

19 April 2021

## 2021 Annual General Meeting – Important Information

Dear Shareholder

In light of the uncertainty and continued effects of the COVID-19 virus, and the continuing restrictions in relation to gatherings and implementing social distancing requirements, HSC Technology Group Ltd (the **Company**) provides the following important information with respect to its Annual General Meeting to be held at 10.00am EAST (Brisbane Time) on Thursday 20 May 2021 (**AGM**).

**The Company advises Shareholders that the AGM will proceed as scheduled at the offices of**

**RSM Australia,  
Ground Floor, Oracle Tower,  
340 Adelaide Street,  
Brisbane Qld 4000.**

**However, in order to facilitate undertaking of the AGM in a manner that is safe, inclusive, and cost effective, the Company discourages Shareholders from attending the AGM in person, and instead encourages Shareholders to participate in the AGM by voting on the resolutions by completion and return of a proxy form to the Company. Shareholders are reminded that all proxy forms must be received by the Company by no later than 10.00am AEST on Tuesday 18 May 2021.**

The Chairman will be requiring a poll for all resolutions the subject of the AGM and all resolutions will therefore be decided only by proxy votes. Given the expected limited access shareholders will have due to travel restrictions, no presentations or other Company updates will be provided at the physical meeting. Questions on the Company's operations may be directed at any time to the Company, on the email [investors@hsctg.com.au](mailto:investors@hsctg.com.au).

**To assist the Company in complying with social distancing requirements, any Shareholder proposing to attend the AGM in person must register this intention with the Company by no later than 10.00am AEST (Brisbane Time) on Monday 17 May 2021.**

The Company is committed to complying with Government requirements, and to ensuring the health and safety of its shareholders, employees and the community in which it operates. The Company appreciates the understanding of its shareholders. If there are any further changes to the arrangements for the AGM, an appropriate announcement will be made to the ASX providing further information.

The Company will not be sending hard copies of the Notice of Meeting and the accompanying Explanatory Statement (the Meeting Materials). Instead, the Meeting Materials are being made available to shareholders electronically.

A copy of the Notice of Meeting and the Explanatory Memorandum which has been released to the ASX today has been posted to the Company's website and can be accessed at:

<https://www.hsctg.com.au/investors-2/>

If you have recorded with the registry an email address and have elected to receive electronic communications from the Company, you will receive an email to your nominated email address with a link to the online voting platform where you will be able to access a copy of the Meeting Materials and lodge your vote electronically.

Accompanying this letter is the Proxy Voting form which contains details of how you can cast your vote in respect to the Resolutions, which includes as well as voting online, by mail, email or in person. The directors encourage shareholders to exercise their rights and cast their vote at this year's AGM.

This announcement has been approved for release by the Board of the Company.

For further information, please contact:

Stephen Rodgers

**Company Secretary**

HSC Technology Group Ltd

1300 711 979

[investors@hsctg.com.au](mailto:investors@hsctg.com.au)

HSC Technology Group Ltd  
ACN 111 823 762

## Notice of Annual General Meeting

Notice is given that the Annual General Meeting will be held at:

**Time:** 10.00am AEST  
**Date:** Thursday 20 May 2021  
**Place:** Ground Floor  
Oracle Tower  
340 Adelaide Street  
Brisbane Qld 4000

**Due to current COVID-19 restrictions, persons proposing to attend the Annual General Meeting in person must contact the Company by email at [investors@hsctg.com.au](mailto:investors@hsctg.com.au) at least 3 Business Days prior to the Meeting, so that appropriate arrangements can be made.**

### **Important**

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 AEST on Tuesday, 18 May 2021.

## Business of the Meeting

### Agenda

#### 1. Financial Statements and Reports

To table and consider the Annual Report of the Company and its controlled entities for the financial year ended 31 December 2020, which includes the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report.

#### 2. Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Annual Report for the financial year ended 31 December 2020."*

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

##### **Voting Exclusion Statement:**

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, this does not apply to a vote cast in favour of Resolution 1 by;

- a person as a proxy or attorney for a person who is entitled to vote on Resolution 1, in accordance with the directions given to the proxy or attorney to vote in Resolution 1 in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on Resolution 1, in accordance with a direction given to the Chair to vote on Resolution 1 as the Chair decides; or
- 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 Resolution 1; and
  - (ii) the holder votes on the resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

#### 3. Resolution 2 – Election of Director – Ramsay Carter

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

*"That, for the purposes of clause 14.4 of the Constitution, and for all other purposes, Ramsay Carter, a Director who was appointed as an additional Director on 16 June 2020, retires, and being eligible, is elected as a Director."*

#### 4. Resolution 3 – Election of Director – Leylan Neep

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

*"That, for the purposes of clause 14.4 of the Constitution, and for all other purposes, Leylan Neep, a Director who was appointed as an additional Director on 1 September 2020, retires, and being eligible, is elected as a Director."*

## 5. Resolution 4 – Approval to issue Performance Rights to Leylan Neep

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

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 6,000,000 Performance Rights to Leylan Neep (or his nominee/s), on the terms and conditions set out in the Explanatory Statement”*

### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of Leylan Neep (or his nominee/s) 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 Shares in the Company) or an associate of those persons.

However, this does not apply to a vote cast in favour of Resolution 4 by:

- a person as a proxy or attorney for a person who is entitled to vote on Resolution 4, in accordance with the directions given to the proxy or attorney to vote in Resolution 4 in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on Resolution 4, in accordance with a direction given to the Chair to vote on Resolution 4 as the Chair decides even though this resolution is connected directly with the remuneration of a member of the Key Management Personnel; or
- 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 Resolution 4; and
  - (ii) the holder votes on the resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

In accordance with section 250BD of the Corporations Act, a vote on Resolution 4 must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member. However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and:

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chair and the appointment does not specify how the Chair is to vote but expressly authorises the Chair to exercise the proxy even if Resolution 4 is connected with the remuneration of a member of the Key Management Personnel.

