

Byte Power Group Limited ABN 80 009 268 571

Notice of Annual General Meeting and Explanatory Memorandum

Date of Meeting: Friday 5 November 2021

Time of Meeting: 3 pm (Brisbane time)

Place of Meeting: Hopgood Ganim Lawyers, Level 8, Waterfront Place, 1 Eagle Street, Brisbane

Notice of Annual General Meeting

Notice is given that an Annual General Meeting of shareholders of Byte Power Group Limited ABN 80 009 268 571 (**Company**) will be held at the offices of Hopgood Ganim Lawyers, Level 8, Waterfront Place, 1 Eagle Street, Brisbane, Friday 5 November 2021 at 3 pm (Brisbane time).

Agenda

Ordinary business

1. Financial Reports

To receive and consider the Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cashflow and notes to and forming part of the accounts for the Company and its controlled entities for the financial year ended 30 June 2020.

Note: There is no vote on this item.

2. Resolution 1 - Re-election of Yano Lim as a director

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

"That Yano Lim, who retires by rotation in accordance with Rule 38.3 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."

3. Resolution 2 – Remuneration Report

To consider and, if thought fit, pass the following non-binding Ordinary Resolution:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the year ended 30 June 2020 (as set out in the Directors Report) is adopted."

Non-binding Resolution

Resolution 2 shall be determined as if it was an Ordinary Resolution but under section 205R(3) of the Corporations Act, the vote is advisory only and does not bind the Directors of the Company. The Directors 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.

Voting Restriction pursuant to section 250R(4) of the Corporations Act

Terms used in this Notice of Meeting are defined in the Interpretation section of the accompanying Explanatory Memorandum (Section 10). A vote on Resolution 2 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel (**KMP**) details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of a KMP.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

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Voting Restriction pursuant to section 250R(4) of the Corporations Act (continued)

However, a vote may be cast on Resolution 2 by a KMP or a Closely Related Party of a KMP, if:

- (a) the KMP or a Closely Related Party of a KMP does so as a proxy; and
- (b) the vote is not cast on behalf of a member of the KMP details of whose remuneration are included in the Remuneration Report or a Closely Related Party of a KMP; and
- (c) either:
 - (1) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
 - (2) the proxy is the chair of the Meeting and the appointment of the chair as proxy:
 - (A) does not specify the way the proxy is to vote on the resolution; and
 - (B) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company or, if the Company is part of a consolidated entity, for the entity.

Shareholders should be aware that any undirected proxies given to the chair will be cast by the chair and counted in favour of Resolution 2, subject to compliance with the Corporations Act.

4. Resolution 3 - Approval for issue of shares in BPX-S to Alvin Phua under Chapter 2E of the Corporations Act

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

“That, for the purposes of Chapter 2E of the Corporations Act 2001, and for all other purposes, approval be given for the BPX-S, a subsidiary of the Company, with effect from the passing of this Resolution 3, to issue 7,800 fully paid ordinary shares in the Company to Alvin Phua.”

Voting Prohibition statement – section 224 of the Corporations Act

For the purposes of section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of:

- Alvin Phua, a director of the Company; and
- any associate of the persons referred to above.

However, this does not prevent the casting of a vote on this Resolution if:

- it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution; and
- it is not cast on behalf of a person referred to in sub-paragraphs (a) and (b) directly above.

5. Resolution 4 – Approval for issue of shares in BPX-S to Yano Lim under Chapter 2E of the Corporations Act

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

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“That for the purposes of Chapter 2E of the Corporations Act 2001, and for all other purposes, approval be given for the BPX-S, a subsidiary of the Company, with effect from the passing of this Resolution 4, to issue 2,850 fully paid ordinary shares in the Company to Yano Lim.

Voting Prohibition statement – section 224 of the Corporations Act

For the purposes of section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of:

- Yano Lim, a director of the Company; and
- any associate of the persons referred to above.

However, this does not prevent the casting of a vote on this Resolution if:

- it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution; and
- it is not cast on behalf of a person referred to in sub-paragraphs (a) and (b) directly above.

6. Resolution 5 – Approval for issue of shares in BPX-S to Michael Wee under Chapter 2E of the Corporations Act

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

“That for the purposes of Chapter 2E of the Corporations Act 2001, and for all other purposes, approval be given for the BPX-S, a subsidiary of the Company, with effect from the passing of this Resolution 5, to issue 712 fully paid ordinary shares in the Company to Michael Wee.

Voting Prohibition statement – section 224 of the Corporations Act

For the purposes of section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of:

- Michael Wee, a director of the Company; and
- any associate of the persons referred to above.

However, this does not prevent the casting of a vote on this Resolution if:

- it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution; and
- it is not cast on behalf of a person referred to in sub-paragraphs (a) and (b) directly above.

7. Resolution 6 – Approval for issue of shares in BPX-S to William Yuen under Chapter 2E of the Corporations Act

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

“That for the purposes of Chapter 2E of the Corporations Act 2001, and for all other purposes, approval be given for the BPX-S, a subsidiary of the Company, with effect from the passing of this Resolution 6, to issue 712 fully paid ordinary shares in the Company to William Yuen .

