



YPB Group Ltd.
ABN 68 108 649 421
ASX code: YPB

GLOBAL LEADER IN ANTI COUNTERFEIT TECHNOLOGY
Level 29, 66 Goulburn Street, Sydney NSW 2000
T: +612 8263 4000 F: +612 8263 4111

YPB Group Ltd ACN 108 649 421

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Shareholders of YPB Group Limited (“**YPB**” or the “**Company**”) will be held on 11.00 am AEST on **Wednesday 31 May 2017** (Sydney time) at Boardroom Pty Ltd, Grosvenor Place, Level 12, 225 George Street, Sydney, NSW 2000 (**General Meeting**). The Explanatory Memorandum accompanying this Notice provides additional information on matters to be considered at the General Meeting. The Explanatory Memorandum and Proxy Form part of this Notice.

The Directors have determined that, pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders as at 7pm (Sydney time) on Monday 29 May 2017. Terms used in this Notice are defined in the Glossary which forms part of the Explanatory Memorandum.

AGENDA

Financial Statements

To receive and consider the financial statements of the Company and its controlled entities for the period ended 31 December 2016 and the related Directors' Report, Directors' Declaration and Auditors' Report.

Resolution 1

ADOPTION OF DIRECTORS' REMUNERATION REPORT

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

"That, for the purpose 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 Company's annual financial report for the financial year ended 31 December 2016."

Voting Exclusion Statement:

The Company will disregard any votes cast on this resolution by or on behalf of a member of the key management personnel of the Company (including Directors) ("KMP"), or their closely related parties.

However, the Company need not disregard a vote cast by a KMP or closely related party of the KMP if:

- (a) it is cast by a person as proxy for a person who is permitted to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman of the Annual General Meeting as proxy for a person who is permitted to vote, where the Proxy Form does not specify the way the Chairman is to vote and which expressly authorises the Chairman to vote even though the resolution is connected directly or indirectly with the remuneration of a KMP and even though the Chairman of the Annual General Meeting is a member of KMP.

Note: In accordance with section 250R (3) of the Corporations Act, the vote on Resolution 1 will be advisory only and will not bind the Directors or the Company. If 25% or more of votes that are cast are voted against the remuneration report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a 'spill resolution') that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director) must stand for re-election.

The Chairman of the Annual General Meeting intends to vote all available proxies in favour of Resolution 1.

Resolution 2

APPROVAL OF ADDITIONAL CAPACITY TO ISSUE SHARES UNDER LISTING RULE 7.1A

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, shareholders approve the Company having the additional capacity to issue equity securities under Listing Rule 7.1A on the terms and conditions as detailed in the Explanatory Memorandum."

NOTICE OF ANNUAL GENERAL MEETING

Voting Exclusion Statement:

The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue of securities and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 2 is passed, and any associates of the aforementioned persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chairman of the Annual General Meeting intends to vote all available proxies in favour of Resolution 2.

Resolution 3**APPROVAL OF ISSUE OF NEW SHARES TO MOTIF MICRO VENDORS**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 7.1 and all other purposes, approval be given for the Company to issue 10,244,025 Shares to the Motif Micro Vendors on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 3 by any of the Motif Micro Vendors or any other person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if Resolution 3 is passed, and any associates of the aforementioned persons. However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote in accordance with the direction on the Proxy Form; or
- (b) it is cast by person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chairman of the General Meeting intends to vote all available proxies in favour of Resolution 3

Resolution 4**APPROVAL TO ISSUE SHARES**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 7.1 and all other purposes, approval be given for the Company to issue 45,000,000 Shares to institutional and professional investors on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 4 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 4 is passed. However, the Company will not disregard a vote if:

- (c) it is cast by a person as a proxy for a person who is entitled to vote in accordance with the direction on the Proxy Form; or

NOTICE OF ANNUAL GENERAL MEETING

- (d) it is cast by person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chairman of the General Meeting intends to vote all available proxies in favour of Resolution 4.

Dated: 27 April 2017.

By order of the Board.

A handwritten signature in black ink, appearing to read 'R Whitton', written in a cursive style.

Robert Whitton
Company Secretary

Notes

Explanatory Memorandum

The Notice should be read in conjunction with the accompanying Explanatory Memorandum.

