allow the Consideration Options to be treated in accordance with the rules of the relevant financial market, then the rights of the Option Holder may be varied by VIP to comply with the listing rules of the relevant financial market which apply to the reorganisation at the time of the reorganisation.

## **14. Restricted securities**

- (a) If VIP is listed on the ASX and any Consideration Options (or any Option Shares allotted on the exercise of a Consideration Option) are at any time classified as "restricted securities" (as that term is defined in the ASX Listing Rules), then the Option Holder must, if required by VIP in order to comply with Chapter 9 of the ASX Listing Rules, promptly enter into a restriction agreement with VIP and

must cause any controller (as that term is defined in the ASX Listing Rules) of the Option Holder to do the same.

- (b) The restriction agreement contemplated by Rule 14(a) must:
  - (i) be in the form of Appendix 9A of the ASX Listing Rules (or such other form as the ASX requires); and
  - (ii) contain an escrow period for the duration required by the ASX Listing Rules (or as otherwise required by the ASX).

## **15. Governing law and jurisdiction**

These Rules are governed by and must be construed in accordance with the laws of the State of Victoria, Australia. The parties submit to the exclusive jurisdiction of the courts of that State and the Commonwealth of Australia in respect of all matters or things arising out of these Rules.

## **16. Duties and taxes**

VIP is not responsible for payment of any stamp duty or taxes which may subsequently become payable on exercise of any Consideration Options or the acquisition of any Option Shares.

## **17. Compliance with listing rules**

While VIP is listed on any financial market, if the rights attaching to the Consideration Options are inconsistent with the rules of that financial market, then those rules will prevail to the extent of any inconsistency and these Rules will be taken to be modified accordingly.

## Annexure: Exercise Notice

To: Voltage IP Limited ACN 057 884 876 (**VIP**)

In accordance with Rule 1 of the terms of the Consideration Options issued to [*insert name of Option Holder*] (**Option Holder**) on [*insert date*] (**Option Terms**), the Option Holder gives notice that:

1. the Option Holder exercises its rights under that Rule in relation to [*specify number*] Consideration Options;
2. the Option Holder requires VIP to allot and issue to the Option Holder [*specify number*] Option Share for every Consideration Option being exercised for the Exercise Price of \$[0.10 or insert other price as appropriate] per Consideration Option; and
3. on issue of the Option Shares the Option Holder agrees to be bound by the constitution of VIP in relation to those Option Shares.

The proposed Option Completion Date will be [*insert date*].

The Option Holder agrees to pay the Exercise Price for each of the above Consideration Options to VIP at the Option Completion.

Terms which are used in this notice and have a defined meaning in the Option Terms have the same meaning in this notice.

Dated:

[*insert appropriate execution clause for the Option Holder*]

# Definitions

In these Option terms and conditions, unless the context requires otherwise, the following terms have the following meanings:

- (a) **Agreement Date** means the date of the SSA (being 2 September 2015);
- (b) **ASX** means ASX Limited ACN 008 624 691;
- (c) **ASX Listing Rules** means the listing rules of the ASX;
- (d) **Bonus Issue** has the meaning given Rule 10(a);
- (e) **Completion** means the completion of the sale and purchase of the KLE Shares in accordance with the SSA;
- (f) **Completion Date** means the date on which Completion occurs;
- (g) **Consideration Options** means 20,000,000 options over fully paid ordinary class shares in the capital of VIP, with each option to be issued with the terms of issue set out in these terms and conditions;
- (h) **Corporations Act** means the *Corporations Act 2001 (Cth)*;
- (i) **Exercise Notice** has the meaning given in Rule 2(b);
- (j) **Exercise Period** has the meaning given in Rule 2(b);
- (k) **Exercise Price** has the meaning given in Rule 2(a);
- (l) **Expiry Date** has the meaning given in Rule 4;
- (m) **KLE** means KLE Products Sdn Bhd (company number 568510-M);
- (n) **KLE Shares** means all the shares (of any class) in the capital of KLE held by the Sellers immediately before Completion, as specified in Part A of Schedule 3 of the SSA;
- (o) **Option Completion** has the meaning given in Rule 3(a);
- (p) **Option Completion Date** has the meaning given in Rule 2(b);
- (q) **Option Holder** has the meaning given in Rule 1;
- (r) **Option Shares** has the meaning given in Rule 1;
- (s) **Ordinary Shares** has the meaning given in Rule 6;
- (t) **Outstanding Options** has the meaning given in Rule 2(c);
- (u) **Sellers** means Wee Min Chen, Chin Eng Khoo, Wee Onn Chen and Ei Ling Chong;
- (v) **SSA** means the share sale agreement between VIP, the Sellers and KLE dated 2 September 2015 (as amended on 21 October 2015); and
- (w) **VIP** means Voltage IP Limited ACN 057 884 876.