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Voting Prohibition statement – section 224 of the Corporations Act

For the purposes of section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of:

- Michael Wee, a director of the Company; and
- any associate of the persons referred to above.

However, this does not prevent the casting of a vote on this Resolution if:

- it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution; and
- it is not cast on behalf of a person referred to in sub-paragraphs (a) and (b) directly above.

8. Resolution 7 – Approval for the transfer of shares in BPX-S to William Yuen under Chapter 2E of the Corporations Act

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

“That for the purposes of Chapter 2E of the Corporations Act 2001, and for all other purposes, approval be given for the BPX-S, a subsidiary of the Company, with effect from the passing of this Resolution 7, to transfer 7,490 fully paid ordinary shares in BPX-S to William Yuen .

Voting Prohibition statement – section 224 of the Corporations Act

For the purposes of section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of:

- William Yuen, a director of the Company; and
- any associate of the persons referred to above.

However, this does not prevent the casting of a vote on this Resolution if:

- it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution; and
- it is not cast on behalf of a person referred to in sub-paragraphs (a) and (b) directly above.

9. Resolution 8 – Approval for the transfer of shares in BPX-S to Alvin Phua or his nominee under Chapter 2E of the Corporations Act

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

“That for the purposes of Chapter 2E of the Corporations Act 2001, and for all other purposes, approval be given for the BPX-S, a subsidiary of the Company, with effect from the passing of this Resolution 8, to transfer a maximum of 20,185 fully paid ordinary shares in BPX-S to Alvin Phua or his nominee being a company associated with Alvin Phua.

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Voting Prohibition statement – section 224 of the Corporations Act

For the purposes of section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of:

- Alvin Phua, a director of the Company; and
- any associate of the persons referred to above.

However, this does not prevent the casting of a vote on this Resolution if:

- it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution; and
- it is not cast on behalf of a person referred to in sub-paragraphs (a) and (b) directly above.

10. Resolution 9 – Approval for amendment to the Constitution of the Company

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

“That Article 2.1 of the Constitution of the Company be amended as follows:

- (a) By adding a new term **ASX** as follows:

“ASX means ASX Limited.”

- (b) by deleting the term **Marketable Parcel** and replacing it with the following;

“Marketable Parcel means:

- a. if the Company is listed on ASX, a marketable parcel as defined in the Listing Rules; and
- b. otherwise, a parcel of securities of not less than \$500 based on the last closing price of shares in the Company on ASX before de-listing.”

General business

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.



By order of the board.

Alvin Phua

Director

5th October 2021

Explanatory Memorandum

1. Introduction

This Explanatory Memorandum is provided to shareholders of Byte Power Group Limited ABN 80 009 268 571 (**Company**) to explain the Resolutions to be put to Shareholders at the Annual General Meeting to be held at Hopgood Ganim Lawyers, Level 8, Waterfront Place, 1 Eagle Street, Brisbane, on Friday 5 November at 10 am.

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum are defined in Section 7.

The Notice of Meeting sets out the details of nine (9) separate resolutions to be put to Shareholders comprising the following:

2. Financial Statements and Reports

The Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows and notes to and forming part of the accounts for the Company for the financial year ended 30 June 2020 were released on the Company's website www.bytepowergroup.com on 24 September 2021. Pursuant to section 317 of the Corporations Act, the Company's Annual Report will be laid before the Meeting. Shareholders will be given the opportunity to raise questions or comments on the reports at the Meeting. No voting is required for this item.

3. Resolution 1 - Re-election of Yano Lim as a director

Yano Lim retires in accordance with Clause 38 of the Company's Constitution and, being eligible, offers himself for re-election as a non- Executive Director.

Mr Lim was appointed on 9 November 2015.

Yano has over 20 years' experience as a Business Analyst for large corporations reviewing business processes, change management and systems enablement. His strong Business Analytical skills and experience in various overseas environments such as Australia, New Zealand, Indonesia, Papua New Guinea and the United States of America brings valuable insight to the Group.

The Directors (with Mr Lim abstaining) recommend that you vote in favour of this Ordinary Resolution.

4. Resolution 2 - Remuneration Report

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding Ordinary Resolution. The vote on this Resolution is advisory only and does not bind the Directors or the Company. The Board will, however, take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

The Remuneration Report is set out in the Directors' Report section of the Annual Report. The Remuneration Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive Directors and senior executives of the Company;

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- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Director and the most highly remunerated senior executives of the Company; and
- details and explains any performance conditions applicable to the remuneration of executive Directors and senior executives of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

If at least 25% of the votes cast on the resolution to adopt the Remuneration Report are against adoption of the report, then:

- if comments are made on the report at the Meeting, the Company's remuneration report for FY21 will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- if, at the Company's 2021 Annual General Meeting, at least 25% of the votes cast on the resolution for adoption of the remuneration report for the relevant financial year are against its adoption, the Company will be required to put to Shareholders a resolution proposing that a general meeting (**Spill Meeting**) be called to consider the election of Directors (**Spill Resolution**). The Spill Meeting must be held within 90 days of the date of the 2021 Annual General Meeting. For any Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, all of the Directors (other than any managing director) will cease to hold office immediately before the end of the Spill Meeting unless re-elected at that meeting.

