

# Notice of Annual **GENERAL MEETING** and **EXPLANATORY MEMORANDUM**

2:00 pm AEDT  
Thursday 22 November 2018

At the offices of HLB Mann Judd,  
Level 19, 207 Kent Street, Sydney NSW 2000

This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 8 9422 0894.

The Annual Report is available online at [www.dreamscapenetworks.com/reports](http://www.dreamscapenetworks.com/reports).

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# NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Dreamscape Networks Limited (ACN 612 069 842) will be held at **2.00pm AEDT on Thursday 22 November 2018** at the offices of HLB Mann Judd, Level 19, 207 Kent Street, Sydney, New South Wales 2000.

The Explanatory Memorandum to this Notice provides additional information on matter to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders at 2.00pm AEDT on 20 November 2018.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1.

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## AGENDA

### Annual Report

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To table and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2018, which includes the Financial Report, the Directors' Report and the Auditor's Report.

#### 1. Resolution 1 – Adoption of Remuneration Report

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

*“That, the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum.”*

##### **Voting Prohibition Statement**

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast by, or on behalf of, a member of the Key Management Personnel whose remuneration details are included in the remuneration report, or a Closely Related Party of such member. However, a vote may be cast by such person if:

- (a) the person is acting as a proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote on a resolution connected with the remuneration of a member of the Key Management Personnel.

#### 2. Resolution 2 – Re-election of Director – Peter James

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

*“That, for the purpose of clause 11.3 of the Constitution and for all other purposes, Mr Peter James, a Director who was appointed on 14 November 2016, retires, and being eligible, is elected as a Director.”*

### 3. Resolution 3 – Re-election of Director – Shin Ein Ng

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

*“That for the purpose of clause 11.11 of the Constitution, Listing Rule 14.4 and for all other purposes, Ms Shin Ein Ng who was appointed on 11 May 2018, retires, and being eligible, is re-elected as a Director”.*

### 4. Resolution 4 – Approval of 10% Placement Facility

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

*“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on terms and conditions in the Explanatory Memorandum.”*

**Voting Exclusion:**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) a person (or persons) who is expected to participate in, or who will obtain a material benefit as a result of, the 10% Placement Facility (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an associate of that person (or those persons) who are expected to participate in, or who will obtain a material benefit as a result of, the 10% Placement Facility (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, the Company will not disregard a vote if:

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

### 5. Resolution 5 – Financial Assistance

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

*“That:*

- 1 *for the purposes of 260B(2) of the Corporations Act approval is given for financial assistance to be given by the Subsidiaries in connection with the Security Arrangements as set out in the Explanatory Memorandum; and*
- 2 *the Subsidiaries may enter into and give effect to the documents required to implement the financial assistance as described in the Explanatory Memorandum.”*

**Note:** This is a special resolution which requires at least 75% of the votes cast by Shareholders entitled to vote on the resolution to be in favour of the resolution.

**Short Explanation:** The Company is seeking Shareholder approval for the Subsidiaries to give financial assistance in relation to the Security Arrangements for the reasons set out in the Explanatory Memorandum.

Dated 16 October 2018

**BY ORDER OF THE BOARD**

  
**Anthony Sparks**  
Company Secretary

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# EXPLANATORY MEMORANDUM

## 1. Introduction

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This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Meeting to be held at **2.00pm AEDT on 22 November 2018** at the offices of HLB Mann Judd, Level 19, 207 Kent Street, Sydney, New South Wales 2000.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

## 2. Action to be taken by Shareholders

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Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

### 2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a **proxy**) to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company; and
- a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 have the effect that:

- If proxy holders vote, they must cast all directed proxies as they are directed to; and
- Any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the Chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

### ***Transfer of non-chair proxy to Chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the Chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

## **2.2 Voting Prohibition by Proxy Holders**

In accordance with section 250R of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by, or on behalf of:

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

However, a person described above may cast a vote on Resolution 1 as proxy if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution; or
- (b) the person is the Chair and the appointment of the Chair as proxy:

- (i) does not specify the way the proxy is to vote on Resolution 1; and
- (ii) expressly authorises the Chair to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of Key Management Personnel.

### 3. Annual Report

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There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report which is online at [www.dreamscapenetworks.com/reports/](http://www.dreamscapenetworks.com/reports/);
- (b) ask questions or make comment on the management of the Company;
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

### 4. Resolution 1 – Remuneration Report

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The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive and non-executive directors and senior management of the Company. The Remuneration Report is part of the Directors' Report contained in the Annual Report of the Company for the financial year ending 30 June 2018.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders.

