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ABN: 33 089 447 058

# NSX Limited

**ACN 089 447 058**

## Notice of Annual General Meeting 2016

**Thursday 10 November 2016, 3.30pm (AEDT)**

**FEX Marketsite**

Ground Floor, 7 Bridge Street, Sydney NSW 2000

## NOTICE OF ANNUAL GENERAL MEETING 2016 AND EXPLANATORY NOTES

### **THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION**

You should read the whole of this document before you decide whether and how to vote on the Resolutions in the Notice of Annual General Meeting.

#### **IMPORTANT NOTICES**

The Explanatory Notes in this document are intended to provide Securityholders with information to assess the merits of the proposed Resolutions contained in the accompanying Notice of Annual General Meeting and are to be read in conjunction with the Notice of Annual General Meeting.

#### **Defined terms**

Terms used in the Notice of Annual General Meeting and the Explanatory Notes are defined in the Glossary at the end of the Explanatory Notes.

#### **Read this document**

The Notice of Annual General Meeting and the Explanatory Notes are important. You should read each document in its entirety before deciding how to vote on the Resolutions. If you have any doubt regarding what you should do, you should consult your investment, financial or other professional advisers.

#### **Forward looking statements**

Certain statements in the Explanatory Notes may constitute "forward looking statements" for the purposes of applicable securities law. You should be aware that there are a number of risks (known and unknown), uncertainties and assumptions and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements, express or implied, by such statements. Factors that could cause or contribute to such differences include the general trading and economic conditions affecting the Company or its subsidiaries. The past performance of the Company is not necessarily representative of future performance.

None of the Company, its subsidiaries or their respective directors, officers and advisers, or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in the Explanatory Notes will actually occur. Securityholders are cautioned not to place undue reliance on these forward looking statements.

All subsequent written and oral forward looking statements attributable to the Company or its subsidiaries or any person acting on their behalf are qualified by the above cautionary statement.

## NOTICE OF ANNUAL GENERAL MEETING 2016

NSX Limited ACN 089 447 058 ("NSX" or "the Company") will hold its 17<sup>th</sup> Annual General Meeting at **3.30 pm** (AEDT) on **Thursday 10 November 2016**, in the FEX Marketsite, Ground Floor, 7 Bridge Street, Sydney, NSW 2000. Attendee registration will be available from 3.00pm (AEDT).

### ORDINARY BUSINESS

#### Receipt and tabling of financial statements and reports

To receive, consider and discuss the:

- (a) financial report;
- (b) director's report;
- (c) remuneration report; and
- (d) auditor's report,

for the Company and its controlled entities for the year ended 30 June 2016.

*Note: Reports are tabled at the meeting. Securityholders are not required to vote on this item. Sufficient time will be allowed at the meeting to discuss the reports and to ask questions of the Directors and the Auditor (PKF).*

#### Resolution 1 – Re-election of Thomas Price as a Director

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

“That Thomas Price, being a Director of the Company, who retires in accordance with the Company's Constitution, and being eligible, offers himself for re-election, is re-elected as a Director of the Company.”

#### Resolution 2 – Election of SHEN Weiguo as a Director

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

“That SHEN Weiguo, being a Director of the Company, having been appointed as an additional director to the Board since the previous Annual General Meeting and being eligible, offers himself for election, is elected as a Director of the Company.”

### Resolution 3 – Adoption of remuneration report

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

“That the remuneration report for the financial year ended 30 June 2016 be adopted.”

Notes:

- a) *The vote on this item is advisory only and does not bind the Directors or the Company.*
- b) *However the outcome of the vote and comments made by Securityholders on the Remuneration Report at the meeting will be taken under advisement by the Directors when formulating future remuneration policies.*
- c) *Directors, Key Management Personnel and closely related parties are excluded from voting on this resolution.*
- d) *The Chairman will cast any undirected votes for this resolution.*

### Resolution 4 – Approval of an increase in share placement capacity under ASX Listing Rule 7.1A

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a special resolution:

“That for the purposes of ASX Listing Rule 7.1A and for all other purposes, the issue of up to 10% of the Company’s share capital (at the time of issue) calculated in accordance with Listing Rule 7.1A, and on the terms and conditions set out in the Explanatory Memorandum.”