Noting that each Director has a personal interest in their remuneration from the Company, as described in the Remuneration Report, the Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report.

5. Resolutions 3, 4, 5 and 6 - Issue of shares to Alvin Phua, Yano Lim, Michael Wee and William Yuen under Chapter 2E of the Corporations Act

5.1 Background

The Company established Byte Power X (Singapore) Pte Ltd on 23 April 2012 in accordance with its plans to become an internationally recognised operator issuing and providing a market for the secondary trading of securities tokens.

In December 2019, Byte Power X (Singapore) Pte Ltd commenced operations. BPX-S is pursuing regulatory approval to become a Recognised Market Operator with a Capital Markets Services Licence for Dealing in Capital Markets Products with plans for issuing and providing a market for the secondary trading of securities tokens.

Alvin Phua and Yano Lim are also directors of BPX-S and have been instrumental in assisting BPX-S in both advancing its planned operations in Singapore and Asia generally as well as recently in facilitating the raising of capital by BPX-S from investors.

In April 2021 BPX-S has recently successfully raised some \$USD1,390,000 at an issue price of \$USD 105.23 per BPX-S share.

In September 2021 BPX-S has recently successfully raised some \$USD300,000 at an issue price of \$USD 285.17 per BPX-S share.

The Company still retains ownership of some 86.92 % of BPX-S.

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It is proposed that shareholder approval be sought to recognise the contributions made by all of the Directors in progressing the development of BPX-S and to further incentivise them, through the issue of bonus shares in BPX-S.

These shares are to be issued in the following proportions:

- (a) the issue of 7,600 Ordinary Shares in BPX-S for a nil issue price to Alvin Phua;
- (b) the issue of 2,850 Ordinary Shares in BPX-S for a nil issue price to Yano Lim;
- (c) the issue of 712 Ordinary Shares in BPX-S for a nil issue price to Michael Wee; and
- (d) the issue of 712 Ordinary Shares in BPX-S for a nil issue price to William Yuen.

Messrs Phua, Lim, Wee and Yuen are directors of the Company.

5.2 Relevant legislation – Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company or an entity controlled by the Company from giving a Financial Benefit to a Related Party of the public company unless providing the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its Shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met.

A “**Related Party**” is defined widely in section 228 of the Corporations Act and includes, relevantly, an entity that controls a public company (section 228(1)) and any entity that is controlled by a person or entity which is otherwise a Related Party (section 228(4)), or there are reasonable grounds to believe that a person/entity is likely to become a Related Party of the public company (section 228(6)).

A “**Financial Benefit**” for the purposes of the Corporations Act has a very wide meaning. It includes a public company paying money to the Related Party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

5.3 Financial Benefits conferred under Resolution 3, 4, 5 Resolution 6

This proposed Resolutions, if passed, will confer Financial Benefits on Alvin Phua and Yano Lim, namely:

- (a) the issue of 7,600 Ordinary Shares in BPX-S for a nil issue price to Alvin Phua;
- (b) the issue of 2,850 Ordinary Shares in BPX-S for a nil issue price to Yano Lim;
- (c) the issue of 712 Ordinary Shares in BPX-S for a nil issue price to Michael Wee; and
- (d) the issue of 712 Ordinary Shares in BPX-S for a nil issue price to William Yuen.

Messrs Phua, Lim, Wee and Yuen are directors of the Company. Both Alvin Phua and Yano Lim are directors of the Company and as such are each related party of the Company.

Therefore, the Company seeks to obtain Shareholder approval for the proposed issue of ordinary shares in BPX-S in accordance with the requirements of Chapter 2E of the Corporations Act.

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5.4 The rationale for the proposed issue of BPX-S Shares to Alvin Phua , Yano Lim , Michael Wee and William Yuen

Messrs Wee and Yuen (being directors of the Company who do not have a material personal interest in the outcome of either Resolution 3 or Resolution 4) are of the view that the proposed issue of Shares to each of Alvin Phua and Yano Lim will recognise the contributions made by both Alvin Phua and Yano Lim to progressing the development of BPX-S and further incentivise them , through the issue of bonus shares in BPX-S, to advance the planned operations of BPX-S . As BPX-S' largest shareholder, the Company will benefit from such development.

Messrs Phua and Lim (being directors of the Company who do not have a material personal interest in the outcome of either Resolution 5 or Resolution 6) are of the view that the proposed issue of Shares to each of Michael Wee and William Yuen will recognise the contributions made by both Michael Wee and William Yuen to progressing the development of BPX-S and further incentivise them , through the issue of bonus shares in BPX-S, to advance the planned operations of BPX-S . As BPX-S' largest shareholder, the Company will benefit from such development.

