



## **Notice of General Meeting & Explanatory Statement**

# 99 Loyalty Limited ARBN 164 764 729 and Hong Kong Number 1903220

To be held at: Level 3, No. 763 Mengzi Road, Huangpu District, Shanghai, China

**To be held on:** Wednesday, 23 November 2022

**Commencing:** 2:00pm (Sydney, Australia time) / 11:00am (Hong Kong time)

The General Meeting will be held physically at the time and location detailed above. The Company will also broadcast the General Meeting live online for those Shareholders/CDI Holders who choose not to, or unable to, attend the General Meeting in person. This will allow CDI Holders/Shareholders to listen and observe the proceedings but not participate in the General Meeting or vote on any resolutions during the General Meeting.

## **Important Information**

This Notice of General Meeting and Explanatory Statement should be read in their entirety. If Shareholders and CDI Holders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

## Important dates

Deadline for lodgement of CDI Voting Instruction Form for the General Meeting	2:00pm (Sydney, Australia time) / 11:00am (Hong Kong time) on Sunday, 20 November 2022
Deadline for lodgement of Proxy Forms for the General Meeting	2:00pm (Sydney, Australia time) / 11:00am (Hong Kong time) on Sunday, 20 November 2022
Record date for determining eligibility to vote at the General Meeting	7:00pm (Sydney, Australia time) / 5:00pm (Hong Kong time) on Monday, 21 November 2022
General Meeting	2:00pm (Sydney, Australia time) / 11:00am (Hong Kong time) on Wednesday, 23 November 2022

<sup>\*</sup>Dates are indicative only and subject to change. The occurrence of milestones after the General Meeting are conditional on the passing of the Resolutions at the General Meeting.

## Letter from the Chairman

Dear Shareholders and CDI Holders,

We are pleased to invite you to the general meeting (**General Meeting**) of 99 Loyalty Limited (**99 Loyalty** or the **Company**).

The General Meeting will be held at Level 3, No. 763 Mengzi Road, Huangpu District, Shanghai, China, on Wednesday, 23 November 2022 at 2:00pm (Sydney, Australia time) / 11:00am (Hong Kong time).

The Company will also broadcast the General Meeting live online for those Shareholders/CDI Holders who choose not to, or are unable to, attend the General Meeting in person. This will allow CDI Holders/Shareholders to listen and observe the proceedings but not participate in the General Meeting or vote on any resolutions during the General Meeting.

The Resolution will be decided on a poll. The poll will be based on votes made in person, proxy votes and votes made by returning the completed CDI Voting Instruction Form at the address shown on the CDI Voting Instruction Form not less than 72 hours before the time fixed for the Meeting or an adjournment thereof, being no later than 2:00pm (Sydney, Australia time) / 11:00am (Hong Kong time) on Sunday, 20 November 2022.

## **Background to the Resolutions**

Following the Company's formal request to the ASX to be removed from the Official List, the ASX confirmed on 7 October 2022 that it agreed to remove 99 Loyalty from the Official List subject to certain conditions being satisfied (the **Delisting**). The Delisting would mean that the Company's CDIs would no longer be quoted on the ASX.

One of the conditions imposed on the Company is that the Delisting be approved by a special resolution of the CDI Holders/Shareholders of the Company. The reason for the Company holding this General Meeting is to put forward the Delisting for CDI Holder/Shareholder approval.

### **Purpose of General Meeting**

The purpose of this General Meeting is to consider and vote on a Resolution for the removal of the Company from the ASX Official List (the **Resolution**).

## **Contents of this Notice of Meeting**

This General Meeting seeks the consent of CDI Holders/Shareholders for the Resolution detailed above.

All Directors entitled to make a recommendation in respect of a particular Resolution, recommend that you vote in favour of adopting that Resolution.

With respect to the General Meeting, this booklet contains the following:

- the Notice of Meeting for the General Meeting which contains information about the business to be conducted at the General Meeting, including the Resolution to be put to the General Meeting (see Section B);
- information explaining the business to be conducted at the General Meeting (see the Explanatory Statement at Section D); and
- how to vote or appoint a proxy to vote on the Resolution to be passed at the General Meeting (see Section C).

