

# Notice of Annual General Meeting

12 December 2013



AdEffective Limited  
ACN 085 545 973

# Notice of Annual General Meeting

ADEFECTIVE LIMITED ACN 085 545 973

The 2013 Annual General Meeting of AdEffective Limited (the **Company**) will be held as follows:

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Date:	Thursday 12 December 2013
Time:	11.00 am (Melbourne time)
Venue:	HWL Ebsworth Lawyers Level 26, 530 Collins Street Melbourne Victoria 3000

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## Ordinary Business

### **ITEM 1: ADOPTION OF FINANCIAL ACCOUNTS AND RELATED REPORTS**

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*To receive and consider the Financial Reports of the Company including the balance sheets and profit and loss accounts of the Company and its subsidiaries and the reports of the Company's Directors and of the Company's auditor in respect of the financial year ended 30 June 2013.*

### **ITEM 2: ADOPTION OF REMUNERATION REPORT (RESOLUTION 1)**

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

*"**THAT** the Remuneration Report for the financial year ended 30 June 2013 included in the Directors' Report, which is attached to the Financial Statements as required under section 300A of the Corporations Act, be adopted by the Company."*

Note: In accordance with section 250R(3) of the Corporations Act, the votes cast in respect of this Resolution are advisory only and do not bind the Company or the Directors.

### **ITEM 3: RE-ELECTION OF DAMIAN LONDON (RESOLUTION 2)**

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

*"**THAT** Damian London, having retired from his office as a Director in accordance with rule 17.2(b) of the Constitution and, being eligible, having offered himself for re-election, be re-elected as a Director of the Company."*

**ITEM 4: ELECTION OF MARK GOULOPOULOS (RESOLUTION 3)**

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

*"**THAT** Mark Goulopoulos, having been appointed as a Director on 1 November 2012 to fill a casual vacancy to the Board, retires as a Director of the Company in accordance with ASX Listing Rule 14.4 and section 201H of the Corporations Act and for all other purposes, and being eligible, having offered himself for election, be elected as a Director of the Company."*

**ITEM 5: ELECTION OF DOMENIC CAROSA (RESOLUTION 4)**

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

*"**THAT** Domenic Carosa, having been appointed as a Director on 18 June 2013 to fill a casual vacancy to the Board, retires as a Director of the Company in accordance with ASX Listing Rule 14.4 and section 201H of the Corporations Act and for all other purposes, and being eligible, having offered himself for election, be elected as a Director of the Company."*

**Special Business**

**ITEM 6: APPROVAL OF LONG TERM INCENTIVE PLAN (LTIP) (RESOLUTION 5)**

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

*"**THAT**, for the purposes of Exception 9 in Listing Rule 7.2, sections 259B(2) and 260C(4) of the Corporations Act and for all other purposes, shareholders approve the issue of shares, rights or options under the Long Term Incentive Plan described in the Explanatory Memorandum as an exception to Listing Rule 7.1 and also approve that Plan."*

**ITEM 7: APPROVAL OF THE ISSUE OF OPTIONS TO DIRECTORS PURSUANT TO THE LTIP (RESOLUTION 6)**

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

*"**THAT**, for the purposes of Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes, shareholder approval is given for the Company to grant:*

- a) 1 million Options, each to acquire 1 ordinary fully paid share in the Company, to Mr Andrew Plympton, a Non-Executive Director and Chairman of the Company, or his nominee; and*
- b) 1 million Options, each to acquire 1 ordinary fully paid share in the Company, to Mr Domenic Carosa, a Non-Executive Director of the Company, or his nominee; and*
- c) 1 million Options, each to acquire 1 ordinary fully paid share in the Company, to Mr Mark Goulopoulos, a Non-Executive Director of the Company, or his nominee; and*
- d) 1 million Options, each to acquire 1 ordinary fully paid share in the Company, to Ms Sophie Karzis, a Non-Executive Director of the Company, or her nominee; and*

- e) *1 million Options, each to acquire 1 ordinary fully paid share in the Company, to Mr Damian London, a Non-Executive Director of the Company, or his nominee, pursuant to the LTIP and on the terms set out in the Explanatory Statement".*

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**ITEM 8: RATIFICATION OF ISSUE OF SHARES (RESOLUTION 7)**

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

*"**THAT**, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders approve and ratify the issue of 31,185,288 fully paid ordinary shares in the Company at an issue price of \$0.027 per share to sophisticated and professional investors on 14 October 2013 on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."*

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**ITEM 9: APPROVAL OF ISSUE OF LISTED OPTIONS (RESOLUTION 8)**

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

*"**THAT**, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 15,592,644 Options exercisable at 1.5 cents each on or before 30 June 2014, on the terms and conditions in the Explanatory Memorandum."*

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**ITEM 10: APPROVAL OF 10% PLACEMENT CAPACITY (RESOLUTION 9)**

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

*"**THAT**, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to an additional 10% of its issued Equity Securities by way of placements over a 12 month period, on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

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**ITEM 11: CHANGE OF COMPANY NAME (RESOLUTION 10)**

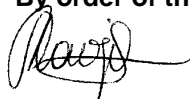
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*To consider and, if thought fit, to pass the following Resolution as a **special resolution**:*

*"**THAT**, with effect from 1 December 2013, in accordance with 157(1) of the Corporations Act, and for all other purposes, the name of the Company be changed to 'Shoply Limited'".*

Dated 6 November 2013

By order of the Board of AdEffective Limited



**Sophie Karzis**  
Company Secretary

## VOTING EXCLUSIONS

### Item 2, Resolution 1

In accordance with section 250R of the Corporations Act, a vote on Item 2, Resolution 1 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 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 Item 2, Resolution 1 as described above; or
- (b) the person is the chairperson voting an undirected proxy which expressly authorises him or her to vote the proxy on a resolution connected with the remuneration of a member of the key management personnel.

### Item 6, Resolution 5 and Item 7, Resolution 6

The Company will disregard any votes cast on the following Resolutions:

- in relation to Item 6, Resolution 5 by any Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of those Directors;
- in relation to Item 7, Resolution 6(a) by Mr Andrew Plympton or any of his associates or any Director of the Company (except one that is ineligible to participate in any employee incentive scheme or any plan in relation to the Company) and any of their associates;
- in relation to Item 7, Resolution 6(b) by Mr Domenic Carosa or any of his associates or any Director of the Company (except one that is ineligible to participate in any employee incentive scheme or any plan in relation to the Company) and any of their associates;
- in relation to Item 7, Resolution 6(c) by Mr Mark Goulopoulos or any of his associates or any Director of the Company (except one that is ineligible to participate in any employee incentive scheme or any plan in relation to the Company) and any of their associates;
- in relation to Item 7, Resolution 6(d) by Ms Sophie Karzis or any of her associates or any Director of the Company (except one that is ineligible to participate in any employee incentive scheme or any plan in relation to the Company) and any of their associates;
- in relation to Item 7, Resolution 6(e) by Mr Damian London or any of his associates or any Director of the Company (except one that is ineligible to participate in any employee incentive scheme or any plan in relation to the Company) and any of their associates.

However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions of the proxy form; or
- it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides, where the proxy appointment 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 key management personnel for the Company.