Notes:

- a) *The Company will, in accordance with ASX Listing Rule 14.11 of the Listing Rules, disregard any votes cast in respect of this resolution by a person (and any such associates of such a person) who may participate in the 10% placement facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of securities, if this Resolution is passed.*
- b) *However, the Company will not disregard any votes on the resolution if:*
  - a. *It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
  - b. *It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a directions on the proxy form to vote as the proxy decides.*
- c) *At this point in time, there is no potential allottee to who securities may be issued under this resolution.*

By order of the Board

**Scott Evans**  
General Manager & Company Secretary

7 October 2016

## NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

### EXPLANATORY NOTES

The accompanying Explanatory Notes form part of this Notice of Annual General Meeting and should be read in conjunction with it. Unless the context otherwise requires, terms which are defined in the Explanatory Notes have the same meaning when used in this Notice of Annual General Meeting.

### RECORD DATE

The Board has determined that, for the purposes of the meeting, Shares will be taken to be held by the persons who are registered as a Securityholder as at 7.00pm (Sydney time) on Tuesday 8 November 2016. Accordingly Share transfers registered after that time will be disregarded in determining entitlement to attend and vote at the meeting.

### POLL

On a poll, Securityholders have one vote for every fully paid ordinary share held. On a show of hands, every person present and qualified to vote has one vote and if one proxy has been appointed, that proxy will have one vote on a show of hands. If a Securityholder appoints more than one proxy, neither proxy may vote on a show of hands, but both proxies will be entitled to vote on a poll.

### REPRESENTATIVES

A body corporate may appoint an individual as its representative to exercise any of the powers the body corporate may exercise at meetings of Securityholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

The representative should bring to the meeting evidence of their appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

### PROXIES

A proxy form accompanies this Notice of Annual General Meeting.

If you are entitled to attend and cast a vote at the meeting, you may appoint a person as your proxy to attend and vote for you at the meeting and that appointment may specify the proportion or number of votes that the proxy may exercise. If you are entitled to cast 2 or more votes at the meeting, you may appoint up to 2 proxies. If you appoint 2 proxies but do not specify the proportion or number of your votes that each proxy may exercise, each proxy may exercise half of your votes. A proxy does not need to be a Securityholder.

If the proxy form is signed under a power of attorney, you must also lodge the power of attorney with the Company not less than 48 hours before the meeting, unless you have previously sent the power of attorney to the Company.

If you chose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolutions by marking either **“For”**, **“Against”** or **“Abstain”** on the Proxy Form for that Resolution.

To appoint a proxy (or proxies) you must complete the attached proxy form and lodge it so that it is received by the Company not less than 48 hours before the meeting (i.e. by 3.30 PM (AEDT) on Tuesday 8 November 2016) at the following address, fax number or vote online.

## METHODS OF VOTING

**BY MAIL** - Share Registry – Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001 Australia

**BY FAX** - + 61 2 9290 9655

**IN PERSON** - Share Registry – Boardroom Pty Limited, Grosvenor Place, Level 12, 225 George Street, Sydney NSW 2000 Australia

**VOTE ONLINE** – <http://www.votingonline.com.au/nsxagm2016>

## ATTENDING THE MEETING

If attending the meeting, please bring along your personalised proxy form with you. The bar code at the top of the form will help you to register. If you do not bring your form with you, you will still be able to attend the meeting but representatives from Boardroom Limited will need to verify your identity. You will be able to register from **3.00pm (AEDT)** on the day of the meeting.

If you have lodged an online vote, you are still entitled to attend the meeting. However, your attendance will cancel your online vote unless you instruct the Company or the registry otherwise.

## HOW THE CHAIRMAN OF THE MEETING WILL VOTE UNDIRECTED PROXIES

If a member entitled to vote appoints the Chairman of the Meeting as their proxy and the member does not direct the Chairman of the Meeting how to vote on Resolution 3, the member may authorise the Chairman of the Meeting in respect of this Resolution to exercise the proxy notwithstanding this item is connected directly or indirectly with the remuneration report of a member of the Company's key management personnel. Instructions are provided in the proxy form distributed with the notice of meeting.

If you appoint the Chairman of the Meeting as your proxy and you wish to vote differently to how the Chairman of the Meeting intends to vote on any of the items you must mark either of the boxes "For", "Against" or "Abstain" on the proxy form for the relevant Resolution.

The Remuneration Report identifies the Company's key management personnel for the financial year to 30 June 2016. Their related parties are defined by the *Corporations Act*, and include certain of their family members, dependants and companies they control.

