



CHAPMANS

HIGH CONVICTION INVESTMENT & FINANCE

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ASX/Media Release
4 October 2017

DESPATCH OF LETTERS TO SHAREHOLDERS

Chapmans Limited (ASX: CHP) confirms that the enclosed letters will be despatched today.

ENDS

For further information please contact:

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About Chapmans

Chapmans Limited (ASX: CHP) is an ASX listed diversified investment company engaged in special situation investments across a diverse range of industries, with a focus and expertise in the mobile and advanced industrial technology sectors. It seeks to be an active strategic investor in high growth areas of the market, and to identify and work with emerging high growth companies. The Company's investment philosophy and approach are based on a unique mix of high conviction and special situation features, characterised by advisory and equity investments structured around specific events and assets for both public and large private corporates.



4 October 2017

Dear Shareholder

Non-Renounceable 1 for 2 Rights Issue to Shareholders

1 Rights Issue

Chapmans Limited ACN 000 012 386 (ASX: CHP) (the **Company**) announced a non-renounceable one (1) for two (2) rights issue on 3 October 2017 (**Offer**) and is pleased to provide further detailed information on the Offer.

The Offer is for new fully paid ordinary shares (**New Shares**) on the basis of one (1) New Share for every two (2) existing shares held (**Entitlement**) by Eligible Shareholders (defined below) on the Record Date (defined below) (**Existing Shares**), at a price of \$0.005 per New Share (**Issue Price**).

Based on the current shares on issue in the Company, a total of 407,500,028 New Shares will be offered to raise up to \$2,037,500 (before the costs of the Offer).

The Issue Price represents a discount of approximately 0.5% to the weighted average price of the Company's shares on the ASX in the five trading days up to and including the trading day prior to the announcement of the Offer (this price being \$0.005). The Issue Price is equal to the last closing price of the Company's shares on the ASX on 2 October 2017 (this price being \$0.005).

The Offer is non-renounceable, meaning that Eligible Shareholders who do not take up their Entitlement will not be able to transfer or receive any value for those Entitlements, and their equity interest in the Company will be diluted.

2 Offer Document

The Offer is being conducted in accordance with section 708AA of the *Corporations Act 2001* (Cth) (the **Act**). Accordingly, the Company is not required to lodge a prospectus with ASX or ASIC or provide one to shareholders. The Company has prepared a document explaining the Offer in more detail (**Offer Document**).

The Offer Document was lodged with the ASX on 3 October 2017 and will be sent to Eligible Shareholders on or before 11 October 2017, together with a personalised Entitlement and Acceptance Form.

A Cleansing Notice and Appendix 3B were also lodged with the ASX on 3 October 2017.

All documents are available for inspection on the ASX website at www.asx.com.au and the Company's website at www.chapmansltd.com.

3 Eligibility and Record Date

Holders of shares in the Company as at 7.00pm (Sydney time) on 6 October 2017 (**Record Date**) will be eligible to participate in the Offer (**Eligible Shareholders**).

4 Placement of Shortfall

The Company will allow Eligible Shareholders, in addition to applying for all of their Entitlements, to apply for such further number of New Shares out of any Shortfall (**Shortfall Shares**).

In the event that applications from Eligible Shareholders to participate in the Shortfall exceed the number of Shortfall Shares, those applications will be scaled back at the discretion of the directors however the Directors will have regard to any potential control effects of the Rights Issue on the Company.

The Directors will have discretion as to how to allocate Shortfall Shares, however, the Company intends to allocate Shortfall Shares in accordance with the following priorities:

- (a) first priority will be given to Eligible Shareholders that have subscribed for their full Entitlement provided that the issue of the Shortfall Shares will not result in the applicant's voting power in the Company exceeding 20%; and
- (b) second priority will be given to third parties applying for Shortfall Shares by 20 October 2017 (**Closing Date**).

If there are still Shortfall Shares which have not been subscribed for, the Directors may at their complete and absolute discretion place the Shortfall Shares with any third party, at not less than the issue price. The Directors will attempt to place those Shortfall Shares within 3 months of the Closing Date.

In the event of a scaling back of applications to participate in the Shortfall as described above, any application monies relating to Shortfall Shares applied for but not issued will be returned to Shareholders as soon as practicable following the Closing Date without interest.