## 6. Resolution 5 – Ratification of prior issue of Shares under 2020 Placement

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

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 176,352,940 Shares to new and existing institutions and sophisticated investors at an issue price of \$0.017 per share under ASX Listing Rule 7.1 on the terms and conditions set out in the Explanatory Statement.”*

### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour on Resolution 5 by a person who participated in the issue of the shares. However, this does not apply to a vote cast in favour of Resolution 5 by;

- a person as a proxy or attorney for a person who is entitled to vote on Resolution 5, in accordance with the directions given to the proxy or attorney to vote in Resolution 5 in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on Resolution 5, in accordance with a direction given to the Chair to vote on Resolution 5 as the Chair decides even though this resolution is connected directly with the remuneration of a member of the Key Management Personnel; or
- 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 Resolution 5; and
  - (ii) the holder votes on the resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

## 7. Resolution 6 – Adoption of Incentive Performance Rights Plan

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

*“That, pursuant to and in accordance with ASX Listing Rule 7.2 (Exception 13) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled HSC Technology Group Ltd – Incentive Performance Rights Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement.”*

### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of any Director except one who is ineligible to participate in any employee incentive scheme in relation to the Company, or any associates of those Directors.

However, this does not apply to a vote cast in favour of Resolution 6 by;

- a person as a proxy or attorney for a person who is entitled to vote on Resolution 6, in accordance with the directions given to the proxy or attorney to vote in Resolution 6 in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on Resolution 6, in accordance with a direction given to the Chair to vote on Resolution 6 as the Chair decides; or
- 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 Resolution 6; and
  - (ii) the holder votes on the resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

In accordance with section 250BD of the Corporations Act, a vote on Resolution 6 must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member. However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and:

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chair and the appointment does not specify how the Chair is to vote but expressly authorises the Chair to exercise the proxy even if Resolution 6 is connected with the remuneration of a member of the Key Management Personnel.

## 8. Resolution 7 – Approval of 10% Issuance Capacity

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

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”*

### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour on this special resolution by any person who may participate in the issue of Equity Securities the subject of this Resolution and a person who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed (Participating Party), and any associate of the Participating Party.

However, this does not apply to a vote cast in favour of Resolution 7 by;

- a person as a proxy or attorney for a person who is entitled to vote on Resolution 7, in accordance with the directions given to the proxy or attorney to vote in Resolution 7 in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on Resolution 7, in accordance with a direction given to the Chair to vote on Resolution 7 as the Chair decides; or
- 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 Resolution 7; and
  - (ii) the holder votes on the resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

**IMPORATANT NOTE:** At the date of this Notice, it is not known who will participate in the proposed issue of Equity Securities the subject of this special resolution and the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the equity securities. Therefore, no existing Shareholder votes will be excluded under the voting exclusion in this Notice. You may be liable for breach of the voting restrictions in the Corporations Act if you cast a vote that the Company disregards.

**Dated: 19 April 2021**

**By order of the Board**

**Stephen Rodgers**

**Company Secretary**

## **Voting Exclusion Statements**

Each Voting Exclusion Statement that applies to a Resolution as noted in the Agenda, does not apply to a vote cast in favour of that Resolution by:

- (a) a person as 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 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.

## **Attendance and voting in person**

**Due to current government guidelines regarding COVID-19, persons proposing to attend the Annual General Meeting in person must contact the Company by email at [investors@hsctg.com.au](mailto:investors@hsctg.com.au), at least 3 Business Days prior to the Meeting, so that appropriate arrangements can be made.**

## **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:

- (a) each Shareholder has a right to appoint a proxy;
- (b) the proxy need not be a Shareholder; and
- (c) a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 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 changes to the Corporations Act made in 2011 mean that:

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

Proxy Forms must be received by the Company no later than 10:00am (AEST) on Tuesday, 18 May 2021, being at least 48 hours before the Meeting.

**Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the either of the Company Secretaries on Ph: 1300 711 979 or via email at [investors@hsctg.com.au](mailto:investors@hsctg.com.au) .**



## 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. Annual Report

Shareholders attending the meeting will be offered the opportunity to discuss the Annual Report at the Meeting. Those not attending may raise any questions in relation to the Annual Report via email at [investors@hsctg.com.au](mailto:investors@hsctg.com.au). The Company will not provide a hard copy of the Annual Report to Shareholders unless specifically requested to do so.

The Annual Report is available on the Company's website at <https://www.hsctg.com.au/>

There is no requirement for Shareholders to approve the Annual Report. However, the Chair will allow a reasonable opportunity for Shareholders to ask questions or make comments about the Annual Report and the management of the Company.

Shareholders are also entitled to put forward written questions to the Company's auditor, if the question is relevant to the content of the Auditor's Report or the conduct of the auditor as otherwise permitted by the Corporations Act.

Questions must be submitted by email: [investors@hsctg.com.au](mailto:investors@hsctg.com.au)

Questions must be received by no later than 5:00pm AEST Tuesday, 16 May 2021.

### 2. Resolution 1 – Adoption of Remuneration Report

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the Directors of the company.

The remuneration report sets out the company's remuneration arrangements for the Directors and senior management of the company. The remuneration report is part of the Directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

The vote on Resolution 1 is advisory only and does not bind the Company or its Directors. However, the Board will actively consider the outcome of the vote and comments made by Shareholders on the Remuneration Report when reviewing the Company's future remuneration policies and practices.

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the Directors of the company who were in office when the Directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as Directors of the company is approved will be the Directors of the company.

### **2.3 Previous voting results**

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Meeting.

## **3. Resolution 2 – Re-election of Director – Ramsay Carter**

### **3.1 General**

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Ramsay Carter, having been appointed as a Director by other Directors on 16 June 2020 in accordance with the Constitution, will retire in accordance with the Constitution and being eligible, seeks election from Shareholders.

### **3.2 Qualifications and other material directorships**

Mr. Carter brings over 20 years' experience in global investment banking holding senior positions in Australia, Tokyo, Hong Kong and Singapore. He has thorough knowledge and governance over multiple jurisdictions throughout his career, in a highly regulated industry, especially within Asia Pacific, UK and North America.

Mr Carter is a proven leader with particular focus on clear lines of communication and accountability, aligned with interests and creating an environment of respect, diversity and challenge. Mr Carter has a Bachelor of Laws and International Business and is a member of AICD.

Mr Ramsay is not currently a director of any other ASX listed companies.

### **3.3 Independence**

If elected the board considers that Mr Carter will be an independent director as he satisfies the criteria for assessing the independence of a director as prescribed by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4<sup>th</sup> Edition.

### **3.4 Other material information**

The Company has conducted appropriate checks into Mr Ramsay's background and experience and has satisfied itself that he is an appropriate candidate to put forward for election as a Director.

### **3.5 Board recommendation**

The Board supports the election of Ms Carter and recommends that Shareholders vote in favour of Resolution 2 because the Board considers that the experience, expertise and skills of Mr Carter will assist the Board in fulfilling its responsibilities and do and will continue to assist the Company in achieving growth and delivering value to Shareholders.

## **4. Resolution 3 – Election of Director – Leylan Neep**

### **4.1 General**

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Leylan Neep, having been appointed as a Director by other Directors on 1 September 2020 in accordance with the Constitution, will retire in accordance with the Constitution and being eligible, seeks election from Shareholders.

### **4.2 Qualifications and other material directorships**

Mr Neep is a highly experienced Director and Chief Financial Officer who brings a wealth of market knowledge to his current role at HSC Technology Group.

He has held senior roles across a range of both ASX-listed and private entities, possessing over two decades of expertise in the financial services industry.

Mr Neep has a proven track record in finance, governance and funds management and has been involved in several IPO's/ ASX listings and numerous capital raising efforts, including rights offers, institutional and private placements for both corporate entities and managed investment schemes.

He is a Fellow of CPA Australia (FCPA), a Fellow of Governance Institute of Australia (FGIA), and a Graduate of the Company Directors Course run by the Australian Institute of Company Directors (GAICD).

Mr Neep is not currently a director of any other ASX Listed companies.

### **4.3 Independence**

If elected the board considers that Mr Neep will be an independent director as he satisfies the criteria for assessing the independence of a director as prescribed by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th Edition.

### **4.4 Other material information**

The Company has conducted appropriate checks into Mr Neep's background and experience and has satisfied itself that he is an appropriate candidate to put forward for election as a Director.

## 4.5 Board recommendation

The Board supports the election of Mr Neep and recommends that Shareholders vote in favour of Resolution 3 because the Board considers that the experience, expertise and skills of Mr Neep assist the Board in fulfilling its responsibilities and do and will continue to assist the Company in achieving growth and delivering value to Shareholders.

## 5. Resolution 4 – Approval to issue Performance Rights to Leylan Neep

### 5.1 General

The Company proposes to issue to Mr Leylan Neep (or his nominee/s), 6,000,000 Performance Rights as incentivised remuneration for service provided to the Company since his appointment on 1 September 2020, as follows:

- (a) 3,000,000 Performance Rights that vest and become exercisable into Shares upon the 20-day volume weighted average price (**VWAP**) of Shares being at least \$0.03 per Share on or before 15 June 2022;
- (b) 3,000,000 Performance Rights that vest and become exercisable into Shares upon the 20-day VWAP of Shares being at least \$0.04 per Share on or before 15 June 2022;
- (c) Mr Neep continues to remain a Director the Company as at the date the vesting criteria is satisfied; and
- (d) The Performance Rights will be capable of exercise up to and including the 15 June 2025, provided the vesting criteria has been satisfied on or before 15 June 2022.

### 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 Performance Rights constitutes giving a financial benefit, and Mr Neep is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Neep, who 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 issue of the Performance Rights because the agreement to issue the Performance Rights to Mr Neep is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

### 5.3 ASX Listing Rule 10.11

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

- (a) a related party;

- (b) 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;
- (c) 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;
- (d) an associate of a person referred to in (a) to (c) above; or
- (e) person whose relationship with the company or a person referred to in (a) to (d) above 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 Performance Rights the subject of this Resolution falls within ASX Listing Rule 10.11.1 (as set out in (a) above) and does not fall within any of the exceptions in ASX Listing Rule 10.12. It therefore requires the approval of the Company's Shareholders under ASX Listing Rule 10.11.

This Resolution seeks the required Shareholder approval for the issue of 6,000,000 Performance Rights to Mr Neep (or his nominee/s) as incentivised remuneration, under and for the purposes of Listing Rule 10.11. If this Resolution is passed, the Company will be able to proceed with the issue of the Performance Rights the subject of this Resolution. If this Resolution is not passed, the Company will not be able to proceed with the issue of the Performance Rights the subject of this Resolution and will instead consider alternative remuneration options for Mr Neep.

#### **5.4 Technical Information required by ASX Listing Rule 10.13**

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

- (a) the Performance Rights will be issued to Leylan Neep (or his nominee/s);
- (b) Mr Neep is a Director and therefore a related part of the Company under Listing Rule 10.11.1;
- (c) the number of Performance Rights to be issued is 6,000,000;
- (d) the Performance Rights proposed to be issued are on the terms and conditions set out in Schedule 1;
- (e) the Performance Rights 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 ASX Listing Rules) and it is intended that issue of all of the Performance Rights will occur on the same date;
- (f) the underlying shares attaching to the Performance Rights will be issued for \$0.0001 per Performance Right for a total of \$600 payable on the application for subscription for the shares, which funds will be used for working capital;
- (g) the Performance Rights are being issued as part of Mr Neep's remuneration package and in compensation for service provided by Mr Neep to the Company in his role, as Non-executive Chairman of the Board and Chair of the Nomination & Remuneration Committee since his appointment 1 September 2020. The Company has chosen to issue Performance Rights as part of Mr Neep's remuneration package in order to provide a performance linked incentive component, and to motivate and reward his performance in the achievement of the vesting conditions within the relevant time periods. This is also considered a cost-

effective remuneration practice, and is considered reasonable given the vesting conditions will align the interests of Mr Neep with those of Shareholders;

- (h) The total cash component of Mr Neep's remuneration package is \$50,000 per annum. The value of the performance rights<sup>(+)</sup> are \$54,197 to be accrued as a non-cash expense of \$31,188 in FY21 and \$23,010 in FY22.

(+) 6,00,000 Performance Rights the subject of this Resolution, valued based on an assumed Share price of \$0.19, using a risk-free rate of 0.23% and a volatility rate of 100% (using a Black-Scholes valuation model);

- (i) the Performance Rights are being issued under Mr Neep's letter of appointment as a Non-executive Director dated 25 August 2020 which confirms the terms and conditions of his appointment as a non-executive director under which he receives director fees of \$50,000 exclusive of any superannuation entitlements, which are not paid in addition to the director fees. There are no other material terms. The letter of appointment contains the usual terms and conditions ordinarily contained in such an appointment and otherwise in accordance with Recommendation 1.3 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. ;
- (j) a voting exclusion statement is included in the Notice of Meeting.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Performance Rights as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Performance Rights to Mr Neep (or her nominee/s) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

## 5.5 Board recommendation

The Directors (excluding Mr Leylan Neep) recommend that Shareholders vote in favour of Resolution 4.

## 6. Resolution 5 – Ratification of prior issue of Shares under 2020 Placement

### 6.1 General

The Company announced on 21 December 2020 that it had successfully completed a Placement to new and existing institutions and sophisticated investors for the issue of 176,352,940 ordinary fully paid shares at an issue price of \$0.017 per share which represented a 7.1% discount to the 5-day VWAP of \$0.0183 per share and an 5.6% discount to HSC Technology's last closing price of A\$0.0180 per share as at Thursday, 17 December 2020. Morgans Financial Limited acted as Lead manager in respect to the 2020 Placement.

The proceeds of the Placement, along with existing cash holdings, is to be used to bolster working capital for an increased sales pipeline, strengthen the balance sheet, and position the Company for future growth opportunities.

### 6.2 Effect of the Resolution

Resolution 5 seeks Shareholder approval to ratify the issue of the 176,352,940 Shares on 24 December 2020 to new and existing institutions and sophisticated investors at the issue price of \$0.017 per Share, **(2020 Placement Securities)**, which were issued as part of the Company's capital raising announced 21 December 2020 and without shareholder approval in accordance with ASX Listing Rule 7.1.

The effect of obtaining Shareholder approval will be that the issue of the 2020 Placement Securities will be treated as having been made with approval for the purpose of ASX Listing Rule 7.1 and, as a

result, the Company's ability to issue the number of equity securities permitted under ASX Listing Rule 7.1, without Shareholder approval, will not be affected

### **6.3 Technical information required by ASX Listing Rule 7.4 and 7.5**

Subject to certain exceptions, ASX Listing Rule 7.1 restricts a company from issuing or agreeing to issue equity securities in any 12 month period which amount to more than 15% of the company's ordinary securities on issue at the commencement of that period without shareholder approval.

ASX Listing Rule 7.4 permits the ratification by shareholders of previous issues of equity securities made without shareholder approval, provided the issue did not breach the 15% threshold in ASX Listing Rule 7.1.

Accordingly, as the issue of the 2020 Placement Securities did not breach the 15% threshold in ASX Listing Rule 7.1, the Company wishes to refresh its capacity under ASX Listing Rule 7.1 by seeking approval under ASX Listing Rule 7.4 for the issue of those securities.

In accordance with ASX Listing Rule 7.5, the Company advises that:

- (a) Resolution 5 has been included so that Shareholders may approve and ratify, pursuant to ASX Listing Rule 7.4, the issue of a total of 176,352,940 Shares;
- (b) The 2020 Placement Securities were issued to various new and existing institutions and sophisticated investors unrelated to the Company;
- (c) None of the allottees that received 2020 Placement Securities were either members of the Key management personnel, a substantial holder in the Company, an adviser to the Company or an associate of any of these;
- (d) The proceeds raised from the issue of the 2020 Placement Securities, together with existing cash reserves, has been used to bolster working capital for an increased sales pipeline, including the recruitment of more staff and enabling the Company to commit to acquiring stock to increase the amount available on hand as well as taking the opportunity strengthen the balance sheet, and position the Company for future growth opportunities;
- (e) The 2020 Placement Securities rank equally *pari passu* with, and on the same terms as, the existing fully paid ordinary shares on issue in the Company;
- (f) None of the allottees are related parties of the Company; and
- (g) The 2020 Placement Securities were issued for AUS\$0.017 per Share.

### **6.4 Board recommendation**

The Directors consider it prudent that the Company retain the flexibility to issue further securities if the need arises and recommend that Shareholders vote in favour of Resolution 5.

## **7. Resolution 6 – Adoption of Incentive Performance Rights Plan**

### **7.1 General**

Resolution 6 seeks Shareholder approval for the adoption of the employee incentive scheme titled HSC Technology Group Ltd – Incentive Performance Rights Plan (Plan) in accordance with ASX Listing Rule 7.2 (Exception 13) and for the purpose of section 200E of the Corporations Act.

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. ASX Listing Rule 7.2 (Exception 13) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as and exception

to ASX Listing Rule 7.1.

The Chair intends to exercise all available proxies in favour of Resolution 6.

## **7.2 Effect of the Resolution**

If Resolution 6 is passed, the Company will be able to issue Performance Rights under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Performance Rights under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Performance Rights under the Plan to a related party or a person whose relationship with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

As set out in Resolution 4 above, the Company is seeking the approval of Shareholders to issue up to a maximum of 6,000,000 Performance Rights under the Plan to the named Director.

## **7.3 Corporations Act**

In addition to the restrictions contained in the Listing Rules, unless an exception applies, the Corporations Act restricts the Company from giving certain "benefits" to persons (who hold managerial or executive offices (as defined in the Corporations Act) on ceasing their employment with the Company (Termination Benefits), in the absence of Shareholder approval.

The term "benefit" is defined broadly in the Corporations Act and includes benefits arising from the Board exercising its discretion under the terms of the Plan.

Specifically, the Plan includes provisions that enable the Board to waive some or all of the performance conditions and/ or forfeiture conditions and allow Performance Rights issued to a participant to vest, where a participant ceases to be employed or contracted by a member of the Group, including ceasing to be a Director, including as a result of redundancy, resignation, death, or termination of their employment.

Accordingly, Shareholder approval is also being sought to enable the Board to provide Termination Benefits in the event that the Board exercises these discretions in the future.

This approval is being sought in respect of any current or future participant in the Performance Rights Plan, and the Termination Benefits that may arise if and when any participants cease to be engaged by the Company.

A summary of the key terms and conditions of the Plan is set out in Schedule 2. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary.

## **7.4 Technical information required by ASX Listing Rule 7.2**

Pursuant to and in accordance with ASX Listing Rule 7.2 Exception 13(b), the following information is provided in relation to this Resolution:

- (a) A summary of the material terms of the Plan is set out in Schedule 2 and forms part of the Notice;



- (b) The Plan was last approved by Shareholders on 23 August 2018;
- (c) The number of equity securities (performance rights) issued pursuant to the Plan since the date the plan was last approved under Listing Rule 7.2 Exception 13(b) is 10,000,000 which were issued to Ramsay Carter on account of his remuneration.
- (d) 4,000,000 of Mr Carter's performance rights have vested and were converted to ordinary shares 1 March 2020;
- (e) Since the Plan was last approved the Company has issued in addition to the 10,000,000 performance rights pursuant to the Plan a total of 96,000,000 performance rights. However, all of these were issued outside of the Plan and with the approval of Shareholders;
- (f) In addition to the performance rights that vested a further 6,000,000, not issued under the Plan have lapsed;
- (g) The maximum number of equity securities that the Company anticipates may be issued pursuant to the Plan in the three years following the date of the Meeting in reliance on Exception 13(b) to Listing Rule 7.1 (excluding equity securities issued with specific Shareholder approval, including for the avoidance of doubt the Performance Rights to be issued pursuant to Resolution 4, is 84,336,966 although the Company has no current plans to utilise the full capacity;
- (h) If Resolution 6 is not passed, the Company will be unable to issue equity securities in the Company pursuant to the Plan to eligible participants during the period up to three years after the date of this Meeting without affecting the Company's ability to separately issue up to 15% of its total ordinary securities in the 12-month period immediately preceding the date of the issue or agreement (without having to obtain a further Shareholder approval); and
- (i) A voting exclusion statement in respect to Resolution 6 has been included in the Notice of Meeting.

## **7.5 Board recommendation**

The Directors recommend that Shareholders vote in favour of this Resolution 6.

## **8. Resolution 7 – Approval of 10% Issuance Capacity**

### **8.1 General**

ASX Listing Rule 7.1A enables eligible entities to seek the approval of the holders of its ordinary securities to issue Equity Securities up to 10% of its issued share capital (10% Placement Facility). The 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1. An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company as at 7 April 2020 had a market capitalisation of \$38,314,786.74 and is not included in the S&P/ASX 3000 Index and as such is an eligible entity for these purposes.

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 securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

Resolution 7 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue equity securities without Shareholder approval (**Additional Issuance Capacity**).

If Resolution 7 is not passed, the Company will not be able to access the Additional Issuance Capacity and will remain subject to the 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1.

The Board considers it is in the Company's best interests to have the opportunity to take advantage of the flexibility to issue additional securities provided under ASX Listing Rule 7.1A. As at the date of this Notice, no decision has been made by the Board to undertake any issue of securities under the Additional Issuance Capacity if Shareholders approve Resolution 7. The Board unanimously recommend that Shareholders vote in favour of Resolution 7.

The information below provides more background on ASX Listing Rule 7.1A and the disclosure required by ASX Listing Rule 7.3A.

## **8.2 Description of ASX Listing Rule 7.1A**

### **(a) Securities which may be issued under the Additional Issuance Capacity**

Under the Additional Issuance Capacity, the Company must issue Equity Securities belonging to an existing quoted class of the Company's Equity Securities. As at the date of this Notice, the Company has on issue one class of quoted Equity Securities, being fully paid ordinary shares (ASX Code: HSC).

### **(b) Minimum issue price**

Equity Securities issued under the Additional Issuance Capacity must be issued for cash consideration per security which is not less than 75% of the volume weighted average market price for the securities in that class, calculated over the 15 ASX trading days on which trades of securities in that class were recorded immediately before:

- (i) the date on which the price at which the securities are to be issued is agreed by the Company and the recipient of the securities; or
- (ii) if the securities are not issued within 10 ASX trading days of the date in paragraph (i) above, the date on which the securities are issued.

The Company will disclose this information when Equity Securities are issued under the Additional Issuance Capacity.

### **(c) Period for which approval will be valid**

Shareholder approval of the Additional Issuance Capacity will be valid for the period commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) the date that is 12 months after the date of the Meeting; or
- (ii) the time and date of the Company's next annual general meeting; or
- (iii) if the Company receives Shareholder approval for a proposed transaction under ASX Listing Rule 11.1.2 (significant change to the nature or scale of activities) or ASX Listing Rule 11.2 (disposal of main undertaking), the time and date of that approval,

**(Additional Issuance Period).**

(d) **Dilution risks**

If Equity Securities are issued under the Additional Issuance Capacity, there is a risk of economic and voting dilution of existing Shareholders, including the following risks:

- (i) the market price for Equity Securities in the class of securities issued under the Additional Issuance Capacity may be significantly lower on the issue date than on the date of the approval under ASX Listing Rule 7.1A (that is, the date of the Meeting, if Resolution 12 is approved); and
- (ii) the Equity Securities may be issued under the Additional Issuance Capacity at a discount to the market price for those Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the potential dilution of existing Shareholders on the basis of the market price of Shares and the number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A.2, both as at 7 April 2021.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue as at 7 April 2021. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlement offer or securities issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future general meeting; and
- (iii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the market price as at 7 April 2021.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.01 50% decrease in Issue Price	\$0.02 Issue Price	\$0.04 50% increase in Issue Price
1,915,739,337 (Current Variable A)	<b>Shares issued - 10% voting dilution</b>	191,573,933 Shares	191,573,933 Shares	191,573,933 Shares
	<b>Funds Raised</b>	\$1,915,739	\$3,831,478	\$7,662,957
2,873,609,005 (50% increase in Variable A)	<b>Shares issued - 10% voting dilution</b>	287,360,900 Shares	287,360,900 Shares	287,360,900 Shares
	<b>Funds Raised</b>	\$2,873,609	\$5,747,218	\$11,494,436
3,831,478,674 (100% increase in Variable A)	<b>Shares issued - 10% voting dilution</b>	383,147,867 Shares	383,147,867 Shares	383,147,867 Shares
	<b>Funds Raised</b>	\$3,831,478	\$7,662,957	\$15,325,914

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 1,915,739,337 Shares on issue.

2. The issue price set out above is the closing price of the Shares on the ASX on 1 April 2021. This price is indicative only and does not consider the 25% discount to market that these shares may be issued at.
3. The Company issues the maximum possible number of Equity Securities under the Additional Issuance Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the Additional Issuance Capacity consists only of Shares and the consideration provided for those Shares is cash. It is assumed that no Options are exercised or Performance Rights are converted into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

Shareholders should note that there is a risk that:

- (ii) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (iv) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) **Purpose of issues under Additional Issuance Capacity**

The Company may issue Equity Securities under the Additional Issuance Capacity to raise cash to fund the following:

- (i) general working capital expenses;
- (ii) activities associated with its current business;
- (iii) repayment of debt; or
- (iv) the acquisition of new assets and investments (including any expenses associated with such an acquisition).

The Company will comply with the disclosure requirements of ASX Listing Rule 7.1A.4 and 3.10.5A on issue of any Equity Securities pursuant to the approval sought by Resolution 7.

(f) **Allocation policy under Additional Issuance Capacity**

The Company's allocation policy and the identity of the recipients of Equity Securities issued under the Additional Issuance Capacity will be determined on a case-by-case basis at the time of issue and in the Company's discretion.

No decision has been made in relation to an issue of Equity Securities under the Additional Issuance Capacity, including whether the Company will engage with new investors or existing Shareholders, and if so the identities of any such persons.

However, when determining the allocation policy and the identity of the recipients, the Company will have regard to the following considerations:

- (i) prevailing market conditions;
- (ii) the purpose for the issue of the Equity Securities;
- (iii) the financial situation and solvency of the Company;
- (iv) impacts of the placement on control;

- (v) other methods of raising capital; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Recipients may include existing Shareholders or new investors, but not persons who are related parties or associates of related parties of the Company. If the issue is made in connection with the acquisition of assets, the recipients may be the sellers of those assets.

(g) **Previous issues under the Additional Issuance Capacity**

The Company has not issued or agreed to issue any Equity Securities under a previous Additional Issuance Capacity in the 12 months prior to the date of the Meeting.

### **8.3 Voting exclusion**

At the time of dispatching this Notice, the Company is not proposing to make an issue of Equity Securities under the Additional Issuance Capacity, and a voting exclusion statement is therefore not included in this Notice.

### **8.4 Board recommendation**

The Directors consider that the approval of the issue of the 10% Placement Facility described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under ASX Listing Rule 7.1A in the next 12 months (without further Shareholder approval), should such an issue be required.