## NON-CHAIR DIRECTED PROXIES

Non-chair proxy holders are required to cast all of their directed proxies on all resolutions as directed if they vote. If a nominated proxy does not vote, the proxy will automatically default to the Chair, who has a duty to vote all directed proxies (s250BB).

## VOTING EXCLUSIONS

There are no voting exclusions, other than the voting exclusion applicable to directors and other key management personnel of the Company and their related parties as provided by the *Corporations Act* on Resolution 3.

## EXPLANATORY MEMORANDUM

These Explanatory Notes have been prepared for the Securityholders to provide information about the items of business to be considered at the Annual General Meeting of the Company to be held at 3.30pm (AEDT) on Thursday 10 November 2016.

**Sections 1 through 5** of these Explanatory Notes provides information relating to the Ordinary Business described in the Notice of Annual General Meeting, including Resolutions 1, 2, 3 and 4.

**Section 6** sets out the glossary of terms used in these Explanatory Notes.

The information contained in this explanatory notes is important and should be read carefully by all Securityholders.

### 1. FINANCIAL STATEMENTS AND REPORTS

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#### 1.1 Securityholder questions and comments

The *Corporations Act* requires that the financial report, directors' report, remuneration report and auditor's report for the Company for the year ended 30 June 2016 be laid before the meeting.

There is no requirement in the *Corporations Act* or the Company's Constitution for Securityholders to approve those reports.

The Chairman will allow a reasonable opportunity for Securityholders to ask questions or make comments about those reports and the business and operations of the Company.

Securityholders will also be given a reasonable opportunity to ask the auditor questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements, and the independence of the auditor in relation to the conduct of the audit.

#### 1.2 How to obtain a copy of the Annual Report 2016

Securityholders who completed an election form to receive the Company's Annual Report (including the Financial Report) will find a copy of the report enclosed with this notice of Annual General Meeting.

Securityholders who did not make an election to receive a hardcopy of the Annual Report (including the Financial report) are able to access an electronic version of the Company's 2016 Annual Report the NSX website Securityholders area ([http://www.nsx.com.au/about/nsx\\_reports](http://www.nsx.com.au/about/nsx_reports)).

Alternatively election forms to receive a free hard copy of the Company's Annual Report (including the Financial Report) are available from the Share Registry or you may request a hard copy from the Company Secretary.

## 2. RE-ELECTION OF DIRECTOR

### 2.1 Resolution 1 - Re-election of Thomas Price as a Director

According to ASX listing rules 14.4 and 14.5 and NSX's constitution rule 12.4, a Director must not hold office without re-election past the third Annual General Meeting following the director's appointment or three years whichever is longer or at least one-third of the existing director's must retire by rotation irrespective of when they were appointed. A director who retires in accordance with these requirements may offer themselves for re-election.

#### Information about Thomas Price

**Positions Held:** Non-executive Director

**Qualifications:** B.Arts (Macquarie)

**Appointed:** 17 November 2009

**Directorships held in other listed entities** Nil

**NSX Limited shares held:** Nil

#### **Experience:**

Mr Price is an Executive Director of the Financial & Energy Exchange Limited (FEX), a Director of the Australian Market licensed interest rate and currency swap market operator, Mercari Pty Ltd, and a Strategy Advisor on the environmental product development joint venture between FEX, Macquarie Capital Group and Climate Exchange plc (Envex).

In his role at FEX, Mr Price is responsible for the overall implementation of operational technology and regulatory infrastructure for business development including the proposed energy, commodity and environmental derivative markets. He works closely with NASDAQ on technology issues and is also responsible for overall market connectivity infrastructure for the FEX group. Previously, Mr Price was an Australian based Derivative Asset Manager and Consultant with over 15 years experience in derivative transactions, derivatives trading and option pricing.

### 2.2 What majority of votes is required for Resolution 1 to be passed?

An ordinary resolution is required for Resolution 1 to be passed. That is 50% or more of the votes counted either by a show of hands or in a poll.

### 2.3 Who can vote on Resolution 1?

Subject to the Constitution, all Securityholders can vote on Resolution 1. If you chose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 1 by marking either "**For**", "**Against**" or "**Abstain**" on the Proxy Form for that Resolution.

