



**YPB Group Ltd**  
**ACN 108 649 421**

## Notice of General Meeting

Notice is given that the General Meeting of Shareholders of YPB Group Limited (**YPB** or the **Company**) will be held at 11.00 am (Sydney time), on Friday 9 December 2016 at Level 29, 66 Goulburn 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 General Meeting are those who are registered Shareholders as at 7pm (Sydney time) on Wednesday 7 December 2016. Terms used in this Notice are defined in the Glossary which forms part of the Explanatory Memorandum.

## AGENDA

### Resolution 1

#### RATIFICATION OF PRIOR ISSUE OF SHARES (16,000,000)

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

*That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the previous issue of 16,000,000 Shares on the terms and conditions as detailed in the Explanatory Memorandum, be and is hereby ratified and approved.*

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

The Company will disregard any votes cast on Resolution 1 by Ack Pty Ltd ATF The Markoff Superannuation Fund No.2 and any of its associates. 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 directions on the Proxy Form; or
- (b) it is cast by the 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 1.

### Resolution 2

#### RATIFICATION OF PRIOR ISSUE OF SHARES (200,000) AND OPTIONS (400,000)

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

*That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the previous issue of 200,000 fully paid ordinary Shares and 400,000 Options on the terms and conditions as detailed in the Explanatory Memorandum, be and is hereby ratified and approved.*

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

The Company will disregard any votes cast on Resolution 2 by Philipp Hoffmann and any associates of the aforementioned person. 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 directions on the Proxy Form; or
- (b) it is cast by the 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 2.

### Resolution 3

#### APPROVAL OF ISSUE OF SECURITIES TO ACK PTY LTD ATF THE MARKOFF SUPERANNUATION FUND No. 2

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

*That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 64,000,000 New Options to Ack Pty Ltd ATF The Markoff Superannuation Fund No.2 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 Ack Pty Ltd ATF The Markoff Superannuation Fund No.2 and 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 directions on the Proxy Form; or
- (b) it is cast by the 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 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 at a deemed issue price of \$0.4085 per Share 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 4 by any of the Motif Micro Vendors and any other person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if Resolution 4 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 directions on the Proxy Form; or
- (b) it is cast by the 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.

**Resolution 5**

**RATIFICATION OF PRIOR ISSUE OF SHARES (280,000) AND OPTIONS (560,000)**

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

*That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the previous issue of 280,000 fully paid ordinary Shares and 560,000 Options on the terms and conditions as detailed in the Explanatory Memorandum, be and is hereby ratified and approved.*

**Voting Exclusion Statement:**

The Company will disregard any votes cast on Resolution 5 by Philipp Hoffmann and any associates of the aforementioned person. 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 directions on the Proxy Form; or
- (b) it is cast by the 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 5.

**Resolution 6**

**RATIFICATION OF PRIOR ISSUE OF OPTIONS (228,000)**

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

*That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the previous issue of 228,000 Options on the terms and conditions as detailed in the Explanatory Memorandum, be and is hereby ratified and approved.*

**Voting Exclusion Statement:**

The Company will disregard any votes cast on Resolution 6 by Sheldon Brady and any associates of the aforementioned person. 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 directions on the Proxy Form; or
- (b) it is cast by the 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 6.

Dated: 8<sup>th</sup> day of November 2016.



**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 7 December 2016

### ***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:

<b>Delivery Address</b>	<b>Postal Address</b>	<b>Fax Number</b>
Level 12	Boardroom Pty Limited	+ 61 2 9290 9655
225 George Street	GPO Box 3993	
Sydney NSW 2000	Sydney NSW 2001	
Australia	Australia	

### **Online**

[www.votingonline.com.au/ypbgmdec2016](http://www.votingonline.com.au/ypbgmdec2016)

### ***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 if 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 RESOLUTION 1: RATIFICATION OF PRIOR ISSUE OF SHARES

###### General

On 26 October 2016, the Company announced that it had made a placement 16,000,000 Shares raising A\$4.0 million to an existing shareholder under its placement capacity.

Resolution 1 seeks approval from Shareholders for this prior issue of Shares that occurred in the previous 12 month period that has not already been approved by Shareholders for the purposes of Listing Rule 7.1.

ASX Listing Rule 7.1 prohibits a company from issuing equity securities representing more than 15% of its issued share capital in any 12 month period without shareholder approval. The Shares were issued to Ack Pty Ltd ATF The Markoff Superannuation Fund No. 2 out of the Company's 15% annual placement capacity.

Under ASX Listing Rule 7.4 where a company in general meeting ratifies a previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying the issue of Shares the subject of Resolution 1, the Shares issued 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.

###### **Resolution 1 – Required information under ASX Listing Rule 7.5**

<b>Name of the allottee:</b>	Ack Pty Ltd ATF The Markoff Superannuation Fund No.2
<b>Number of securities that were allotted and issued:</b>	16,000,000
<b>Price at which the securities were issued:</b>	\$0.25
<b>Terms of securities:</b>	Fully paid ordinary shares in accordance with the Constitution which rank equally in all respects with the Company's existing shares on issue.
<b>Use (or intended use) of the funds raised:</b>	To fund ongoing product research and development, the costs of the issue, business development, to

	accelerate conversion of business pipeline and to fund expansion into new markets
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### **Directors' Recommendation**

The Board recommends that Shareholders vote in favour of Resolution 1 as it provides the Company with the flexibility to issue, subject to the limits under the ASX Listing Rules, further securities during the next 12 months without shareholder approval.

## **2.2 RESOLUTION 2: RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS**

### **General**

On 8 August 2016, the Company issued 200,000 shares to an employee, Philipp Hoffmann, President YPB Connect, pursuant to his employment agreement. These shares were issued with 400,000 attaching options to acquire fully paid ordinary shares in the Company (**Options**). The Company has a policy of issuing securities to employees to attract employees to the Company, and assist with employee engagement, involvement and retention. In this instance Mr Hoffmann was awarded 1 Share and 2 Options for each Share he purchased on market in the first 12 months of his employment to a limit of US\$100,000 worth of Shares purchased by Mr Hoffmann.

Resolution 2 seeks approval from Shareholders for this prior issue of Shares and Options to Mr Hoffmann, President YPB Connect, pursuant to his employment contract that occurred in the previous 12 month period and that has not already been approved by Shareholders for the purposes of Listing Rule 7.1. The Shares and Options were issued to Mr Hoffmann out of the Company's 15% annual placement capacity.

ASX Listing Rule 7.1 prohibits a company from issuing equity securities representing more than 15% of its issued share capital in any 12 month period without shareholder approval.

Under ASX Listing Rule 7.4 where a company in general meeting ratifies a previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying the issue of Shares and Options the subject of Resolution 2, the securities issued 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.

### **Resolution 2 – Required information under ASX Listing Rule 7.5**

<b>Name of the allottee:</b>	Philipp Hoffmann
<b>Number of securities that were allotted and issued:</b>	200,000 Shares 400,000 Options
<b>Deemed Price at which the securities were issued:</b>	\$0.25 per Share \$nil per Option
<b>Terms of securities:</b>	Fully paid ordinary shares in accordance with Constitution which rank equally in all respects with the Company's existing shares on issue.



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	Options were issued on the terms set out below.
<b>Use (or intended use) of the funds raised:</b>	No Funds were raised from the issue of these Shares and Options.

The Options were issued on the following terms:

Key Term	Detail
<b>Exercise Price</b>	The exercise price for the Options is as follows: <i>a) 200,000 Options have an exercise price of \$0.35; and</i> <i>b) 200,000 Options have an exercise price of \$0.50.</i>
<b>Option Fee</b>	Nil.
<b>Entitlement on exercise</b>	Each Option entitles Philipp Hoffmann to subscribe for one Share ( <b>New Share</b> ).
<b>Expiry Date</b>	The Options will expire on 1 August 2018.
<b>Period of exercise</b>	Options may be exercised at any time prior to the Expiry Date. Any Options not exercised by the Expiry Date will automatically lapse.
<b>How to exercise an Option</b>	To exercise, Philipp Hoffmann is required to deliver a duly completed notice of exercise, together with a bank cheque drawn on an Australian bank for the total Exercise Price or payment in cleared funds into a bank account nominated in advance by the Company, at any time prior to the Expiry Date.
<b>Issue of Shares</b>	Within 2 business days (being a day for which banks are open in New South Wales other than weekends or public holidays) after receipt of both a valid notice of exercise and receipt (or deemed receipt) of payment of the Exercise Price, the Company will issue the New Shares pursuant to the exercise of the Options.
<b>Minimum number of Options exercisable</b>	1,000
<b>Ranking</b>	New Shares issued on exercise of the Options will rank equally with all existing Shares and the Company will apply to the ASX for quotation of the New Shares issued upon exercise of the Options.
<b>Quotation</b>	The Options will not be quoted.
<b>Transferability</b>	The Options are not transferable.
<b>Reconstruction of capital</b>	If at any time the issued capital of the Company is reconstructed (including consolidation, subdivision, reduction or return), all rights of a holder of Options are to be changed to the extent necessary in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
<b>Participation in new issues</b>	There are no participation rights or entitlements inherent in the Options and holders of Options will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options without exercising the

	options. Holders of Options will be afforded the period of at least 9 Business Days prior to and inclusive of the record date (to determine entitlements to the new issue) to exercise their Options.
<b>Change in Exercise Price / number of underlying ordinary shares</b>	<p>If there is a bonus issue to shareholders, the number of ordinary shares over which an Option is exercisable may be increased by the number of shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.</p> <p>In the event that a pro rata issue (except a bonus issue) is made to shareholders, the Exercise Price of the Options may be reduced in accordance with ASX Listing Rule 6.22.</p>

### **Directors' Recommendation**

The Board recommends that Shareholders vote in favour of Resolution 2 as it provides the Company with the flexibility to issue, subject to the limits under the ASX Listing Rules, further securities during the next 12 months without shareholder approval.

## **2.3 RESOLUTION 3: APPROVAL OF ISSUE OF SECURITIES**

### **2.3.1 General**

On 26 October 2016, the Company issued 16,000,000 shares pursuant to the placement described above in relation to Resolution 1 to raise \$4,000,000 (**Placement**). Pursuant to that Placement, the Company proposes to issue 64,000,000 attaching options to acquire fully paid ordinary shares in the Company (**New Options**) to Ack Pty Ltd ATF The Markoff Superannuation Fund No.2 (**Markoff**). The New Options will be issued on the following terms:

<b>Key Term</b>	<b>Detail</b>
<b>Exercise Price</b>	The exercise price for the New Options will be as follows: <i>a) 16,000,000 New Options will have an exercise price of \$0.35;</i> <i>b) 16,000,000 New Options will have an exercise price of \$0.45;</i> <i>c) 16,000,000 New Options will have an exercise price of \$0.55;</i> <i>and</i> <i>d) 16,000,000 New Options will have an exercise price of \$0.65.</i>
<b>Option Fee</b>	Nil.
<b>Entitlement on exercise</b>	Each New Option entitles Markoff to subscribe for one Share ( <b>New Share</b> ).
<b>Expiry Date</b>	The New Options will expire 10 years from the date of issue.
<b>Period of exercise</b>	New Options may be exercised at any time prior to the Expiry Date. Any New Options not exercised by the Expiry Date will automatically lapse.
<b>How to exercise an Option</b>	To exercise, Markoff is required to deliver a duly completed notice of exercise, together with a bank cheque drawn on an Australian bank for the total Exercise Price or payment in cleared funds into a bank account nominated in advance by the Company, at any time prior to the Expiry Date.

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<b>Issue of Shares</b>	Within 2 business days (being a day for which banks are open in New South Wales other than weekends or public holidays) after receipt of both a valid notice of exercise and receipt (or deemed receipt) of payment of the Exercise Price, the Company will issue the New Shares pursuant to the exercise of the New Options.
<b>Minimum number of Options exercisable</b>	1,000
<b>Ranking</b>	New Shares issued on exercise of the New Options will rank equally with all existing Shares and the Company will apply to the ASX for quotation of the New Shares issued upon exercise of the New Options.
<b>Quotation</b>	The New Options will not be quoted.
<b>Transferability</b>	The New Options are transferable.
<b>Reconstruction of capital</b>	If at any time the issued capital of the Company is reconstructed (including consolidation, subdivision, reduction or return), all rights of a holder of New Options are to be changed to the extent necessary in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
<b>Participation in new issues</b>	There are no participation rights or entitlements inherent in the New Options and holders of New Options will not be entitled to participate in new issues of capital offered to shareholders during the currency of the New Options without exercising the options. Holders of New Options will be afforded the period of at least 9 Business Days prior to and inclusive of the record date (to determine entitlements to the new issue) to exercise their New Options.
<b>Change in Exercise Price / number of underlying ordinary shares</b>	If there is a bonus issue to shareholders, the number of ordinary shares over which a New Option is exercisable may be increased by the number of shares which the holder of the New Option would have received if the New Option had been exercised before the record date for the bonus issue.  In the event that a pro rata issue (except a bonus issue) is made to shareholders, the Exercise Price of the New Options may be reduced in accordance with ASX Listing Rule 6.22.

**Shareholder approval under ASX Listing Rule 7.1**

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

By approving the issue of the New Options, 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 New Options.

**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.

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<b>Maximum number of securities to be issued:</b>	64,000,000 New Options
<b>Proposed date of Issue:</b>	The New Options will be issued 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).
<b>Price at which the securities are to be issued:</b>	\$nil
<b>Terms of securities:</b>	The terms of the New Options are set out above in section 2.3.1.
<b>Persons to whom securities are to be issued:</b>	Ack Pty Ltd ATF The Markoff Superannuation Fund No.2
<b>Intended use of funds raised:</b>	No cash will be received as New Options are being issued for nil consideration. If the New Options are exercised, the funds received will be applied towards the working capital requirements of the Company at that time.

**Directors' Recommendation**

The Board recommends that Shareholders vote in favour of Resolution 3 as it provides the Company with the flexibility to issue, subject to the limits under the ASX Listing Rules, further securities during the next 12 months without shareholder approval.

**2.4 RESOLUTION 4: APPROVAL OF ISSUE OF NEW SHARES TO MOTIF MICRO VENDORS**

The Company is seeking fresh approval for the issue of new shares to the Motif Micro vendors. The Company previously sought and received approval to issue these shares at the Annual General Meeting held on 13 May 2016. However as such shares were not issued within the time provided by the Listing Rules the Company is seeking fresh approval.

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**). The LOI closure date has by agreement between the parties been extended to 31 December 2016.

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

As part of the consideration for the acquisition of the Motif Micro Shares the Company must issue to the Motif Micro Vendors (in their relevant proportions) ordinary shares in the Company up to a value of \$4,184,684.21 (**MM Consideration Shares**).

The deemed issue price of the MM Consideration Shares is \$0.4085 per share. The total number of MM Consideration Shares to be issued to the Motif Micro Vendors is 10,244,025.

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

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

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

The following conditions precedent to the LOI 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;
- The execution of a sale and purchase agreement (**SPA**); and
- Approval of the YPB shareholders to the issue of MM Consideration Shares.

Completion of the LOI is scheduled to occur on or prior to 31 December 2016.

ASX Listing Rule 7.1 prohibits a company from issuing equity securities representing more than 15% of its issued share capital in any 12 month period without security holder approval. Security holder approval is sought for the issue of the MM Consideration Shares referred to in Resolution 4.

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 4 for the purposes of providing an approval under Listing Rule 7.1.

<b>Maximum number of Shares to be issued:</b>	10,244,025 ordinary shares
<b>Proposed date of Issue:</b>	All of the shares will be issued upon completion of the SPA, 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).
<b>Deemed price at which the Shares are to be issued:</b>	\$0.4085 per MM Consideration Share.
<b>Terms of securities:</b>	Fully paid ordinary shares which rank equally with the existing shares on issue.
<b>Persons to whom Shares are to be issued:</b>	Paul Bisso (5,122,013 MM Consideration Shares) Patrick Doyle (5,122,012 MM Consideration Shares)

<b>Intended use of funds raised:</b>	No cash will be received as the shares will be issued in consideration for the Motif Micro Shares from the Motif Micro Vendors.
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### **Directors' Recommendation**

The Board recommends that Shareholders vote in favour of Resolution 4 as it provides the Company with the flexibility to issue, subject to the limits under the ASX Listing Rules, further securities during the next 12 months without shareholder approval.

## **2.5 RESOLUTION 5: RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS**

### **General**

On 27 October 2016, the Company issued 280,000 Shares to an employee, Philipp Hoffmann, President YPB Connect, pursuant to his employment agreement. These shares were issued with 560,000 attaching options to acquire fully paid ordinary shares in the Company (**Options**). The Company has a policy of issuing securities to employees to attract employees to the Company, and assist with employee engagement, involvement and retention. In this instance Mr Hoffmann was awarded 1 Share and 2 Options for each Share he purchased on market in the first 12 months of his employment to a limit of US\$100,000 worth of Shares purchased Mr Hoffmann.

Resolution 5 seeks approval from Shareholders for this prior issue of Shares and Options to Mr Hoffmann, President YPB Connect, pursuant to his employment contract that occurred in the previous 12 month period and that has not already been approved by Shareholders for the purposes of Listing Rule 7.1. The Shares and Options were issued to Mr Hoffmann out of the Company's 15% annual placement capacity.

ASX Listing Rule 7.1 prohibits a company from issuing equity securities representing more than 15% of its issued share capital in any 12 month period without shareholder approval.

Under ASX Listing Rule 7.4 where a company in general meeting ratifies a previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying the issue of Shares and Options the subject of Resolution 5, the securities issued 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.

### **Resolution 5 – Required information under ASX Listing Rule 7.5**

<b>Name of the allottee:</b>	Philipp Hoffmann
<b>Number of securities that were allotted and issued:</b>	280,000 Shares 560,000 Options
<b>Deemed Price at which the securities were issued:</b>	\$0.1878 per Share \$nil per Option

## NOTICE OF GENERAL MEETING

<b>Terms of securities:</b>	Fully paid ordinary shares in accordance with Constitution which rank equally with the existing shares on issue.  The terms of the Options are set out below.
<b>Use (or intended use) of the funds raised:</b>	No Funds were raised from the issue of these Shares and Options. If the Options are exercised, the funds received will be applied towards the working capital requirements of the Company at that time.

The Options will be issued on the following terms:

Key Term	Detail
<b>Exercise Price</b>	The exercise price for the options is as follows: <i>a) 280,000 Options will have an exercise price of \$0.35; and</i> <i>b) 280,000 Options will have an exercise price of \$0.50.</i>
<b>Name of Allottees</b>	Philipp Hoffmann
<b>Option Fee</b>	Nil.
<b>Entitlement on exercise</b>	Each Option entitles Philipp Hoffmann to subscribe for one Share ( <b>New Share</b> ).
<b>Expiry Date</b>	The Options will expire on 27 October 2018.
<b>Period of exercise</b>	Options may be exercised at any time prior to the Expiry Date. Any Options not exercised by the Expiry Date will automatically lapse.
<b>How to exercise an Option</b>	To exercise, Philipp Hoffmann is required to deliver a duly completed notice of exercise, together with a bank cheque drawn on an Australian bank for the total Exercise Price or payment in cleared funds into a bank account nominated in advance by the Company, at any time prior to the Expiry Date.
<b>Issue of Shares</b>	Within 2 business days (being a day for which banks are open in New South Wales other than weekends or public holidays) after receipt of both a valid notice of exercise and receipt (or deemed receipt) of payment of the Exercise Price, the Company will issue the New Shares pursuant to the exercise of the Options.
<b>Minimum number of Options exercisable</b>	1,000
<b>Ranking</b>	New Shares issued on exercise of the Options will rank equally with all existing Shares and the Company will apply to the ASX for quotation of the New Shares issued upon exercise of the Options.
<b>Quotation</b>	The Options will not be quoted.
<b>Transferability</b>	The Options are not transferable.

## NOTICE OF GENERAL MEETING

<b>Reconstruction of capital</b>	If at any time the issued capital of the Company is reconstructed (including consolidation, subdivision, reduction or return), all rights of a holder of Options are to be changed to the extent necessary in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
<b>Participation in new issues</b>	There are no participation rights or entitlements inherent in the Options and holders of Options will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options without exercising the options. Holders of Options will be afforded the period of at least 9 Business Days prior to and inclusive of the record date (to determine entitlements to the new issue) to exercise their Options.
<b>Change in Exercise Price / number of underlying ordinary shares</b>	<p>If there is a bonus issue to shareholders, the number of ordinary shares over which an Option is exercisable may be increased by the number of shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.</p> <p>In the event that a pro rata issue (except a bonus issue) is made to shareholders, the Exercise Price of the Options may be reduced in accordance with ASX Listing Rule 6.22.</p>

**Directors' Recommendation**

The Board recommends that Shareholders vote in favour of Resolution 5 as it provides the Company with the flexibility to issue, subject to the limits under the ASX Listing Rules, further securities during the next 12 months without shareholder approval.

**2.6 RESOLUTION 6: RATIFICATION OF PRIOR ISSUE OF OPTIONS****General**

On 27 October 2016, the Company issued to an employee, Sheldon Brady, Director – ANZ & China, Strategic Alliances & Corporate Accounts, pursuant to his employment agreement 228,000 options to acquire fully paid ordinary shares in the Company (**Options**). The Company has a policy of issuing securities to employees to attract employees to the Company, and assist with employee engagement, involvement and retention. In this instance the Company has issued 2 Options to Mr Brady per share acquired on market in the first 12 months of his employment, up to a limit of AU\$100,000 worth of Shares purchased by Mr Brady.

Resolution 6 seeks approval from Shareholders for this prior issue of Options to Mr Brady, Director – ANZ & China, Strategic Alliances & Corporate Accounts, pursuant to his employment contract that occurred in the previous 12 month period and that has not already been approved by Shareholders for the purposes of Listing Rule 7.1. The Options were issued to Mr Brady out of the Company's 15% annual placement capacity

ASX Listing Rule 7.1 prohibits a company from issuing equity securities representing more than 15% of its issued share capital in any 12 month period without shareholder approval.

Under ASX Listing Rule 7.4 where a company in general meeting ratifies a previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.



## NOTICE OF GENERAL MEETING

By ratifying the issue of the Options the subject of Resolution 6, the Options issued 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.

**Resolution 6 – Required information under ASX Listing Rule 7.5**

<b>Name of the allottee:</b>	Sheldon Brady
<b>Number of securities that were allotted and issued:</b>	228,000 Options
<b>Deemed Price at which the securities were issued:</b>	\$nil per Option
<b>Terms of securities:</b>	The terms of the Options are set out below.
<b>Use (or intended use) of the funds raised:</b>	No Funds were raised from the issue of these Options. If the Options are exercised, the funds received will be applied towards the working capital requirements of the Company at that time.

The terms of the Options are as follows:

Key Term	Detail
<b>Exercise Price</b>	The exercise price for the Options is as follows: <i>a) 114,000 Options will have an exercise price of \$0.50; and</i> <i>b) 114,000 Options will have an exercise price of \$0.75.</i>
<b>Name of Allottees</b>	Sheldon Brady
<b>Option Fee</b>	Nil.
<b>Entitlement on exercise</b>	Each Option entitles Sheldon Brady to subscribe for one Share ( <b>New Share</b> ).
<b>Expiry Date</b>	The Options will expire on 27 April 2018
<b>Period of exercise</b>	Options may be exercised at any time prior to the Expiry Date. Any Options not exercised by the Expiry Date will automatically lapse.
<b>How to exercise an Option</b>	To exercise, Sheldon Brady is required to deliver a duly completed notice of exercise, together with a bank cheque drawn on an Australian bank for the total Exercise Price or payment in cleared funds into a bank account nominated in advance by the Company, at any time prior to the Expiry Date.
<b>Issue of Shares</b>	Within 2 business days (being a day for which banks are open in New South Wales other than weekends or public holidays) after receipt of both a valid notice of exercise and receipt (or deemed receipt) of payment of the Exercise Price, the

NOTICE OF GENERAL MEETING

	Company will issue the New Shares pursuant to the exercise of the Options.
<b>Minimum number of Options exercisable</b>	1,000
<b>Ranking</b>	New Shares issued on exercise of the options will rank equally with all existing Shares and the Company will apply to the ASX for quotation of the New Shares issued upon exercise of the Options.
<b>Quotation</b>	The Options will not be quoted.
<b>Transferability</b>	The Options are not transferable.
<b>Reconstruction of capital</b>	If at any time the issued capital of the Company is reconstructed (including consolidation, subdivision, reduction or return), all rights of a holder of Options are to be changed to the extent necessary in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
<b>Participation in new issues</b>	There are no participation rights or entitlements inherent in the Options and holders of Options will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options without exercising the options. Holders of Options will be afforded the period of at least 9 Business Days prior to and inclusive of the record date (to determine entitlements to the new issue) to exercise their Options.
<b>Change in Exercise Price / number of underlying ordinary shares</b>	<p>If there is a bonus issue to shareholders, the number of ordinary shares over which an Option is exercisable may be increased by the number of shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.</p> <p>In the event that a pro rata issue (except a bonus issue) is made to shareholders, the Exercise Price of the Options may be reduced in accordance with ASX Listing Rule 6.22.</p>

**Directors' Recommendation**

The Board recommends that Shareholders vote in favour of Resolution 6 as it provides the Company with the flexibility to issue, subject to the limits under the ASX Listing Rules, further securities during the next 12 months without shareholder approval.

### 3. GLOSSARY

**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).

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

**Explanatory Memorandum** means the explanatory memorandum accompanying the Notice.

**General Meeting** means the meeting convened by the Notice.

**Listing Rule** means a Listing Rule of ASX.

**Markoff** means Ack Pty Ltd ATF The Markoff Superannuation Fund No.2.

**New Options** has the meaning set out in section 2.3.1.

**Notice** means the Notice of Meeting accompanying this Explanatory Memorandum.

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

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

**SPA** means sale and purchase agreement.

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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 AEDT on Wednesday 7 December 2016.**

### 🖥 TO VOTE ONLINE

- STEP 1: VISIT [www.votingonline.com.au/ypbgmdec2016](http://www.votingonline.com.au/ypbgmdec2016)
- 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 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 by **11:00am AEDT on Wednesday 7 December 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/ypbgmdec2016](http://www.votingonline.com.au/ypbgmdec2016)

📠 **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 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 General Meeting of the Company to be held at **Level 29, 66 Goulburn Street, Sydney NSW on Friday 9 December 2016 at 11:00am 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.

**The Chair of the Meeting will vote all undirected proxies in favour of all Items of business.** 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	Ratification Of Prior Issue Of Shares (16,000,000)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification Of Prior Issue Of Shares (200,000) AND Options (400,000)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval Of Issue Of Securities To Ack Pty Ltd ATF The Markoff Superannuation Fund No. 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval Of Issue Of New Shares To Motif Micro Vendors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification Of Prior Issue Of Shares (280,000) AND Options (560,000)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Ratification Of Prior Issue Of Options (228,000)	<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

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2016