Eligibility to vote

In accordance with the Corporations Act and the Constitution, a person's entitlement to vote at the General Meeting will be determined by reference to the number of Shares registered in the name of that person (reflected in the register of members) as at 7pm (Sydney time) on Monday 29 May 2017.

How to vote

Each Shareholder is entitled to attend and vote at the General Meeting in person or by proxy.

Proxy votes

Each Shareholder is entitled to appoint not more than two proxies to attend and vote in their place.

Where more than one proxy is appointed, the appointment may specify the proportion or number of votes that the proxy may exercise, otherwise each proxy may exercise half of the votes.

A proxy need not be a Shareholder.

A Proxy Form must be signed (in the form attached to this Notice) by the Shareholder or the Shareholder's attorney.

Proxy Forms must reach the Company at least forty-eight (48) hours before the General Meeting.

The address for lodgment of Proxy Forms is:

Delivery Address

Level 12
225 George Street
Sydney NSW 2000
Australia

Postal Address

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Australia

Fax Number

+ 61 2 9290 9655

Online

www.votingonline.com.au/ypbagm2017

Key Management Personnel as proxy

If a shareholder appoints a member of the key management personnel (KMP) (which includes each of the Directors) or a closely related party of any KMP as proxy, such KMP or closely related party is not able to vote a proxy on Resolution 1 unless the shareholder directs them how to vote by marking the box on the Proxy Form (Step 2) for Resolution 1.

If a shareholder appoints the Chairman of the Annual General Meeting as proxy, the shareholder can direct the Chairman how to vote by marking the boxes on the Proxy Form for Resolution 1. Signing the proxy form will be considered to be an express direction to the Chairman of the Annual General Meeting to vote in favour of Resolution 1 even though Resolution 1 is connected directly or indirectly with the remuneration of a member of a KMP and/or even if the Chairman of the Annual General Meeting has an interest in the outcome of the Resolution.

Undirected Proxies

Subject to the above, the Chairman of the General Meeting intends to vote all undirected proxies in favour of the Resolutions. However, the Company encourages all Shareholders who submit Proxy Forms to direct their proxy how to vote on each Resolution by marking the boxes on the Proxy Form (Step 2) for each item of business.

Directed Proxies

Under recent amendments to the Corporations Act, there are new rules relating to how a proxy must vote directed proxies. If a Proxy Form specifies the way a proxy is to vote on a Resolution, then:

- (a) a proxy need not vote on a show of hands, but if the proxy does vote, the proxy must vote as directed;
- (b) if a proxy is appointed by two or more Shareholders who specify different ways to vote on a resolution, the proxy must not vote on a show of hands;
- (c) if the proxy is the Chairman, the proxy must vote as directed on a poll;
- (d) if the proxy is not the Chairman, the proxy need not vote on a poll, but if the proxy does vote, the proxy must vote as directed; and
- (e) if the proxy is not the Chairman and does not attend the General Meeting or does not vote on a Resolution, but the Proxy Form specifies how to vote and a poll is demanded, then the Chairman is taken to have been appointed as the proxy and must vote as directed.

Power of Attorney

A Shareholder's attorney may sign the Shareholder's Proxy Form on behalf of the Shareholder. By signing the Proxy Form, the Shareholder's attorney confirms that the authority under which he or she executed the Proxy Form has not been revoked.

If the Shareholder's attorney signs the Proxy Form, then the attorney must, when it sends the Proxy Form to the Company, also send the authority (or a certified copy of the authority) under which the Proxy Form was signed. Each of the Proxy Form and authority must be received at least forty eight (48) hours before the General Meeting.

Bodies Corporate

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

Enquiries

Shareholders are invited to contact the Company Secretary Robert Whitton on (02) 8263 4000 if they have any queries in respect of the matters set out in these documents.

Explanatory Memorandum

YPB Group Ltd

1. Introduction

This Explanatory Memorandum has been prepared to assist Shareholders in considering the Resolutions set out in the Notice. This Explanatory Memorandum forms part of, and should be read in conjunction with, the Notice.

Terms used in this Explanatory Memorandum are defined in the Glossary.