Please read the whole of this booklet carefully as it provides important information on the General Meeting, items of business and the Resolution that you, as a CDI Holder/Shareholder, are being asked to vote on.

## Questions

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the contact the Delisting Co Ordination Manager, Frank Jiang, by email at fjiang@investorlink.com.au. Alternatively, you should consult your licensed financial adviser, stockbroker or other professional adviser.

If you have any questions in regards to your holding in CDIs/Shares or other share registry matters, please consult Automic on 1300 288 664 (from within Australia) and +61 9698 5414 (from outside Australia). We look forward to the participation of all CDI Holders/Shareholders at the General Meeting on Wednesday, 23 November 2022.

Yours faithfully

Ross Benson 99 Loyalty Limited

## Section A - Glossary

\$	Australian dollars.
AEST	Australian Eastern Standard Time.
Articles of Association	The memorandum of association and the articles of association of the Company.
ASIC	The Australian Securities & Investments Commission.
Associate	Has the meaning given to that term in section 12 of the Corporations Act.
ASX	The Australian Securities Exchange operated by ASX Limited.
ASX Listing Rules	The Listing Rules of the ASX.
Board	The board of directors of the Company.
Business Day	Monday to Friday inclusive, except any day that the ASX declares is not a business day.
CDI	Fully paid CHESS Depositary Interest issued by the Company and representing the beneficial ownership of one Share and <b>Chess Depositary Interests</b> or <b>CDIs</b> means more than one.
CDI Holders	A holder of one or more CDIs.
CDI Holder Letter	A letter containing important information about the holding of CDIs and the Delisting process.
CDI Voting Instruction Form	The voting instruction form accompanying this Notice of Meeting.
Companies Ordinance	Companies Ordinance (Chapter 622, Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time.
Company or 99 Loyalty	99 Loyalty Limited ARBN 164 764 729 and Hong Kong Company Number 1903220
Chairman	The chair of the General Meeting.
Corporations Act	The Corporations Act 2001 (Cth) for the time being in force together with the Corporations Regulations 2001 (Cth).
Delisting	Has the meaning given to that term in paragraph 1.1 of the Explanatory Statement.
Directors	The directors of the Company.
<b>Explanatory Statement</b>	The information set out in <b>Section D</b> of this Notice of Meeting.
General Meeting	The meeting of Shareholders convened by this Notice of Meeting.
Glossary	The glossary contained in this <b>Section A</b> to this Notice of Meeting.
Location	Level 3, No. 763 Mengzi Road, Huangpu District, Shanghai, China
NASDAQ	The NASDAQ securities exchange, being the National Association of Securities Dealers Automated Quotation.
Notice of General Meeting	The notice of General Meeting set out in <b>Section B</b> of this Notice of Meeting.
Notice of Meeting	This notice of meeting including the Notice of General Meeting, Explanatory Statement and the Schedules, the Appendices, the CDI Voting Instruction Form and the Proxy Form.
Proxy Form	The proxy form accompanying this Notice of Meeting.
Resolution	The resolution set out in this Notice of Meeting.
Section	A section of this Notice of Meeting.
Share	A fully paid ordinary share in the Company and <b>Shares</b> means more than one.
Shareholder	A holder of one or more Shares.
SPAC	A special purpose acquisition company.

## Section B - Notice of General Meeting

## Time and place

Notice is hereby given that the General Meeting will be held as follows:

Location: Level 3, No. 763 Mengzi Road, Huangpu District, Shanghai, China

Commencing at: 2:00pm (Sydney, Australia time) / 11:00am (Hong Kong time) on Wednesday,

23 November 2022

The Company intends to hold a physical only General Meeting.

The Company will also broadcast the General Meeting live online for those Shareholders/CDI Holders who choose not to, or are unable to, attend the General Meeting in person. This will allow CDI Holders/Shareholders to listen and observe the proceedings but not participate in the General Meeting or vote on any resolutions during the General Meeting.