### 2.4 Directors' recommendation

The non-candidate Directors recommend that Securityholders vote in favour of Tom Price's re-election as a Director of the Company.



### 3. ELECTION OF DIRECTOR

#### 3.1 Resolution 2 - election of Mr SHEN Weiguo Shen as a Director

In accordance with articles 12.7 and 12.8 of the Company's constitution a director so appointed only holds office until the next annual general meeting of the Company and is eligible for election. The director being eligible so offers himself for election.

#### Information about Mr SHEN Weiguo

<b>Positions Held:</b>	Non-executive Director
<b>Qualifications:</b>	B.Economics and Management (Xuzhou Airforce Academy, China)
<b>Appointed:</b>	29 September 2016
<b>Directorships held in other listed entities</b>	SHKL Group Limited
<b>NSX Limited shares held:</b>	24,285,000 or 16.4% (via SHKL Group Limited)
<b>Experience:</b>	

Mr Shen is an executive director and a controlling shareholder of SHKL Group Limited, a company listed on the National Stock Exchange of Australia, a market operated by the National Stock Exchange of Australia Limited, a subsidiary of NSX Limited.

Mr Shen is an executive director of KSTV (Hong Kong) Limited and Shanghai Kunlun Cultural Media Co., Limited. Mr Shen is a director and substantial shareholder of KSTV Group Limited.

In addition to the above companies, Mr Shen is also either an officer and/or have an interest in a number of private companies registered and operating exclusively in China.

#### 3.2 What majority of votes is required for Resolution 2 to be passed?

An ordinary resolution is required for Resolution 2 to be passed. That is 50% or more of the votes counted either by a show of hands or in a poll.

#### 3.3 Who can vote on Resolution 2?

Subject to the Constitution, all Securityholders can vote on Resolution 2. If you chose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 2 by marking either "For", "Against" or "Abstain" on the Proxy Form for that Resolution.

#### 3.4 Directors' recommendation

The non-candidate Directors recommend that Securityholders vote in favour of SHEN Weiguo's election as a Director of the Company.

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## 4. REMUNERATION REPORT

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### 4.1 Resolution 4 – Adoption of the remuneration report

Securityholders are required to vote on the remuneration report.

The remuneration report is contained within the director's report of the Annual Report, including the required presentation of the remuneration tables referred to in the report (pages 39 to 46) and set out in Note 20 of the financial statements (pages 75 to 78). A summary table of requirements of Section 300A of the *Corporations Act* is also provided within the remuneration report (pages 39 to 44).

The vote on this item is advisory only and does not bind the Directors or the Company. However the outcome of the vote and comments made by Securityholders on the Remuneration Report at the meeting will be taken under advisement by the Directors when formulating future remuneration policies.

In addition, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, Securityholders will be required to vote at the second of those AGMs on a resolution to (a "Spill" Resolution) that another meeting to be held within 90 days at which all the Company's Director's must present themselves for re-election. Securityholders are not required to vote on a spill resolution at this Meeting.

The Company encourages all Securityholders to cast their votes on this Resolution.

### 4.2 What majority of votes is required for Resolution 4 to be passed?

An ordinary resolution is required for Resolution 4 to be passed.

### 4.3 Who can vote on Resolution 4 (Voting Exclusions)?

Subject to the Constitution and *Corporations Act*, all Securityholders can vote on Resolution 4 except Key Management Personnel (KMP) and their closely related parties. Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling activities of NSX, directly or indirectly, including any director (whether executive or otherwise) of the NSX.

Closely related parties are defined as the spouse or child of the KMP, a step child, a dependant of the KMP's family who may be expected to influence, or be influenced by the KMP in the dealings with the NSX and a company controlled by the KMP.

If you chose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 4 by marking either "**For**", "**Against**" or "**Abstain**" on the Proxy Form for that Resolution.

### 4.4 Undirected proxies

The Chairman of the meeting will exercise any undirected proxies for this resolution and any subsequent "Spill" resolution where a Securityholder has expressly authorised the Chairman to exercise the proxy even if the resolution is directly or indirectly connected with the remuneration of a member of the KMP. Otherwise any undirected proxies held by the Chairman of the meeting, other directors or other key management personnel or any of their related parties will not be voted on this Resolution.

### 4.5 Directors' recommendation

The Directors unanimously recommend that the Securityholders pass Resolution 4 to adopt the Remuneration Report.