### Item 8, Resolution 7

The Company will disregard any votes cast on this resolution by any person who participated in the issue of the shares and any of their associates. However, the Company need not disregard a vote if:

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

**Item 9, Resolution 8**

The Company will disregard any votes cast on Item 9, Resolution 8 by any person who may participate in the proposed issue as well as any person who may obtain a benefit, except for a benefit solely in the capacity of a security holder, if the Resolution is passed, and any associates of those persons. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

**Item 10, Resolution 9**

The Company will disregard any votes cast on Item 10, Resolution 9 by any person who may participate in the issue of Equity Securities under this resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by:

- a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or;
- b) the person chairing the Meeting as proxy for a person entitled to vote, in accordance with a direction on a proxy form to vote as the proxy decides.

## Voting and other entitlements at the Annual General Meeting

For the purposes of the Meeting, Shares will be taken to be held by persons who are registered holders as at 7.00pm (Melbourne time) on 10 December 2013.

### Voting at the Meeting

1. If you are able to attend the AGM, on a show of hands each Shareholder present may cast one vote. The phrase **Shareholder present** includes a person present as a proxy, attorney or body corporate representative. However, if a Shareholder appoints two proxies, neither proxy may vote on a show of hands.
2. On a poll, every Shareholder present has one vote for every fully paid ordinary share held.

### Appointment of Proxy

3. If you are a Shareholder but are unable to attend and vote at the AGM and you wish to appoint a proxy, please complete and return the proxy form enclosed with this notice of the AGM.
4. A proxy need not be a Shareholder of the Company.
5. The proxy form must be completed and returned to the Company by delivery, mail or facsimile at least 48 hours before the time and date scheduled for the AGM (i.e. lodgement must occur no later than 11.00am Melbourne time on 10 December 2013).

<b>Mail:</b>	<b>Facsimile:</b>
Computershare Investor Services Pty Limited	1800 783 447 (within Australia)
GPO Box 242	+61 3 9473 2555 (outside Australia)
Melbourne, Victoria, 3001	
<b>Custodian voting:</b>	
Relevant custodians may lodge their proxy forms online by visiting <a href="http://www.intermediaryonline.com">www.intermediaryonline.com</a> (For Intermediary Online subscribers only)	

6. A Shareholder entitled to attend the AGM and cast more than one vote on a poll at the AGM is entitled to appoint no more than two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
7. In the absence of your instructions, your proxy will vote or abstain from voting as he/she thinks fit. However, should you desire to direct your proxy how to vote, please insert "X" in the box appropriate to each Resolution in the form of proxy.
8. To direct a proxy to cast only some of the votes covered by a proxy form in respect of an item of business in a particular manner, place in the relevant box either the number of votes to be cast in that manner on a poll or the percentage of the total votes to be cast in that manner on a poll. This direction, if given, is also an instruction to the proxy to vote according to the proxy's discretion on a show of hands.
9. To direct two proxies to cast a certain number of votes each, place the relevant number of votes next to the name of each proxy in the space provided on the proxy form. If no amount is specified, then each proxy will be deemed to have been appointed to cast 50% of the votes covered by this instrument.
10. Unless otherwise specified in the proxy form, the number of votes deemed to be covered by the proxy form in relation to each Resolution will be the number of votes that the appointing Shareholder is entitled to cast in relation to each Resolution.
11. The form must be signed personally by the Shareholder or their attorney (duly authorised in writing). A proxy form for a corporation must be executed by the corporation in accordance with section 127 of the Corporations Act or by the corporation's attorney (duly authorised in writing).
12. In the case of joint holders, the proxy form must be signed or executed by all holders.
13. Where the form is signed by a duly authorised attorney, or body corporate representative, the power of attorney, or evidence of the appointment of the representative, if not previously exhibited to the Company, must be produced at the Company's registered office at least 48 hours before the time appointed for holding the AGM.
14. If the proxy is signed under power of attorney, the signatory must also declare that they have had no notice of revocation of the power of attorney.
15. The Chairman of the Meeting intends to vote all available undirected proxies in favour of each item of business.
16. The Company's Chairman, Mr Andrew Plympton, will chair the Meeting and intends to vote all available undirected proxies in favour of all of the Resolutions. If you complete a proxy form that authorises the Chairman of the Meeting to vote on your behalf as proxy, and you do not mark any of the boxes so as to give him directions about how your vote should be cast, then, in accordance with the express authority provided for in the proxy form, the Chairman will vote in favour of Resolutions 1, 5 and 6. If you wish to appoint the Chairman of the Meeting as your proxy, and you wish to direct him how to vote, please tick the appropriate box on the form.
17. If you appoint as your proxy any director of the Company, except the Chairman, or any other key management personnel or any of their closely related parties and you do not direct your proxy how to vote on Resolutions 1, 5 and 6, he or she will not vote your proxy on that item of business.

### 1. FINANCIAL AND RELATED REPORTS

The 2013 Annual Report contains the Directors' Report, the Financial Report and the Remuneration Report. The Company's 2013 Annual Report is available from the Company's website ([www.adeffective.com](http://www.adeffective.com)).

### 2. ADOPTION OF REMUNERATION REPORT (RESOLUTION 1)

Shareholders are asked to adopt the Company's Remuneration Report. The Remuneration Report is set out in the 2013 Annual Report and is available from the Company's website ([www.adeffective.com](http://www.adeffective.com)).

The Remuneration Report:

- describes the policies behind, and the structure of, the remuneration arrangements of the Company and the link between the remuneration of executives and the Company's performance;
- sets out the remuneration arrangements in place for each Director and for certain members of the senior management team; and
- explains the differences between the basis for remunerating Non-Executive Directors and senior executives, including the Chief Executive Officer.

*If a 'no' vote of 25% or more of the shareholders voting on the item is received, the Board will take into account comments made at the AGM on the Company's Remuneration Report and will include a report of actions taken by the Board accordingly in the Company's next Annual Report.*

### 3. RE-ELECTION OF DAMIAN LONDON (RESOLUTION 2)

Please refer to the 2013 Annual Report for information about Mr Damian London.

#### **Recommendation**

The Board, with Damian London abstaining, recommends that shareholders vote in favour of Damian London's re-election.

### 4. ELECTION OF MARK GOULOPOULOS (RESOLUTION 3)

Please refer to the 2013 Annual Report for information about Mark Goulopoulos.

#### **Recommendation**

The Board, with Mark Goulopoulos abstaining, recommends that shareholders vote in favour of Mark Goulopoulos.

### 5. ELECTION OF DOMENIC CAROSA (RESOLUTION 4)

Please refer to the 2013 Annual Report for information about Domenic Carosa.

#### **Recommendation**

The Board, with Domenica Carosa abstaining, recommends that shareholders vote in favour of Domenic Carosa.

### 6. APPROVAL OF LONG TERM INCENTIVE PLAN (LTIP) RESOLUTION 5

#### **Summary**

Item 6, Resolution 5 seeks shareholder approval for the Company's Long Term Incentive Plan (**LTIP** or **Plan**) for the purposes of the Listing Rules and the Corporations Act.



## **Listing Rules**

Listing Rule 7.1 provides that a company may not issue equity securities, or agree to issue equity securities, without the approval of shareholders, if the number of equity securities to be issued in any 12 month period (including shares issued on the exercise of any options) exceed 15% of the issued capital of the company preceding the issue.