If you would like to view the live stream, please register your interest via the link: https://us02web.zoom.us/webinar/register/WN 3J-FEUPYTDaG2gmVaZWLWA

The CDI Holders/Shareholders, who elect to attend the General Meeting online, are reminded to return the CDI Voting Instruction Form or lodge its proxy form no later than 2:00pm (Sydney, Australia time) / 11:00am (Hong Kong time) on Sunday, 20 November 2022 since they may only listen and observe the General Meeting.

### **Explanatory Statement**

The Explanatory Statement which accompanies and forms part of this Notice of General Meeting describes the matters to be considered at the General Meeting.

#### **Defined terms**

Terms used in this Notice of General Meeting have the meaning given to them in the Glossary in **Section A** of this Notice of Meeting in which this Notice of General Meeting is contained.

## SPECIAL BUSINESS

## Resolution 1: Approval for the Removal of the Company from the ASX Official List

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

"That, for the purposes of ASX Listing Rule 17.11, and for all other purposes, the Company be removed from the Official List of the ASX on a date to be decided by ASX and that the Directors be authorised to do all things reasonably necessary for the removal of the Company from the Official List of the ASX"

### **Short explanation**

ASX Listing Rule 17.11 provides that the ASX may at any time remove an entity from the Official List at the request of the entity. The ASX is not obligated to act on an entity's request to be removed from the Official List, or the ASX may require certain conditions to be satisfied before the ASX will act on the request.

The ASX has approved 99 Loyalty's request to be removed from the Official List, subject to the conditions detailed in paragraph 1.3 being satisfied, one of which include the approval by a special resolution of securityholders.

## OTHER BUSINESS

To transact any other business which may be brought forward in accordance with the Articles of Association.

## Section C - How to vote

## 1. How to vote

If you are entitled to vote at the General Meeting, you may vote by attending the General Meeting in person, by lodging a CDI Voting Instruction Form or by attending the General Meeting by proxy.

## 2. Your vote is important

The business of the General Meeting affects your shareholding and your vote is important.

## 3. Voting in person

CDI Holders/Shareholders may attend the General Meeting in person. Shareholders and CDI Holders who wish to vote in person should attend the General Meeting at the Location at 2:00pm (Sydney, Australia time) / 11:00am (Hong Kong time) on Wednesday, 23 November 2022.

## 4. Proxy voting by holder of Shares

Shareholders who are unable to attend the General Meeting are requested to complete, sign, date and return the Proxy Form.

A proxy will not be valid unless it is deposited by mail to the office of the Company (27/F, Alexandra House, 18 Chater Road, Central, Hong Kong) or by fax (fax number (852) 2803 3608) by no later than 2:00pm (Sydney, Australia time) / 11:00am (Hong Kong time) on Sunday, 20 November 2022. Any Proxy Form received after that time will be invalid.

## 5. Direct voting by holder of CDIs

CDI Holders may complete, sign and return the enclosed CDI Voting Instruction Form by mail to Automic, the Company's Registry, at GPO Box 5193, Sydney NSW 2001 or by email to meetings@automicgroup.com.au in order to direct CHESS Depositary Nominees Pty Ltd. ("CDN") to vote the relevant underlying Shares on his or her behalf or may instruct CDN to appoint such CDI Holder or his or her nominee as proxy to vote the Shares underlying the CDIs in person at the General Meeting.

In either case, the CDI Voting Instruction Form needs to be received at the address shown on the form before the time fixed for the General Meeting or an adjournment thereof, being no later than 2:00pm (Sydney, Australia time) / 11:00am (Hong Kong time) on Sunday, 20 November 2022. Any CDI Voting Instruction Form received after that time will be invalid.

The CDI voting instruction can be lodged online by visiting https://automic.com.au.

## 6. Eligibility to vote

The Directors have determined that the shareholding of each Shareholder for the purposes of ascertaining the voting entitlements for the General Meeting and CDI holding of CDI Holders will be taken to be held by the persons who are registered as members at 7:00pm (Sydney, Australia Time) / 5:00pm (Hong Kong Time) on Monday, 21 November 2022. Accordingly

transfers registered after that time will be disregarded in determining members entitled to attend and vote at the General Meeting.