Section 250R(3) of the Corporations Act provides that Resolution 1 is advisory only and does not bind the Directors or the Company. Of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report.

However, the Corporations Act has been amended by the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011* (**Director and**

**Executive Remuneration Act**) which received the Royal Assent on 27 June 2011 and came into effect on 1 July 2011.

The Director and Executive Remuneration Act introduced new sections 250U and 250Y, among others, into the Corporations Act, giving Shareholders the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting, a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

At the Company's 2017 Annual General Meeting, there were less than 25% of votes cast against the adoption of the Remuneration Report. Accordingly, a further resolution relating to the Two Strikes Rule is not relevant for this Annual General Meeting.

In summary, if the Remuneration Report receives a 'no' vote of 25% or more at this Meeting, Shareholders should be aware that if there is a 'no' vote of 25% or more at the next annual general meeting the consequences are that all Directors (other than the Managing Director) may be up for re-election.

The Chair will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

The Chair intends to exercise all undirected proxies in favour of Resolution 1. If the Chair of the Meeting is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention even if Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

## **5. Resolution 2 – Re-election of Director – Peter James**

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Peter James was elected on 14 November 2016.

Clause 11.3 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third, shall retire from office, provided always that no Director (except a managing director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in the office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 11.3 of the Constitution is eligible for re-election.

The Company currently has four Directors (excluding the Managing Director) and accordingly one must retire.

Mr Peter James will retire in accordance with clause 11.3 of the Constitution and being eligible, seeks re-election.

Details of Mr Peter James' background and experience are set out in the Annual Report.

The Board (excluding Mr Peter James) recommends that Shareholders vote in favour of Resolution 2. The Chair of the meeting intends to vote undirected proxies in favour of Resolution 2.

## **6. Resolution 3 – Re-election of Director – Shin Ein Ng**

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Clause 11.10 of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to Clause 11.11 of the Constitution and Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Ms Shin Ein Ng will retire in accordance with clause 11.11 of the Constitution and being eligible seeks re-election.

Ms Ng is an investor and entrepreneur who mentors and invests in growth companies in the digital marketing and technology space. She is the founder and Managing Partner of Gryphus Capital, a pan-Asian private equity investment firm. She invests actively and leads a network of family offices and other private equity firms to provide strategic capital for companies.

Ms Ng was admitted as an advocate and solicitor of the Singapore Supreme Court and practiced as a corporate lawyer where she advised clients on joint ventures, mergers and acquisitions and fundraising exercises. Subsequent to legal practice, Ms Ng spent a number of years at the Singapore Exchange, where she was responsible for developing Singapore's capital market and bringing foreign companies to list in Singapore.

Ms Ng currently sits on the boards of other companies listed on the mainboard of the Singapore Exchange, and was appointed the youngest ever director of Fairprice, Singapore's largest supermarket operator. In addition to corporate boards, Ms Ng serves on the boards of the Singapore International Foundation and the Middle East Institute, National University of Singapore. She is also Singapore's Non-Resident Ambassador to The Republic of Hungary.

The Board considers Ms Ng to be an independent director.

The Board, (excluding Ms Ng) supports the re-election of Ms Ng and recommends the shareholders vote in favour of Resolution 3.

The Chair of the Meeting intends to vote undirected proxies in favour of Resolution 3.

## **7. Resolution 4 – Approval of 10% Placement Facility**

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### **7.1 General**

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements of a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

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

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer Section 7.2(c) below).

Dreamscape continues to actively seek to expand the Company's activities throughout South East Asia. The Company may use the 10% Placement Facility to acquire complementary, earnings accretive businesses which are and likely to generate shareholder value.

The Directors of the Company believe Resolution 4 is in the best interest of the Company and its Shareholders and unanimously recommend that the Shareholders vote in favour of this Resolution.

## **7.2 Description of Listing Rule 7.1A**

### **(a) Shareholder approval**

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

### **(b) Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue one class of existing quoted Equity Securities, being the Shares (ASX: DN8).

### **(c) Formula for calculating 10% Placement Facility**

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting any issue or agree to issue, during the 12 month period after the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

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

**A** is number of shares on issue 12 months before the date of issue or agreement:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue

of fully paid shares under the entity's 15% placement capacity without shareholder approval;

(D) less the number of fully paid shares cancelled in the 12 months.

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

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under listing rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

**(d) Listing Rule 7.1 and Listing Rule 7.4**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 388,846,666 Shares and therefore has a capacity to issue:

- (i) 58,326,999 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 4, 38,884,666 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c) above).