Listing Rule 7.2 contains a number of exceptions to the prohibition contained in Listing Rule 7.1. In particular, under Exception 9 in Listing Rule 7.2, any equity securities issued under an employee incentive scheme within three years of the date on which shareholders approve the issue of those equity securities are not counted for the purposes of Listing Rule 7.1. Item 6, Resolution 5 is designed to satisfy the requirements of Listing Rule 7.2.

## **Corporations Act**

Section 259B(1) of the Corporations Act prohibits a company from taking security over its shares except as permitted by section 259B(2). Section 259B(2) states that a company may take security over shares in itself under an employee share scheme that has been approved by resolution passed at a general meeting of the company.

Section 260A(1)(c) of the Corporations Act prohibits a company from financially assisting a person to acquire shares in itself except as permitted by section 260(C). Section 260(C)(4) provides for special exemption for approved employee shares schemes and states that financial assistance is exempted from section 260(A) if a resolution is passed at a general meeting of the company.

Accordingly Shareholder approval is sought for Item 6, Resolution 5 to ensure compliance with these sections of the Corporations Act.

## **Long Term Incentive Plan**

The purpose of the LTIP is to provide incentives to management and directors of the Company who are integral to the operations and ongoing success of the Company. These incentives are designed to encourage greater productivity from directors and management and to better enable the Company to retain its management personnel in a highly competitive industry.

Should this Item 6, Resolution 5 be passed, the Company will have the necessary flexibility to issue securities as an incentive to management personnel and that the issue of securities under the LTIP will not be included within the Company's placement capacity pursuant to Listing Rule 7.1.

At this point in time, no securities have been issued under the LTIP. However, under Item 7, Resolutions 6(a) to 6(e), it is proposed that Mr Plympton, Mr Carosa, Mr Goulopoulos, Ms Karzis and Mr London be issued Options pursuant to the LTIP.

A summary of the LTIP is set out at Schedule 1.

Details of any options or performance rights issued under the LTIP will be published in each annual report of the Company relating to the period in which they were issued and, where applicable, it will be noted that approval for the issue of the options and/or the performance rights was obtained under Listing Rule 10.14.

## **Recommendation**

As the Directors may participate in the LTIP they do not provide any recommendation to Shareholders in relation to this Item 6, Resolution 5.

## 7. APPROVAL OF ISSUE OF OPTIONS TO DIRECTORS (RESOLUTIONS 6 (a) to 6(e))

### Summary

Item 7, Resolutions 6(a) to 6(e) inclusive seek shareholder approval for the grant of options to acquire ordinary shares in the Company to Directors of the Company or their nominees (**Director Options**) as part of the Director's remuneration and an incentive scheme. Shareholder approval of the issue of Director Options to Directors is required for all purposes under the Corporations Act and ASX Listing Rules, including for the purposes of Chapter 2E of the Corporations Act (section 208) and ASX Listing Rule 10.11 because the Directors are related parties of the Company.

Under Listing Rule 10.14, the acquisition of securities by a director under an employee incentive scheme requires shareholder approval. Shareholder approval is therefore sought for the acquisition by the Directors of the Director Options and any Shares issued upon exercise of the Options.

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties of a public company. Section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party unless one of a number of exceptions applies or shareholder approval is obtained.

Accordingly, Item 7, Resolutions 6(a) to 6(e) seeks shareholder approval for the grant of the Director Options to the Directors for the purposes of Chapter 2E of the Corporations Act.

### Disclosures made for the purposes of Listing Rule 10.15 and Chapter 2E of the Corporations Act

To enable shareholder approval to be effectively obtained under Listing Rule 10.14 and Chapter 2E of the Corporations Act, the following information is provided:

- a) For the purposes of ASX Listing Rule 10.11, Mr Andrew Plympton, Mr Domenic Carosa, Mr Mark Gouloupoulos, Ms Sophie Karzis and Mr Damian London are related parties of the Company. Accordingly, in order to grant the Director Options to these Directors (or their nominees) the Company must obtain Shareholder approval pursuant to Listing Rule 10.11.
- b) The number of Director Options to be granted to each of Mr Plympton, Mr Carosa, Mr Gouloupoulos, Ms Karzis and Mr London if these resolutions are approved is 1,000,000 Director Options, each exercisable for one Share. The maximum number of Shares that may be issued upon exercise of the Director Options the subject of Item 5, Resolutions 6(a) to 6(e) inclusive is 5,000,000 and upon exercise of the Director Options, the Shares will rank equally with all other ordinary shares of the Company on issue.
- c) Approval pursuant to ASX Listing Rule 7.1 is not required in order to grant the Director Options to these Directors as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the grant of Director Options to these Directors will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.
- d) A voting exclusion statement is included in the Notice.
- e) The price payable on the issue or exercise of the Director Options is 2 cents per Director Option.
- f) The Director Options can only be exercised upon the achievement of certain criteria including that the Company achieves its budgeted sales in the financial year ended 30 June 2015 and that each Director remains as a director of the Company until 31 December 2014. The Director Options can be exercised at any time until the Expiry Date of 31 December 2017 after they have vested. This information is summarised in the below table:

Director	Maximum Number of Director Options to be Issued	Vesting Criteria	Exercise Price	Expiry Date
Andrew Plympton	1,000,000	* Continue as a non-executive director until 31 December 2014 and achievement of targeted sales during a 12 month period from 1 July to 30 June 2015.	2 cents per Option	31 December 2017
Domenic Carosa	1,000,000	* Continue as a non-executive director until 31 December 2014 and achievement of budgeted sales during a 12 month period from 1 July to 30 June 2015.	2 cents per Option	31 December 2017
Mark Goulopoulos	1,000,000	* Continue as a non-executive director until 31 December 2014 and achievement of budgeted sales during a 12 month period from 1 July to 30 June 2015.	2 cents per Option	31 December 2017
Sophie Karzis	1,000,000	* Continue as a non-executive director until 31 December 2014 and achievement of budgeted sales during a 12 month period from 1 July 2013 to 30 June 2015.	2 cents per Option	31 December 2017
Damian London	1,000,000	* Continue as a non-executive director until 31 December 2014 and achievement of budgeted sales during a 12 month period from 1 July to 30 June 2015.	2 cents per Option	31 December 2017

*\*The service period vesting criteria will be waived so that these criteria will be deemed satisfied in the event of a takeover of the Company succeeding. If the vesting criteria are not satisfied, the Director Options lapse. If the vesting criteria are satisfied, Director Options are able to be exercised via the payment of the exercise price at any time until Expiry Date.*

- a) The Director Options will be granted within one month of the date of the Meeting. The Options will not be quoted. Otherwise, the general terms and conditions of all of the Options are set out in Annexure A.
- b) The name of the persons referred to in Listing Rule 10.14 entitled to be issued the Options are Mr Andrew Plympton, Mr Domenic Carosa, Mr Mark Goulopoulos, Ms Sophie Karzis and Mr Damian London.
- c) The name of the persons referred to in Listing Rule 10.14 entitled to participate in the LTIP are Mr Andrew Plympton, Mr Domenic Carosa, Mr Mark Goulopoulos, Ms Sophie Karzis and Mr Damian London.
- d) There is no loan proposed in relation to the proposed issue of the Director Options to the Directors.
- e) The Director Options will be granted for nil consideration. There will be no funds raised from the issue of Director Options to Mr Plympton, Mr Carosa, Mr Goulopoulos, Ms Karzis or Mr London (or their respective nominees).
- f) Each Director's relevant interest in Shares in the Company or any other securities in the Company is shown in the table below:

<u>Director</u>	<u>Before Granting of Options</u>				<u>After Granting of Options (if Resolutions 5 and 6 are approved)</u>			<u>If All Options are exercised</u>
	<u>Numbers of ordinary shares</u>	<u>% of current share capital</u>	<u>Number of options (unlisted)</u>	<u>Number of options (listed)</u>	<u>Numbers of ordinary shares</u>	<u>Number of options (unlisted)</u>	<u>Number of options (listed)</u>	<u>% of increased share capital</u>
Mr Andrew Plympton	nil	0	600,000	nil	nil	1,600,000	nil	0.41
Mr Domenic Carosa (1)	40,478,565	16.93	nil	17,019,759	40,478,565	1,000,000	17,019,759	16.99
Mr Mark Goulopoulos	8,100,000	3.39	nil	8,647,565	8,100,000	1,000,000	8,647,565	3.73
Ms Sophie Karzis	nil	0	nil	nil	nil	1,000,000	nil	0.41
Mr Damian London (2)	34,518,667	14.44	1,000,000	nil	34,518,667	2,000,000	nil	14.55

(1) These shares are held by Tiger Domains Pty Ltd ATF Tiger Domains Unit Trust and MP3 Australia Pty Ltd ATF MP3 Australia Unit Trust, in each of which the Director is both a 50% shareholder and unit holder.

(2) Includes shares held by Planet W Pty Ltd in which the director holds approximately a 26% interest. In addition the Director holds shares and options individually and through his related entity.

- n) If the issue of the Director Options the subject of these Resolutions 6(a) to 6(e) are approved, and subsequently become exercisable, and each of the Director Options are exercised, each Director's relevant interest will increase by 1,000,000 Shares in the Company which will amount to approximately 0.48% each of the Company based on the Company's share capital as at the date of this Notice of Meeting (if no other Shares are issued).
- o) Mr Plympton is engaged as a Non-Executive Director and Chairman of the Company. Mr Plympton is paid a base remuneration of \$30,000 per annum in respect of the services provided, exclusive of superannuation. Mr Plympton does not currently receive any other guaranteed remuneration or emoluments from the Company but he is entitled and eligible to participate in the Company's LTIP. Each of Mr Carosa, Mr Goulopoulos, Ms Karzis and Mr London are engaged as a Non-Executive Directors of the Company. They are each paid a base remuneration of \$28,800 per annum in respect of the services provided, exclusive of superannuation. They do not currently receive any other guaranteed remuneration or emoluments from the Company in respect of their roles as directors but are entitled and eligible to participate in the Company's LTIP. Ms Karzis also received fees for providing company secretarial services and for the provision of a registered office to the Company. Ms Karzis receives no other form of remuneration from the Company.
- p) The primary purpose of the grant of the Director Options to the Directors is as an incentive to provide dedicated and ongoing commitment and effort to the Company, particularly as the remuneration each receives for performing their duties as a Director is considered by the Directors to be below the average remuneration levels for directors of companies with similar market capitalisation to the Company's. Given this purpose, the Directors do not consider that there is any material opportunity cost or benefit foregone to the Company in granting the Options. The Directors note that as at the date of this Notice, the exercise price of the Director Options (being 2 cents per option) is below the current market price of the Company's shares (the closing price of the Company's shares on 21 October was 2.9 cents) however, the Directors also note that the price of the Company's shares over the last month has fluctuated from 1.5 cents up to 3.5 cents; in addition, it is noted that the Director Options cannot be exercised until and unless the Company achieves certain internal sales revenue targets during the period from 1 July 2013 to 30 June 2015. Accordingly, the Directors are of the view that the issue of the Director Options to the Directors provides an incentive through the targets that must be met in order for the Director Options to be exercised being the achievement of the internal budgeted sales revenue and remaining as Directors through to 31 December 2014. The Directors independent to each respective Resolution consider the particular number and terms of the Options to be granted to constitute an appropriate number to adequately incentivise the Directors in question in light of their skill, experience and reputation and when considered together with their remuneration as Directors as detailed above in paragraph (o). The Board determined the number of the Director Options to be issued to each Director (with the relevant Director abstaining from consideration of the grant of Director Options in relation to him or her) based on their expected contribution to the Company and the

likely/expected impact that this will have on the Company's performance, including on the Company's Share price performance in the event the vesting criteria to the Director Options are met.

- q) An alternative to the issue of Director Options to the Directors would be to simply increase their remuneration. However, given the current stage of development of the Company, and the necessity for cash reserves to be preserved for the Company's general working capital requirements as well as to fund potential acquisition opportunities that may be identified, the Board has determined that there should be no increase in fees paid to the Non-Executive Directors at this time. Instead, the Board has determined that Directors should be issued with a number of Director Options to act as a reward for past performance, as a long term incentive and as a retention mechanism and to compensate for the current remuneration levels for all Directors which are considered to be below the average levels for directors of other similarly market capitalised companies.
- r) The Board acknowledges that the grant of Director Options to the Non-Executive Directors is contrary to Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations which recommend that non-executive directors should normally be remunerated by way of fees, should not participate in schemes designed for remuneration of executives and should not receive options. However, the Board considers the grant of the Director Options constitutes cost effective consideration to the Directors for their ongoing commitment and contribution to the Company and, for the reasons above, constitutes reasonable remuneration to the Directors in the circumstances of the Company and the Directors (including their responsibilities as Directors of the Company).
- s) The number of Director Options to be issued to Non-Executive Directors has been determined by having regard to the level of Directors' fees/salaries being received by Non-Executive Directors and is a cash free, effective and efficient way to provide an appropriate and market level of Directors' remuneration.
- t) If Shareholders do not approve the issue of Director Options to the Directors, the Board may increase the level of fees received by the Non-Executive Directors.

## Valuation

ASIC requires that when seeking shareholder approval for the issue of securities to a related party pursuant to Chapter 2E, shareholders must be provided with a valuation of those securities. The Company has estimated a value for the Director Options to be granted under Resolution 6(a) to 6(e) subject to the vesting criteria by reference to the Black and Scholes option pricing model based on the following assumptions:

<b>Underlying Security spot price:</b>	<b>\$0.033</b>
<b>Exercise price:</b>	<b>2 cents</b>
<b>Dividend rate:</b>	<b>0%</b>
<b>Risk free rate:</b>	<b>2.5%</b>
<b>Expiry date:</b>	<b>31 December 2017</b>
<b>Standard deviation of returns (annualised):</b>	<b>50%</b>

Based on the above assumptions, the Director Options have been valued at \$0.0188 per Director Option. In total, the proposed benefits to be given to each of the Directors based on this valuation method are as follows:

Mr Andrew Plympton:	\$18,800
Mr Domenic Carosa:	\$18,800
Mr Mark Goulopoulos:	\$18,800

Ms Sophie Karzis: \$18,800

Mr Damian London: \$18,800

### **Dilution**

The passing of Item 7, Resolutions 6(a) to 6(e) would have the following effect:

The passing of Item 7, Resolution 6 (a) would have the effect of granting Mr Andrew Plympton or his nominee up to 1,000,000 Director Options; the passing of Item 7, Resolution 6(b) would have the effect of granting Mr Domenic Carosa or his nominee up to 1,000,000 Director Options; the passing of Item 7, Resolution 6(c) would have the effect of granting Mr Mark Gouloupoulos or his nominee up to 1,000,000 Director Options; the passing of Item 7, Resolution 6(d) would have the effect of granting Ms Sophie Karzis or her nominee up to 1,000,000 Director Options; the passing of Item 7, Resolution 6(e) would have the effect of granting Mr Damian London up to 1,000,000 Director Options, on the terms and conditions as set out in this Explanatory Memorandum.

If any of the Director Options granted as proposed above vest and are subsequently exercised, the effect would be to dilute the shareholding of existing Shareholders. If all Director Options to be granted under Item 7, Resolution 6 were to vest and were subsequently exercised, the effect would be to dilute the shareholding of existing Shareholders by approximately 2.35% on an undiluted basis and being based on the total number of Shares on issue at the date of this Notice of 207,901,921, and assuming that no further equity securities are issued from the date of this Notice and that no options currently on issue or to be issued are exercised.

### **Recommendation**

The Directors do not wish to make a recommendation to Shareholders about the proposed Resolutions 6(a) to (e) because they have an interest in the outcome of the Resolutions as they are the proposed recipients of the Options.

### **Other Information**

The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass these Resolutions.

## **8. RATIFICATION OF ISSUE OF SHARES (RESOLUTION 7)**

### **Background**

The Company seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for an issue of 31,185,288 shares made by the Company on 15 October 2013 to various sophisticated investors and professional investors introduced to the Company by the Company's Lead Manager, Patersons Securities Limited, ABN 69 008 896 311, (**Patersons**) at an issue price of \$0.027 per share (**Placement**). The issue price of \$0.027 per share is predicated upon the Company being able to issue one free attaching New Listed Option (as that term is defined in Item 9 for Resolution 8 of this Notice) for every two (2) of the 31,185,288 shares issued under the Placement. The Company is seeking approval to issue the New Listed Options to allottees under the Placement, however if approval is not obtained, then the Company must compensate the allottees under the Placement by paying them \$0.015 per New Listed Option that they would have received if Resolution 8 was approved. The reimbursement of \$0.015 is based upon the last sale price of ABNO Options traded on ASX prior to a trading halt in the Company's securities in connection with the Placement.

The Company raised \$842,002 (before costs) under the Placement, with the objective of the using the funds to pay for costs of the Placement, to replenish the Company's working capital following its recent acquisitions of e-commerce businesses EzyDirect and OHKI, and to provide funding for potential further acquisitions of e-commerce businesses. The Placement was made pursuant to a mandate entered into by the Company with Patersons, under which Patersons agreed to act as lead manager to the Placement. For further details on this capital raising mandate, refer to the Company's ASX announcement dated 9 October 2013.

## **ASX Listing Rules**

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions under ASX Listing Rule 7.2, issue or agree to issue shares during any 12 month period in excess of 15% of the number of shares on issue at the commencement of that 12 month period without shareholder approval. ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1, by permitting the ratification of previous issues of shares which were not made under a prescribed exception under ASX Listing Rule 7.2 or with shareholder approval, provided that such issues did not breach the 15% threshold set out by Listing Rule 7.1. If shareholders of a company approve the ratification of such previous issues of shares at a general meeting, those shares will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1.

### **Reason for resolution**

The effect of ratification in accordance with ASX Listing Rule 7.4 is the reinstatement of the Company's maximum capacity to issue further shares up to 15% of the issued capital of the Company, if required, in the next 12 months without requiring shareholder approval. The Directors believe that it is in the best interests of the Company that the Directors maintain their ability to issue up to 15% of the issued capital of the Company.

Save for as otherwise set out in this Notice, the Directors do not currently have any specific intention to make any further issue of shares without approval of shareholders under ASX Listing Rule 7.1 in the next 12 months, unless such issue falls under an exception to the 15% threshold in ASX Listing Rule 7.2

However, the Directors consider it to be appropriate and prudent for approval to be sought at the Annual General Meeting, in respect of the relevant issue of shares made by the Company in the last twelve months. The Directors believe this approval will enhance the Company's flexibility to finance its operations through raising equity capital, should the Directors consider them to be in the best interests of the Company to do so.

In particular, the Directors note that if this approval is not obtained at the Annual General Meeting, the Company may be required to incur additional costs and delay of convening an extraordinary general meeting of the Company if the Directors propose to issue securities which do not fall under an exception to the 15% rule in ASX Listing Rule 7.2.

### **Information required to be provided under the ASX Listing Rules**

As stated above, the Company completed the Placement to various sophisticated investors introduced to the Company by Patersons, the lead manager to the Placement, and raised approximately \$842,000.

The Company confirms that the issue and allotment of shares the subject of the Placement did not breach ASX Listing Rule 7.1

In accordance with ASX Listing Rule 7.5, which contains requirements as to the contents of a notice sent to shareholders for the purposes of ASX Listing Rule 7.4, the following information is provided to shareholders:

- **Reason for issue**  
To raise funds to pay for costs of the Placement and to replenish the Company's working capital following its recent acquisitions of e-commerce businesses EzyDirect and OHKI, and to provide funding for potential further acquisitions of e-commerce businesses.
- **Date of issue**  
15 October 2013
- **No. of shares issued**  
31,185,288

- **Issue price per share**  
\$0.027 per share
- **Terms of issue**  
Fully paid ordinary shares ranking pari-passu with other existing fully paid ordinary shares in the Company.
- **Recipients of issue**  
Various sophisticated investors and professional investors introduced to the Company by the Company's Lead Manager, Patersons Securities Limited.
- **Use of funds raised**  
To provide capital to fund the Company's ongoing requirements and to provide funding for potential further acquisitions of e-commerce businesses.

### **Voting Exclusion**

A voting exclusion statement applies to this item of business, as set out in the Notice.

### **Board Recommendation**

The Directors unanimously recommend that shareholders vote in favour of this item.

### **Chairman's available proxies**

The Chairman of the Meeting intends to vote all available proxies in favour of this item of business.

## **9. APPROVAL OF ISSUE OF LISTED OPTIONS (ITEM 9, RESOLUTION 8)**

### **Summary**

The resolution the subject of Item 9, Resolution 8 seeks shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 15,592,000 options (with the same terms as the Company's ABNO listed options, i.e. an exercise price of 1.5 cents and an expiry date of 30 June 2014). The options are to be issued to allottees of the Company's recent Placement (as that term is defined under the information provided for Item 8, Resolution 7 above) on the basis of one free option for every two (2) shares subscribed for, being up to 15,592,644 options (**New Listed Options**).

### **ASX Listing Rules**

ASX Listing Rule 7.1 provides, subject to certain exceptions, that shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the company's ordinary securities then on issue.

The effect of Item 8, Resolution 7 will be to allow the Company to issue up to 15,592,644 New Listed Options during the period of 3 months after the 2013 AGM (or a longer period if allowed by ASX) without using the Company's 15% placement capacity.

### **Specific information required by ASX Listing Rule 7.3**

In accordance with ASX Listing Rule 7.3, which contains requirements as to the contents of a notice sent to shareholders for the purposes of ASX Listing Rule 7.1, the following information is provided to shareholders:



<b>Maximum no. of Securities to be issued</b>	15,592,644 Listed Options
<b>Date by which New Listed Options will be issued</b>	The Company will issue the New Listed Options no later than 3 months after the date of the 2013 AGM (or such longer period of time as ASX may in its discretion allow).
<b>Issue price per Listed Option</b>	The Listed Options are granted as free attaching options on the basis of one Listed Option for every two (2) new Shares subscribed for under the Company's recent Placement.
<b>Basis on which allottees will be determined</b>	The New Listed Options are to be issued to various sophisticated investors and professional investors introduced to the Company by the Company's Lead Manager, Patersons Securities Limited, on the basis of one (1) new Listed Option for every two (2) new shares subscribed for under the Placement.
<b>Terms of Listed Options</b>	The terms and conditions of the New Listed Options are attached in Schedule 2 of this Explanatory Memorandum.
<b>Funds raised</b>	The New Listed Options are to be issued as free attaching options, on the basis of one (1) new Listed Option for every two (2) new shares subscribed for under the Placement. The Company raised approximately \$842,000 under the Placement. However if the shareholders do not approve the issue of the Listed Options then the Company must reimburse the allottees under the Placement by paying them \$0.015 per Listed Option that they would have received if Resolution 8 was approved, representing an amount of approximately \$233,890. The reimbursement of \$0.015 per Listed Option is based upon the last sale price of ABNO Options traded on ASX prior to a trading halt in the Company's securities in connection with the Placement.
<b>Voting Exclusion Statement</b>	A voting exclusion statement applies to this item of business, as set out in the Notice.

#### **If the Resolution is not approved**

If Item 9, Resolution 8 is not approved by Shareholders, the Company will either issue the Listed Options utilising its 15% capacity under ASX Listing Rule 7.1(which will be fully refreshed if Item 8, Resolution 7 is approved by shareholders) or reimburse the allottees under the Placement by paying them \$0.015 per Listed Option that they would have received if Item 9, Resolution 8 was approved, representing an amount of approximately \$233,890.

#### **Board Recommendation**

The Directors unanimously recommend that shareholders vote in favour of this item.

#### **Chairman's available proxies**

The Chairman of the Meeting intends to vote all available proxies in favour of this item of business.

## 10. APPROVAL OF 10% PLACEMENT CAPACITY (ITEM 10, RESOLUTION 9)

### BACKGROUND INFORMATION FOR SHAREHOLDERS

#### General

Presently, under Listing Rule 7.1, every listed entity has the ability to issue 15% of its issued capital without shareholder approval in a 12 month period. ASX Listing Rule 7.1A, which was introduced on 1 August 2012, essentially permits eligible small and mid-cap ASX-listed entities, subject to shareholder approval, to issue Equity Securities of up to an additional 10% of its issued capital by way of placements over a 12 month period, in addition to its ability to issue securities under Listing Rule 7.1 (**10% Placement Capacity**).

The Company seeks shareholder approval under ASX Listing Rule 7.1A for the 10% Placement Capacity. The effect of this resolution will be to allow the Directors, subject to the conditions set out below, to issue Equity Securities under the 10% Placement Capacity without using the Company's 15% placement capacity under Listing Rule 7.1. The Directors do not presently have any plan to make use of the additional Placement Capacity; however consider it prudent to have it available for the Company to use, particularly as the Company continues to seek appropriate acquisition opportunities to further strengthen the Company's e-commerce division.

Resolution 9 is a special resolution. Accordingly, at least 75% of votes cast by shareholders present and eligible to vote (in person or by proxy) at the meeting must be in favour of this resolution for it to be passed.

#### Eligibility

ASX-listed entities which have a market capitalisation of \$300 million or less, and which are not included in the S&P/ASX 300 Index will be considered eligible to seek shareholder approval under Listing Rule 7.1A.

As at the date of this Notice, the Company, which has a market capitalisation of less than \$300 million, is not included in the S&P/ASX 300 Index. Accordingly, the Company is considered eligible to seek shareholder approval under Listing Rule 7.1A.

#### Formula

The exact number of additional Equity Securities that the Company may issue under the 10% Placement Facility will be determined by a formula set out Listing Rule 7.1A.2 as follows:

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

Where:

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

- plus the number of fully paid shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
- plus the number of partly paid shares that became fully paid in the previous 12 months (there are presently no partly paid shares on issue in the Company);
- plus the number of shares issued in the previous 12 months with approval of shareholders under ASX Listing Rules 7.1 and 7.4. This does not include an issue of fully paid shares under the Company's 15% placement capacity without shareholder approval; and
- less the number of shares cancelled in the previous 12 months.

*'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 ASX 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 ASX Listing Rule 7.1 or 7.4.

**Conditions of issue under the 10% Placement Capacity**

There are a number of conditions applicable to the issue of Equity Securities under Listing Rule 7.1A, including a limitation on the discount to prevailing market price at which they may be issued, and additional disclosure requirements. A summary of these conditions is as follows:

- (a) Equity Securities issued under the 10% Placement Capacity can only be in a class of securities already quoted. At the date of this Notice, the Company has two classes of securities which are quoted, being ordinary shares and listed options (ASX:ABNO).
- (b) The issue price of Equity Securities issued under the 10% Placement Capacity must be no lower than 75% of the volume weighted average price (**VWAP**) of Equity Securities in the same class calculated over the 15 trading days immediately before either:
  - i. the date on which the Equity Securities are issued; or
  - ii. the date on which the price of the Equity Securities is agreed, provided that the issue is thereafter completed within 5 business days.

**Period of validity of shareholder approval**

In the event that the Company obtains shareholder approval of the subject of Resolution 9, such approval will cease to be valid upon the earlier of:

- (a) 12 months after the date of this Annual General Meeting, being 22 November 2014;
- (b) if applicable, the date on which the Company's shareholders approve a change to the nature or scale of the Company's activities under Listing Rule 11.1.2, or the disposal of the Company's main undertaking under Listing Rule 11.2; or
- (c) such longer period if allowed by ASX,

**(Placement Period)**

**INFORMATION TO BE PROVIDED TO SHAREHOLDERS UNDER ASX LISTING RULE 7.3A**

**Minimum issue price**

The issue price of Equity Securities issued under the 10% Placement Capacity must be no lower than 75% of the VWAP of shares calculated over the 15 trading days on which trades in shares were conducted immediately before either:

- iii. the date on which the Equity Securities are issued; or
- iv. the date on which the price of the Equity Securities is agreed, provided that the issue is thereafter completed within 5 business days.

**Risk of dilution to shareholders**

If the resolution the subject of Resolution 9 is approved by shareholders, issue of Equity Securities under the 10% Placement Capacity may present a risk of economic and voting dilution of existing shareholders, including the risk that:

- the market price of the Company's Equity Securities may be significantly lower on the relevant issue date than on the date of the Annual General Meeting; and
- 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.

The table below shows the potential dilution of existing shareholders under various scenarios on the basis of:

- an issue price of \$0.033 per share (**Issue Price**) which is the closing price of the Company's shares on the ASX on 4 October 2013; and
- the variable 'A' being calculated as the number of fully paid ordinary shares on issue on the date of this Notice, being 207,901,921.

The table also shows:

- (a) two examples where variable 'A' has increased by 50% and 100%. The number of shares on issue in the Company may increase as a result of the issue of shares that do not require approval of shareholders (for example, pro-rata entitlement issues or scrip issues under takeover offers) or future placements of shares under Listing Rule 7.1 of up to 15% of issued capital that are approved at future general meetings of shareholders; and
- (b) two examples of where the Issue Price of shares has decreased by 50% and increased by 100%.

VARIABLE 'A'		Dilution		
		50% decrease in Issue Price \$0.0165	Issue Price \$0.033	100% increase in issue price \$0.066
Current Variable 'A' 207,901,921 shares	10% voting dilution	20,790,192 shares	20,790,192 shares	20,790,192 shares
	Funds raised	\$343,038.17	\$686,076.34	\$1,372,152.68
50% increase in current Variable 'A' 311,852,882 shares	10% voting dilution	31,185,288 shares	31,185,288 shares	31,185,288 shares
	Funds raised	\$514,557.25	\$1,029,114.51	\$2,058,229.02
100% increase in current Variable 'A' 415,803,842 shares	10% voting dilution	41,580,384 shares	41,580,384 shares	41,580,384 shares
	Funds raised	\$686,076.34	\$1,372,152.68	\$2,744,305.36

The table has been prepared on the following assumptions:

- (a) the Company issues the maximum number of shares available under the 10% Placement Capacity;
- (b) no options to acquire shares on issue in the Company are exercised;
- (c) the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue;
- (d) the table does not show an example of dilution that may be caused to a particular shareholder as a result of placements under the 10% Placement Capacity based on that shareholder's holding at the date of the Annual General Meeting.
- (e) the table shows only the effect of issues of Equity Securities under the 10% Placement Capacity in accordance with Listing Rule 7.1A and not under the 15% placement capacity under Listing Rule 7.1.
- (f) the issue of Equity Securities under the 10% Placement Capacity consists only of shares.
- (g) the Issue Price is \$0.033, being the closing price of the Company's shares on the ASX on 4 October 2013.

<b>Period of validity</b>	The Company will only issue the Equity Securities during the Placement Period. The approval under the resolution the subject of item 9 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 the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
<b>Reason for issue of shares under 10% Placement Capacity</b>	<p>The Company may seek to issue the Equity Securities for the following purposes:</p> <ul style="list-style-type: none"> <li>(a) non-cash consideration for the acquisition of the new assets and investments, in which event the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or</li> <li>(b) cash consideration, the proceeds of which will be applied to fund the Company's existing and future activities, appraisal of corporate opportunities, investment in new businesses (if any), the costs incurred in undertaking placement(s) of shares under Listing Rule 7.1.A and for general working capital.</li> </ul> <p>The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A 4 and 3.10.5A upon issue of any Equity Securities.</p>
<b>Allocation policy</b>	<p>The Company may not issue any or all the Equity Securities for which approval is given and may issue the Equity Securities progressively as the Company places the Equity Securities with investors.</p> <p>The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to factors such as:</p> <ol style="list-style-type: none"> <li>1. fund raising options (and their viability) available to the Company at the relevant time;</li> <li>2. the effect of the issue of the Equity Securities on the control of the Company;</li> <li>3. the financial situation of the Company and the urgency of the requirement for funds; and</li> <li>4. advice from the Company's corporate, financial, legal and broking advisers.</li> </ol> <p>The allottees under the 10% Placement Capacity have not been determined as at the date of this Notice. It is intended that the allottees will be suitable professional and sophisticated investors, and other investors not requiring a disclosure document under section 708 of the Corporations Act, that are known to the Company and/or introduced by third parties.</p> <p>The allottees may include existing substantial shareholders and/or new shareholders, but it is not intended that the allottees will be related parties or associates of a related party of the Company. In the event that the shares under the 10% Placement Capacity are issued as consideration for the acquisition of assets or investments, it is likely that the allottees will be the vendors of such assets or investments.</p>
<b>Previous approval</b>	The Company has previously obtained approval under ASX Listing Rule 7.1A at its 2012 Annual General Meeting on 28 November 2013 and no Equity Securities have been issued under that rule in the 12 months preceding the Annual General Meeting.
<b>Ranking shares of</b>	Any shares issued under the 10% Placement Capacity will rank equally with all other existing shares on issue in the Company. The Company does not intend to utilise the 10% Placement Capacity to issue any form of Equity Security other than ordinary shares.

**Voting exclusion**

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

However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or;
- (b) the person chairing the Meeting as proxy for a person entitled to vote, in accordance with a direction on a proxy form to vote as the proxy decides.

**Board Recommendation**

The Directors unanimously recommend that shareholders vote in favour of this item.

**Chairman's available proxies**

The Chairman of the Meeting intends to vote all available proxies in favour of this item of business.

**11. CHANGE OF COMPANY NAME (ITEM 11, RESOLUTION 10)****Background**

The Board believes that the present company name no longer accurately reflects the expanded activities undertaken by the Company. In particular, as the Board has determined to focus the Company's forward strategy around the fast growing e-commerce sector, it has been determined that in order to better reflect this strategy, the Company's name be changed to Shoply Limited.

The Company's ASX stock code will change to SHP.

In accordance with section 157(1)(a) of the Corporations Act, if a company wants to change its name, its shareholders must pass a special resolution adopting the new name, that is, it must be passed by at least 75% of votes validly cast on the resolution by shareholders entitled to vote on it.

The change of name will take effect from 1 December 2013.

**Board Recommendation**

The Board recommends that shareholders vote in favour of Resolution 10.

**Chairman's available proxies**

The Chairman of the Meeting intends to vote all available proxies in favour of this item of business.

## DEFINITIONS

<b>Company or AdEffective</b>	Means AdEffective Limited ACN 085 545 973
<b>Closely Related Party</b> (of a member of KMP of an entity)	Has the definition given to it by section 9 of the Corporations Act, and means: <ul style="list-style-type: none"> <li>a) a spouse or child of the member; or</li> <li>b) a child of the member's spouse; or</li> <li>c) a dependant of the member or of the member's spouse; or</li> <li>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</li> <li>e) a company the member controls; or</li> <li>f) a person prescribed by the regulations for the purposes of this definition (nothing at this stage).</li> </ul>
<b>Equity Security</b>	Means: <ul style="list-style-type: none"> <li>a) a share;</li> <li>b) a right to a share or option;</li> <li>c) an option over an issued or unissued security;</li> <li>d) a convertible security;</li> <li>e) any security that ASX decides to classify as an equity security.</li> </ul>
<b>Key Management Personnel or KMP</b>	Means 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.

## **Schedule 1**

### **Summary of the Long Term Incentive Plan**

#### **a) General**

The Plan is intended to retain and motivate the Company's management team.

Under the Plan, the Board has the discretion to offer shares or grant options and performance rights to Eligible Employees (which includes executive Directors) of the Company or a related body corporate. An offer of shares may be accompanied by an offer of a loan (acquisition loan) from the Company or a related body corporate to acquire the shares.

Note, there is no current proposal to offer shares or acquisition loans under the Plan.

Both options and performance rights give a participant in the Plan a right to acquire shares in the Company subject to the achievement of both time based and performance based vesting conditions, with options requiring the payment of an exercise price to acquire the shares and a performance right not requiring the payment of an exercise price.

The Board has the discretion to amend the rules of the Plan (including respectively in respect of previous awards of shares, options or performance rights) but not so as to reduce the rights of participants, except where necessary to correct obvious errors or mistakes or to comply with legal requirements or where agreed by the participant.

Awards under the Plan are made at the Board's discretion.

#### **b) Eligibility**

The rules allow for offers under the Plan to be made to any employee of the Company or a related body corporate, including executive directors, or such other person as the Board determines. However, it has been the case and it is currently intended to continue to be the case that participation in the Plan will only be offered to the Company's senior executive leadership team including directors.

#### **c) Issue of shares and grant of options and performance rights**

Shares, options and performance rights may be issued under the Plan subject to vesting conditions, including time and performance based hurdles.

The Board determines the details of the vesting conditions attaching to shares, options and performance rights under the Plan prior to offers of participation being made. Shares, options or performance rights will only vest (under normal circumstances) upon satisfaction of the time and performance based vesting conditions. If those conditions are not met, shares will be bought back or the options or performance rights will generally expire and not be capable of exercise.

No amount is payable on the grant of options or performance rights offered under the Plan.

#### **d) Delivery of shares**

Shares in the Company will be delivered to participants upon exercise of vested options or performance rights. On exercise, the Company may deliver shares by new issue or by purchasing shares for transfer to participants. No exercise price is payable on the exercise of performance rights unless otherwise determined by the Board at the date of grant.

#### **e) Buy-back of shares**

The Plan provides for the buy-back of shares offered under the plan in certain circumstances, including on the forfeiture of the shares. Buy-back proceeds must be applied towards the repayment of any acquisition loan used to acquire the shares.



f) **Change of control**

On a change of control of the Company, the board has discretion to waive the vesting conditions applicable to unvested options and performance rights, subject to such terms and conditions as it determines.

g) **Plan limits**

Issues of shares including on exercise of options or performance rights granted under the Plan will be subject to a cap of 5% of the issued share capital of the Company, inclusive of shares that may be issued under other employee incentive schemes of the Company for employees and non-executive directors, but disregarding offers made outside of Australia, made under a prospectus or other disclosure document or which do not require a disclosure document.

h) **Expiry of options and performance rights**

Unless otherwise determined by the Board in its discretion, options and performance rights which have not been exercised will expire and cease to exist on the expiry date specified at the date of grant or upon the Board making a determination that the options or performance rights are to be forfeited.

i) **Restrictions on shares and forfeiture conditions**

Shares, options and performance rights, and shares delivered on exercise, may be subject to forfeiture (subject to lifting at the discretion of the Board) if a participant commits any act of fraud, defalcation or gross misconduct in relation to the Company or a related body corporate. In addition, the Board can decide, on the offer of shares or the grant of options or performance rights under the Plan the circumstances under which the shares, options or performance rights are to be forfeited in additional circumstances, such as the termination or cessation of employment.

Shares delivered on exercise of options or performance rights may be subject to disposal restrictions (subject to removal at the discretion of the Board).

j) **Hedging economic exposure prohibited**

Without limiting the prohibitions in Part 2D.7 of the Corporations Act (ban on hedging remuneration of key management personnel), the terms of the Plan prohibit entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under the Plan.

## **Schedule 2**

### **New Listed Option Terms and Conditions**

#### **1. Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

#### **2. Exercise Price and Expiry Date**

The Options have an exercise price of \$0.015 (**Exercise Price**) and an expiry date of 30 June 2014 (**Expiry Date**).

#### **3. Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date.

#### **4. Notice of Exercise**

The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

#### **5. Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then shares of the Company.

#### **6. Quotation of Shares on exercise**

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

#### **7. Timing of issue of Shares**

After an Option is validly exercised, the Company must, within 15 Business Days of the notice of exercise and receipt of cleared funds equal to the sum payable on the exercise of the Option:

- (a) issue and allot the Share; and
- (b) do all such acts, matters and things to obtain the grant of official quotation of the Share on ASX no later than 5 Business Days after issuing the Shares.

#### **8. Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

#### **9. Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and

(b) no change will be made to the Exercise Price.

**10. Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = \frac{O - E[P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one Share.

**11. Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

**12. Quotation of Options**

The Options are listed Options (ASX:ABNO).

**13. Options transferable**

The Options are freely transferable.

**14. Lodgement Instructions**

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Options with the appropriate remittance should be lodged at the Company's Registry.

### 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



┌ 000001 000 ABN  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form

 **For your vote to be effective it must be received by 11.00am (Melbourne time) Tuesday 10 December 2013**

### 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 as they choose. 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 information tab, "Downloadable 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 your securityholder information, 24 hours a day, 7 days a week:

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

- Review your securityholding
- Update your securityholding

**Your secure access information is:**

**SRN/HIN: I9999999999**



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

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**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.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

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

XX

I/We being a member/s of AdEffective 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 AdEffective Limited to be held at HWL Ebsworth Lawyers, Level 26, 530 Collins Street, Melbourne Victoria 3000 on Thursday, 12 December 2013 at 11:00am (Melbourne time) 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 Items 2, 6, 7a, 7b, 7c, 7d & 7e (except where I/we have indicated a different voting intention below) even though Items 2, 6, 7a, 7b, 7c, 7d & 7e are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** For Items 6, 7a, 7b, 7c, 7d & 7e, this express authority is also subject to you marking the box in the section below. 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 Items 2, 6, 7a, 7b, 7c, 7d & 7e by marking the appropriate box in step 2 below.

**Important for Items 6, 7a, 7b, 7c, 7d & 7e:** If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on Items 6, 7a, 7b, 7c, 7d & 7e below, please mark the box in this section. If you do not mark this box and you have not otherwise directed your proxy how to vote on Items 6, 7a, 7b, 7c, 7d & 7e, the Chairman of the Meeting will not cast your votes on Items 6, 7a, 7b, 7c, 7d & 7e and your votes will not be counted in computing the required majority if a poll is called on these items. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 6, 7a, 7b, 7c, 7d & 7e of business.

I/We acknowledge that the Chairman of the Meeting may exercise my/our proxy even if the Chairman has an interest in the outcome of Items 6, 7a, 7b, 7c, 7d & 7e and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

## 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			For	Against	Abstain
Item 2	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 7c	Approval of the issue of Options to Mark Gouloupoulos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Re-election of Damian London	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 7d	Approval of the issue of Options to Sophie Karzis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Election of Mark Gouloupoulos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 7e	Approval of the issue of Options to Damian London	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5	Election of Domenic Carosa	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 8	Ratification of issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6	Approval of Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 9	Approval of issue of listed Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7a	Approval of the issue of Options to Andrew Plympton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 10	Approval of 10% placement capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7b	Approval of the issue of Options to Domenic Carosa	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 11	Change of Company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

## 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 / /

ABN

1 7 5 8 9 1 A