5 Use of proceeds from the Offer

The Company will use the proceeds raised under the Offer to:

- (a) fund the Syn Dynamics Australia Pty Ltd pilot plant and associated operating costs;
- (b) provide capital for the Company to use in respect of new investments which have not been identified as at the date of this document; and
- (c) provide working capital to the Company generally (including to fund the costs of the Offer).

6 Timetable

The current proposed timetable for the Offer is set out below. All dates are subject to change and accordingly are indicative only. The Company has the right to vary the dates of the Offer, without prior notice, subject to the Corporations Act and the ASX Listing Rules.

| Event | Date |
|---|-----------------|
| Announcement of Offer, lodgment of Appendix 3B and Section 708AA cleansing notice released to ASX | 3 October 2017 |
| Notice to Shareholders containing information required by Listing Rules | 4 October 2017 |
| "Ex" Date | 5 October 2017 |
| Record Date to determine Entitlement to New Shares | 6 October 2017 |
| Despatch of Offer Document and Entitlement and Acceptance Form and announcement that despatch was completed | 11 October 2017 |
| Last day to extend Offer Closing Date | 17 October 2017 |
| Closing Date | 20 October 2017 |
| Securities quoted on a deferred settlement basis | 23 October 2017 |
| ASX notified of Shortfall | 25 October 2017 |

| | |
|---|-----------------|
| Issue of New Shares, despatch date of holding statements | 27 October 2017 |
| Trading commences for New Shares on a normal settlement basis | 30 October 2017 |

7 Capital Structure

The effect of the Offer on the capital structure of the Company based on the current shares on issue is as follows:

- (a) the maximum number of New Shares that may be issued under the Offer is 407,500,028, raising a maximum of \$2,037,500 (before expenses); and
- (b) after completion of the Offer, the maximum number of issued shares in the Company will be 1,222,500,085.

This assumes that no other shares are issued prior to the completion of the Offer.

8 Participating in the Offer

The Board recommends the Offer to shareholders.

However, before making a decision whether to apply for New Shares, Eligible Shareholders should read the Offer Document carefully and in its entirety when they receive it.

For further information on your Entitlement, please contact your professional advisor or the Company's share registry, Security Transfer Australia Pty Limited by phone on 1300 992 916 (from within Australia), +61 3 9628 2200 (from outside Australia).

Yours sincerely
CHAPMANS LIMITED



Peter Dykes
Executive Chairman



4 October 2017

Dear Shareholder

Non-Renounceable Rights Issue - Notification to Ineligible Shareholders

I refer to the non-renounceable rights issue (**Offer**) announced by Chapmans Limited (**Company**) on 3 October 2017, under which the Company will raise up to \$2,037,500 (before the costs of the Offer).

Pursuant to the Offer, Eligible Shareholders will be offered the opportunity to acquire additional fully paid ordinary shares (**New Shares**) in the Company on the basis of one (1) new fully paid ordinary shares (**New Shares**) for every two (2) existing shares held (**Entitlement**) by Eligible Shareholders (defined below) at 7.00pm (Sydney time) on 6 October 2017 (**Record Date**), at a price of \$0.005 per New Share (**Issue Price**).

This letter is to inform you about the Offer and to explain why you will not be able to subscribe for New Shares under the Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter.

The Offer is to be implemented under section 708AA of the Corporations Act 2001 (**Act**) (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84).

The Company has decided that it is unreasonable to make offers under the Rights Issue to shareholders with a registered address outside Australia and New Zealand (**Ineligible Shareholders**), having regard to the number of such shareholders, their holdings and the compliance costs required to offer the shares under the Offer to those shareholders.

Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the Act, the Company wishes to advise you are an Ineligible Shareholder and that it will not be extending the Offer to you.

If you have any additional questions regarding the Offer, please contact the Company between 9.00am and 5.00pm (Sydney time) on business days by calling (02) 9300 3630 from within Australia or + 61 2 9300 3630 from outside Australia

Otherwise, on behalf of the Board and management of the Company, we thank you for your continued support of the Company.

Yours sincerely
CHAPMANS LIMITED

Peter Dykes
Executive Chairman