**(e) Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued or agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

**(f) 10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

### 7.3 Listing Rule 7.1A

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

### 7.4 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Listed Options, only if the Listed Options are exercised). There is a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than of the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of the consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- (ii) two examples of where the issue price or ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Number of Shares on Issue	Dilution			
	Issue Price (per Share)	\$0.0650 (50% decrease in current issue price)	\$0.130 (Current issue price)	\$0.2600 (100% increase in current issue price)
388,846,666 (Current)	Shares issued	38,884,666	38,884,666	38,884,666
	Funds raised	\$2,527,504	\$5,055,007	\$10,110,014
583,269,999 (50% increase)*	Shares issued	58,326,999	58,326,999	58,326,999
	Funds raised	\$3,791,255	\$7,582,510	\$15,165,020
777,693,332 (100% increase)*	Shares issued	77,769,333	77,769,333	77,769,333
	Funds raised	\$5,055,007	\$10,110,014	\$20,220,027

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
  - (ii) No Options (including any Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities;
  - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example at 10%.
  - (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on the Shareholder's holding at the date of the Meeting.
  - (v) The table shows only the effect of issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
  - (vii) The issue price is \$0.13, being the closing price of the Shares on ASX on 12 October 2018.
- (c) The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of complementary businesses and products. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards:
    - A. an acquisition of complementary businesses and products (including expenses associated with any such acquisition);

- B. identifying further complementary businesses and/or products;
- C. expanding the Company's business into targeted Asian countries;
- D. accelerating product development;
- E. enhancing global operations and infrastructure; and/or
- F. general working capital.

The Company will comply with the disclosure obligations under the Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

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

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company. The Company notes that issues under listing rule 7.1A to related parties (whether existing or new Shareholders) are only permitted if the falls within Listing Rule 7.2 exception 14, or an exception in Listing Rule 10.12.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

- (e) The Company has previously obtained Shareholder approval on 27 November 2017 under Listing Rule 7.1A.

In the 12 months preceding the date of this Notice, the Company issued a total of 1,073,333 Shares which represent 0.28% of the total number of Shares on issue at 27 November 2017. The Shares issues in the previous 12 months were as follows:

Date of Issue	Number of Equity Securities	Class of Equity Securities and summary of terms	Names of recipients or basis on which recipients determined	Issue price of Equity Securities and discount to Market Price on the trading day prior to the issue	If issued for cash – the total consideration, what is spent on and the intended use of any remaining funds  If issued for non-cash consideration – a description of the consideration and the current value of the consideration.
31/07/2018	1,073,333	Ordinary shares issued upon conversion of performance rights upon satisfaction of vesting conditions as announced on 1 August 2018.	All recipients were holders of Performance Rights, as set out in the Company's Prospectus dated 3 November 2016. Of the 1,073,333 Shares issued on conversion of the Performance Rights to these holders of Performance Rights, 873,333 were issued to Senior employees of the Company and its subsidiaries and 200,000 Shares were issued to a Key Management Personnel, Mr Tony Sparks (the CFO and Company Secretary of the Company).	Nil	Shares issued on conversion of Performance Rights in accordance with their terms vesting conditions. The terms and conditions of the Performance Rights are set out in the Company's Prospectus dated 3 November 2016.  Based on the Company's closing price of Shares on ASX on 12 October 2018 of \$0.13, these shares are currently valued at \$139,533.29.

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

## 8. Resolution 5 – Financial Assistance

### 8.1 Background

As announced by the Company on 1 November 2017, the Company acquired all the issued shares in Enetica Pty. Limited ACN 087 987 988 and Webcity Australia Pty Ltd ACN 085 753 868 (the **Subsidiaries**). As announced by the Company on 24 October 2017, these acquisitions were funded by a short term loan from Cloudsafe Holdings Limited (**Acquisition Loan**).

Subsequently to this, and as announced by the Company on 29 December 2017, the Company (as 'Borrower') entered into various finance documents for a \$20m three-year cash advance facility with Commonwealth Bank of Australia (**CBA**) (**Facility**) including:

- (a) a Facility Agreement dated 20 December 2017 ("**Facility Agreement**") between among others the Company and CBA; and

- (b) a General Security Agreement dated 20 December 2017 (“**General Security Agreement**”) between among others the Company and CBA, together the “**Finance Documents**”.

The Facility was put in place to support acquisitions and growth initiatives to increase Shareholder value and drive additional growth, including the acquisition of the Subsidiaries by paying out the Acquisition Loans.