5.5 Information for Shareholders - Chapter 2E of the Corporations Act

Refer to section 5.1 above for the background and circumstances in which the Financial Benefit is given.

For the purposes of Chapter 2E of the Corporations Act and for all other purposes the following information is provided to Shareholders:

(a) The nature of the Financial Benefit (section 219(1)(b))

The nature of the proposed Financial Benefits is:

- (1) in relation to Resolution 3, the issue of 7,600 Ordinary Shares in BPX-S for a nil issue price to Alvin Phua;
- (2) in relation to Resolution 4, the issue of 2,850 Ordinary Shares in BPX-S for a nil issue price to Yano Lim;
- (3) the issue of 712 Ordinary Shares in BPX-S for a nil issue price to Michael Wee; and
- (4) the issue of 712 Ordinary Shares in BPX-S for a nil issue price to William Yuen .

Refer also to section 5.4 above, for the rationale for giving the Financial Benefit and the basis for which it is proposed to be given.

(b) Directors' Recommendation (section 219(1)(c))

Alvin Phua has a material personal interest in the subject matter of Resolution 3. The Board (with Mr Phua abstaining) recommends that Shareholders vote in favour of Resolution 3.

Mr Yano Lim has a material personal interest in the subject matter of Resolution 4. The Board (with Mr Yano Lim abstaining) recommends that Shareholders vote in favour of Resolution 4.

Mr Michael Wee has a material personal interest in the subject matter of Resolution 5. The Board (with Mr Michael Wee abstaining) recommends that Shareholders vote in favour of Resolution 5.

Mr William Yuen has a material personal interest in the subject matter of Resolution 6. The Board (with Mr William Yuen abstaining) recommends that Shareholders vote in favour of Resolution 6.

The reasons for this recommendation are set out section 5.4 above.

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(c) **Directors' Interest and other remuneration (section 219(1)(d))**

Mr Phua has a material personal interest in the subject matter of Resolution 3, Mr Lim has a material personal interest in the subject matter of Resolution 4, Mr Wee has a material personal interest in the subject matter of Resolution 5 and Mr Yuen has a material personal interest in the subject matter of Resolution 6.

(d) **Valuation**

There is currently no liquid market for the BPX-S Shares. BPX-S is an unlisted company with some 17 shareholders. It is therefore difficult to determine the value attributable to the proposed issue of Shares to Alvin Phua and Yano Lim. In April 2021 BPX-S raised some \$USD1,090,000 from third party investors at an issue price of some \$USD105.26 per BPX-S Share. **(April Raising Price)**

In September 2021 BPX-S has recently successfully raised some \$USD300,000 at an issue price of \$USD 1285.17 per BPX-S share. **(September Raising Price)**

Depending on whether the April Raising Price or the September Raising Price is used as the current proposed issue price of the Consideration Shares the subject of Resolutions 3,4,5 and 6 the value of the Financial Benefits to be given to:

- (1) Alvin Phua is between \$USD 800,000 and \$USD 2,224,326;
- (2) Yano Lim is between \$USD 300,000 and \$USD 812,735;
- (3) Michael Wee is between \$USD 75,000 and \$USD 203,041; and
- (4) William Yuen is between \$USD 75,000 and \$USD 203,041.

(e) **Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors (section 219(1)(e) and 219(2))**

There is no other information known to the Company or any of its Directors reasonably required by Shareholders to make a decision in respect of Resolutions 3, 4, 5 and 6.

(f) **Opportunity Costs and Disadvantages**

The opportunity costs and benefits foregone by the Company in approving the issue of BPX-S Shares pursuant to Resolutions 3,4,5 and 6 are that:

- (1) The Company is the largest shareholder in BPX-S with some 168,023 shares in BPX-S. The Company's interest in BPX-S will be diluted by the proposed issues of BPX-S Shares pursuant to Resolutions 3, 4, 5 and 6; and
- (2) BPX-S will not raise any funds as a result of the proposed issues of BPX-S Shares pursuant to Resolutions 3,4,5 and 6.

In respect of Resolution 3, any disadvantages are considered by Messrs Lim, Wee and Yuen (as the only directors not to have a material interest in the outcome of Resolution 3) to be offset by the advantages accruing to both BPX-S and the Company in incentivising Mr Phua and aligning his interests with that of both BPX-S and the Company and progressing BPX-S's business operations.

In respect of Resolution 4, any disadvantages are considered by Messrs Phua, Wee and Yuen (as the only directors not to have a material interest in the outcome of Resolution 4) to be offset by the advantages accruing to both BPX-S and the Company in incentivising Mr Lim and aligning his interests with that of both BPX-S and the Company and progressing BPX-S's business operations.

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In respect of Resolution 5, any disadvantages are considered by Messrs Phua, Lim and Yuen (as the only directors not to have a material interest in the outcome of Resolution 5) to be offset by the advantages accruing to both BPX-S and the Company in incentivising Mr Wee and aligning his interests with that of both BPX-S and the Company and progressing BPX-S's business operations.