## 7. Voting procedure – on a poll

The Resolution will be decided on a poll. The poll will be based on votes made in person, proxy votes and votes made by returning the completed CDI Voting Instruction Form at the address shown on the CDI Voting Instruction Form not less than 72 hours before the time fixed for the General Meeting or an adjournment thereof, being no later than 2:00pm (Sydney, Australia time) / 11:00am (Hong Kong time) on Sunday, 20 November 2022.

## 8. Enquiries

For all enquiries, please contact the Delisting Co Ordination Manager, Frank Jiang, by email at fjiang@investorlink.com.au.

## Section D - Explanatory Statement

This Explanatory Statement forms part of the Notice of General Meeting convening the General Meeting of Shareholders of the Company to be held commencing at 2:00pm (Sydney, Australia time) / 11:00am (Hong Kong time) on Wednesday, 23 November 2022, at Level 3, No. 763 Mengzi Road, Huangpu District, Shanghai, China.

Refer to Section C for details on how to attend and vote at the General Meeting.

This Explanatory Statement is to be read in conjunction with the Notice of General Meeting.

## **Purpose**

The purpose of this Explanatory Statement is to provide information which the Board believes is material to CDI Holders/Shareholders in deciding whether or not to pass the Resolution to be put forward in the General Meeting.

The Directors recommend CDI Holders/Shareholders to read the Notice of General Meeting and this Explanatory Statement in full before making any decisions relating to the Resolution contained in the Notice of General Meeting.

#### **Defined terms**

Terms used in this Explanatory Statement have the meaning given to them in the Glossary in **Section A** of this Notice of Meeting in which this Explanatory Statement is contained.

## **GENERAL INFORMATION**

## 1 Resolution 1 – Approval for the Removal of the Company from the ASX Official List

## 1.1 Background

The Company made an application to the ASX under ASX Listing Rule 17.11 for the removal of the Company from the Official List of the ASX (**Delisting**).

On 7 October 2022, the ASX confirmed that it agrees to remove 99 Loyalty from the Official List, subject to 99 Loyalty complying certain conditions. As is its usual practice, ASX has imposed a condition (among others) under ASX Listing Rule 17.11 and Guidance Note 33 'Removal of Entities from the ASX Official List', that the Delisting be approved by a special resolution of the CDI Holders/Shareholders of the Company (ASX Delisting Approval).

The conditions of the ASX Delisting Approval are contained in paragraph 1.3.

Resolution 1 seeks the approval from the CDI Holders/Shareholders to the Delisting under and for the purposes of the ASX Listing Rules.

If the Resolution is passed, the Company will be able to proceed with the Delisting.

If the Resolution is not passed, unless a subsequent proposed delisting is approved by CDI Holders/Shareholders or the ASX determines that the Company should no longer be listed, the Delisting will not proceed and the Company would remain listed on the ASX.

## 1.2 ASX Listing Rule 17.11

ASX Listing Rule 17.11 provides that the ASX may at any time remove an entity from the Official List at the request of the entity. The ASX is not obligated to act on an entity's request to be removed from the Official List, or the ASX may require certain conditions to be satisfied before the ASX will act on the request.

The ASX has approved 99 Loyalty's request to be removed from the Official List, subject to the conditions detailed in paragraph 1.3 being satisfied.

## 1.3 ASX Conditions for the ASX Delisting Approval

On 7 October 2022, the ASX confirmed that it agrees to remove 99 Loyalty from the Official List, subject to the Company complying certain conditions. These conditions are as follows:

- (a) the Company's removal from the Official List of ASX is approved by special resolution of the CDI Holders/Shareholders of the Company.
- (b) the removal of the Company from the Official List of ASX not to take place any earlier than one month after CDI Holders/Shareholders approval has been obtained.
- (c) the notice of meeting seeking CDI Holders/Shareholders approval for the Company's removal from the official list of ASX ("Notice") must include, in form and substance satisfactory to ASX, setting out:
  - (i) a timetable of key dates, including the time and date at which the Company will be removed from ASX if that approval is given;
  - (ii) that if the CDI Holders/Shareholders wish to sell their securities on the ASX, they will need to do so before the Company is removed from the Official List;
  - (iii) the steps holders must take to convert their CDIs to the underlying securities, if that is what they wish to do;
  - (iv) the steps that will be taken by CHESS Depositary Nominee if holders do not convert their CDIs to the underlying securities by the nominated date;
  - details of the processes that will exist after the Company is removed from the Official List to allow holders to dispose of their holdings and how they can access those processes;
  - (vi) include the information prescribed in section 2.11 of ASX Guidance Note 33;
- (d) the Company releases the full terms of this decision to the market upon making a formal application to ASX to remove the Company from the official list of ASX.