It was a condition to the advance of funds under the Facility that the Company and specific subsidiaries (**Obligors**) of the Company, including the Subsidiaries, enter into the Facility Agreement, while the Obligors, excluding the Subsidiaries also entered into the Facility Agreement as ‘Initial Guarantors’ and entered into the General Security Deed. The Finance Documents guarantee and secure the debt owed by the Company to CBA (**Security**). As the grant of Security by the Subsidiaries to CBA under the Finance Documents will amount to the Subsidiaries providing financial assistance to the Company to acquire the shares of the Subsidiaries, it was agreed that the grant of such Security by the Subsidiaries would be a condition subsequent to the advance of funds under the Facility so that the Company could seek the Shareholder Approvals required under s 260B(2) of the Corporations Act at this Meeting.

## 8.2 Why Shareholder approval is required

Section 260A(1)(b) of the Corporations Act provides that a company may financially assist a person to acquire shares in the company, or a holding company of the company only if:

- (a) giving the assistance does not materially prejudice:
- (i) the interests of the company or its shareholders; or
  - (ii) the company’s ability to pay its creditors; or
- (b) the assistance is approved by shareholders under section 260B of the Corporations Act; or
- (c) the assistance is exempted under section 260C of the Corporations Act.

The granting of Security by the Subsidiaries will, for the purposes of the Corporations Act, constitute financial assistance as defined above because:

- (a) one of the purposes of the Facility was to repay the Acquisition Loans which the Company used to finance its acquisition of the Subsidiaries; and
- (b) the granting of the Security by the Subsidiaries was needed in order for the Company to obtain the Facility.

There is not an exemption available to the Subsidiaries under section 260C and the threshold required to meet the no material prejudice test is high. Therefore approval by the Shareholders of the Subsidiaries for the purposes of section 260B of the Corporations Act is being sought.

## 8.3 Shareholder approval of Financial Assistance

Under section 260B(1) of the Corporations Act, for a company to financially assist a person to acquire shares in itself or a company of which it is a subsidiary, the financial assistance must be approved by its Shareholders by:

- (a) a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by the person acquiring the shares (or units of shares) or by their associates; or
- (b) a resolution agreed to, at a general meeting, by all ordinary Shareholders.

Under section 260B(2) of the Corporations Act, if after the acquisition, the company will be a subsidiary of another corporation which is listed in Australia (**Listed Australian Holding**

**Company**), the financial assistance must also be approved by a special resolution passed at an annual general meeting of the Listed Australian Holding Company. Because the Company is the Listed Australian Holding Company of the Subsidiaries, Shareholders of the Company are asked to approve the giving of financial assistance by the Subsidiaries.

#### **8.4 Particulars of the Financial Assistance**

Under the terms of the Facility Agreement, the Company is required to ensure that section 260B of the Corporations Act is complied with to the satisfaction of CBA so that the Subsidiaries:

- (a) grant a general security agreement in the form or substantially in the form of the General Security Agreement; and
- (b) accede to the Facility Agreement as an “Additional Guarantors” by entering into an accession deed in favour of CBA,

**(Security Arrangements).**

The Security Arrangements secure the obligations of the Company and the Obligers to CBA under the Finance Documents and provide CBA with recourse to all of the assets of the Company and the Subsidiaries if they are in default in the performance of those obligations.

The Security Arrangements are customary requirements for such funding arrangements.

It must be noted that the Company may also from time to time arrange refinancing and additional financing facilities of an amount to be determined in the future and the Finance Documents may be varied, novated, supplemented, extended, replaced or restated.

#### **8.5 Effect of Shareholder Approval and Financial Assistance**

The effect of Shareholders approving the Resolution is that, along with Shareholder approval of the members of each subsidiary, the Subsidiaries will be able to provide the Security Arrangements and one of the conditions to the Facility will be satisfied.

The effect of the Subsidiaries granting the Security Arrangements is set out in section 8.4.

As the Company is already liable for the amounts payable under the Finance Documents, the giving of financial assistance by the Subsidiaries as described in this Explanatory Memorandum is unlikely to have any adverse effect on the Company.

#### **8.6 What happens if Shareholder approval is not granted for Financial Assistance**

If Shareholder approval for financial assistance is not granted, an “Event of Default” may occur under the Finance Documents and all amounts owing under the Finance Documents may be required to be repaid.

#### **8.7 Advantages of approving Resolution 5**

The advantages to the Company of its Shareholders approving the Resolution are that:

- (a) the Company complies with one of the conditions of the Facility and is not in breach of that condition;

- (b) the funds available to the Company under the Facility has and will continue to support the Company with acquisitions and growth initiatives to increase Shareholder value and drive additional growth; and
- (c) it benefits the Subsidiaries to assist the Company (as their holding company) to continue to have access to financing in order to ensure the Company can provide the Subsidiaries, with finance on better terms than would be available to the Subsidiaries on a stand-alone basis.