## 5. INCREASE IN SHARE PLACEMENT CAPACITY

### 5.1 Placement capacity under ASX Listing Rules 7.1 and 7.1A

ASX Listing Rule 7.1A enables small to mid-cap listed companies to seek Securityholder approval by special resolution to issue equity securities equivalent to an additional 10% of the number of ordinary securities on issue by way of placements over a 12 month period (10% Placement Facility).

This is in addition to the existing 15% placement capacity permitted by Listing Rule 7.1.

Resolution 4 is seeking approval of Securityholders by special resolution for the issue of such number of equity securities as calculated under the formula in ASX Listing Rule 7.1A.2, at an issue price as permitted by ASX Listing Rule 7.1A.3 to such persons as the Board may determine and on the terms described in this Explanatory Memorandum.

### 5.2 Previous Financial Year 2015/2016

The Company completed a successful placement during the previous financial year of 16,500,000 shares which raised \$5,691,892 which was not part of the 10% placement facility approved at the last AGM. Therefore the Company did not avail itself of the additional 10% placement facility approved by Securityholders at the last AGM in 2015 nor in 2014 when approval was first sought.

At this AGM the Company seeks to refresh the 10% Placement Facility approved by Securityholders at the last AGM.

### 5.3 Eligibility

A company is eligible to seek Securityholder approval for this additional placement capacity if it satisfies both of the following criteria at the date of the AGM:

- a) It has a market capitalisation of AU\$300 million or less; and
- b) Is not included in the S&P/ASX 300 Index.

The Company currently satisfies both the above criteria, and it is anticipated that it will continue to satisfy both these criteria at the date of the AGM as well.

### 5.4 Number of shares that can be issued (7.1A.2)

The number of shares which may be issued or the Company may agree to issue, under the approval sought by Resolution 4 is calculated in accordance with the following formula as set out in ASX Listing Rule 7.1A.2:

**(A x D) – E**

*Where:*

**A** is the number of shares on issue 12 months before the date of issue or agreement:

- a) plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
- b) plus the number of partly paid shares that became fully paid in the 12 months;
- c) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rule 7.1 and 7.4. This does not include an issue of fully

paid shares under the Company's 15% placement capacity without Securityholder approval;

- d) less the number of fully paid shares cancelled in the 12 months.

*Note that A has the same meaning in ASX Listing Rule 7.1 when calculating the Company's 15% placement capacity.*

**D** is 10%

**E** is the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Securityholders under ASX Listing Rule 7.1 or 7.4.

#### 5.5 **Issue Price (7.1A.3)**

For the purposes of ASX Listing Rule 7.3A.1, the following information is provided:

The minimum price at which the ordinary shares will be issued will be no less than 75% of the volume weighted average price for ordinary shares calculated over the 15 trading days on which trades are recorded immediately before:

- a) the date on which the price at which the securities are to be issued is agreed; or
- b) if the securities are not issued within 5 trading days of the date in paragraph (a) above, the date on which the securities are issued.

#### 5.6 **Statement of risk and dilution to existing shareholdings (7.3A.2)**

The existing ordinary Securityholders face the risk of economic and voting dilution as a result of the issue of equity shares which are the subject of this resolution, to the extent that such shares are issued; including:

- a) the market price of ordinary shares may be significantly lower on the issue date than on the date on which this approval is being sought; and
- b) the ordinary shares may be issued at a price that is at a discount to the market price for those ordinary shares on the issue date.

The following table gives examples of the potential dilution of existing ordinary Securityholders on the basis of the current market price of the Company's ordinary shares and the current number of ordinary shares as at the date of this Notice of Meeting and Explanatory Memorandum (Variable A) calculated in accordance with the formula in ASX Listing Rule 7.1A(2) as at the date of this Notice of Meeting and Explanatory Memorandum.

The following dilution table also shows:

- a) examples of where Variable A has increased by 50%, and by 100%, respectively. The number of ordinary securities on issue may increase as a result of issues or ordinary securities that do not require Securityholder approval (for example the pro-rata entitlement issue or script issue under a takeover offer) or future specific requirements under Listing Rule 7.1 that are approved as a future Securityholders meeting; and
- b) examples of where the issue price of ordinary securities has decreased by 50%, and increased by 100%, respectively, as against the current market price.