#### (together the **Delisting Conditions**)

The Company intends to comply in full with these Delisting Conditions.

### 1.4 Timing for Delisting and Indicative Timetable

In accordance with ASX Guidance Note 33, the ASX imposed a condition that the Delisting not take place any earlier than one month after security holder approval has been obtained.

It is proposed that the Delisting will occur on close of trading, on Friday, 30 December 2022, subject to approval by the security holders at the Meeting.

The indicative timetable for the proposed Delisting is as follows:

DATE	ACTION
13 October 2022	Announce intention to be removed from the Official List of the ASX
1 November 2022	Despatch Notice of Meeting seeking approval for the Delisting.
1 November 2022	CDI Holder Letter to be sent to Shareholders.

21 November 2022	Record date for determining eligibility to vote on the Resolution.
23 November 2022	General Meeting to consider the Resolution seeking Shareholders' approval for the Delisting of the Company from the Official List of the ASX.
23 November 2022	Results from the General Meeting to be announced on the ASX.
23 December 2022	Shares are suspended from trading on the Official List of the ASX ( <b>Suspension Date</b> ) and the last date for CDI Holders to elect to convert CDIs into Shares.
30 December 2022 at 4:00p.m AEST	Anticipated delisting of the Company from the Official List of the ASX (subject to Shareholders approving the Resolution) ( <b>Delisting Date</b> ).
30 December 2022	Commencement of the process for the Mandatory conversion of CDIs into Shares.

The above dates are subject to change and are indicative only. The Company and the ASX may vary the dates and times, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. The Company will inform security holders of any changes to the indicative timetable by market announcement made via the ASX announcements platform.

The Delisting Date is not earlier than one month after the date that CDI Holder/Shareholder approval would be given.

Shareholders will be able to continue to trade Shares on the ASX from 13 October 2022, being the date of the announcement on the ASX of the Company's proposed Delisting, to the Suspension Date. This gives Shareholders more than two months to trade their Shares on the ASX.

## 1.5 Reasons for Delisting

The key reasons why the Company is seeking to be removed from the Official List of the ASX at this time are as follows:

(a) **Valuation:** The CDI price of 99 Loyalty is A\$0.027 per CDI (based on the trading price of CDIs at 12 September 2022).

The Board considers that the current trading price of the Company's CDIs in recent years implies a valuation that has been (and remains) consistently and materially lower than the valuations of unlisted and listed companies of a comparable nature and scale of 99 Loyalty in Australia and other capital markets. The Company considers participation in the Insurtech segment will attract a more favourable valuation on NASDAQ.

- (b) **Liquidity**: Stock liquidity remains low, which the Board considers is a function of the Australian market sentiment towards the Company and Chinese listed stocks on the ASX. The Board considers the liquidity of 99 Loyalty's CDIs will not change in the near future. The Board has the expectation that stock liquidity will improve on the NASDAQ compared to the ASX due to the increased universe of technology focused investors.
- (c) Australian market sentiment: The negative perception towards Chinese listed stocks will continue to remain a significant impediment towards recognition of fair market value and prospective capital raisings irrespective of 99 Loyalty's business performance. Naturally, this factor may impact listed stocks in any jurisdictions however the Board consider this negative sentiment from the investors in the Australian market is more prevalent than the US market.

## (d) Growth capital requirements:

- (i) Raising growth capital whilst listed on the ASX, will impose a significant dilutionary cost on non-participating Shareholders. Based on the current market capitalisation, a capital raise from a single investor in excess of approximately AUD5.5million would trigger a control transaction which provides a deterrent to larger investors.
- (ii) Alternate debt and equity financing have been sourced without any prospect of obtaining either whilst remaining an ASX listed entity. Based on Board discussions with potential funders it has become apparent there are more China based alternatives available to the Company if listed on an alternate exchange or in a private company structure.
- (iii) Given the main business activities of 99 Loyalty are in China, the Company has also sought debt and/or equity financing in the Chinese market. Domestic funding in the Chinese market is provided preferentially to Chinese domestic and HK listed entities and to Chinese private companies. Government initiatives provide Chinese domestic Banks with incentives to fund debt facilities to China listed or China domestic private companies.
- (iv) Debt and/or equity financing options in China are significantly hampered by the Australian market capitalisation of 99 Loyalty. This dynamic has provided a competitive funding advantage to its competitors in the market.
- (v) The Board believes 99 Loyalty has an industry leading and experienced team with the latest internet technology, intelligent operating systems, numerous technical patents, and a best-in-class risk control program. The Company is focused on the opportunities available for growth in the Chinese digital economy and considers the growth trajectory of the business will require access to growth funding in order to protect the interests of all holders.
- (e) **Costs of remaining listed on the ASX:** The ongoing administrative, compliance and direct costs associated with the Company's ASX listing are disproportionate to the benefits of remaining an ASX listed security. The Board is of the view that the costs of being listed on any exchange should be assessed in direct relation to the ability of the Company to raise growth capital whilst listed on that particular exchange.
- (f) Returning value to CDI Holders: The Board considers it has two key priorities:
  - (i) Protect the interests of all Shareholders and CDI Holders and ensure the business can access funding to survive and grow to build CDI/Shareholder value; and
  - (ii) To ensure that the funding pathway can provide Shareholders and CDI Holders with the prospect of a liquidity event at a fair market value.

On the basis of the above, after considering the key reasons for the Delisting and stated objectives set out above, the Board considers the best option for current holders is to proceed with the engagement of a special purpose acquisition company (**SPAC**) process to seek admission to the NASDAQ.

## 1.6 The SPAC process

On 13 October 2022, the Company entered into an engagement letter (**Engagement Letter**) with the Balloch (Holding) Group (**Balloch**) pursuant to which Balloch is to act as the sole financial advisor in connection with the proposed NASDAQ transaction of 99 Loyalty through a SPAC merger.

The condition precedent for the commencement of the SPAC process is the requirement that 99 Loyalty is delisted from the ASX. In the event the Company is not delisted from the ASX within 120 days from the execution date of the Engagement Letter, the engagement will terminate.

Balloch's role is to:

- engage a SPAC corporate vehicle for the specific purposes of merging 99 Loyalty, which has raised equity growth capital of a minimum of USD50m; and
- (b) advise 99 Loyalty in negotiations with the SPAC with the intention that current 99 Loyalty CDI Holders maintain ownership in the merged SPAC vehicle of circa 70% on a fully diluted post merger basis.

From a process standpoint the following provides further detail regarding the SPAC pathway to NASDAQ listing.

- (a) Step 1 99 Loyalty is delisted from the ASX.
- (b) Step 2 All CDIs held by the approximately 1,500 CDI Holders to be shunted back to Shares in 99 Loyalty, such that 99 Loyalty will have approximately 1,500 Shareholders;
- (c) Step 3 99 Loyalty to complete a Hong Kong scheme of arrangement under Part 13 Division 2 of the Companies Ordinance such that all Shares in 99 Loyalty held by the approximately 1,500 Shareholders are transferred to a newly incorporated entity (an entity registered in the Cayman Islands) (99 Loyalty Parent) in consideration for Shares in 99 Loyalty Parent.
- (d) Step 4 A SPAC is incorporated in Delaware (SPAC (Delaware)) as the 100% parent company of a Cayman Island registered public company (Public Co). Public Co owns 100% of the issued share capital in an entity 'MergSub';
- (e) **Step 5** The holders of Shares in 99 Loyalty Parent will transfer all of their Shares in 99 Loyalty Parent in consideration for Shares in Public Co.
- (f) **Step 6** Public Co will then seek admission to the official list of the NASDAQ. On completion of Step 6, the SPAC (Delaware) is de-registered.