2. General

2.1 FINANCIAL STATEMENTS

The Corporations Act requires that the Financial Report (including the Directors' Report, Financial Statements and the Audit Report) be laid before the Annual General Meeting. Although not requiring a vote of shareholders, an opportunity will be provided for shareholders to ask questions on the reports, including of the Company's auditor, who will be available to answer shareholders' questions relating to the Audit Report.

2.2 RESOLUTION 1: ADOPTION OF DIRECTORS' REMUNERATION REPORT

The Board is committed to creating value for shareholders by applying the Company's funds productively and responsibly. A portion of the funds available to the Company is applied to remunerate your Directors.

Your Board is aware of the sensitivities of shareholders to remuneration practices generally, and submits its remuneration report to shareholders for consideration and adoption under a non-binding resolution. The resolution is advisory only and does not bind the Company or its directors. The Board will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.

The Remuneration Report appears within the Directors' Report in the Company's Annual Report and describes the remuneration practices of the Company and the rationale underpinning those practices.

Under the Corporations Act:

- (a) the Company is required to disregard any votes cast on this item of business by any member of "Key Management Personnel" (KMP) of the Company and their closely related parties, except as directed by any proxies; and
- (b) the 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 previous 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.

NOTICE OF ANNUAL GENERAL 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. **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 Annual General Meeting.**

KMP are people having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, and include Directors.

"Closely related parties" includes certain family members and dependents of KMP and companies they control.

Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

- If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy -

You must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

- If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member)-

You do not need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, you must mark the acknowledgement on the Proxy Form to expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.

- If you appoint any other person as your proxy -

You do not need to direct your proxy how to vote on this Resolution, and you do not need to mark any further acknowledgement on the Proxy Form.

Directors' Recommendation:

The Board recommends that Shareholders vote in favour of Resolution 1.

2.3 RESOLUTION 2: APPROVAL OF ADDITIONAL CAPACITY TO ISSUE SHARES UNDER LISTING RULE 7.1A

General

Listing Rule 7.1A permits eligible entities to seek shareholder approval by special resolution at an Annual General Meeting to issue an additional 10% of issued share capital by way of placements over a 12 month period (**10% Placement Capacity**). The additional 10% placement capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

The effect of the Resolution 2 will be to allow the Directors to issue equity securities under Listing Rule 7.1A during the period of 12 months following the Annual General Meeting without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 2 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

NOTICE OF ANNUAL GENERAL MEETING

Eligibility

An eligible entity under Listing Rule 7.1A is one which has a market capitalisation of \$300 million or less and is not included in the S&P / ASX 300 Index. The Company is an eligible entity for the purposes of Listing Rule 7.1A.

The Company hereby seeks shareholder approval by way of a special resolution to have the ability to issue equity securities under the 10% Placement Capacity.

The exact number of equity securities that may be issued pursuant to the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 which provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of equity securities calculated as follows:

$$(A \times D) - E$$

where

A is the number of fully paid ordinary securities on issue 12 months before the date of issue or agreement:

- plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid shares that became fully paid in the 12 months;
- plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 or 7.4. This does not include an issue of fully paid shares under the Company's 15% placement capacity without shareholder approval;
- less the number of fully paid shares cancelled in the 12 months;

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

D is 10%

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

Any equity securities issued under the 10% Placement Capacity must be in an existing quoted class of the Company's equity securities. The Company presently has only two classes of quoted securities, being fully paid ordinary shares and options.

If the Company issues any equity securities under the 10% Placement Capacity, the entity must, pursuant to Listing Rules 7.1A.4 and 3.10.5A:

- (a) give to the ASX a list of the names of persons to whom the Company allotted equity securities and the number of equity securities caused to be allotted to each (but this list is not required to be released to the market); and
- (b) disclose to the market the details of the dilution to the existing holders of ordinary securities caused by the issue; where the equity securities are issued for cash consideration, a statement of the reasons why the eligible entity issued the equity securities as a placement rather than as a pro rata issue; the details of any underwriting arrangements and fees payable to the underwriter; and any other fees or costs incurred in connection with the issue.