Accordingly, each of the Directors recommends that Shareholders vote in favour of Resolution 7.

## Glossary

**\$** means Australian dollars.

**Additional Issuance Capacity** has the meaning given in Section 8.1.

**Annual General Meeting** or **Meeting** means the annual general meeting of the Company convened by this Notice.

**Annual Report** means the Directors' Report, the Financial Report and Auditor's Report in respect to the financial year ended 31 December 2020.

**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.

**ASX Listing Rules** means the Listing Rules of ASX.

**Auditor's Report** means the auditor's report on the Financial Report

**AEST** means Australian Eastern Standard Time

**Board** means the current board of directors of the Company.

**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.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (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;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means HSC Technology Group Ltd (ACN 111 823 762).

**Constitution** means the constitution of the Company.

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

**Directors** means the current directors of the Company.

**Directors' Report** means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, Performance Right, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Financial Report** means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

**Key Management Personnel** 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.

**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.

**Performance Rights** means performance rights in the Company.

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Director's Report.

**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.

**Variable A** means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

## **Schedule 1 – Terms and Conditions of Performance Rights to be issued to Leylan Neep**

### **(a) Grant Price**

Each Performance Right will be granted by the Company for \$0.0001 per Performance Right.

### **(b) Rights**

- (i) The Performance Rights do not carry any voting rights in the Company.
- (ii) The Performance Rights confer on the holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders.
- (iii) Holders of Performance Rights have the right to attend general meetings of shareholders.
- (iv) The Performance Rights do not entitle the holder to any dividends.
- (v) The Performance Rights do not confer any right to participate in the surplus profits or assets of the Company upon winding up of the Company.
- (vi) The Performance Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (vii) The Performance Rights do not confer the right to participate in new issues of securities such as entitlement issues.
- (viii) If the Company makes a bonus issue of Shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of Shares which must be issued on the exercise of a Performance Right will be increased by the number of Shares which the holder would have received if the Performance Right had been exercised before the record date for the bonus issue. A Performance Right otherwise does not confer the right to a change in the number of underlying securities over which the Performance Right can be exercised.
- (ix) If at any time the issued capital of the Company is reorganised, the Performance Rights are to be treated in the manner required to comply with the Listing Rules. In addition, the VWAP within each Vesting Condition will be adjusted so that the Holder does not receive a benefit as a result of the reorganisation.
- (x) The Performance Rights give the holder no rights other than those expressly provided by these terms and conditions and those provided at law where such rights at law cannot be excluded by these terms and conditions.

### **(c) Exercise**

- (i) Subject to clause (ii) below, a class of Performance Rights (**Class**) immediately vests and becomes exercisable by the holder into Shares (**Conversion Shares**) on a one for one basis



upon and subject to the Company providing written notice (**Vesting Notice**) to the holder that the Company has satisfied the relevant condition set out below (**Vesting Condition**):

- A. 3,000,000 Performance Rights upon the 20-day volume weighted average price (**VWAP**) of Shares being at least \$0.03 per Share;
- B. 3,000,000 Performance Rights upon the 20-day VWAP of Shares being at least \$0.04 per Share,

on or before 15 June 2022.

- (ii) In order to exercise a Class into Conversion Shares following receipt of a Vesting Notice, the holder must provide written notice (**Exercise Notice**) to the Company of its election to exercise the Class into the Conversion Shares. A Class may only be exercised into Conversion Shares once.
- (iii) Despite any other provision, the exercise of any Performance Rights is subject to the Company obtaining any required shareholder or regulatory approval for the purpose of issuing the Conversion Shares. If exercise of all or part of the Performance Rights would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**) then the exercise of each Performance Right that would cause the contravention will be deferred until such time or times that the exercise would not at a later date result in a contravention of section 606(1) of the Corporations Act. The holder must give prior written notice to the Company if it considers that the exercise of all or part of its Performance Rights may result in the contravention of section 606(1) of the Corporations Act, failing which the Company will be entitled to assume that the exercise of the Performance Rights under these terms and conditions will not result in any person being in contravention of section 606(1) of the Corporations Act.
- (iv) The Company must issue Conversion Shares in the name of the holder (or its nominee) within 7 days of receiving a valid Exercise Notice.
- (v) Each Conversion Share will rank equally with a fully paid ordinary share in the capital of the Company.
- (vi) The Performance Rights will not be quoted on any securities exchange and the Company will not make an application for quotation in respect of them. However, if the Company is listed on the ASX at the relevant time, the Company must apply for quotation of any Conversion Shares on the ASX in accordance with the Listing Rules, subject always to the requirements of the Listing Rules, including those relating to escrow.

**(d) Expiry**

- (i) Despite any other provision, any Performance Rights which have not been validly exercised into Conversion Shares on or before the earlier of:
  - A. the date that the holder ceases to be engaged for services by the Company in any capacity; and
  - B. the date that is 5 years from the date that the Performance Rights are issued,will automatically be deemed to be cancelled by the Company for nil cash consideration.

**(e) Transferability**

The Performance Rights are not transferable.

**(f) Compliance with Corporations Act, Listing Rules and Constitution**

- (i) Despite anything else contained in these terms and conditions, if the Corporations Act, Listing Rules or Constitution prohibits an act being done, that act must not be done.
- (ii) Nothing contained in these terms and conditions prevents an act being done that the Corporations Act, Listing Rules or Constitution require to be done.
- (iii) If the Corporations Act, Listing Rules or Constitution conflict with these terms and conditions, or these terms and conditions do not comply with the Corporations Act, Listing Rules or the Constitution, the holder authorises the Company to do anything necessary to rectify such conflict or non-compliance, including but not limited to unilaterally amending these terms and conditions.
- (iv) The terms of the Performance Rights may be amended as necessary by the directors of the Company in order to comply with the Listing Rules, or any directions of ASX regarding the terms.