Subject to the completion of the steps detailed above, 99 Loyalty will retain a minimum of two (2) current Australian resident Directors of 99 Loyalty to be appointed to the Board of 99 Loyalty Parent to oversee the process of NASDAQ listing.

It is anticipated that the above steps will be completed within 10 months from the engagement date with Balloch.

## 1.7 Advantages of Delisting

The key advantages of the Delisting are as follows:

- (a) provides a more definitive path to achieve growth funding for the business; and
- (b) provides current holders with a higher probability of achieving a liquidity event at a reasonable valuation on NASDAQ.

## 1.8 Disadvantages of Delisting

The Board has considered the potential disadvantages and risks associated with the Delisting, which include the following:

(a) CDI Holders/Shareholders will no longer have the ability to sell their Shares and CDIs on the ASX: After 99 Loyalty is removed from the Official List of the ASX, the Company's Shares and CDIs will no longer be quoted on the ASX and the security holders will be unable to trade their Shares and CDIs. After the Delisting, 99 Loyalty's Shares will only be capable of sale via off-market private transactions which will require the Company's Shareholders to identify and agree terms with potential purchasers of the Company's shares in accordance with the Company's Articles of Association and the Companies Ordinance (Chapter 622, Laws of Hong Kong).

- (b) **Raising Capital:** After the Company is removed from the official list of ASX, the Company will no longer be able to raise capital from the issue of securities to the public by means of limited disclosure fundraising documents.
- (c) Regulation under ASX Listing Rules: The ASX Listing Rules will no longer apply to 99 Loyalty and shareholder protections contained in the ASX Listing Rules will no longer apply. This may include relief for the Company from some reporting and disclosure requirements, removal of certain restrictions on the issue of new securities, from the rules relating to participation in related party transactions and requirements to comply with the ASX Corporate Governance Principles and Recommendations. The absence of the protections contained in the ASX Listing Rules and the lack of restrictions in certain areas may be perceived to be a disadvantage by some CDI Holders/Shareholders, especially minority CDI Holders/Shareholders.

## 1.9 Consequences of Delisting

The Board considers that some of the key consequences for 99 Loyalty and its CDI Holders/Shareholders if the Company is removed from the Official List include:

- (a) the Company's CDIs will no longer be quoted on and traded on the ASX;
- (b) the Company's Shares will only be capable of sale via off-market private transactions which will require the Company's Shareholders to identify and agree terms with potential purchasers of the Company's shares in accordance with the Company's Articles of Association and the Companies Ordinance;
- (c) whilst the Company is an unlisted public company, the Company will no longer be able to raise capital from the issue of securities to the public by means of limited disclosure fundraising documents;
- (d) the Company will remain as a public company under the Companies Ordinance as either one of the following conditions are met:
  - (i) the Company has more than 50 shareholders (including but not limited to CDI Holders); or
  - (ii) the Company's articles of association do not (a) restrict the transferability of the shares by members; or (2) prohibit any invitation to the public to subscribe for any shares or debentures of the Company,

Under such circumstances, the Company will remain subject to The Codes on Takeovers and Mergers and Share Buy-back regulated by the Securities and Futures Commission of Hong Kong;

- (e) given 99 Loyalty is a company incorporated and registered under Hong Kong law, following the Delisting, continuous disclosure obligations under ASX Listing Rules will no longer apply to 99 Loyalty, but it will remain to be subject to the annual filing requirements under the Companies Ordinance which include the filing of annual return and the Company's financial statements (including directors' report and auditors' report) to the Companies Registry in Hong Kong. Further, apart from keeping a register of members, the Companies Ordinance requires the Company to maintain a significant controllers register to be accessible by law enforcement officers upon demand. The Company will continue to disclose to Shareholders of material matters on the Company's website;
- (f) a reduction of obligations associated with a listing on ASX, which may include relief from some reporting and disclosure requirements, removal of restrictions on the issue of CDIs by the Company and requirements concerning significant changes to the Company's activities;
- (g) the Company's Articles of Association and, therefore, Shareholders' rights under the Articles of Association will remain unchanged immediately following the Delisting, such that Shareholders will continue to have the right to:

- (i) receive notices of meetings and other notices issued by the Company;
- (ii) exercise voting rights attached to shares; and
- (iii) receive dividends payable by the Company from time to time;
- (h) following completion of the SPAC listing (and the process described in paragraph 1.6), current CDI holders will hold NASDAQ listed ordinary shares in a parent company of the Company which reflects the current pro-rata ownership diluted by the equity capital raising and Balloch ownership dilution.