In respect of Resolution 6, any disadvantages are considered by Messrs Phua, Lim and Wee (as the only directors not to have a material interest in the outcome of Resolution 6) to be offset by the advantages accruing to both BPX-S and the Company in incentivising Mr Yuen and aligning his interests with that of both BPX-S and the Company and progressing BPX-S's business operations.

(g) **Taxation Consequences**

The proposed issue of BPX-S Shares the subject of Resolutions 3, 4, 5 and 6 are not expected to have any adverse taxation consequences which will materially impact either BPX-S or the Company.

(h) **Dilutionary Effect on ownership of BPX-S**

As set out above, if Resolutions 3, 4, 5 and 6 are approved, the issue of Shares to each of the Directors will result in the dilution of the Shareholders of BPX-S as follows:

Ordinary Shares	Current		Issue of shares the subject of this Notice of Meeting ¹	
	Securities directly held	% directly held	Securities directly held	% directly held
The Company	168,023	86.92	168,023	81.81
Other BPX-S Shareholders	25,305	13.08	24,253	11.81
Alvin Phua	nil	0	7,800	3.79
Yano Lim	nil	0	2,850	1.39
Michael Wee	nil	0	712	0.35
William Yuen	nil	0	712	0.35
Total ordinary shares	193,328	100.00%	205,402	100.00%

(i) **Alternative options to the transaction and implications of not proceeding with the transaction**

The Directors have not identified any alternative available options for the Company if Resolutions 3, 4, 5 and 6 are not passed.

If Resolutions 3, 4, 5 and 6 are not passed, then BPX-S would not proceed with issuing Shares to Alvin Phua, Yano Lim, Michael Wee and William Yuen (as the case may be).

(j) **Impact of the transaction on the Company**

The impact of the transaction on the Company is set out in detail at sections 5.1 to 5.4 above.

Save as set out in this Explanatory Statement, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to the benefits contemplated by Resolutions 3, 4, 5 and 6

¹ This assumes Resolutions 3, 4, 5 and 6 are approved.

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5.6 Recommendation of Directors

The Directors of the Company (excluding Mr Phua) recommend that shareholders vote in favour of Resolution 3.

The Directors of the Company (excluding Mr Lim) recommend that shareholders vote in favour of Resolution 4

. The Directors of the Company (excluding Mr Wee) recommend that shareholders vote in favour of Resolution 3.

The Directors of the Company (excluding Mr Yuen) recommend that shareholders vote in favour of Resolution 4

5.7 Voting exclusion statement

A voting exclusion statement is set out in Resolutions 3 ,4 ,5 and 6.

6. Resolution 7 - Transfer of shares in BPS-X to William Yuen under Chapter 2E of the Corporations Act

6.1 Background

The Company established Byte Power X (Singapore) Pte Ltd on 23 April 2012 in accordance with its plans to become an internationally recognised operator issuing and providing a market for the secondary trading of securities tokens.

In December 2019, Byte Power X (Singapore) Pte Ltd, commenced operations. BPX-S is pursuing regulatory approval to become a Recognised Market Operator with a Capital Markets Services Licence for Dealing in Capital Markets Products with plans for issuing and providing a market for the secondary trading of securities tokens.

BPX-S has recently successfully raised some \$USD 1,390,000. The Company still retains ownership of some 86.92% of BPX-S.

The Company borrowed some \$USD 504,000 from William Yuen a director of the Company. (**Yuen Loan**). Presently the Company owes some \$USD 788,423.80 under the Yuen Loan.

It is proposed that shareholder approval be sought to enable the Company to fully repay the Yuen Loan by transferring some 7,490 shares held by the Company in BPX-S to William Yuen. (**Loan Repayment Shares**)

6.2 Relevant legislation – Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company or an entity controlled by the Company from giving a Financial Benefit to a Related Party of the public company unless providing the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its Shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met.

A “**Related Party**” is defined widely in section 228 of the Corporations Act and includes, relevantly, an entity that controls a public company (section 228(1)) and any entity that is controlled by a person or entity which is otherwise a Related Party (section 228(4)), or there are reasonable grounds to believe that a person/entity is likely to become a Related Party of the public company (section 228(6)).

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A “**Financial Benefit**” for the purposes of the Corporations Act has a very wide meaning. It includes a public company paying money to the Related Party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

6.3 **Financial Benefits conferred under Resolution 7**

This proposed Resolution, if passed, will confer a Financial Benefit to William Yuen through the transfer of the Loan Repayment Shares to William Yuen in full satisfaction of the Yuen Loan.

Therefore, the Company seeks to obtain Shareholder approval for the proposed transfer of the Loan Repayment Shares to William Yuen in accordance with the requirements of Chapter 2E of the Corporations Act.