NOTICE OF ANNUAL GENERAL MEETING

Required Information**Minimum price**

Any equity securities issued by the Company Under Listing Rule 7.1A can only be issued at a price that is no less than 75% of the volume weighted average price for securities in that class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- a) the date on which the price at which the securities are to be issued is agreed; or
- b) the date on which the securities are issued if the securities are not issued within five trading days of the date on which the issue price is agreed.

Dilution to existing security holders

If Resolution 2 is approved by shareholders and the Company issues securities under the 10% Placement Capacity, the additional economic and voting interests in the Company will be diluted. There is a risk that the market price of the Company's securities may be significantly lower on the issue date than on the date of the Annual General Meeting and the securities may be issued at a price that is at a discount to the market price on the issue date.

The table below shows a number of hypothetical scenarios for a 10% Placement Capacity as required by Listing Rule 7.3A.2 where the number of the Company's shares on issue (variable "A" in the formula in Listing Rule 7.1A.2) has remained current or increased by either 50% or 100% and the share price has decreased by 50%, remained current or increased by 100% based on the closing share price on ASX at 12 April 2017.

Number of shares on issue Variable "A"	Additional 10% placement Shares issued & funds raised	Dilution		
		\$0.065 Issue price at half current market price	\$0.13 Issue price at current market price	\$0.26 Issue price at double current market price
Current 211,887,886	Shares issued	21,188,789	21,188,789	21,188,789
	Funds raised	\$1,377,271	\$2,754,543	\$5,509,085
50% increase 317,831,829	Shares issued	31,783,183	31,783,183	31,783,183
	Funds raised	\$2,065,907	\$4,131,814	\$8,263,628
100% increase 423,775,772	Shares issued	42,377,577	42,377,577	42,377,577
	Funds raised	\$2,754,543	\$5,509,085	\$11,018,170

The dilution table uses the following assumptions which the Company does not represent will necessarily occur:

- a) the Company issues the maximum number of securities available under the additional 10% Placement Capacity;
- b) the table shows only the effect of issues of securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1;
- c) no options (including options issued under the 10% Placement Capacity) are exercised into shares before the date of issue of equity securities;
- d) 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%;

NOTICE OF ANNUAL GENERAL MEETING

- e) the table does not show an example of dilution that may be caused to a particular shareholder by reason of the placements under Listing Rule 7.1A, based on that shareholder's holding at the date of the Annual General Meeting;
- f) the issue price at current market price is the closing price of the shares on ASX on 12 April 2017; and

10% Placement Capacity period

Shareholder approval under Listing Rule 7.1A is valid from the date of the Annual General Meeting until the earlier of:

- a) 12 months after the Annual General Meeting; or
- b) The date of approval by shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

Purpose of 10% additional placement

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

- a) Cash consideration. The Company may use the funds for working capital, towards potential transactions or for other corporate purposes deemed by the Board to be in the best interests of the Company; or
- b) Non-cash consideration for transactions deemed by the Board to be in the best interests of the Company including for the acquisition of businesses similar to those carried out by the Company, or for the provision of different services to the Company. In such circumstances the Company will release to the market a valuation of the noncash consideration that demonstrates that the issue price of the securities complies with Listing Rule 7.1A.3.

The Company will comply with any disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon the issue of any securities under Listing Rule 7.1A.

Allocation policy

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

- a) the methods of raising funds that are then available to the Company;
- b) the effect of the issue of the equity securities on the control of the Company;
- c) the financial situation and solvency of the Company; and
- d) advice from professional and corporate advisers (if applicable).

Allottees under the 10% Placement Capacity have not been determined as at the date of this Notice of Meeting and may include existing and/or new security holders but cannot include any related parties or associates of a related party of the Company.

Previous Issues of Securities under Listing Rule 7.1A

The Company obtained approval under Listing Rule 7.1A at its previous annual general meeting on 13 May 2016. The approval granted on 13 May 2016 will cease to be valid as at the date of this Annual General Meeting. If approval is given under Resolution 2 then such approval will apply for a period of 12 months from this Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

In accordance with Listing Rule 7.3A.6, the Company has issued 40,477,599 fully paid ordinary shares (**Shares**) and 72,188,000 options (**Options**) since the Company's last Annual General Meeting. There was a 23.61% increase in the total number of Shares on issue in the Company since the last Annual General Meeting. On a fully diluted basis there was an increase of 53.28% of the total number of equity securities on issue since the last Annual General Meeting.

The equity securities issued since the Company's the last Annual General Meeting on 13 May 2016 are set out in the table below. For the purposes of the table:

'**Shares**' means ordinary fully paid shares in the Company which rank equally with the existing shares on issues.

'**Options**' means options to acquire fully paid ordinary shares in the Company.

Issue Date	Number of equity Securities and class	Persons issued to or basis of issue	Issue price (discount)	Consideration and use of funds
13/05/2016	648,486 Shares	Directors in lieu of salary	\$0.30, 366,668 shares 13% premium \$0.33, 281,818 shares 24% premium	Non-cash: Deemed value \$110,000 Deemed value \$93,000
30/05/2016	18,916,667 Shares	Shares issued for cash to sophisticated and institutional investors, see Annexure 1 Item 1	\$0.24 per Share 6% discount	Cash: \$4,540,000 Funds raised have been fully expended on working capital including expansion of work force and facilities in USA, South East Asia and Australia and new product development.
06/06/2016	944,446 Shares	Share based payment in relation to capital raising.	\$0.24 per Share 2% discount	Non-cash: Deemed value \$226,667
06/06/2016	7,000,000 options	3,000,000 unquoted options in lieu of retainer issued to service provider 3,000,000 unquoted options as incentive to CEO 1,000,000 unquoted options to Director as remuneration	\$0.00	N.A.
08/08/2016	3,488,000 Shares	Conversion of employee performance rights	\$0.00 per share	NIL

NOTICE OF ANNUAL GENERAL MEETING

08/08/2016	200,000 Shares 400,000 options	Share and unquoted option based payment pursuant to employment contract	\$0.25 per Share 28% premium \$0.00 per Option	Non-cash: Deemed value \$50,000
26/10/2016	16,000,000 Shares	Shares issued to Ack Pty Ltd ATF The Markoff Superannuation Fund No. 2	\$0.25 per Share 28% premium	Cash: \$4,000,000 Funds raised have been fully expended on working capital including, salaries and wages, business costs and product and market development.
27/10/2016	280,000 Shares 788,000 Options	Share and unquoted option based payment pursuant to employment contracts	\$0.1878 per Share 1.5% premium	Non-cash: Deemed value \$52,584
12/12/2016	64,000,000 Options	Options issued to Ack Pty Ltd ATF The Markoff Superannuation Fund No. 2	\$0.00 per Option	NIL

Compliance with Listing Rules 7.1A.4 and 3.10.5A

When the Company issues equity securities pursuant to the 10% Placement Capacity, it will give ASX:

- a) a list of the names of the persons to whom the Company issues the equity securities and the number of equity securities allotted to each (not release to the market), in accordance with Listing Rule 7.1A.4; and
- b) the information required by Listing Rule 3.10.5A for release to the market.

Voting exclusion

A voting exclusion statement is included in the Notice of Meeting. At the date of the Notice of Meeting the Company has not invited and has not determined to invite any particular existing security holder or an identifiable class of existing security holders to participate in an offer under Listing Rule 7.1 A. Therefore no existing security holder will be excluded from voting on Resolution 2.

Directors' recommendation:

The Board recommends that Shareholders vote in favour of Resolution 2.

2.4 RESOLUTION 3: APPROVAL OF ISSUE OF NEW SHARES TO MOTIF MICRO VENDORS

On 8 December 2015 the Company announced it had signed a binding agreement (**LOI**) with the shareholders of Motif Micro Inc., (**MM**) (together the **Motif Micro Vendors**) to acquire all of the issued capital in MM (the **Motif Micro Shares**). This agreement was varied on 28 February 2017 whereby YPB Group's wholly owned US subsidiary will now merge with MM pursuant to Delaware, California and US statute.

NOTICE OF ANNUAL GENERAL MEETING

MM is a US based company commercialising secure, smartphone readable micro-barcode technology.

As part of the consideration for the merger the Company must issue on closing of the merger to the Motif Micro Shareholders (in their relevant proportions) 10,244,025 ordinary shares in the Company (**MM Consideration Shares**). The Company is only seeking approval for the issue of these shares at this time.