**Dilution Table**

Share Capital (Variable 'A' in Listing Rule 7.1A.2)		Dilution Table		
		50% Decrease in Issue price	Current Issue Price	100% increase in Issue Price
Price		0.115	0.230	0.460
<b>Current Issued Shares</b>	Number of Shares	14,790,529	14,790,529	14,790,529
147,905,288	Funds \$	1,700,911	3,401,822	6,803,643
<b>50% Increase in Shares</b>	Number of Shares	22,185,793	22,185,793	22,185,793
221,857,932	Funds \$	2,551,366	5,102,732	10,205,465
<b>100% Increase in shares</b>	Number of Shares	29,581,058	29,581,058	29,581,058
295,810,576	Funds \$	3,401,822	6,803,643	13,607,286

The dilution table has been prepared on the following hypothetical assumptions. The Company does not represent that they will necessarily occur.

- a) The table assumes that the Company issues the maximum number of ordinary shares available under ASX Listing Rule 7.1A.
- b) The table assumes that no options or performance rights are exercised for ordinary shares before the date of the issue of ordinary shares under ASX Listing Rule 7.1A.
- c) The table does not show an example of dilution that may be caused to a particular Securityholder by reason of placements under the 10% Placement Facility based on that Securityholder's interest at the date of the meeting.
- d) The table shows the effect of an issue of ordinary shares under ASX Listing Rule 7.1A, not under the Company's 15% placement capacity under ASX Listing Rule 7.1.
- e) The issue price of AU\$0.23 being the closing price of the shares on 29 September 2016.

### 5.7 Date of Issue of shares (7.3A.3)

The date by which the Company may issue the ordinary shares is the period commencing on the date of the AGM (to which this Notice of Meeting relates i.e. 10 November 2016) at which approval is obtained and expiring on the first to occur of the following:

- a) the date which is 12 months after the date of the AGM at which approval is obtained (i.e. 10 November 2017); and
- b) the date of the approval by Securityholders of the Company's ordinary shares of a transaction under ASX Listing Rule 11.1.2 or 11.2. The approval under ASX Listing Rule 7.1A will cease to be valid in the event that holders of the Company's ordinary shares approve a transaction under ASX Listing Rule 11.1.2 or 11.2.

**5.8 Purpose of the 10% placement (7.3A.4)**

The Company may seek to issue Shares under the 10% Placement for either:

- a) a cash issue price. In this case, the Company may use the funds for working capital or for other corporate purposes; or
- b) non-cash consideration, such as for the acquisition of new assets or investments, subject to any applicable ASX requirements.

In either case, the cash issue price or the value of the non-cash consideration must comply with the minimum issue price noted above.

**5.9 Allocation policy (7.3A.5)**

The Company’s allocation policy is dependent on the prevailing market conditions at the times of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- a) The methods of raising funds that are available to the Company;
- b) The effect of the issue of the Equity Securities on the control of the Company. Allocation will be subject to takeover thresholds;
- c) The financial situation and solvency of the Company; and
- d) The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Securityholders and/or new Securityholders who are not related parties or associates of a related party of the Company.

**5.10 Allotment of shares in previous 12 months (7.3A.6)**

The Company obtained approval under ASX Listing Rule 7.1A at last year’s Annual General Meeting held on 12 November 2015 but did not issue any shares under ASX Listing Rule 7.1A.

As the Company has previously obtained Securityholder approval under Listing Rule 7.1A, and is now seeking Securityholder approval to renew its capacity to issue an additional 10% of its issued capital under Listing Rule 7.1A, it is required by Listing Rule 7.3A.6 to provide details of all issues of securities in the 12 months preceding the date of the meeting.

As required by Listing Rule 7.3A.6(a) the total number of securities issued preceding the date of the meeting and the percentage they represent of the Company’s securities on issue at the commencement of that 12 month period are presented in the table below:

<b>Number of Shares Issued</b>	16,500,000
<b>Percentage of shares allotted</b>	12.56%

As required by Listing Rule 7.3A.6(b) the details of all issues of securities by the Company during the 12 months preceding the date of the meeting are detailed below:

<b>Placement of shares</b>	Issue of 16,500,000 shares or 12.56% of the issued capital completed on 11 December 2015.
<b>Class of securities</b>	Ordinary Shares ranking equally with all other ordinary Shares
<b>Issued to</b>	SHKL Group Limited (a company listed on the National Stock Exchange of Australia)
<b>Issue price</b>	34 cents. (The issue price was at a premium to the price on 11 December 2015 which was 10 cents, or 24 cents above the prevailing price).
<b>Consideration</b>	Issued for cash for the purposes of working capital. The total cash consideration was \$5,691,892 inclusive of costs.
<b>Use of funds</b>	Total amount of cash spent out of the proceeds to date was \$2,321,892. The proceeds were spent on the costs of the placement and on working capital expenditure to fund the operations of the business since December 2015. The remaining proceeds of \$3,370,000 will continue to be spent on working capital expenditure to fund the operations of the business.