**(g) Change of Control Event**

- (i) A change of control event (**Change of Control Event**) occurs where:
  - A. an offer is made for Shares pursuant to a takeover bid under Chapter 6 of the Corporations Act and is, or is declared, unconditional; or
  - B. the Court sanctions under Part 5.1 of the Corporations Act a compromise or arrangement relating to the Company or a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies.
- (ii) If a Change of Control Event occurs, the Company may in its sole and absolute discretion, and subject to the Listing Rules and clause (g)(iii) below, determine how unvested Performance Rights will be treated, including but not limited to determining that unvested Performance Rights (or a portion of unvested Performance Rights) will become immediately exercisable into Conversion Shares with such exercise deemed to have taken place immediately prior to the effective date of the Change of Control Event.
- (iii) The total number of Conversion Shares issued under clause (c) above must not exceed 10% of the issued ordinary capital of the Company as at the date of exercise. The conversion will be completed on a pro rata basis across each class of Performance Rights then on issue as well as on a pro rata basis for each Holder. Performance Rights that are not converted into Shares under this paragraph will continue to be held by the Holders on the same terms and conditions.
- (iv) Whether or not the Company determines to accelerate the vesting of any Performance Rights, the Company must give written notice of any proposed Change of Control Event to the holder.

## Schedule 2 – Summary of Incentive Performance Rights Plan

The key terms of the Plan are as follows:

- (a) The Board may, from time to time, in its absolute discretion, make a written offer to any of the following:
  - (i) a Director (whether executive or non-executive) of any Group Company;
  - (ii) a full or part time employee of any Group Company;
  - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000; or
  - (iv) a prospective participant, being a person to whom the Offer is made but who can only accept the Offer if an arrangement has been entered into that will result in the person becoming an Eligible Participant under clauses (a), (b) or (c) above,

### (Eligible Participants).

- (b) Under the Plan the Board may grant Performance Rights to Eligible Participants with effect from the date determined by the Board, upon the terms set out in the Plan and upon such additional terms and vesting conditions as the Board determines.
- (c) The Board will advise each Eligible Participant of the following minimum information regarding the Performance Rights:
  - (i) the maximum number of Performance Rights that the Eligible Participant may apply for, or the formula for determining the number of Performance Rights that may be applied for;
  - (ii) the maximum number of Shares that the Eligible Participant is entitled to be issued on the exercise of each Performance Right or the formula for determining the maximum number of Shares;
  - (iii) any applicable vesting conditions;
  - (iv) when unvested Performance Rights will expire (**Expiry Date**);
  - (v) the date by which an offer must be accepted (**Closing Date**); and
  - (vi) any other information required by law or the ASX Listing Rules or considered by the Board to be relevant to the Performance Rights or the Shares to be issued on exercise of the Performance Rights.
- (d) Performance Rights will not be quoted on the ASX, except to the extent provided for by the Plan or unless the Offer provides otherwise.
- (e) Subject to clause (h), a Performance Right granted under the Plan will not vest and be exercisable unless the vesting conditions (if any) have been satisfied and the Board has notified the Eligible Participant of that fact.
- (f) The Board must notify an Eligible Participant in writing within 10 Business Days of becoming aware that any vesting conditions attaching to a Performance Right have been satisfied.
- (g) Subject to the Corporations Act, the ASX Listing Rules and the Plan, the Company must issue to the participant or his or her personal representative (as the case may be) the number of Shares the

participant is entitled to be issued in respect of vested Performance Rights that are exercised, within 10 business days of the Performance Rights being exercised.

- (h) A Performance Right will lapse upon the earlier to occur of:
- (i) an unauthorised dealing in, or hedging of, the Performance Right occurring, as governed by the Plan;
  - (ii) a vesting condition in relation to the Performance Right is not satisfied by the due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to vest the Performance Right in accordance with the Plan;
  - (iii) a vested Performance Right is not exercised within the time limit specified in the Plan;
  - (iv) an Eligible Participant (or, where the participant is a nominee of the Eligible Participant, that Eligible Participant) ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Performance Right in accordance with the Plan;
  - (v) the Board deems that a Performance Right lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant in accordance with the Plan;
  - (vi) the Company undergoes a change of control or a winding up resolution or order is made, and the Board does not exercise its discretion to vest the Performance Right in accordance with the Plan; and
  - (vii) the Expiry Date of the Performance Right.
- (i) The Board may, in its absolute discretion, by written notice to a participant, resolve to waive any of the vesting conditions applying to the Performance Rights due to:
- (i) an Eligible Participant or, where the participant is a nominee of an Eligible Participant, that Eligible Participant, ceasing to be an Eligible Participant as a result of:
    - (A) death or total or permanent disability; or
    - (B) retirement or redundancy; or
  - (ii) an Eligible Participant or, where the participant is a nominee of an Eligible Participant, that Eligible Participant, suffering severe financial hardship;
  - (iii) any other circumstance stated in the terms of the relevant Offer made to and accepted by the participant;
  - (iv) a change of control occurring; or
  - (v) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company,

in which case, a participant (or their personal legal representative where applicable) may exercise any vested Performance Right at any time within one month of the Board notifies that the Performance Right has vested, failing which the Performance Right will lapse, by a signed written notice to the Board specifying the Performance Rights being exercised and providing the certificate for those Performance Rights.