## 1.10 Consequences if Delisting Resolution is not passed

If the Resolution is not passed, unless a subsequent proposed delisting is approved by CDI Holders/Shareholders or the ASX determines that the Company should no longer be listed, the Delisting will not proceed and the Company would remain listed on the ASX.

## 1.11 Options for CDI Holders on Delisting

Given 99 Loyalty has CDIs that are listed on the ASX, all CDI Holders will receive a letter (accompanying this Notice of Meeting) which provides three options:

## (a) Option 1 – Sell your CDIs on the ASX before the Suspension Date (on or before 23 December 2022)

- (i) CDI Holders can sell their CDIs on the ASX prior to close of trading on the Suspension Date by contacting their stockbroker or financial advisor who can arrange the sale;
- (ii) if a CDI Holder elects to sell their CDIs on the ASX prior to the Suspension Date, they will be responsible for any costs associated with the sale of the CDIs as is customary, including any broker commission; and
- (iii) after the Suspension Date, CDI Holders will not be able to sell their CDIs on the ASX.

## (b) Option 2 – Elect to convert your CDIs into Shares (on or before 23 December 2022)

- (i) On or before 23 December 2022, CDI Holders have the right to convert their CDIs into the underlying Shares at the rate of (1) CDI to (1) Share;
- (ii) CDI Holders will need to complete the CDI Cancellation Australia to Hong Kong Request Form (**CDI Cancellation Request Form**) and submit the form to Automic Australia at <a href="mailto:crossborder@automicgroup.com.au">crossborder@automicgroup.com.au</a>.
- (iii) The CDI Cancellation Request Form is available at https://web.automic.com.au/er/public/api/documents/99L?fileName=99L\_Rem oval\_Form.pdf; and
- (iv) The Hong Kong Registry will also require a signed (wet ink) Instrument of Transfer. This will be sent to you directly in the event you provide a CDI Cancellation Request Form.
- (v) Following conversion of the CDIs, the Shares will be held on 99 Loyalty's Hong Kong share register.

## (c) Option 3 – Do nothing – Mandatory Conversion to Shares (on or after 30 December 2022)

CDI Holders may choose to do nothing in which case, on or after 30 December 2022 the CDIs will be converted to Shares on the Hong Kong share register and a share certificate will be issued and mailed to the name and address that the CDIs were registered in.

If for any reason the registration is unable to be completed, the Shares will be sold and the net proceeds of the sale will be remitted to the former CDI Holder, or if they are not able to be located, the proceeds will be dealt with in accordance with applicable unclaimed money laws.

## 1.12 Remedies available to CDI Holders/Shareholders

If a CDI Holder/Shareholder of the Company considers the proposed Delisting to be unfairly prejudicial to the interests of a CDI Holder/Shareholder or CDI Holders/Shareholders, the CDI Holder/Shareholder may apply to the Court for an order under section 725 of the Companies Ordinance (equivalent law to section 233 of the Corporations Act 2001), pursuant to which, the Court can make any order that it thinks fit for giving relief, including but not limited to:

- (a) an order restraining the continuance of the Delisting;
- (b) an order appointing a manager for the Company's business; or
- (c) an order that the Company be wound up on the basis of just and equitable pursuant to section 177(1)(f) of the Companies (Winding Up and Miscellaneous Provisions)
  Ordinance (Chapter 32, Laws of Hong Kong).

### 1.13 Recommendation and voting requirements

The Board unanimously recommends that CDI Holders/Shareholders vote in favour of Resolution 1.

The Chair of the General Meeting intends to vote undirected proxies in favour of Resolution 1.