6.4 **The rationale for the proposed issue of BPX-S Shares to William Yuen**

Messrs Alvin Phua, Michael Wee and Yano Lim (being directors of the Company who do not have a material personal interest in the outcome of Resolution 7) are of the view that the proposed transfer of the Loan Repayment Shares to William Yuen will discharge the Yuen Loan and therefore the Company will benefit from the reduction of its liabilities.

6.5 **Information for Shareholders - Chapter 2E of the Corporations Act**

Refer to section 5.1 above for the background and circumstances in which the Financial Benefit is given.

For the purposes of Chapter 2E of the Corporations Act and for all other purposes the following information is provided to Shareholders:

(a) **The nature of the Financial Benefit (section 219(1)(b))**

The nature of the proposed Financial Benefits is the transfer of the Loan Repayment Shares to

Refer also to section 6.4 above, for the rationale for giving the Financial Benefit and the basis for which it is proposed to be given.

(b) **Directors’ Recommendation (section 219(1)(c))**

William Yuen has a material personal interest in the subject matter of Resolution 7. The Board (with Mr Yuen abstaining) recommends that Shareholders vote in favour of Resolution 7.

(c) **Directors’ Interest and other remuneration (section 219(1)(d))**

Mr Yuen has a material personal interest in the subject matter of Resolution 7.

No other directors of the Company have a material personal interest in the outcome of Resolution 7.

(d) **Valuation**

There is currently no liquid market for the BPX-S Shares. BPX-S is an unlisted company with some 17 shareholders. It is therefore difficult to determine the value attributable to the proposed Loan Repayment Shares to be transferred to Mr Yuen.

The Company has calculated the number of Loan Repayment Shares to repay the Yuen Loan based on the April Raising Price. Based on the April Raising Price, the value of the

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Financial Benefit to be given to William Yuen is \$USD 788,423.80 being the value of the Yen Loan which will be discharged.

However, if the September Raising Price were used, then based the September Raising Price, the value of the Financial Benefit to be given to William Yuen is \$USD 2,135,923.

(e) **Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors (section 219(1)(e) and 219(2))**

There is no other information known to the Company or any of its Directors reasonably required by Shareholders to make a decision in respect of Resolution 7.

(f) **Opportunity Costs and Disadvantages**

The opportunity costs and benefits foregone by the Company in approving the proposed transfer of the Loan Repayment Shares to William Yuen pursuant to Resolution 7 are that:

- (1) The Company is the largest shareholder in BPX-S with some 168,023 BPX-S Shares or 86.92% of BPX-S. The Company's interest in BPX-S will be diluted by the proposed transfer of the Loan Repayment Shares to William Yuen pursuant to Resolution 7 and be reduced to 160,053 BPX-S Shares or some 83.03 %; and
- (2) The Company will not receive any new funds as a result of the proposed transfer of the Loan Repayment Shares to William Yuen pursuant to Resolution 7.

In respect of Resolution 7, any disadvantages are considered by Alvin Phua, Michael Wee and Yano Lim (being directors of the Company who do not have a material personal interest in the outcome of Resolution 7) to be offset by the advantages accruing to the Company is having the Yuen Loan fully discharged.

(g) **Taxation Consequences**

The proposed transfer of the Loan Repayment Shares to William Yuen pursuant to Resolution 7 is not expected to have any adverse taxation consequences which will materially impact the Company.

(h) **Dilutionary Effect on ownership of BPX-S**

If Resolution 7 is approved, the proposed transfer of the Loan Repayment Shares to William Yuen pursuant to Resolution 7 will not result in the dilution of the Shareholders of BPX-S.

(i) **Alternative options to the transaction and implications of not proceeding with the transaction**

The Directors have not identified any alternative available options for the Company if this Resolution 7 is not passed.

The Company would in due course be required to raise further funds to repay the Yuen Loan.

(j) **Impact of the transaction on the Company**

The impact of the transaction on the Company is set out in detail at sections 6.1 to 6.4 above.

Save as set out in this Explanatory Statement, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to the benefits contemplated by Resolution 7.

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6.6 Recommendation of Directors

The Directors of the Company (excluding Mr Yuen) recommend that shareholders vote in favour of Resolution 7.

6.7 Voting exclusion statement

A voting exclusion statement is set out in Resolution 7.

7. Resolution 8 - Transfer of shares in BPS-X to Alvin Phua or his nominee under Chapter 2E of the Corporations Act

7.1 Background

As outlined in 6.1 above BPX-S has recently successfully raised some \$USD 1,390,000. The Company still retains ownership of some 86.92% of BPX-S.

The Company presently owes Alvin Phua some \$ AUD 2,960,000. (**Phua Loan**)

Mr Phua has agreed to forgive the Phua Loan under a Deed of Forgiveness to be entered into by the Company and Mr Phua. (**Deed of Forgiveness**)

The Company also proposes to enter into a Transfer Deed with Mr Phua whereby Mr Phua or his nominee being a company associated with Mr Phua (**Transfer Deed**) is to receive a transfer of some 20,185 shares held by the Company in BPX-S as consideration for Mr Phua agreeing to forgive the Phua Loan. (**Transfer Shares**)

It is a condition of the Transfer Deed that Mr Phua execute the Deed of Forgiveness.

It is proposed that shareholder approval be sought to enable the Company to be released from the Phua Loan and to transfer the Transfer Shares to Mr Phua or his nominee.

7.2 Relevant legislation – Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company or an entity controlled by the Company from giving a Financial Benefit to a Related Party of the public company unless providing the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its Shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met.

A “**Related Party**” is defined widely in section 228 of the Corporations Act and includes, relevantly, an entity that controls a public company (section 228(1)) and any entity that is controlled by a person or entity which is otherwise a Related Party (section 228(4)), or there are reasonable grounds to believe that a person/entity is likely to become a Related Party of the public company (section 228(6)).

A “**Financial Benefit**” for the purposes of the Corporations Act has a very wide meaning. It includes a public company paying money to the Related Party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

7.3 Financial Benefits conferred under Resolution 8

This proposed Resolution, if passed, will confer a Financial Benefit to Alvin Phua through the transfer of the Transfer Shares to Mr Phua or his nominee being a company associated with Mr Phua.

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Therefore, the Company seeks to obtain Shareholder approval for the proposed transfer of the Transfer Shares to Mr Phua or his nominee in accordance with the requirements of Chapter 2E of the Corporations Act.

7.4 The rationale for the proposed transfer of the Transfer Shares to Mr Phua or his nominee

Messrs William Yuen, Michael Wee and Yano Lim (being directors of the Company who do not have a material personal interest in the outcome of Resolution 8) are of the view that the proposed transfer of the Transfer Shares to Mr Phua or his nominee will result in the release of the Phua Loan under the Deed of Forgiveness and therefore the Company will benefit from the reduction of its liabilities.

7.5 Information for Shareholders - Chapter 2E of the Corporations Act

Refer to section 5.1 above for the background and circumstances in which the Financial Benefit is given.

For the purposes of Chapter 2E of the Corporations Act and for all other purposes the following information is provided to Shareholders:

(a) The nature of the Financial Benefit (section 219(1)(b))

The nature of the proposed Financial Benefits is the transfer of the Transfer Shares to Mr Phua or his nominee, being a company associated with Mr Phua.

Refer also to section 7.4 above, for the rationale for giving the Financial Benefit and the basis for which it is proposed to be given.

(a) Directors' Recommendation (section 219(1)(c))

Alvin Phua has a material personal interest in the subject matter of Resolution 8. The Board (with Mr Phua abstaining) recommends that Shareholders vote in favour of Resolution 8.

(b) Directors' Interest and other remuneration (section 219(1)(d))

Mr Phua has a material personal interest in the subject matter of Resolution 8.

No other directors of the Company have a material personal interest in the outcome of Resolution 8.

(c) Valuation

There is currently no liquid market for the BPX-S Shares. BPX-S is an unlisted company with some 17 shareholders. It is therefore difficult to determine the value attributable to the proposed Transfer Shares to be transferred to Mr Phua or his nominee.

The Company has calculated the number of Transfer Shares to discharge the Phua Loan based on the April Raising Price. Based on the April Raising Price, the value of the Financial Benefit to be given is \$AUD 2,960,000.00 being equal to or less than the amount of the Phua Loan which will be released upon execution of the Deed of Forgiveness.

However, if the September Raising Price were used, then based the September Raising Price, the value of the Financial Benefit to be given to Alvin Phua is \$AUD 8,021,317.00.²

(d) Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors (section 219(1)(e) and 219(2))

² This is based on the last share issue price

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There is no other information known to the Company or any of its Directors reasonably required by Shareholders to make a decision in respect of Resolution 8.

(e) **Opportunity Costs and Disadvantages**

The opportunity costs and benefits foregone by the Company in approving the proposed transfer of the Transfer Shares to Mr Phua or his nominee, pursuant to Resolution 8 are that:

- (1) The Company is the largest shareholder in BPX-S with some 168,023 shares or 86.92% of BPX-S. The Company's interest in BPX-S will be diluted by the proposed transfer of the Transfer Shares to Mr Phua or his nominee and will, if approval is given also for the transfer of the Loan Repayment Shares under Resolution 7, reduced its holding to some 147,838 BPX-S shares or 71.97%; and
- (2) The Company will not receive any new funds as a result of the proposed transfer of the Transfer Shares to Mr Phua or his nominee, pursuant to Resolution 8.

In respect of Resolution 8, any disadvantages are considered by William Yuen, Michael Wee and Yano Lim (being directors of the Company who do not have a material personal interest in the outcome of Resolution 8) to be offset by the advantages accruing to the Company in having the Phua Loan released.

(f) **Taxation Consequences**

The proposed transfer of the Transfer Shares to Mr Phua or his nominee pursuant to Resolution 8 is not expected to have any adverse taxation consequences which will materially impact the Company.

(g) **Dilutionary Effect on ownership of BPX-S**

If Resolution 8 is approved, the proposed transfer of the Transfer Shares to Mr Phua or his nominee will result in the dilution of the Company's shareholding in BPX-S.

(h) **Alternative options to the transaction and implications of not proceeding with the transaction**

The Directors have not identified any alternative available options for the Company if this Resolution 8 is not passed.

The Company would in due course be required to raise further funds to repay the Phua Loan.

(i) **Impact of the transaction on the Company**

The impact of the transaction on the Company is set out in detail at sections 7.1 to 7.4 above.

Save as set out in this Explanatory Statement, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to the benefits contemplated by Resolution 8.

7.6 **Recommendation of Directors**

The Directors of the Company (excluding Mr Phua) recommend that shareholders vote in favour of Resolution 8.

7.7 **Voting exclusion statement**

A voting exclusion statement is set out in Resolution 8.

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8. Resolution 9 – Approval for amendment to the Constitution of the Company

8.1 Background

The Company was delisted from ASX on 3rd February 2020 and its last closing price for shares was \$0.009.

The Company has some 2,433 Shareholders of who 798 hold parcels of less than 55,555 shares.

8.2 Rationale for Amendment

Article 73 of the Constitution contains standard provisions which enable the Company to implement provisions which allow it to sell non marketable parcels held by shareholders, unless shareholders elect to retain their holdings.

Presently the right to invoke these provisions is based on the marketable parcels being defined as set out in the ASX Listing Rules.

The Company proposes to amend the term Marketable Parcels to address its current de-listed status.

The last closing price of the shares of the Company on ASX was \$0.009. It is intended to use that as the benchmark for using the provisions in Article 73.

If Resolution 9 is passed shareholders holding less than 55,555 shares may be subject to the Company being able to invoke the provisions to set in train the potential sale of non marketable parcels of shares in the Company held by a shareholder.

9. Voting Requirements

9.1 Voting requirements

Resolutions 1 to 8 inclusive of the Meeting are Ordinary Resolutions and so require the approval of more than 50% of the votes cast by Shareholders. A voting exclusion statement is contained after each of Resolutions 2, 3, 4, 5, 6, 7 and 8.

Resolutions 9 of the Meeting is a Special resolution and so requires the approval of at least 75% of the votes cast by Shareholders.

10. Interpretation

ASIC means the Australian Securities and Investments Commission;

Associate has the meaning given to that term in s 9 of the Corporations Act.

Board means the board of the Company;

BPX-S means Byte Power X Singapore Pte Ltd (201209987G), a subsidiary of the Company.

BPX-S Shares means ordinary fully paid shares in BPX-S.

Closely Related Party (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member; or
- (b) a child of the member's spouse; or

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- (c) a dependant of the member or the member's spouse; or
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or
- (e) a company the member controls; or
- (f) a person prescribed by the regulations under the Corporations Act for the purposes of the definition of a closely related party under the Corporations Act;

Company means Byte Power Group Limited ACN 009 268 571;

Corporations Act means Corporations Act 2001 (Cwlth);

Directors' Report means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Securities has the meaning given to that term in the Listing Rules;

Explanatory Memorandum means the Explanatory Memorandum attached to the Notice.

Key Management Personnel or **KMP** has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity;

Non-associated Shareholders means those persons and corporations who are not in receipt of any financial benefit under any of the Ordinary Resolutions.

Meeting or AGM means the annual general meeting of the Company to be held on 5 November 2021;

Notice means this notice of meeting.

Ordinary Resolution means a resolution passed by more than 50% of the votes cast at a general meeting of shareholders;

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution to be proposed at the Meeting;

Section means a section of this Explanatory Memorandum;

Shares means ordinary fully paid shares in the issued capital of the Company;

Shareholder means a shareholder of the Company;

Special Resolution means a resolution:

- (a) of which notice has been given as set out in paragraph 249L(1)(c) of the Corporations Act; and,
- (b) that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235 Australia or Telephone 1300 554 474

Proxies and representatives

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. Where a Shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a shareholder of the Company.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under section 250D of the Corporations Act.

The proxy form must be signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a corporation, in a manner permitted by the Corporations Act.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be **deposited at, posted to, or sent by facsimile transmission to the address listed below** not less than 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

Byte Power Group Limited
C/- Link Market Services Limited
Level 12, 680 George Street,
Sydney NSW 2000
Fax: +61 2 9287 0309

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

A proxy form is attached to this Notice.

Voting entitlement

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm (Sydney Time) on 2 November 2021 (Noting that this will be 6.00pm Brisbane time). Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Signing instructions

You must sign the proxy form as follows in the spaces provided:

- | | |
|--------------------|--|
| Individual: | Where the holding is in one name, the holder must sign. |
| Joint Holding: | Where the holding is in more than one name, either of the security holders may sign. |
| Power of Attorney: | To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it. |
| Companies: | Where the company has a sole Director who is also the sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a Company Secretary, a sole Director can also sign alone. |

Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary.

Please indicate the office held by signing in the appropriate place.