The full “**Merger Consideration**” is an amount of up to US\$6.0 million subject to achieving certain milestones and paid in cash and YPB fully paid ordinary shares as follows.

(a) Cash components

- (i) First cash payment. At the Closing, YPB shall pay an amount equal to US \$1,000,000 less the Aggregate Expenses and the Deposit.
- (ii) Second cash payment of up to US\$500,000 at the first anniversary of the Closing Date subject to the achievement of certain milestones within 3 months of Closing
- (iii) Third cash payment of up to US\$500,000 at the 2nd anniversary of Closing subject to the achievement of certain milestones within 6 months of Closing

(b) Share Portion.

- (i) First share payment. At the Closing, YPB shall issue 10,244,025 YPB fully paid ordinary shares (the “Closing Shares”). The Closing Shares shall be subject to a restriction on transfer until the second annual anniversary of the Closing Date.
- (ii) Second share payment. If certain milestones are achieved within 12 months of Closing, YPB shall issue to the Sellers (A) YPB fully paid ordinary shares to the value of US \$1,000,000 as calculated both in regard to exchange rate and share price as at Closing, plus (B) an additional number of YPB fully paid ordinary shares calculated by deducting the value of the first share payment from US\$3,000,000 and applying the exchange rate and share price as at Closing.

The issue price of the MM Consideration Shares will be calculated by application of the VWAP on the day of the completion of the merger.

The MM Consideration Shares will be subject to voluntary escrow restrictions for a period of 24 months.

Details of the Micro Motif Shareholders and the number of MM Consideration Shares each of them will be issued is set out below.

Name	Number of MM Consideration Shares
Paul Bisso	5,122,013
Patrick Doyle	5,122,012
TOTAL	10,244,025

The following conditions precedent must be satisfied prior to any MM Consideration Shares being issued:

- MM entering into a patent licence agreement with Massachusetts Institute of Technology;
- Receipt of necessary regulatory and third party approvals;

NOTICE OF ANNUAL GENERAL MEETING

- Negotiation, execution and delivery of transaction documents (being an agreement and plan of merger; and
- Approval of the YPB shareholders to the issue of MM Consideration Shares.

Completion of the merger is expected to occur on or prior to 30 June 2017

ASX Listing Rule 7.1 prohibits a company from issuing securities representing more than 15% of its issued capital in any 12 month period without security holder approval. Security holder approval is sought to approve the issue of the MM Consideration Shares referred to in Resolution 3.

By approving the issue of the MM Consideration Shares, the issue will not diminish the 15% annual placement capacity of the Company. This will provide the Company with flexibility to issue further equity securities within the next 12 months up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior shareholder approval. In the absence of such approval and subject to the passing of other resolutions at the General Meeting the Company may not have sufficient placement capacity to issue the MM Consideration Shares and accordingly would not be in a position to complete the acquisition of the MM Consideration Shares.

Required information:

Listing Rule 7.3 requires that the following information be provided to Shareholders in respect of Resolution 3 for the purposes of providing an approval under Listing Rule 7.1.

Maximum number of Shares to be issued:	10,244,025 ordinary shares
Proposed date of Issue:	All of the shares will be issued upon completion of the merger, and in any event, no later than three months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).
Price at which the Shares are to be issued:	No less than 80% of the VWAP calculated over the last 5 days on which the Company's fully paid ordinary shares traded before the day of issue.
Terms of securities:	Fully paid ordinary shares which rank equally with the existing shares on issue.
Persons to whom Shares are to be issued:	The Motif Micro Vendors being Paul Bisso and Patrick Doyle.
Intended use of funds raised:	No cash will be received as shares are issued in consideration for the Motif Micro Shares from the Motif Micro Vendors.

Directors' Recommendation

The Board recommends that Shareholders vote in favour of Resolution 3.

NOTICE OF ANNUAL GENERAL MEETING

2.5 RESOLUTION 4: APPROVAL TO ISSUE SHARES

Under Resolution 4, the Company seeks approval to issue and allot up to 45,000,000 Shares to institutional and/or sophisticated investors for capital raising purposes to fund the following:-

- The First cash payment under the Motif Micro merger being at the Closing, an amount equal to US \$1,000,000 less the Aggregate Expenses and the Deposit.
- General working capital requirements for operational expenditures

ASX Listing Rule 7.1 prohibits a company from issuing securities representing more than 15% of its issued capital in any 12 month period without security holder approval. Security holder approval is sought to approve the issue of the 45,000,000 Shares referred to in Resolution 4. The effect of such approval is that any such Shares will not be counted as reducing the number of equity securities which the Company can issue without Shareholder approval under the limit imposed by ASX Listing Rule 7.1.

Required information:

Listing Rule 7.3 requires that the following information be provided to Shareholders in respect of Resolution 4 for the purposes of providing an approval under Listing Rule 7.1.

Maximum number of Shares to be issued:	45,000,000 fully paid ordinary shares
Proposed date of Issue:	All of the shares will be issued no later than three months after the date of the Annual General Meeting.
Price at which the Shares are to be issued:	No less than 80% of the VWAP calculated over the last 5 days on which the Company's fully paid ordinary shares traded before the day of issue.
Terms of securities:	Fully paid ordinary shares which rank equally with the existing shares on issue.
Persons to whom Shares are to be issued:	The names of the allottees of the Shares are currently unknown and will be chosen at the discretion of the Directors, but will not be related parties or their associates. They will be institutional and/or professional investors and will be identified on the basis of the Director's view of their ability to participate in the proposed placement and any added value they are able to bring to the Company.
Intended use of funds raised:	<p>The funds to be raised by the Company are intended to be used for the following purposes:</p> <ul style="list-style-type: none"> a) to fund the first tranche cash consideration component of the Motif Micro acquisition; and b) general working capital requirements of the Company to assist in funding the Company through to a stage when it will be operating cash flow positive.

Directors' Recommendation

The Board recommends that Shareholders vote in favour of Resolution 4.

A handwritten signature in black ink, appearing to read 'R Whitton', written in a cursive style.

Robert Whitton
Company Secretary

3. GLOSSARY

Annual General Meeting means the meeting convened by the Notice.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited.

\$ means Australian Dollars.

Board means the board of directors of the Company.

Company or YPB means YPB Group Limited (ACN:108 649 421).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth)

December Share Placement has the meaning set out in section 2.4.

Directors mean the current directors of the Company.

Eligible Shareholders has the meaning set out in section 2.5.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum accompanying the Notice.

Listing Rule means a Listing Rule of ASX.

Motif Micro Vendors means those parties described in section 2.5.

Notice means the Notice of Meeting accompanying this Explanatory Memorandum.

Participating Shareholders has the meaning set out in section 2.5.

Proxy Form means the proxy form for the Annual General Meeting accompanying the Notice.

Share means a fully paid ordinary share in the capital of the Company.

VWAP means the volume weighted average share prices of the Shares traded on ASX (excluding special crossings, crossing made prior to the commencement of normal trading, crossings made during the closing phase or the after hours adjust phase, overseas trades and overnight crossings or trades pursuant to the exercise of any options or other securities convertible into the Shares)



YPB Group Ltd.
ABN 68 108 649 421



YPB Group Ltd.
ABN 68 108 649 421

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 11:00am AEST on Monday 29 May 2017.**

🖥 TO VOTE ONLINE

- STEP 1:** VISIT www.votingonline.com.au/ypbagm2017
- STEP 2:** Enter your Postcode OR Country of Residence (if outside Australia)
- STEP 3:** Enter your Voting Access Code (VAC):

📱 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 securityholder 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 by **11:00am AEST on Monday 29 May 2017.** 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/ypbagm2017

📠 **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 **YPB Group Ltd** (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 securityholder) 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 **YPB Group Ltd** to be held at **Boardroom Pty Ltd, Grosvenor Place, Level 12, 225 George Street, Sydney NSW 2000 on Wednesday 31 May 2017 at 11:00am AEST** 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 1, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution even though Resolution 1 is connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolution 1). 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	Adoption of Directors' Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of Additional Capacity to Issue Shares Under Listing Rule 7.1A (Special Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of Issue of New Shares to Motif Micro Vendors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval to Issue Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2017