#### 5.11 **Voting exclusions (7.3A.7)**

The Voting Exclusion Statement is set out under the Resolution in the Notice of Meeting. At the date of the Notice, the proposed allottees of any Securities which may be issued in accordance with this resolution are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue.

Where it is not known who will participate in the proposed issue (as is the case in respect of the Securities which may be issued in accordance with this resolution), Securityholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

#### 5.12 **Special resolution requirements**

Resolution 4 is a special resolution. For a special resolution to be passed, at least 75% of the votes cast by Securityholders entitled to vote on Resolution 4 must be in favour of the resolution.

#### 5.13 **Director Recommendation**

The Directors believe that Resolution 4 will provide the Company with flexibility to raise capital quickly if advantageous terms are available, and is in the best interests of the Company. The Directors recommend that Securityholders vote in favour of this Resolution.

## 6. GLOSSARY

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**\$ and cents** means an amount in Australian currency.

**Annual Report** means the Company's Annual financial report, directors' report, remuneration report and auditor's report for the financial year ended 30 June 2016.

**ASX** means ASX Limited ACN 008 624 691.

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

**Business Days** means:

- a) for determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and
- b) for any other purpose, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Sydney.

**Company** means NSX Limited ABN 33 089 447 058.

**Constitution** means the constitution of the Company at the date of these Explanatory Notes.

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

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

**Explanatory Notes** means these Explanatory Notes.

**Member** means a Securityholder of the Company.

**Notice of Annual General Meeting** means the Notice of Annual General Meeting accompanying these Explanatory Notes.

**ordinary resolution** means a simple majority of those Securityholders present and entitled to vote either in person or by proxy at the meeting, either on a show of hands or on a poll if one is called in accordance with applicable requirements.

**Resolution** means a resolution in the Notice of Annual General Meeting which requires Securityholder approval.

**Share** or Shares means a fully paid ordinary share in the Company or an equivalent paid up value of a partly paid share.

**Securityholder** means any person holding Shares.



**All Correspondence to:**

- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 3:30pm (AEDT) on Tuesday 8 November 2016.**

### 🖥 TO VOTE ONLINE

- STEP 1: VISIT** [www.votingonline.com.au/nsxagm2016](http://www.votingonline.com.au/nsxagm2016)
- STEP 2: Enter your Postcode OR Country of Residence (if Outside Australia):**
- STEP 3: Enter your VAC:**

**PLEASE NOTE:** For security reasons it is important you keep the above information confidential.

### 📱 BY SMARTPHONE



Scan QR Code using smartphone  
QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore **3:30pm (AEDT) on Tuesday 8 November 2016.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 🖥 **Online** [www.votingonline.com.au/nsxagm2016](http://www.votingonline.com.au/nsxagm2016)
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited  
Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

**Your Address**  
 This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

**PROXY FORM**

**STEP 1 APPOINT A PROXY**

I/We being a member/s of **NSX Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **FEX Marketsite, Ground Floor, 7 Bridge Street, Sydney NSW 2000, on Thursday 10 November 2016 at 3.30pm (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution 3. I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution even though Resolution 3 is connected with the remuneration of a member of the key management personnel for NSX Limited.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolution 3). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

**STEP 2 VOTING DIRECTIONS**  
 \* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	To re-elect Thomas Price as a Director (ordinary resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	To elect SHEN Weiguo as a Director (ordinary resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Adoption of the remuneration report (ordinary resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of an increase in share placement capacity (special resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**STEP 3 SIGNATURE OF SHAREHOLDERS**  
 This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
<input style="width: 100%; height: 30px;" type="text"/>	<input style="width: 100%; height: 30px;" type="text"/>	<input style="width: 100%; height: 30px;" type="text"/>
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name..... Contact Daytime Telephone..... Date / / 2016