The directors of the Company believe that approving the transactions contemplated by this Explanatory Memorandum is in the best interests of the Company.

## **8.8 Disadvantages of approving Resolution 5**

The disadvantages to the Company of its Shareholders approving the Resolution are that should an Event of Default occur, CBA may be entitled to claim by way of the guarantees and indemnities provided by the Subsidiaries, in whole or in part, any amounts owed under the Facility Agreement or other Finance Documents and CBA may be entitled to enforce its Security and apply the proceeds of enforcement towards repayment of the amounts owed under the Facility Agreement or other Finance Documents. CBA will have recourse to all of the assets of the Subsidiaries if the Company and the Subsidiaries among others default in the performance of their obligations under the Finance Documents.

## **8.9 Disclosure**

The directors of the Company consider that the Notice and this Explanatory Memorandum contain all information known to the Company that would be material to the shareholders in deciding how to vote on the proposed resolution other than information which it would be unreasonable to require the Company to include because it has been previously disclosed to the shareholders of the Company.

## **8.10 Board Recommendation**

The directors of the Company unanimously recommend that the Shareholder of the Company votes in favour of the Financial Assistance Resolution to approve the giving of financial assistance by complying with the instructions specified in this Notice.

## **8.11 Notice to ASIC**

As required by section 260B(5) of the Corporations Act, copies of the Notice and this Explanatory Statement as sent to the Shareholder were lodged with ASIC prior to their dispatch to the Shareholders.

## Schedule 1 – Definitions

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In this Notice and the Explanatory Memorandum:

**\$** means Australian Dollars.

**10% Placement Facility** has the meaning given in Section 7.1.

**10% Placement Period** has the meaning given in Section 7.2.

**Acquisition Loan** has the meaning given in Section 8.1.

**AEDT** means Australian Eastern Daylight Time, being the time in Sydney, New South Wales.

**Annual Report** means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ending 30 June 2018.

**ASX** means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

**Auditor's Report** means the auditor's report on the Financial Report.

**Board** means the board of Directors.

**Business Day** means:

- (a) for determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and
- (b) for any other purpose, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth.

**CBA** has the meaning given in Section 8.1.

**Chair** means the person appointed to chair the Meeting conveyed by this Notice.

**Closely Related Party** means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

**Company** means Dreamscape Networks Limited (ACN 612 069 842).

**Constitution** means the constitution of the Company as at the commencement of the Meeting.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director** means a director of the Company.

**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 same meaning as in the Listing Rules.

**Explanatory Memorandum** means the explanatory memorandum attached to the Notice.

**Facility Agreement** has the meaning given in Section 8.1.

**Finance Documents** has the meaning given in Section 8.1.

**Financial Report** means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

**General Security Agreement** has the meaning given in Section 8.1.

**Key Management Personnel** means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

**Listed Australian Holding Company** has the meaning given in Section 8.3.

**Listing Rules** means the listing rules of ASX.

**Meeting** has the meaning in the introductory paragraph of the Notice.

**Notice** means this notice of meeting.

**Obligors** has the meaning given in Section 8.1.

**Option** means an option which entitles the holder to subscribe for one Share.

**Proxy Form** means the proxy form attached to the Notice.

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

**Resolution** means resolution contained in the Notice.

**Schedule** means a schedule to this Notice.

**Section** means a section contained in this Explanatory Memorandum.

**Security** has the meaning given in Section 8.1.

**Security Arrangements** has the meaning given in Section 8.4.

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

**Shareholder** means a shareholder of the Company.

**Subsidiaries** has the meaning given in section 8.1

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules.

**VWAP** means volume weight average price.

In this Notice and the Explanatory Memorandum words importing the singular include the plural and vice versa.

*This page has been left blank intentionally.*

**Lodge your vote:**



**By Mail:**

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

## Proxy Form

**For your vote to be effective it must be received by 2:00pm (AEDT) Tuesday, 20 November 2018**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, 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 2001) 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form →**



View the annual report, 24 hours a day, 7 days a week:

[www.dreamscapenetworks.com/reports/](http://www.dreamscapenetworks.com/reports/)

To view and update your securityholding:

**[www.investorcentre.com](http://www.investorcentre.com)**

**Your secure access information is:**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Dreamscape Networks Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Dreamscape Networks Limited to be held at the offices of HLB Mann Judd, Level 19, 207 Kent Street, Sydney, New South Wales on Thursday, 22 November 2018 at 2:00pm (AEDT) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Peter James	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Director – Shin Ein Ng	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Financial Assistance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /