

Shoply Ltd - ASX: SHP

16 June 2016

ASX and Media Release

Extraordinary General Meeting to approve Anyware Acquisition

Shoply Limited (ASX:SHP) (**Shoply**) advises that it will be holding an extraordinary general meeting of shareholders on 15 July 2016 (**EGM**), at which Shoply will seek the necessary approvals from shareholders in connection with its proposed acquisition of Anyware Corporation Pty Ltd (**Proposed Acquisition**), and a number of other resolutions including a share consolidation.

The following **attached** documents in relation to the EGM will be despatched to all shareholders today:

- **Notice of Meeting and Explanatory Statement**, which provides an explanation of the resolutions proposed and the disclosures required by law;
- **Independent Expert's Report** by Hall Chadwick Corporate (NSW) Limited, which was commissioned by the Board to provide an independent assessment of whether the Proposed Acquisition is fair and reasonable to all shareholders; and
- **Proxy form** (sample attached) to be used by shareholders to appoint a proxy to vote on their behalf at the EGM.

The details of the EGM are as follows:

Date: Friday, 15 July 2016

Time: 2.30pm (Melbourne time)

Venue: RSM Australia
Level 21, 55 Collins Street,
Melbourne, Victoria.

-ENDS

For further information, contact:

Alyn Tai
Company Secretary
Shoply Limited
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About Shoply Limited

Shoply's objective is to be a leading ASX listed online shopping company. Shoply is rapidly executing a dual, organic and acquisitive growth strategy, acquiring or creating positions in attractive retail categories.

<http://www.shoply.com.au>

Shoply Limited

ACN 085 545 973



Notice of General Meeting

and

Explanatory Statement

and

Independent Expert Report

and

Proxy Form

General Meeting of Shoply Limited to be held at

RSM Australia, Level 21, 55 Collins Street, Melbourne, Victoria

on Friday 15 July 2016 commencing at 2.30pm (Melbourne time).

This Notice of General Meeting, Explanatory Statement and Independent Expert's Report should be read in its entirety.

If Shareholders are in any doubt as how to vote, they should seek advice from their own independent financial, taxation or legal adviser without delay.

Shoply Limited ACN 085 545 973

General information

This notice of meeting (**Notice**) relates to a general meeting (**Meeting**) of the shareholders of the Company (**Shareholders**).

The Meeting will take place at RSM Australia, Level 21, 55 Collins Street, Melbourne, Victoria on Friday 15 July 2016 commencing at 2.30pm (Melbourne time).

The purpose of the Meeting is to:

- inform Shareholders of the Company's intentions to acquire 100% of the issued shares in Anyware Corporation Pty Ltd (**Proposed Transaction**);
- obtain Shareholder approval for the various components of the Proposed Transaction as required under the ASX Listing Rules (**Listing Rules**) and the *Corporations Act 2001* (Cth) (**Corporations Act**); and
- obtain Shareholder approval for a number of other matters, including a share consolidation.

Each of the Directors considers that the Proposed Transaction will create significant value for the Shareholders and assist the Company in the next phase of its growth.

Shareholders should also note that the Independent Expert has found that for the purpose of section 611 (Item 7) of the Corporations Act and Listing Rule 10.1, the Proposed Transaction is considered by the Independent Expert to be fair and reasonable for non-associated Shareholders. Further detail can be found in the Independent Expert's Report attached to this Notice.

The following documents accompany this Notice and are designed to assist Shareholders' understanding of the resolutions under consideration (**Resolutions**):

- **Explanatory Statement:** provides an explanation of the Resolutions and the disclosures required by law;
- **Independent Expert's Report:** Hall Chadwick Corporate (NSW) Limited (**Independent Expert**) was commissioned by the board of directors of the Company (**Board**) to provide an independent assessment of whether the Proposed Transaction is fair and reasonable to all Shareholders; and
- **Proxy form:** to be used by Shareholders to appoint a proxy to vote on their behalf at the Meeting.

Shareholders should read the above documents carefully, including the Independent Expert's Report which sets out the advantages and disadvantages of the Proposed Transaction.

Consolidation: under Resolution 21 it is proposed that subject to completion of the Proposed Transaction, the Company's share capital be consolidated through the conversion of every 25 Shares into 1 Share. All references to numbers of Shares which appear in this Notice and Explanatory Statement are on a pre-Consolidation basis unless otherwise stated.

Key dates for Shareholders

Event	Date*
Date of Notice of Meeting, and announcement of Consolidation	Thursday 16 June 2016
Deadline for lodging Proxy Form for Meeting	2.30pm (Melbourne time) on Wednesday 13 July 2016
Record date for eligibility to vote at Meeting	7.00pm on Wednesday 13 July 2016
Meeting to approve the Proposed Transaction, the Consolidation and other matters	2.30pm (Melbourne time) on Friday 15 July 2016
Notification to ASX that the Consolidation is approved	Friday 15 July 2016
Completion of the Proposed Transaction	Friday 22 July
Last day for trading in pre-consolidated Shares	Monday 25 July 2016
Trading in the consolidated Shares on a deferred settlement basis commences	Tuesday 26 July 2016
Last day to register transfers of Shares on a pre-Consolidation basis	Wednesday 27 July 2016
Consolidation effective. Registration of securities on a post-consolidation basis	Thursday 28 July 2016
Despatch of new holding statements. Deferred settlement trading ends	Wednesday 3 August 2016
Normal trading starts	Thursday 4 August 2016

** Shareholders should note the above timetable is indicative only and may be varied in consultation with ASX. Any changes to the above timetable will be released to the ASX.*

Shoply Limited ACN 085 545 973

General Meeting: Agenda

The business to be transacted at the Meeting is set out below:

1. Change in scale of activities of the Company

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

"That, subject to Resolution 2 being passed, in accordance with Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change to the scale of its activities as set out in the Explanatory Statement."

Voting exclusion statement on Resolution 1: The Company will disregard any votes cast on this Resolution by the Sellers and any person who may 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 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 proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. Issue of Consideration Shares

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

"That, subject to Resolution 1 being passed and for the purposes of section 611 (item 7) of the Corporations Act, Listing Rule 10.1, 10.11 and all other purposes, approval is given for the issue to each Seller of that number of Shares set out opposite its name under the heading "Shoply Consideration Shares" in Schedule 1 of the Explanatory Memorandum (being, in aggregate 2,403,456,940 Shares) as consideration for the Company's acquisition of all of the issued capital in Anyware Corporation Pty Ltd, and for the acquisition by the Sellers of a relevant interest in issued voting shares in the Company and the increase in the Sellers' voting power in the Company from less than 20% to more than 20% and otherwise on the terms described in the Explanatory Statement."

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by Hall Chadwick Corporate (NSW) Limited for the purposes of Shareholder approval under section 611 (item 7) of the Corporations Act in relation to Resolution 2. The Independent Expert's Report comments on the fairness and reasonableness to the non-associated Shareholders of the issue of Shares under Resolution 2. The Independent Expert has determined that that issue is **fair and reasonable** to the non-associated Shareholders.

Voting exclusion statement on Resolution 2: The Company will disregard any votes cast on this Resolution by the Sellers, any party to the Proposed Transaction, or any other person who may 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 person as a 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.

3. Change of Company Name

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

"That, subject to Resolutions 1 and 2 being passed, and in accordance with section 157(1) of the Corporations Act, and for all other purposes, the Company change its name from "Shoply Limited" to "Harris Technology Group Limited"."

4. Appointment of Mr Howard Sijin Chen as director

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

"That, subject to Resolutions 1 and 2 being passed, and in accordance with clause 17.1 of the Constitution and for all other purposes, Mr Howard Sijin Chen, having provided conditional consent to act as a director from completion of the Proposed Transaction, be elected as a director of the Company with effect from completion of the Proposed Transaction."

5. **Repeal and replacement of the Constitution**

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

"That in accordance with section 136(2) of the Corporations Act and for all other purposes, the Constitution be repealed and replaced by a new constitution the terms of which are summarised in the Explanatory Statement, effective as at the close of the Meeting."

6. **Approval of increase to remuneration fee cap**

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

"That in accordance with Listing Rule 10.17 and clause 17.3(c) of the Constitution and for all other purposes, approval is given to increase the maximum aggregate amount of fees that may be paid each year to the non-executive directors of the Company from \$200,000 to \$500,000."

Voting exclusion statement on Resolution 6: The Company will disregard any votes cast on this Resolution by a director or their Associates, or (on their own behalf or as a proxy) by a member of KMP at the time the Resolution is voted on or any of their Closely Related Parties. 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 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, where the proxy appointment expressly authorises the person chairing the meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of KMP.

7. **Ratification of prior issue of shares under Listing Rule 7.1**

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

"That for the purposes of Listing Rule 7.4 and for all other purposes, approval is given for the prior issue of 83,910,643 Shares at a \$0.007147 per Share pursuant to Listing Rule 7.1 on 3 March 2016 by way of a placement and otherwise on the terms and conditions set out in the Explanatory Statement."

Voting exclusion statement on 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 Associates of those persons. 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 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.

8. **Ratification of prior issue of shares under Listing Rule 7.1A**

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

"That for the purposes of Listing Rule 7.4 and for all other purposes, approval is given to the prior issue of 55,998,753 Shares at a \$0.007147 per Share pursuant to Listing Rule 7.1A on 3 March 2016 by way of a placement and otherwise on the terms and conditions set out in the Explanatory Statement."

Voting exclusion statement on Resolution 8: The Company will disregard any votes cast on this Resolution by any person who participated in the issue of the Shares and any Associates of those persons. 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 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.

9. **Approval of Proposed Placement**

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, approval is given for the issue of up to 850,000,000 Shares on a pre-Consolidation basis (or up to 34,000,000 Shares on a post-Consolidation basis) to such allottees and on such terms as set out in the Explanatory Statement.”

Voting exclusion statement on Resolution 9: The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this 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 a 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.

10. **Approval of issue of Plympton LTIP Shares**

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

“That, for the purposes of Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to grant 4,000,000 Shares to Mr Andrew Plympton, Chairman of the Company, or his nominee(s), pursuant to the Company’s LTIP and on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement on Resolution 10: The Company will disregard any votes cast on this Resolution by a Director or any of their Associates, or by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if this Resolution is passed, or (on their own behalf or as a proxy) by a member of KMP at the time the Resolution is voted on or any of their Closely Related Parties. 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 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, where the proxy appointment expressly authorises the person chairing the meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of KMP.

11. **Approval of issue of Carosa LTIP Shares**

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

“That, for the purposes of Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes approval is given for the Company to grant 3,000,000 Shares to Mr Domenic Carosa, Non-Executive Director of the Company, or his nominee(s), pursuant to the Company’s LTIP and on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement on Resolution 11: The Company will disregard any votes cast on this Resolution by a Director or any of their Associates, or by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if this Resolution is passed, or (on their own behalf or as a proxy) by a member of KMP at the time the Resolution is voted on or any of their Closely Related Parties. 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 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, where the proxy appointment expressly authorises the person chairing the meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of KMP.

12. **Approval of issue of Goulopoulos LTIP Shares**

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

“That, for the purposes of Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes approval is given for the Company to grant 3,000,000 Shares to Mr Mark Goulopoulos, Non-Executive Director of the Company, or his nominee(s), pursuant to the Company’s LTIP and on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement on Resolution 12: The Company will disregard any votes cast on this Resolution by a Director or any of their Associates, or by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if this Resolution is passed, or (on their own behalf or as a proxy) by a member of KMP at the time the Resolution is voted on or any of their Closely Related Parties. 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 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, where the proxy appointment expressly authorises the person chairing the meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of KMP.

13. **Approval of issue of Secretary LTIP Shares**

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, Shareholder approval is given for the Company to grant 2,000,000 Shares to Ms Alyn Tai, Company Secretary of the Company, or her nominee(s), pursuant to the Company’s LTIP and on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement on Resolution 13: The Company will disregard any votes cast on this Resolution by Ms Alyn Tai and her nominee(s); (b) any person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this resolution is passed; and (c) any Associates of the persons named in sub-paragraphs (a) and (b). 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 a direction on the Proxy Form to vote as the proxy decides.

14. **Approval of issue of Warcom Earn-out Shares**

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

“That, subject to Resolutions 1 and 2 being passed and subject to completion of the Proposed Transaction, and for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 15,914,435 Shares to the nominees of Warcom, in satisfaction of the Company’s obligation to issue any further earn-out shares to Warcom (Aust) Pty Ltd under the terms of the Warcom Assets Purchase Agreement and on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement on Resolution 14: The Company will disregard any votes cast on this Resolution by Warcom (Aust) Pty Ltd and its nominee(s); (b) any person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this resolution is passed; and (c) any Associates of the persons named in sub-paragraphs (a) and (b). 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 a direction on the Proxy Form to vote as the proxy decides.

15. **Approval of issue of eStore Earn-out Shares**

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

“That, subject to Resolutions 1 and 2 being passed and subject to completion of the Proposed Transaction, and for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 47,100,000 Shares to the eStore Vendor’s Nominee, in satisfaction of the Company’s obligation to issue any further earn-out shares to the vendors of the eStore business or their nominees under the terms of the eStore Assets Purchase Agreement and on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement on Resolution 15: The Company will disregard any votes cast on this Resolution by the eStore Vendor and its nominee(s); (b) any person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this resolution is passed; and (c) any Associates of the persons named in sub-paragraphs (a) and (b). 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 a direction on the Proxy Form to vote as the proxy decides.

16. **Approval of issue of Atlantis Conversion Shares**

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

“That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 14,681,017 Shares to Atlantis MG Pty Ltd or its nominee(s) in satisfaction of the Company’s obligation to repay the Atlantis Loan, and on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement on Resolution 16: The Company will disregard any votes cast on this Resolution by Atlantis MG Pty Ltd or its nominee(s), or any other person who may 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 person as a 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.

17. **Approval of issue of Dominet Conversion Shares**

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

“That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 29,342,466 Shares to Dominet Digital Corporation Pty Ltd or its nominee(s) in satisfaction of the Company’s obligation to repay the Dominet Loan, and on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement on Resolution 17: The Company will disregard any votes cast on this Resolution by Dominet Digital Corporation Pty Ltd or its nominee(s), or any other person who may 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 person as a 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.

18. **Approval of issue of APA Conversion Shares**

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

“That, for the purposes of section 611 (item 7) of the Corporations Act, Listing Rule 10.11 and all other purposes, Shareholders approve the issue of up to 51,493,151 Shares to APA or its nominee(s) in satisfaction of the Company’s obligation to repay the APA Loan, and for the acquisition by APA or its nominee(s) of a relevant interest in issued voting shares in the Company, and the increase in APA’s and/or its nominee(s)’ voting power in the Company from either less than 20% to more than 20%, or from a starting point that is above 20% and below 90% (depending on the timing of implementation of the issue of Shares under this Resolution), and on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement on Resolution 18: The Company will disregard any votes cast on this Resolution by APA or its nominee(s), or any other person who may 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 person as a 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 a direction on the Proxy Form to vote as the proxy decides.

19. **Approval of issue of AZA Conversion Shares**

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

“That, for the purposes of section 611 (item 7) of the Corporations Act, Listing Rule 10.11 and all other purposes, Shareholders approve the issue of up to 14,710,372 Shares to AZA International (Aust) Pty Ltd or its nominee(s) in satisfaction of the Company’s obligation to repay the AZA Loan, and for the acquisition by AZA or its nominees(s) of a relevant interest in issued voting shares in the Company, and the increase in AZA’s and/or its nominee(s)’

voting power in the Company from either less than 20% to more than 20%, or from a starting point that is above 20% and below 90% (depending on the timing of implementation of the issue of Shares under this Resolution), and on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement on Resolution 19: The Company will disregard any votes cast on this Resolution by AZA or its nominee(s), or any other person who may 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 person as a 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.

20. **Approval of issue of Chen Conversion Shares**

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

“That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 36,737,769 Shares to Mr Howard Sijin Chen or his nominee(s) in satisfaction of the Company’s obligation to repay the Chen Loan, and on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement on Resolution 20: The Company will disregard any votes cast on this Resolution by Mr Howard Sijin Chen and his nominee(s); any other person who may obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this 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 a direction on the Proxy Form to vote as the proxy decides.

21. **Consolidation**

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

“That, subject to Resolution 2 being passed, and for the purposes of section 254H of the Corporations Act, and for all other purposes, approval is given for the share capital of the Company to be consolidated through the conversion of every 25 Shares into 1 Share, with fractions of a Share being rounded to the nearest whole number, exact half Shares being rounded up and post consolidation holdings of less than one being rounded up, to take effect in accordance with the timetable set out in the Explanatory Statement.”

Note: In accordance with section 254H(4) of the Corporations Act, a copy of this Resolution 21, if passed, shall be lodged with the Australian Securities & Investments Commission within one month of the meeting.

By order of the Board of Shoply Limited:



Alyn Tai
Company Secretary
16 June 2016

Notes

<p>Who may vote?</p>	<p>The Directors have determined, in accordance with Regulation 7.11.37 of the <i>Corporations Regulations 2001</i> (Cth), that all Shares of the Company that are quoted on ASX at 7.00pm on Wednesday 13 July 2016 will, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time.</p> <p>This means that any person registered as the holder of Shares at 7.00pm on Wednesday 13 July 2016 is entitled to attend and vote at the Meeting in respect of those Shares.</p>
<p>Proxies: appointment</p>	<p>A Shareholder of the Company who is entitled to attend and vote at the Meeting has a right to appoint a person as their proxy to attend and vote for the Shareholder at the Meeting. A proxy need not be a Shareholder of the Company.</p>
<p>Proxies: lodgement</p>	<p>To be valid, a Proxy Form must be received by the Company by no later than 2.30pm (Melbourne time) on Wednesday 13 July 2016 (Proxy Deadline).</p> <p>Proxy Forms may be submitted by:</p> <ul style="list-style-type: none"> (a) lodgement online at: www.votingonline.com.au/shoplyegm2016; (b) hand deliver to: Boardroom Pty Limited, Level 12, Grosvenor Place, 225 George Street, Sydney NSW 2000; (c) post to: Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001; or (d) facsimile: +61 2 9290 9655 <p>A written proxy appointment must be signed by the Shareholder or the Shareholder's attorney, or where the Shareholder is a body corporate, by its corporate representative or at least 2 officers of that Shareholder.</p> <p>Where the appointment is signed by the appointor's attorney, a certified copy of the authority, or the authority itself, must be lodged with the Company in one of the above ways by the Proxy Deadline. If facsimile transmission is used, the authority must be certified.</p>
<p>Body corporate representative</p>	<p>A Shareholder of the Company who is a body corporate and who is entitled to attend and vote at the Meeting, or a validly appointed proxy who is a body corporate and who is appointed by a Shareholder of the Company entitled to attend and vote at the Meeting, may appoint a person to act as its representative at the Meeting by providing that person with:</p> <ul style="list-style-type: none"> (a) a letter or certificate, executed in accordance with the body corporate's constitution, authorising the person as the representative; or (b) a copy of the resolution, certified by the secretary or a director of the body corporate, appointing the representative.

Shoply Limited ACN 085 545 973 (Company)

Explanatory Statement

1 BACKGROUND

1.1 Introduction

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions set out in the accompanying Notice. It explains the Resolutions and identifies the Board's reasons for putting them to Shareholders.

1.2 Action to be taken by Shareholders

Shareholders should read this Explanatory Statement and the Independent Expert's Report carefully before deciding how to vote on the Resolutions set out in the Notice. The Independent Expert's Report which is attached to this Explanatory Memorandum in Schedule 4 provides an independent assessment of whether the Proposed Transaction is fair and reasonable and sets out the advantages and disadvantages of the Proposed Transaction.

All Shareholders are invited and encouraged to attend the Meeting. If Shareholders are unable to attend in person, the attached Proxy Form should be completed, signed and returned to the Company in accordance with the instructions contained in the Proxy Form and the Notice. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person, but the person appointed as the proxy must then not exercise the rights conferred by the Proxy Form.

If the Proposed Transaction and the Other Share Issues are approved by Shareholders and then completed, the voting power of existing Shareholders will be diluted. For further details on the impact of the Proposed Transaction and Other Share Issues on the ownership structure of the Company following the Proposed Transaction, please refer to section 1.6.

1.3 Summary of Proposed Transaction

1.3.1 Background

Shoply's objective is to be a leading ASX listed online shopping company. Shoply is rapidly executing a dual, organic and acquisitive growth strategy, acquiring or creating positions in attractive retail categories.

Anyware was co-founded by Mr Garrison Huang (Managing Director) in 1997, and is the parent company of the Anyware Group, which operates the Anyware distribution business (through www.anyware.com.au) and the Harris Technology business (through www.ht.com.au). Anyware acquired the Harris Technology business from Officeworks in 2014.

The Anyware Group has grown rapidly since its inception and now is a major vendor and distributor of technology products to retailers and end users. The Group sources its products from major vendors, including manufacturers in mainland China. The Anyware Group operates from its headquarters in South Dandenong, Victoria, and is supported by offices and warehouses in Sydney, Perth, Adelaide and Brisbane.

The Proposed Transaction is a natural and synergistic fit for Shoply, and represents a strategic expansion of Shoply's existing e-commerce business. The Proposed Transaction will enhance the scale of Shoply's distribution platform for its main product category of business technology equipment, and generally strengthen its competitive position in the online retail industry. The Proposed Transaction will allow Shoply to benefit from economies of scale advantages and create additional, complementary growth opportunities for its business.

1.3.2 Details of Proposed Transaction

Acquisition of Anyware

On 16 May 2016, the Company entered into a share purchase agreement (**Share Purchase Agreement**) in relation to the Proposed Transaction, under which the Company agreed to acquire 100% of the issued shares in the capital of Anyware in consideration for the issue to the Sellers of 2,403,456,940 Shares in Shoply (**Consideration Shares**).

In accordance with the terms of the Share Purchase Agreement, completion of the Proposed Transaction is conditional on the Company obtaining all Shareholder and regulatory approvals required in relation to the Proposed Transaction, and the Independent Expert opining that the Proposed Transaction is fair and reasonable to Shareholders.

The Share Purchase Agreement also contains additional provisions, including warranties and indemnities in respect of the status of the Anyware Group, which are considered standard for an agreement of this nature.

It is intended that on completion of the Proposed Transaction, the Board will be comprised of:

- (a) 3 directors nominated by the Sellers with one of those directors being nominated to be the chairperson of Shoply with effect from completion of the Proposed Transaction; and
- (b) 2 directors nominated by the current Board.

1.4 Compliance with Chapters 1 and 2 of the Listing Rules

In response to a submission made by the Company to the ASX, the ASX has advised that, based on the information provided by the Company, it will not exercise its discretion under Listing Rule 11.1.3 to require the Company to re-comply with Chapters 1 and 2 of the Listing Rules in relation to the Proposed Transaction.

1.5 Details of Other Share Issues

1.5.1 Background

At the Meeting, the Company is also seeking approvals from Shareholders for the proposed issue of other Shares which are independent of the Proposed Transaction (**Other Share Issues**), as follows:

- (a) (**Resolutions 10 – 13**): the issue of Shares to Directors and the Secretary under the Company's Long Term Incentive Plan;
- (b) (**Resolutions 14 – 15**): the issue of Shares to the vendors of eStore and Warcom; and
- (c) (**Resolutions 16 – 20**): the issue of Shares in satisfaction of loans provided by various lenders, including Directors.

1.5.2 Issue of LTIP Shares to Directors and Secretary

Resolutions 10 – 13 seek Shareholder approval to issue a total of 12,000,000 Shares to existing Directors and the Secretary under the Company's Long Term Incentive Plan.

1.5.3 Issue of Earn-out Shares to vendors of eStore and Warcom

Resolutions 14 and 15 seek Shareholder approval to issue a total of 63,014,435 Shares to the vendors of eStore and Warcom, in satisfaction of the Company's obligation to issue any further earn-out shares to those parties under the terms of the Warcom Assets Purchase Agreement and the eStore Assets Purchase Agreement.

Under the terms of Shoply's assets purchase agreements with the vendors of the Warcom and eStore businesses, which Shoply acquired in June 2014 and March 2015 respectively, the vendors are each entitled to receive earn-out consideration shares on a quarterly basis over a 2 year earn-out period, subject to the satisfaction of prescribed revenue and profit margin targets for each business (**Performance Targets**).

The Proposed Transaction is expected to deliver scale to Shoply's eStore and Warcom businesses, which similarly operate in the consumer electronics and business technology e-commerce sector. As a result of the expected increase in scale of those businesses following the Proposed Transaction, and the potential to extract and leverage synergies between the eStore, Warcom and Anyware/Harris Technology businesses, the prescribed Performance Targets will cease to be aligned with the expected performance of the merged entity.

Given the change in circumstances where the Proposed Transaction proceeds, the Company has entered into agreements with the respective vendors of the eStore and Warcom businesses, under which the obligation of Shoply to issue any further earn-out shares to those vendors during the remaining balance of the 2 year earn-out periods will be satisfied in full by way of Shoply issuing to those vendors an agreed number of Shoply shares upon completion of the Proposed Transaction.

Shareholders should note that whilst Resolutions 14 and 15 do not form part of the Proposed Transaction, the issues of Shares under those Resolutions are subject to completion of the Proposed Transaction. Further information is provided to Shareholders under sections 2.12 and 2.13 of the Explanatory Statement.

1.5.4 Issue of Conversion Shares

Resolutions 16 – 20 seek Shareholder approval for the issue of up to 146,964,775 Conversion Shares to retire debt totalling \$1,000,000 (plus interest) owed by the Company to a number of lenders, which include Directors.

1.5.5 Issue of Shares under Proposed Placement Facility

In addition to the Other Share Issues, the Company is also seeking Shareholder approval pursuant to Listing Rule 7.1 under Resolution 9 for the Proposed Placement, being the issue of up to 850,000,000 Shares on a pre-Consolidation basis (or up to 34,000,000 Shares on a post-Consolidation basis) to raise funds.

Whilst the Board does not currently have plans to utilise this facility by issuing Shares under the Proposed Placement, approval is being sought for the Proposed Placement in order to provide the Company with flexibility to raise capital through the issue of Shares during the 3 month period after the Meeting without diminishing the Company's placement capacity.

1.6 **Effect of Proposed Transaction and Other Share Issues on the Company's capital structure**

The effect on the capital structure and ownership of the Company, as a result of the following scenarios are summarised in the table below:

- (a) Column D shows the capital structure of the Company after the Other Share Issues are completed, but without taking account the shares to be issued under the Proposed Transaction, or the Consolidation.
- (b) Column E shows the capital structure of the Company after the Other Share Issues are completed, and after the shares are issued under the Proposed Transaction, but before completion of the Consolidation.
- (c) Column F shows the capital structure of the Company after the Other Share Issues are completed; after the shares are issued under the Proposed Transaction, and after completion of the Consolidation.

A	B	C	D	E	F
Resolution No. Ref	Event	No. of Shares	% of Share capital post Other Share Issues (excluding Proposed Transaction)	% of Share capital post completion of Proposed Transaction and Other Share Issues	No. of Shares post completion of Proposed Transaction, Other Share Issues and Consolidation
CURRENTLY ON ISSUE		699,896,927	75.92%	21.05%	27,995,877
	▪ Currently on issue to existing Shareholders excluding the Sellers	559,987,531	60.74%	16.84%	22,399,501
	▪ Currently on issue to existing Shareholders who are Sellers	139,909,396	15.18%	4.21%	5,596,376
ISSUED UNDER OTHER SHARE ISSUES		221,979,210	24.08%	6.68%	8,879,168
LTIP Shares					
		12,000,000	1.30%	0.36%	480,000
10	▪ To be issued to Director Andrew Plympton	4,000,000	0.43%	0.12%	160,000
11	▪ To be issued to Director Domenic Carosa	3,000,000	0.33%	0.09%	120,000
12	▪ To be issued to Director Mark Goulopoulos	3,000,000	0.33%	0.09%	120,000
13	▪ To be issued to Secretary Alyn Tai	2,000,000	0.22%	0.06%	80,000
Earn-out Shares		63,014,435	6.84%	1.89%	2,520,577
14	▪ To be issued to Warcom vendors	15,914,435	1.73%	0.48%	636,577
15	▪ To be issued to eStore vendors	47,100,000	5.11%	1.42%	1,884,000
Conversion Shares		146,964,775	15.94%	4.42%	5,878,591
16	▪ To be issued in conversion of Atlantis Loan	14,681,017	1.59%	0.44%	587,241
17	▪ To be issued in conversion of Dominet Loan	29,342,466	3.18%	0.88%	1,173,699
18	▪ To be issued in conversion of APA Loan	51,493,151	5.59%	1.55%	2,059,726
19	▪ To be issued in conversion of AZA Loan	14,710,372	1.60%	0.44%	588,415
20	▪ To be issued in conversion of Chen Loan	36,737,769	3.99%	1.10%	1,469,511
Shares on issue after Other Share Issues (excluding Shares issued under Proposed Transaction)		921,876,137	100.00%	N/A	N/A
ISSUED UNDER PROPOSED TRANSACTION		2,403,456,940	N/A	72.28%	96,138,278
2	Consideration Shares to be issued to the Sellers	2,403,456,940	N/A	72.28%	96,138,278
		Pre-Consolidation		%	Post-Consolidation
Total Shares on issue after Proposed Transaction and Other Share Issues		3,325,333,077	N/A	100.00%	133,013,323
Held by Sellers		2,609,569,858	N/A	78.48%	104,382,794
	▪ On issue as at date of Meeting	139,909,396	N/A	4.21%	5,596,376
	▪ Consideration Shares	2,403,456,940	N/A	72.28%	96,138,278
	▪ Conversion Shares for APA Loan	51,493,151	N/A	1.55%	2,059,726
	▪ Conversion Shares for AZA Loan	14,710,372	N/A	0.44%	588,415
Held by all other Shareholders		715,763,219	N/A	21.52%	28,630,529

*The figures provided in the table above do not take into account any Shares that may be issued under the Proposed Placement the subject of Resolution 9. At this stage, no decision has been made by the Directors to issue Shares under the Proposed Placement. Resolution 9 has been included to provide the Company with pre-approval for a potential issue in order to provide the Company with flexibility to raise additional capital without diminishing its placement capacity.

1.7 **Effect of Proposed Transaction and Other Share Issues on the Company's consolidated financial position**

The Independent Expert's Report set out in Schedule 4 contains details of the financial performance and financial position of the Anyware Group.

The expected effect of the Proposed Transaction on the consolidated financial position of the Company is set out in the Pro Forma Balance Sheet in Schedule 3.

2 **Resolutions**

2.1 **Resolution 1 (Change in scale of activities of the Company)**

2.1.1 **Background**

Subject to the passing of Resolution 2, Resolution 1 is an ordinary resolution which seeks approval for the change in the scale of the activities of the Company as a result of the Proposed Transaction.

2.1.2 **Why approval is required under Listing Rule 11.1**

Listing Rule 11.1 requires that where an entity proposes to make a significant change, either directly or indirectly, to the scale of its activities, it must provide full details to ASX as soon as practicable. Listing Rule 11.1.2 provides, that, if ASX requires, the entity must get the approval of Shareholders and must comply with the requirements of ASX in relation to the Notice.

ASX has advised the Company that it has exercised its discretion to require the Company to seek the approval of Shareholders under Listing Rule 11.1.2 for a change in the scale of the Company's activities as the Proposed Transaction will result in a significant change in the consolidated annual revenue of the Company and the Anyware Group and a significant increase in the total equity securities of the Company.

Accordingly, the Company is seeking Shareholder approval for the Company to change the scale of its activities under Listing Rule 11.1.

2.1.3 **Recommendation**

Mr Garrison Huang and Mr Bob Xu are, through their respective associated entities, Sellers (**Associated Directors**), and accordingly have an interest in the outcome of Resolution 1. The Associated Directors do not make any voting recommendation to Shareholders on Resolution 1.

The other Directors Mr Andrew Plympton, Mr Mark Goulopoulos and Mr Domenic Carosa (**Non-Associated Directors**) have no interest in the outcome of Resolution 1, other than as existing Shareholders. Each of the Non-Associated Directors recommends that Shareholders vote in favour of Resolution 1.

2.2 **Resolution 2 (Issue of Consideration Shares under Proposed Transaction)**

Subject to the passing of Resolution 1, Resolution 2 is an ordinary resolution which seeks the approval for the issue to the Sellers (or their nominees) of 2,403,456,940 Shares (being the Consideration Shares) in consideration of the Proposed Transaction (as summarised in section 1.3) for the purposes of section 611 (item 7) of the Corporations Act and Listing Rule 10.1.

2.2.1 Why approval is required under section 611 (item 7) of the Corporations Act

Section 606 of the Corporations Act prohibits the acquisition by a person of voting shares in a company where, because of the acquisition, that person's (or someone else's) voting power in the company:

- (a) increases from 20% or below to more than 20%; or
- (a) increases from a starting point that is above 20% and below 90%,

unless a specific exemption applies.

If all the Resolutions are passed and the Other Share Issues and Proposed Transaction proceed, the Sellers will collectively hold an interest in the Company of 72.29% as a result of their existing Shareholding in the Company, the issue of the Consideration Shares, and the issue of the APA Conversion Shares and the AZA Conversion Shares.

In preparing this Notice, the Company has taken the conservative approach of assuming that the Sellers will be regarded as "associates" for the purposes of 606 of the Corporations Act on the basis that, by undertaking the Proposed Transaction, the Sellers are acting in concert in relation to the affairs of the Company.

On the assumption that the Sellers are deemed to be "associates" under the Corporations Act, the aggregate voting power of all of the Sellers will be combined in order to determine their increase in voting power under section 606 of the Corporation Act.

Section 611 (item 7) of the Corporations Act provides an exception to the general prohibition under section 606 where the acquisition is approved by a resolution of Shareholders.

It is a further requirement of section 611 (item 7) that the following disclosures are made regarding the Proposed Transaction:

Corporations Act requirement	Explanation
Identity of the parties acquiring the interest	The Sellers, being each of the shareholders of Anyware, as set out in Schedule 1.
Full particulars of the shares to be issued to the parties acquiring the interest	<p>In addition to the 139,909,396 Shares currently held by APA, a Seller and an entity associated with Director Garrison Huang:</p> <ul style="list-style-type: none">▪ 2,403,456,940 Consideration Shares will be issued to the Sellers in consideration of the Company acquiring the Sellers' interests in Anyware.▪ Up to 51,493,151 Conversion Shares will be issued to APA, a Seller and an entity associated with Director Garrison Huang, in conversion of an existing loan (principal plus interest) provided by APA to the Company; and▪ Up to 14,710,372 Conversion Shares will be issued to AZA, a Seller and an entity associated with Director Bob Xu, in conversion of an existing loan (principal plus interest) provided by AZA to the Company.

Corporations Act requirement	Explanation
	For further details on the Sellers' ownership of the Company's issued Share capital after completion of the Proposed Transaction and Other Share Issues, refer to the capital structure table in section 1.6.
Identifications and persons who are intended to become a director of the Company	<p>Under the Share Purchase Agreement for the Proposed Transaction, the Sellers are entitled to nominate a director to the Board of Shoply after completion of the Proposed Transaction.</p> <p>The Sellers have provided notice to the Company of their intention to nominate Mr Howard Sijin Chen as director, effective completion of the Proposed Transaction.</p> <p>Mr Chen's biography, qualifications and experience are summarised in section 2.4.3 of the Explanatory Statement.</p>
Statement of intentions regarding the future of the Company	<p>The information below sets out the Sellers' intentions in relation to the Company if the Proposed Transaction is completed, as indicated by the Sellers to the Company. The statements set out below are statements of current intentions only and may vary as new information becomes available or if circumstances change, and are made on the assumption that the Proposed Transaction is approved.</p> <p>If the Proposed Transaction proceeds:</p> <ul style="list-style-type: none"> ▪ It will represent an opportunity to enhance the Company's position in the business technology sector of the e-commerce industry, and will enable the Company to deliver on its key strategic objectives of growth through acquisition. ▪ Whilst the Proposed Transaction will increase the Company's existing focus on its IT and business technology division, it will not change its existing business objectives and the Company will continue to execute its previously announced restructure strategy to consolidate and enhance its homewares division and Your Home Depot business. ▪ Whilst the Company is seeking approval under Resolution 9 for the issue of Proposed Placement Shares, the Company does not have any immediate plans to raise capital. However, the Company will continue to monitor its working capital requirements and may, in the future, where market opportunities are conducive, seek to raise additional capital to fund its activities. ▪ Whilst there is no current intention to significantly change arrangements with existing employees of the Company, post completion of the Proposed Transaction, a review of the Company's operations, assets, structure and employees will be undertaken with the objective of ascertaining the extent of any changes required to improve the performance of the Company and ensure that its assets are operated in order to maximise their value and long term viability. ▪ There is no current proposal to transfer assets between the Company, Anyware or the Sellers (or their associates).

Corporations Act requirement	Explanation
	<ul style="list-style-type: none"> ▪ There is no current intention to redeploy the assets of the Company.
Terms of the transaction	Refer to section 1.3 of this Explanatory Statement.
Date for completion of the transaction	Anticipated to be 5 business days after all Resolutions are approved by Shareholders.
Reasons for the Transaction	Refer to section 1.3 of this Explanatory Statement.
Interests of the Directors	<p>The Associated Directors, Mr Garrison Huang and Mr Bob Xu are, through their respective associated entities, Sellers. The Associated Directors accordingly have an interest in the Proposed Transaction as Sellers.</p> <p>Mr Garrison Huang</p> <p>As at the date of this Notice, Mr Huang holds a relevant interest in 139,909,396 Shares, being 19.990% of Shoply's issued Share capital. If Resolutions 2 and 18 are passed, Mr Huang (through his related entity APA) will be issued with the following Shares:</p> <ul style="list-style-type: none"> ▪ 1,903,537,897 Consideration Shares; and ▪ Up to 51,493,151 Conversion Shares, <p>and will hold a resultant relevant interest in up to 2,094,940,444 Shoply Shares (on a pre-Consolidation basis).</p> <p>Assuming that the Proposed Transaction and all Other Share Issues are approved and completed, there will be approximately 3,325,333,077 Shares on issue in the Company, and Mr Huang will have a relevant interest in up to 63.00% of the Company's issued Share capital. This assumes that no Proposed Placement Shares are issued pursuant to Resolution 9.</p> <p>Mr Bob Xu</p> <p>Mr Bob Xu holds no interests in Shoply securities as at the date of this Notice. If Resolutions 2 and 19 are passed, Mr Xu (through his related entity AZA) will be issued with the following Shares:</p> <ul style="list-style-type: none"> ▪ 211,504,211 Consideration Shares; and ▪ Up to 14,710,372 Conversion Shares, <p>and will hold a resultant relevant interest in up to 226,214,583 Shoply Shares (on a pre-Consolidation basis).</p> <p>Assuming that the Proposed Transaction and all Other Share Issues are approved and completed, there will be approximately 3,325,333,077 Shares on issue in the Company, and Mr Xu will have a relevant interest in 6.80% of the Company's issued Share capital. This assumes that no Proposed Placement Shares are issued pursuant to Resolution 9.</p>

Corporations Act requirement	Explanation
Intention to change dividend or other financial policies	There is no intention to change the dividend or other financial policies of the Company at this time.

2.2.2 Why approval is required under Listing Rule 10.1

Listing Rule 10.1 provides that a listed entity must ensure that neither it, nor any of its subsidiaries, acquires a substantial asset from any of the following persons without shareholder approval:

- (a) A related party of the entity.
- (b) A substantial holder in the entity, if the person and the person's associates have a relevant interest, or had a relevant interest at any time in the 6 months before the transaction, in at least 10% of the total votes attached to the voting securities in the entity.
- (c) An associate of a person referred to above.

On the basis that:

- (a) APA (an entity associated with Director Garrison Huang) currently holds 19.99% of the Company's issued Share capital;
- (b) The Proposed Transaction involves Shoply's acquisition of a substantial asset (being the shares in Anyware Corporation Pty Ltd) from entities associated with Directors Garrison Huang and Bob Xu (each a related party of Shoply); and
- (c) In preparing this Notice, the Company has taken the conservative approach of assuming that all the Sellers will be regarded as "associates" for the purposes of 606 of the Corporations Act on the basis that, by undertaking the Proposed Transaction, the Sellers are acting in concert in relation to the affairs of the Company,

the Company is seeking Shareholder approval for the purposes of Listing Rule 10.1 for the issue of the Consideration Shares.

2.2.3 Why an Independent Expert's Report is being provided to Shareholders

Shoply has commissioned Hall Chadwick Corporate (NSW) Limited to prepare an Independent Expert's Report to satisfy the requirements of the Corporations Act and the Listing Rules, as follows:

Resolution No. Reference	Corporations Act reference	Listing Rule reference	Explanation
2, 18, 19	Section 611 (item 7)	-	Resolutions 2, 18 and 19, if passed, would permit an acquisition of Shares by the Sellers in accordance with section 611 (item 7) of the Corporations Act. If passed, the Company will be able to issue the Consideration Shares to the Sellers and the Conversion Shares to AZA and APA thereby increasing their aggregate voting

			<p>power in the Company, without contravening section 606 of the Corporations Act.</p> <p>ASIC policy encourages a company to provide to shareholders who are being asked to consider a proposal to pass a resolution under section 611 (item 7) of the Corporations Act an analysis of whether the proposal is fair and reasonable when considered from the perspective of the shareholders of that company.</p>
2	-	10.1	<p>Listing Rule 10.10, which sets out the requirements of a notice of meeting under Listing Rule 10.1, states that the notice of meeting must include a report on the transaction from an independent expert. The report must state the expert's opinion as to whether the transaction is fair and reasonable to holders of the company's shares whose votes are not to be disregarded.</p>
10,11,12	Chapter 2E	-	<p>Resolutions 10 – 12 seek Shareholder approval for an issue of Shares under the Company's LTIP to Directors under Chapter 2E of the Corporations Act.</p> <p>Where a company seeks shareholder approval under Chapter 2E of the Corporations Act, ASIC policy encourages a company to provide information to its shareholders about the valuation and details of the financial benefit and its impact on the entity in dollar terms. ASIC policy also encourages a company to include a valuation from an independent expert with a notice of meeting and explanatory statement.</p> <p>The Independent Expert's report provides an assessment of the valuation of the financial benefit inherent in the LTIP Shares proposed to be issued to the Directors.</p>

The Independent Expert's Report, prepared by the Independent Expert is attached in full to this Explanatory Statement in Schedule 4. Shareholders should read the full text of the Independent Expert's Report to assist them in determining how they wish to vote in respect of Resolutions 2, 18 and 19 (including the Independent Expert's analysis of the advantages and disadvantages of the Proposed Transaction), as well as Resolutions 10, 11 and 12.

In summary, the Independent Expert's Report concludes that the Proposed Transaction is fair and reasonable to non-associated Shareholders, and provides a valuation of the LTIP Shares proposed to be issued to the Directors.

2.2.4 Why approval is required under Listing Rule 10.11

Listing Rule 10.11 provides that a Company may not issue securities to a related party without shareholder approval.

The Sellers APA and AZA are associated with the Company's Directors Mr Garrison Huang and Mr Bob Xu respectively, and as such are related parties to the Company by virtue of sections 228(2) and 228(4) of the Corporations Act.

The Company therefore seeks Shareholder approval pursuant to Listing Rule 10.11 for the issue of those Consideration Shares to be issued to APA and AZA.

Separately, under Resolutions 18 and 19, the Company is also seeking Shareholder approval pursuant to Listing Rule 10.11 for the issue of Conversion Shares to APA and AZA, in satisfaction of the Company's obligations to repay loans owed to those parties.

In accordance with Listing Rule 10.13, which contains requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 10.11, the following information is provided to Shareholders:

Listing Rule requirement	Explanation
Identification of recipients of Shares	APA, a Seller and an entity associated with Mr Garrison Huang, a Director of Shoply; and AZA, a Seller and an entity associated with Mr Bob Xu, a Director of Shoply.
Maximum number of Shares to be issued	The maximum number of Shares to be issued to APA under Resolution 2 is 1,903,537,897 Consideration Shares on a pre-Consolidation basis. The maximum number of Shares to be issued to AZA under Resolution 2 is 211,504,211 Consideration Shares on a pre-Consolidation basis.
Date for issue and allotment of Shares	The Consideration Shares will be issued at completion of the Proposed Transaction, which is anticipated to be 5 business days after all Resolutions are approved by Shareholders at the Meeting.
Issue price per Share	The Consideration Shares will be issued for nil cash consideration. The Consideration Shares are being issued to APA and AZA in consideration of the Company's acquisition of their respective interests in Anyware pursuant to the Proposed Transaction as further described in section 1.3.
Terms of the Shares	The Consideration Shares will rank equally with all other Shares currently on issue.
Use of funds raised	There will be no funds raised from the issue of the Consideration Shares.

2.2.5 Why approval is not sought under Chapter 2E of the Corporations Act

Shareholder approval is not being sought under Chapter 2E of the Corporations Act for the issue of the Consideration Shares.

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.

As explained above, the Sellers APA and AZA are associated with the Company's Directors Mr Garrison Huang and Mr Bob Xu respectively, and as such are related parties to the Company by virtue of sections 228(2) and 228(4) of the Corporations Act.

A "financial benefit" is defined in the Corporations Act in broad terms and expressly includes a public company issuing securities. Accordingly, the issue of Consideration Shares to AZA and APA constitutes the provision of a financial benefit to related parties by the Company.

The giving of a financial benefit to a related party of a public company is ordinarily prohibited by Chapter 2E of the Corporations Act. One exception to the general rule is where the provision of the financial benefit is on terms that would be reasonable in the circumstances if the Company and the related party were dealing at arm's length terms (or on terms less favourable than arm's length).

The Non-Associated Directors have determined that the proposed issue of Consideration Shares to APA and AZA is reasonable in the circumstances if the Company and AZA and APA were dealing at arm's length terms. In making this determination, the Non-Associated Directors took into account the following factors:

- (a) the issue of the Consideration Shares by the Company is a requirement under the Heads of Agreement entered into between the Company and the Sellers in March 2016. At such time, when the terms of the Proposed Transaction and Heads of Agreement were negotiated and agreed upon, AZA and APA were not related parties of the Company, and negotiations between the Sellers and the Company were undertaken on an arms' length basis;
- (b) subsequent to AZA and APA becoming related parties of the Company, all negotiations and formal transaction documents relating to the Proposed Transaction have continued to be undertaken on arms' length terms; and
- (c) the Company is issuing the Consideration Shares to the Sellers in their respective proportions of existing ownership in Anyware. Accordingly, all Sellers (including the Sellers who are not related parties of the Company) are receiving financial benefits on similar terms, which the Company considers to be arm's length terms.

On this basis, as the provision of such benefits is expressly permitted by the arm's length exception under the Corporations Act, the Board does not consider the Company is required to seek Shareholder approval in order to give AZA and APA the financial benefit that is inherent in the Consideration Shares.

2.2.6 Recommendation

The Associated Directors are, through their respective associated entities, Sellers, and accordingly have an interest in the outcome of Resolution 2. The Associated Directors do not make any voting recommendation to Shareholders on Resolution 2.

The other Directors, the Non-Associated Directors, have no interest in the outcome of Resolution 2, other than as existing Shareholders. Each of the Non-Associated Directors recommends that Shareholders vote in favour of Resolution 2.

2.3 Resolution 3 (Change of Company name)

2.3.1 Background

Subject to the passing of Resolutions 1 and 2, Resolution 3 is a special resolution which seeks approval of the Shareholders for the Company to change its name. Subject to the Resolution being passed and completion of the Proposed Transaction, the Company proposes to change its name from "**Shoply Limited**" to "**Harris Technology Group**".

Limited". The change will not, in itself, affect the legal status of the Company or any of its assets or liabilities.

2.3.2 **Why approval is required under section 157 of the Corporations Act**

In accordance with section 157 of the Corporations Act, Shareholder approval of Resolution 3 by special resolution is required.

The Company will make an application to ASIC for the change of name to "Harris Technology Group Limited." The new name will take effect on the issue of a certificate of registration of change of name by ASIC.

If this Resolution is approved by Shareholders, the Company is proposing to seek to change its ASX code to "**HT8**".

Resolution 3 is a special resolution. In this regard, at least 75% of the votes cast by Shareholders present and eligible to vote (in person or by proxy) at the Meeting must be in favour of the Resolution for it to be passed.

2.3.3 **Recommendation**

The Associated Directors do not make any voting recommendation to Shareholders on Resolution 3. The Non-Associated Directors have no interest in the outcome of Resolution 3, other than as existing Shareholders. Each of the Non-Associated Directors recommends that Shareholders vote in favour of Resolution 3.

2.4 **Resolution 4 (Appointment of Mr Howard Sijin Chen as director)**

2.4.1 **Background**

Subject to the passing of Resolutions 1 and 2, Resolution 4 is an ordinary resolution that provides for the approval of the appointment of Mr Howard Sijin Chen as a director of the Company. The appointment of Mr Chen will become effective only on and from the date on which the Proposed Transaction is completed.

2.4.2 **Why the Company is seeking to appoint Mr Chen as director**

Under the Share Purchase Agreement for the Proposed Transaction, the Sellers are entitled to nominate a director to the Board of Shoply after completion of the Proposed Transaction. The Sellers have provided notice to the Company of their intention to nominate Mr Howard Sijin Chen as director, effective as from completion of the Proposed Transaction.

2.4.3 **About Mr Chen**

Mr Chen holds a Master of Microelectronics degree from Griffith University, Australia. He is a member of Institution of Engineers Australia. He is currently the managing director of Ultra Imagination Technology Pty Ltd, which owns the dynamic and fast growing lifestyle tech brand "mbeat" in Australia with a wide presence in Australian and New Zealand national retailers and online sectors. Recently mbeat has also expanded sales into the US market.

Mr Chen has a strong background and deep understanding of electrical and IT products, with years of extensive experience in global product sourcing, development, brand marketing and sales.

Prior to his completion of his Master's degree in Australia, he worked as the system design engineer for Quanta Computer (Shanghai), the global number one in laptop and hardware manufacturing, after graduating from China Jiliang University.

2.4.4 Recommendation

The Associated Directors do not make any voting recommendation to Shareholders on Resolution 4. The Non-Associated Directors have no interest in the outcome of Resolution 4, other than as existing Shareholders. Each of the Non-Associated Directors recommends that Shareholders vote in favour of Resolution 4.

2.5 Resolution 5 (Repeal and Replacement of Constitution)

2.5.1 Background

Resolution 5 is a special resolution which seeks approval of the Shareholders for the Company to repeal its existing Constitution and replace it with a new constitution the terms of which are set out in Schedule 2 (**New Constitution**).

The Company's existing Constitution has not been replaced since 1999. Since then, there have been ongoing developments in the corporate principles and general corporate commercial practice for ASX listed companies.

In this regard, the New Constitution is intended to reflect contemporary corporate and commercial practice and principles of good governance and to facilitate the efficient operations of the Company. A summary of the key terms of the New Constitution are set out in Schedule 2.

2.5.2 Why approval is being sought under section 136(2) of the Corporations Act

In accordance with section 136(2) of the Corporations Act, a company may only modify or repeal its constitution by a special resolution of its members. Accordingly, Resolution 5 is a special resolution. At least 75% of the votes cast by Shareholders present and eligible to vote (in person or by proxy) at the Meeting must be in favour of the Resolution for it to be passed.

2.5.3 Recommendation

Each Director has no interest in the outcome of Resolution 5, other than as existing Shareholders. Each of them recommends that Shareholders vote in favour of Resolution 5.

2.6 Resolution 6 (Approval of increase to non-executive directors' fee cap)

2.6.1 Background

Resolution 6 seeks approval of Shareholders to increase the maximum aggregate amount per annum that may be paid as fees to non-executive Directors (**Fee Cap**).

The Directors have recently conducted a review of non-executive Directors' fees and consider it reasonable and appropriate at this time to seek an increase to the Fee Cap, for the following reasons:

- (a) the increase will provide flexibility for the Company to continue to attract and retain non-executive Directors of a high calibre;
- (b) the increase will allow for future adjustments to non-executive Directors fees in line with market conditions;
- (a) the increase will enable the Company to increase the number of non-executive Directors, if the Board considers it appropriate to do so, as part of the process of achieving a broad range of skills, experience and expertise on the Board which are complementary to the Company's business activities; and

- (b) the increase will allow for the payment of appropriate fees over time, taking into account the increasing time and responsibilities required of non-executive Directors due to the increased complexity of the Company's corporate governance requirements as a result of the growth of the Company.

The Directors do not currently intend to utilise the fully increased Fee Cap, but consider that the increase is reasonable and appropriate for the reasons outlined above.

The Company will continue to set the actual level of remuneration of its non-executive Directors within the Shareholder approved Fee Cap, after having regard to independent external advice, market practice, Board performance and other appropriate factors.

Disclosure of non-executive Directors' remuneration will continue to be made to Shareholders in each annual remuneration report in accordance with the Corporations Act, the Constitution and the Listing Rules.

2.6.2 Why approval is being sought under Listing Rule 10.17

In accordance with Listing Rule 10.17, companies are required to obtain shareholder approval for an increase in the total aggregate amount of directors' fees which are payable to non-executive directors.

For the purposes of Listing Rule 10.17, the Company notes as follows:

- (c) the current Fee Cap is \$200,000, as approved by Shareholders at the Company's 2007 Annual General Meeting;
- (d) Shareholder approval is now sought to increase the Fee Cap by \$300,000 to \$500,000; and
- (e) the following securities have been issued to non-executive Directors under Listing Rules 10.11 or 10.14 in the preceding 3 years:

Name of recipient	Number of securities received	Acquisition price	Number of securities lapsed or cancelled
Mr Andrew Plympton	5,000,000 Options	Nil	5,000,000
Mr Domenic Carosa	4,000,000 Options	Nil	4,000,000
Mr Mark Goulopoulos	4,000,000 Options	Nil	4,000,000
Mr Matthew Dickinson	3,000,000 Options	Nil	3,000,000
Mr Lorenzo Coppa	3,000,000 Options	Nil	3,000,000
Ms Sophie Karzis	1,000,000 Options	Nil	1,000,000
Mr Damian London	1,000,000 Options	Nil	1,000,000

2.6.3 Recommendation

Given that Resolution 6 involves the payment of fees to Directors, the Directors make no recommendations to Shareholders in relation to Resolution 6.

2.7 Resolution 7 (Ratification of prior issue of shares under Listing Rule 7.1)

2.7.1 Background

A total of 139,909,396 Shares were issued under a capital raising placement on 3 March 2016 to APA (being a Seller and an entity associated with Director Garrison Huang).

83,910,643 of those Shares were issued under Listing Rule 7.1 at an issue price of \$0.007147 per Share. Resolution 7 seeks Shareholder ratification of the issue of those Shares.

2.7.2 Why approval is being sought under Listing Rule 7.4

Listing Rule 7.1 provides that a company must not, subject to the specified exceptions under Listing Rule 7.2, issue or agree to issue securities during any 12 month period in excess of 15% of the number of ordinary shares on issue at the commencement of that 12 month period, without shareholder approval.

Listing Rule 7.4 sets out an exception to Listing Rule 7.1, by permitting the ratification of a previous issue of securities which was not made under a prescribed exception under ASX Listing Rule 7.2 or with prior shareholder approval, provided that the issue did not breach the 15% threshold set out by Listing Rule 7.1.

If shareholders of a company approve the ratification of a previous issue of securities at a general meeting, those securities will be deemed to have been issued with shareholder approval for the purposes of Listing Rule 7.1.

The effect of ratification in accordance with Listing Rule 7.4 is the reinstatement of the Company's maximum capacity to issue further securities up to 15% of the Shares on issue, 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 Company maintain its ability to issue up to 15% of the issued capital of the Company.

2.7.3 Information required to be provided to Shareholders under Listing Rule 7.5

In accordance with Listing Rule 7.5, which contains requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.4, the following information is provided to Shareholders in respect of Resolution 7:

- (a) 83,910,643 Shares were issued;
- (b) the issue price per Share was \$0.007147;
- (c) the Shares issued rank equally with all other Shares currently on issue;
- (d) the Shares were issued to APA (being a Seller and an entity associated with Director Garrison Huang); and
- (e) the reason for the Company's issue of the 83,910,643 Shares was to raise funds for Shoply's working capital requirements.

2.7.4 Recommendation

The recipient of the Shares the subject of Resolution 7 is an entity associated with Director Garrison Huang. Accordingly, Mr Huang makes no voting recommendation to Shareholders on Resolution 7.

The other Directors have no interest in the outcome of Resolution 7, other than as existing Shareholders. The other Directors:

- (a) consider it to be appropriate and prudent for approval to be sought at the Meeting for issues of Shares made by the Company in the last 12 months, including the Shares the subject of Resolution 7;

- (b) believe this approval will enhance the Company's flexibility to finance its operations through raising equity capital, should the Directors consider it to be in the best interests of the Company to do so;
- (c) note that, if this approval is not obtained at the Meeting, the Company may be required to incur additional costs and delays, if the Directors subsequently propose to issue securities which do not fall under an exception in Listing Rule 7.2 to the 15% rule in Listing Rule 7.1.

For these reasons, the Directors (with exception of Mr Huang) recommend that Shareholders vote in favour of Resolution 7.

2.8 Resolution 8 (Ratification of prior issue of shares under Listing Rule 7.1A)

2.8.1 Background

As stated above, a total of 139,909,396 Shares were issued under a capital raising placement on 3 March 2016. 55,998,753 of those Shares were issued under Listing Rule 7.1A at an issue price of \$0.007147 per Share. Resolution 8 seeks Shareholder ratification of the issue of those Shares.

The Company sought and received shareholder approval under Listing Rule 7.1A at the 2015 Annual General Meeting to issue shares 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**).

2.8.2 Why approval is being sought under Listing Rule 7.4

The effect of Shareholder approval (in accordance with ASX Listing Rule 7.4) of the issue of the 55,998,753 Shares under Listing Rule 7.1A is the reinstatement of the Company's maximum capacity under Listing Rule 7.1A. This will effectively enable the Company to issue further shares of up to an additional 10% of the issued capital of the Company (to the extent permitted by and subject to the conditions prescribed by Listing Rule 7.1A).

In accordance with Listing Rule 7.1A, the Company's 10% Placement Capacity will lapse on the date that Shareholders approve a transaction under Listing Rule 11.1.2. As Resolution 1 seeks Shareholder approval of such a transaction, if Resolution 1 is passed the Company's 10% Placement Capacity will expire on the date of the Meeting.

Nevertheless, the Directors consider it to be appropriate and prudent for Shareholder approval for Resolution 8 to be sought at the Meeting. Where Resolution 1 is not approved by Shareholders for any reason, approval of Resolution 8 will enhance the Company's ability to finance its operations through raising equity capital, should the Directors consider it to be in the best interests of the Company to do so.

The Directors do not currently have any specific intention to make any further issue of shares under ASX Listing Rule 7.1A in the next 12 months.

2.8.3 Information required to be provided to Shareholders under Listing Rule 7.5

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

- (a) 55,998,753 Shares were issued;
- (b) the issue price per Share was \$0.007147;

- (c) the Shares issued rank equally with all other Shares currently on issue;
- (d) the Shares were issued to APA (being a Seller and an entity associated with Director Garrison Huang); and
- (e) the reason for the Company's issue of the 55,998,753 Shares was to raise funds for Shoply's working capital requirements.

2.8.4 Recommendation

The recipient of the Shares the subject of Resolution 8 is an entity associated with Director Garrison Huang. Accordingly, Mr Huang makes no voting recommendation to Shareholders on Resolution 8.

The other Directors have no interest in the outcome of Resolution 8, other than as existing Shareholders. The other Directors:

- (a) consider it to be appropriate and prudent for approval to be sought at the Meeting for issues of Shares made by the Company in the last 12 months, including the Shares the subject of Resolution 8;
- (b) believe this approval will enhance the Company's flexibility to finance its operations through raising equity capital, should the Directors consider it to be in the best interests of the Company to do so;
- (c) note that, if this approval is not obtained at the Meeting, the Company may be required to incur additional costs and delays, if the Directors subsequently propose to issue securities which do not fall under an exception in Listing Rule 7.2 to the 15% rule in Listing Rule 7.1.

For these reasons, the Directors (with exception of Mr Huang) recommend that Shareholders vote in favour of Resolution 8.

2.9 Resolution 9 (Approval of Proposed Placement)

2.9.1 Background

Resolution 9 seeks Shareholder approval pursuant to Listing Rule 7.1 for the Proposed Placement, being the issue of up to 850,000,000 Shares calculated on a pre-Consolidation basis, or up to 34,000,000 Shares calculated on a post-Consolidation basis. It is proposed that the issue price per Share under the Proposed Placement will not be less than 80% of the volume weighted average price of Shares over the last 5 days on which sales in the Shares were recorded before the date of the issue of the Shares under the Proposed Placement.

There are currently no plans for the Directors to issue Shares under the Proposed Placement. However, approval is being sought for the potential issue of Shares under the Proposed Placement in order to provide the Company with flexibility to issue Shares in the future without diminishing the Company's placement capacity. In determining whether to proceed with the Proposed Placement, the Company will have regard to the working capital requirements of the Company and whether the market conditions are conducive to a capital raising. If the Company proceeds with the Proposed Placement, any funds raised as result of that Proposed Placement will be applied towards the Company's working capital requirements.

2.9.2 Why approval is being sought under Listing Rule 7.1

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 Resolution 9 will be to allow the Company to issue up to 850,000,000 Shares on a pre-Consolidation basis (or up to 34,000,000 Shares on a post-Consolidation basis) during the period of 3 months after the Meeting (or a longer period if allowed by ASX) without using the Company's 15% placement capacity.

2.9.3 Information required to be provided to Shareholders under Listing Rule 7.3

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

Listing Rule requirement	Explanation
Maximum number of Shares to be issued	850,000,000 Shares on a pre-Consolidation basis (or 34,000,000 Shares on a post-Consolidation basis).
Date for issue and allotment of Shares	If the Company proceeds with the Proposed Placement, the Company will issue and allot the Shares no later than 3 months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
Issue price per Share	Any Shares issued as part of the Proposed Placement will be allotted at an issue price per Share of not less than 80% of the volume weighted average price of the Shares currently on issue over the last 5 days on which sales in the Shares were recorded before the date of the issue of the Shares under the Proposed Placement.
Identification of recipients of Shares	Where the Directors determine to utilise the Proposed Placement facility, the Directors will seek to issue the Shares to various sophisticated investors and professional investors introduced to the Company by the Company's advisers or otherwise invited by the Company to participate in the Proposed Placement.
Terms of the Shares	Any Shares issued as part of the Proposed Placement will rank equally with all other Shares currently on issue.
Use of funds raised	Any funds raised as a result of the Proposed Placement will be applied towards the Company's working capital requirements.

2.9.4 Recommendation

Each Director has no interest in the outcome of Resolution 9, other than as existing Shareholders. Each of the Directors recommends that Shareholders vote in favour of Resolution 9 for the reasons specified above.

2.10 Resolutions 10 – 12 (Approval of issue of LTIP Shares to Directors)

2.10.1 Background

Resolutions 10, 11 and 12 are ordinary resolutions which seek Shareholder approval pursuant to Listing Rules 10.14 and section 208 of the Corporations Act for the issue of Shares to Directors under the Company's Long Term Incentive Plan (**LTIP**), which was approved by Shareholders in 2013.

Specifically, the Company seeks approval for the issue of the following Shares under the Company's LTIP:

- (a) 4,000,000 Shares to Mr Andrew Plympton or his nominee(s) under Resolution 10 (**Plympton LTIP Shares**);
- (b) 3,000,000 Shares to Mr Domenic Carosa or his nominee(s) under Resolution 11 (**Carosa LTIP Shares**); and
- (c) 3,000,000 Shares to Mr Mark Goulopoulos or his nominee(s) under Resolution 12 (**Goulopoulos LTIP Shares**),

The Plympton LTIP Shares, Carosa LTIP Shares and Goulopoulos LTIP Shares (collectively the **Director LTIP Shares**) will be issued for nil cash consideration.

The issue of the Director LTIP Shares is intended to incentivise the Company's non-executive Directors without requiring further cash expenditure by the Company, and to further align the Directors' interests with those of Shareholders.

The Board considers that the remuneration of the Board is below the average remuneration levels for directors of companies with similar market capitalisation to the Company. On this basis, the current Directors (with each Director abstaining from making a determination in relation to the Director's own proposed Share issue) do not consider that there is any material opportunity cost or benefit foregone to the Company in issuing the Director LTIP Shares.

An alternative to the issue of Director LTIP Shares to the Directors would be to increase their proposed remuneration. However, given the stage of the Company's existing operations and its growth strategy post completion of the Proposed Transaction, and the necessity for cash reserves to be preserved and directed into the growth of the Company's expanded business, the Board has determined that it would not be appropriate to increase the proposed fees payable to each Director at this time.

Shareholder approval of the issue of Director LTIP Shares is sought under Resolutions 10, 11 and 12 for all purposes under the Corporations Act and Listing Rules.

2.10.2 **Why approval is required under Listing Rule 10.14**

Under Listing Rule 10.14, the acquisition of securities by a Director under an employee incentive scheme (such as the LTIP) requires Shareholder approval. Accordingly, the Company is seeking approval for the issue of the Director LTIP Shares for the purposes of Listing Rule 10.14.

Exception 14 in Listing Rule 7.2 provides that Listing Rule 7.1 does not apply where shareholder approval for an issue of securities is obtained under Listing Rule 10.14. This means that, if Shareholder approval is obtained for Resolutions 10 to 12 (inclusive), the issue of the Director LTIP Shares will not deplete the Company's 15% placement capacity under Listing Rule 7.1.

2.10.3 **Information required to be provided to Shareholders under Listing Rule 10.15**

For the purposes of the specific disclosures required under Listing Rule 10.15, the Company notes as follows:

Listing Rule requirement	Explanation																																
Maximum number of securities	<p>The maximum number of securities that may be acquired by all persons for whom approval is required is:</p> <ul style="list-style-type: none"> ▪ 4,000,000 Plympton LTIP Shares under Resolution 10; ▪ 3,000,000 Carosa LTIP Shares under Resolution 11; and ▪ 3,000,000 Goulopoulos LTIP Shares under Resolution 12. 																																
The price for each security	<p>The price of the Director LTIP Shares will not be based on the volume weighted average market price or closing market price of Shares, and the Director LTIP Shares will be issued for nil cash consideration</p> <p>There are no vesting conditions for the Shares.</p>																																
Recipients of securities	The recipients of the Director LTIP Shares will be Messrs Plympton, Carosa and Goulopoulos.																																
Identity of any previous recipients referred to in Rule 10.14	<p>For the purposes of ASX Listing Rule 10.15.4, the below table discloses the details of securities issued to the parties referred to in Listing Rule 10.14 who received securities under the LTIP since Shareholders last approved an issue of securities under the LTIP at the Company's 2013 Annual General Meeting:</p> <table border="1"> <thead> <tr> <th>Recipient</th> <th>No. of securities received</th> <th>Acquisition price</th> <th>No. of securities lapsed or cancelled</th> </tr> </thead> <tbody> <tr> <td>Andrew Plympton</td> <td>5,000,000 Options</td> <td>Nil</td> <td>5,000,000 Options</td> </tr> <tr> <td>Domenic Carosa</td> <td>4,000,000 Options</td> <td>Nil</td> <td>4,000,000 Options</td> </tr> <tr> <td>Mark Goulopoulos</td> <td>4,000,000 Options</td> <td>Nil</td> <td>4,000,000 Options</td> </tr> <tr> <td>Matthew Dickinson</td> <td>3,000,000 Options</td> <td>Nil</td> <td>3,000,000 Options</td> </tr> <tr> <td>Lorenzo Coppa</td> <td>3,000,000 Options</td> <td>Nil</td> <td>3,000,000 Options</td> </tr> <tr> <td>Sophie Karzis</td> <td>1,000,000 Options</td> <td>Nil</td> <td>1,000,000 Options</td> </tr> <tr> <td>Damien London</td> <td>1,000,000 Options</td> <td>Nil</td> <td>1,000,000 Options</td> </tr> </tbody> </table>	Recipient	No. of securities received	Acquisition price	No. of securities lapsed or cancelled	Andrew Plympton	5,000,000 Options	Nil	5,000,000 Options	Domenic Carosa	4,000,000 Options	Nil	4,000,000 Options	Mark Goulopoulos	4,000,000 Options	Nil	4,000,000 Options	Matthew Dickinson	3,000,000 Options	Nil	3,000,000 Options	Lorenzo Coppa	3,000,000 Options	Nil	3,000,000 Options	Sophie Karzis	1,000,000 Options	Nil	1,000,000 Options	Damien London	1,000,000 Options	Nil	1,000,000 Options
Recipient	No. of securities received	Acquisition price	No. of securities lapsed or cancelled																														
Andrew Plympton	5,000,000 Options	Nil	5,000,000 Options																														
Domenic Carosa	4,000,000 Options	Nil	4,000,000 Options																														
Mark Goulopoulos	4,000,000 Options	Nil	4,000,000 Options																														
Matthew Dickinson	3,000,000 Options	Nil	3,000,000 Options																														
Lorenzo Coppa	3,000,000 Options	Nil	3,000,000 Options																														
Sophie Karzis	1,000,000 Options	Nil	1,000,000 Options																														
Damien London	1,000,000 Options	Nil	1,000,000 Options																														
Persons entitled to participate in LTIP	The parties referred to in Listing Rule 10.14 who may participate in the LTIP are Directors of the Company as appointed from time to time. Directors may also issue securities under the LTIP to employees of the Company and its subsidiaries, and to any of their associate entities.																																
Terms of any loans to acquire the securities	No loans are proposed to be advanced in relation to the proposed issue of the Director LTIP Shares.																																
The date for issue of the securities	Subject to all necessary Shareholder approval being obtained in accordance with this Notice, the Director LTIP Shares will be issued as soon as practicable and in any event within 12 months of the date of the Meeting. The Director LTIP Shares will rank equally with all other Shares on issue and the Company will apply for quotation of the Director Shares on the ASX.																																

There is currently no proposal by the Directors to issue any further securities under the LTIP to any Director or his Associates, other than to the parties as described in this Notice and

Explanatory Statement. Any such issue would also require the approval of Shareholders under Listing Rule 10.14.

Details of any securities issued under the LTIP will be published in each annual report of the Company relating to the period in which those securities have been issued, along with details regarding approval for the issue of those securities which was obtained under Listing Rule 10.14.

2.10.4 Why approval is required under section 208 in Chapter 2E of the Corporations Act

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. For the purposes of Chapter 2E, the Directors are related parties of the Company, by virtue of section 228(2) of the Corporations Act.

A “financial benefit” is defined in the Corporations Act in broad terms and expressly includes a public company issuing securities. Section 208 of the Corporations Act provides that, for a public company to give a financial benefit to a related party of that company, the public company must:

- (a) obtain the approval of members in the manner set out in sections 217 to 227; and
- (b) give the benefit within 15 months after the approval.

Accordingly, Resolutions 10, 11 and 12 seek Shareholder approval for the grant of the Director LTIP Shares for the purposes of Chapter 2E of the Corporations Act.

To enable Shareholder approval to be effectively obtained under section 208 of the Corporations Act, the following information is provided in respect of the Director LTIP Shares:

Corporations Act requirement	Explanation
Recipient of the financial benefit	<p>It is proposed that the Company issue:</p> <ul style="list-style-type: none"> ▪ 4,000,000 Shares to Mr Andrew Plympton or his nominee(s) under Resolution 10; ▪ 3,000,000 Shares to Mr Domenic Carosa or his nominee(s) under Resolution 11; and ▪ 3,000,000 Shares to Mr Mark Goulopoulos or his nominee(s) under Resolution 12, <p>The recipients of the Shares are Directors of Shoply, and are accordingly related parties of Shoply.</p>
Nature of financial benefits	<p>The financial benefit proposed to be given to Messrs Plympton, Carosa and Goulopoulos is Shares in the Company. The number of Shares to be issued to Mr Plympton if Resolution 10 is approved is 4,000,000 Shares, and the number of Shares to be issued to each of Messrs Carosa and Goulopoulos, if Resolutions 11 and 12 are respectively approved is 3,000,000 Shares.</p> <p>The Director LTIP Shares are being issued for nil cash consideration and no price is payable for the issue of the Director LTIP Shares. There are no</p>

Corporations Act requirement	Explanation
	vesting conditions for the Shares. The Director LTIP Shares will rank equally with all other Shares on issue and will be quoted on the ASX.
Dilution to existing shareholders	<p>Based on the Company's expected total issued Share capital post completion of the Other Share Issues and the Proposed Transaction (expected to be 3,325,333,077 Shares pre-Consolidation), Shareholders will be diluted by 0.30% as a result of the issue of the 10,000,000 Director LTIP Shares. This assumes that no further Shares will be issued after the date of this Notice, aside from the Other Share Issues and the Consideration Shares.</p> <p>Refer to section 1.6 of this Explanatory Statement for further details on the effect of the issue of Director LTIP Shares (and all other issues of Shares contemplated by the Notice) on the capital structure and existing shareholders' ownership interests in the Company.</p>
Interests of Directors in the outcome of the Resolutions and Directors' recommendations	<p>The recipients of the Director LTIP Shares the subject of Resolutions 10, 11 and 12 are Andrew Plympton, Domenic Carosa and Mark Goulopoulos. Accordingly, each of Mr Plympton, Mr Carosa and Mr Goulopoulos has an interest in the outcome of Resolutions 10, 11 and 12 respectively. Each of Mr Plympton, Mr Carosa and Mr Goulopoulos respectively abstained from voting on the proposal to issue LTIP Shares to himself at the relevant board meeting.</p> <p>The other Directors Mr Garrison Huang and Mr Bob Xu do not have an interest in outcome of Resolutions 10, 11 or 12.</p> <p>The Directors do not wish to make a recommendation to Shareholders about Resolutions 10 to 12 (inclusive), on the basis that those Resolutions are connected with the remuneration of directors, and the Directors consider it appropriate to abstain from making recommendations about remuneration related resolutions.</p>
Details of relevant Directors' existing interests in Shoply	<p>Details of the existing interests of Mr Plympton, Mr Carosa and Mr Goulopoulos in Shoply, and the impact of the issue of the Director LTIP Shares on those interests, are provided below.</p> <p>Andrew Plympton</p> <p>As at the date of this Notice, Mr Plympton does not hold any interests in securities in Shoply.</p> <p>If Mr Plympton receives the Plympton LTIP Shares the subject of Resolution 10:</p> <ul style="list-style-type: none"> ▪ Mr Plympton will have a resultant relevant interest in 4,000,000 Shares (pre-Consolidation); and ▪ Assuming completion of the Proposed Transaction and the Other Share Issues, Mr Plympton will hold a relevant interest in approximately 0.12% of the Company's total issued Share capital. <p>Domenic Carosa</p> <p>As at the date of this Notice, Mr Carosa has a relevant interest in 75,868,324 Shares, being 10.84% of the Company's issued Share capital.</p>

Corporations Act requirement	Explanation
	<p>Shareholders should note that in addition to the Carosa LTIP Shares, the Company intends to issue (subject to Shareholder approval of Resolution 17) up to 29,342,466 Conversion Shares to Mr Carosa's related entity, in conversion of a loan provided by that entity to the Company.</p> <p>Whilst Mr Carosa's shareholding (held directly and indirectly through his associated entities) in Shoply will increase as a result of the issue of the Carosa LTIP Shares and the Conversion Shares, his overall percentage interest in the Company's issued Share capital will be diluted as a result of the issue of the Consideration Shares and the Other Share Issues.</p> <p>If Mr Carosa receives the 3,000,000 Carosa LTIP Shares the subject of Resolution 11 and the 29,342,466 Conversion Shares the subject of Resolution 17:</p> <ul style="list-style-type: none"> ▪ Mr Carosa will have a resultant relevant interest in 108,210,790 Shares (pre-Consolidation); and ▪ Assuming completion of the Proposed Transaction and the Other Share Issues, Mr Carosa will hold a relevant interest in approximately 3.25% of the Company's total issued Share capital. <p>Mark Goulopoulos</p> <p>As at the date of this Notice, Mr Goulopoulos has a relevant interest in 13,352,565 Shares, being 1.91% of the Company's issued Share capital.</p> <p>Shareholders should note that in addition to the Goulopoulos LTIP Shares, the Company intends to issue (subject to Shareholder approval of Resolution 16) up to 14,681,017 Conversion Shares to Mr Goulopoulos' related entity, in conversion of a loan provided by that entity to the Company.</p> <p>Whilst Mr Goulopoulos' shareholding (held directly and indirectly through his associated entities) in Shoply will increase as a result of the issue of the Goulopoulos LTIP Shares and the Conversion Shares, his overall percentage interest in the Company's issued Share capital will be diluted as a result of the issue of the Consideration Shares and the Other Share Issues.</p> <p>If Mr Goulopoulos receives the 3,000,000 Goulopoulos LTIP Shares the subject of Resolution 12 and the 14,681,017 Conversion Shares the subject of Resolution 16:</p> <ul style="list-style-type: none"> ▪ Mr Goulopoulos will have a resultant relevant interest in 31,033,582 Shares (pre-Consolidation); and ▪ Assuming completion of the Proposed Transaction and the Other Share Issues, Mr Goulopoulos will hold a relevant interest in approximately 0.93% of the Company's total issued Share capital.

Corporations Act requirement	Explanation																									
<p>Disclosure of relevant Directors' current remuneration packages</p>	<p>As at the date of this Notice, the Company's Chairman Andrew Plympton receives Directors' fees of \$48,000 per annum including superannuation.</p> <p>Mr Domenic Carosa and Mr Mark Goulopoulos, as Non-Executive Directors, receive Directors' fees of \$30,000 per annum including superannuation.</p> <p>The remuneration that the Directors receive for performing their duties is considered to be below the average remuneration levels for directors of companies with similar size to the Company's. The issue of the Shares is a cash free, effective and efficient way to provide the Directors with an appropriate and market level of Directors' remuneration.</p>																									
<p>Valuation of financial benefit inherent in Director LTIP Shares</p>	<p>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.</p> <p>The Independent Expert's Report provides a valuation of the Director LTIP Shares in dollar terms, and discloses the basis of the valuation, and the principal assumptions behind the valuation.</p> <p>As set out sections 4.3.2 and 4.6 of the Independent Expert's Report, the Independent Expert has concluded that the indicative value of each Director LTIP Share is aligned with the value of each Consideration Share, being:</p> <p>Low: \$0.0036 per Share High: \$0.006 per Share Midpoint: \$0.0046 per Share</p> <p>Accordingly, the indicative valuation of the 10,000,000 Director LTIP Shares is between \$36,000 and \$60,000, with a midpoint of \$46,000. The valuation has been based on the pre Proposed Transaction value range per Share detailed at section 4.3.2 of the Independent Expert's Report.</p> <p>Based on the Independent Expert's valuation, the valuation of the financial benefit inherent in the Plympton LTIP Shares, Carosa LTIP Shares and Goulopoulos LTIP Shares are as follows:</p> <table border="1" data-bbox="571 1447 1390 1760"> <thead> <tr> <th data-bbox="579 1447 783 1581">Director</th> <th data-bbox="791 1447 938 1581">No. of Director LTIP Shares</th> <th data-bbox="946 1447 1086 1581">Low-point valuation</th> <th data-bbox="1094 1447 1235 1581">Mid-point valuation</th> <th data-bbox="1243 1447 1383 1581">High-point valuation</th> </tr> </thead> <tbody> <tr> <td data-bbox="579 1581 783 1626">A Plympton</td> <td data-bbox="791 1581 938 1626">4,000,000</td> <td data-bbox="946 1581 1086 1626">\$14,400</td> <td data-bbox="1094 1581 1235 1626">\$18,400</td> <td data-bbox="1243 1581 1383 1626">\$24,000</td> </tr> <tr> <td data-bbox="579 1626 783 1671">D Carosa</td> <td data-bbox="791 1626 938 1671">3,000,000</td> <td data-bbox="946 1626 1086 1671">\$10,800</td> <td data-bbox="1094 1626 1235 1671">\$13,800</td> <td data-bbox="1243 1626 1383 1671">\$18,000</td> </tr> <tr> <td data-bbox="579 1671 783 1715">M Goulopoulos</td> <td data-bbox="791 1671 938 1715">3,000,000</td> <td data-bbox="946 1671 1086 1715">\$10,800</td> <td data-bbox="1094 1671 1235 1715">\$13,800</td> <td data-bbox="1243 1671 1383 1715">\$18,000</td> </tr> <tr> <td data-bbox="579 1715 783 1760">Total</td> <td data-bbox="791 1715 938 1760">10,000,000</td> <td data-bbox="946 1715 1086 1760">\$36,000</td> <td data-bbox="1094 1715 1235 1760">\$46,000</td> <td data-bbox="1243 1715 1383 1760">\$60,000</td> </tr> </tbody> </table>	Director	No. of Director LTIP Shares	Low-point valuation	Mid-point valuation	High-point valuation	A Plympton	4,000,000	\$14,400	\$18,400	\$24,000	D Carosa	3,000,000	\$10,800	\$13,800	\$18,000	M Goulopoulos	3,000,000	\$10,800	\$13,800	\$18,000	Total	10,000,000	\$36,000	\$46,000	\$60,000
Director	No. of Director LTIP Shares	Low-point valuation	Mid-point valuation	High-point valuation																						
A Plympton	4,000,000	\$14,400	\$18,400	\$24,000																						
D Carosa	3,000,000	\$10,800	\$13,800	\$18,000																						
M Goulopoulos	3,000,000	\$10,800	\$13,800	\$18,000																						
Total	10,000,000	\$36,000	\$46,000	\$60,000																						
<p>Alternative options to the issue of Director LTIP Shares</p>	<p>The Board considers that the remuneration of the Board is below the average remuneration levels for directors of companies with similar market capitalisation to the Company. There is no current intention of the Board to increase Non-Executive Director remuneration. On this basis, the current Directors (with each Director abstaining from making a determination in relation to the Director's own proposed Share issue) do not consider that there is any material opportunity cost or benefit foregone to the Company in issuing the Director LTIP Shares.</p>																									

Corporations Act requirement	Explanation
	An alternative to the issue of Director LTIP Shares would be to increase Directors' existing remuneration. However, given the stage of the Company's operations post completion of the Proposed Transaction, and the necessity for cash reserves to be preserved and directed into the growth of the Company's expanded business, the Board has determined that it would not be appropriate to increase the proposed fees payable to each Director at this time.
Other information	The Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision about the approval of Resolutions 10 , 11 and 12.

2.10.5 Recommendation

The Directors do not wish to make a recommendation to Shareholders about Resolutions 10, 11 or 12, on the basis that those Resolutions are connected with the remuneration of directors, and the Directors consider it appropriate to abstain from making recommendations about remuneration related resolutions.

2.11 Resolution 13 (Approval of issue of Secretary LTIP Shares)

2.11.1 Background

Resolution 13 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of 2,000,000 Shares for nil cash consideration to the Company Secretary pursuant to the Company's LTIP.

2.11.2 Why approval is sought under Listing Rule 7.1

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 Resolution 13 will be to allow the Company to issue the Secretary LTIP Shares during the period of 3 months after the Meeting (or a longer period if allowed by ASX) without using the Company's 15% placement capacity.

2.11.3 Information required to be provided to Shareholders under Listing Rule 7.3

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

Listing Rule requirement	Explanation
Maximum number of Shares to be issued	2,000,000 Shares
Date for issue and allotment of Shares	If Shareholder approval is obtained for Resolution 13, the Company will issue the 2,000,000 Secretary LTIP Shares to Ms Alyn Tai as soon as is practicable after the Meeting, or in any event no later than 3 months after the date of the Meeting.

Issue price per Share	The Secretary LTIP Shares will be issued for nil cash consideration.
Identification of recipients of Shares	Ms Alyn Tai, Company Secretary of Shoply, or her nominee(s).
Terms of the Shares	The Secretary LTIP Shares will rank equally with all other Shares currently on issue.
Use of funds raised	There will be no funds raised from the issue of the Secretary LTIP Shares.

2.11.4 Recommendation

Each Director has no interest in the outcome of Resolution 13, other than as existing Shareholders. Each of the Directors recommends that Shareholders vote in favour of Resolution 13.

2.12 Resolution 14 (Approval of Warcom Earn-out Shares)

2.12.1 Background

Resolution 14 is subject to the passing of Resolutions 1 and 2, and seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of 15,914,435 Shares, at a deemed issue price of \$0.01 per Share, to the nominees of Warcom.

In June 2014, Shoply's wholly owned subsidiary AER Group Pty Ltd acquired the business and assets of Warcom (for further information about the Warcom Acquisition, refer to Shoply's announcement to the ASX dated 12 June 2014). Pursuant to the terms of Warcom Assets Purchase Agreement, part of the consideration payable by Shoply to Warcom comprised of the issue of Shoply Shares to Warcom or its nominees in tranches over a 2 year earn-out period, subject to the satisfaction of the prescribed Performance Targets.

As explained in section 1.5 of this Explanatory Statement, the Proposed Transaction is expected to deliver scale to Shoply's Warcom business, which similarly operates in the consumer electronics and business technology e-commerce sector. As a result of the expected increase in scale of the Warcom business following the Proposed Transaction, and the potential to extract and leverage synergies between the Warcom and Anyware/Harris Technology businesses, the prescribed Performance Targets will cease to be aligned with the expected performance of the merged entity.

Given the change in circumstances where the Proposed Transaction proceeds, the Company has entered into an agreement with Warcom (being the vendor of the Warcom business) under which the obligation of Shoply to issue any further earn-out shares to Warcom or its nominees during the remaining balance of the 2 year earn-out period will be satisfied in full by way of Shoply issuing to the nominees of Warcom an agreed number of Shoply Shares, subject to and upon completion of the Proposed Transaction. The agreed number of Shares to be issued to the nominees of Warcom in satisfaction of Shoply's earn-out payment obligations is 15,914,435 Shares (**Warcom Earn-out Shares**).

2.12.2 Why approval is required under Listing Rule 7.1

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 Resolution 14 will be to allow the Company to issue the Warcom Earn-out Shares during the period of 3 months after the Meeting (or a longer period if allowed by ASX) without using the Company's 15% placement capacity.

2.12.3 Information required to be provided to Shareholders under Listing Rule 7.3

In accordance with Listing Rule 7.3, which contains requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.1, the following information is provided to Shareholders in respect of Resolution 14:

Listing Rule requirement	Explanation
Maximum number of Shares to be issued	15,914,435 Shares.
Date for issue and allotment of Shares	If Shareholder approval is obtained for Resolution 14, and subject to completion of the Proposed Transaction, the Company will issue the 15,914,435 Warcom Earn-out Shares to the nominees of Warcom soon as is practicable after the completion of the Proposed Transaction, and in any event within 3 months from the date of the Meeting.
Issue price per Share	The Warcom Earn-out Shares will be issued for nil consideration, at a deemed issue price of \$0.01.
Identification of recipients of Shares	Warcom and/or its nominee(s).
Terms of the Shares	The Warcom Earn-out Shares will rank equally with all other Shares currently on issue, and will be subject to escrow restrictions for a period of 3 months from date of issue.
Use of funds raised	There will be no funds raised from the issue of the Warcom Earn-out Shares; however, upon issue of the Warcom Earn-out Shares, the Company will be relieved from its obligation to issue any further earn-out shares under the Warcom Assets Purchase Agreement.

2.12.4 Recommendation

Each Director has no interest in the outcome of Resolution 14, other than as existing Shareholders. Each of the Directors recommends that Shareholders vote in favour of Resolution 14.

2.13 Resolution 15 (Approval of issue of eStore Earn-out Shares)

Resolution 15 is subject to the passing of Resolutions 1 and 2, and seeks Shareholder approval pursuant to Listing Rule 10.11 for the issue of 47,100,000 Shares, at a deemed issue price of \$0.01 per Share, to the eStore Vendor's Nominee.

In March 2015, Shoply's wholly owned subsidiary AER Group Pty Ltd acquired the business and assets of eStore (for further information about the eStore Acquisition, refer to Shoply's announcement to the ASX dated 3 March 2015). Pursuant to the terms of the eStore Assets Purchase Agreement, part of the consideration payable by Shoply to the eStore vendors comprised of the issue of Shoply Shares to the eStore vendors or their nominees in tranches over a 2 year earn-out period, subject to the satisfaction of Performance Targets.

As explained in section 1.5 of this Explanatory Statement, the Proposed Transaction is expected to deliver scale to Shoply's eStore business, which similarly operates in the consumer electronics and business technology e-commerce sector. As a result of the expected increase in scale of the eStore business following the Proposed Transaction, and the potential to extract and leverage synergies between the eStore and Anyware/Harris Technology businesses, the prescribed Performance Targets will cease to be aligned with the expected performance of the merged entity.

Given the change in circumstances where the Proposed Transaction proceeds, the Company has entered into an agreement with the eStore vendors under which the obligation of Shoply to issue any further earn-out shares to the eStore vendors or their nominees during the remaining balance of the 2 year earn-out period will be satisfied in full by way of Shoply issuing to the eStore Vendor's Nominee an agreed number of Shoply Shares upon completion of the Proposed Transaction. The agreed number of Shares to be issued to the eStore Vendor's Nominee in satisfaction of Shoply's earn-out payment obligations is 47,100,000 Shares (**eStore Earn-out Shares**).

2.13.1 Why approval is required under Listing Rule 10.11

The eStore Vendor's Nominee is the spouse of Mr Lorenzo Coppa, a former Director of Shoply (who resigned as Director on 1 March 2016). Mr Coppa has been a Director of Shoply during the 6 month period prior to the date of this Notice, and accordingly the eStore Vendor's Nominee is, as at the date of this Notice, a related party of the Company pursuant to section 228(5) of the Corporations Act.

Listing Rule 10.11 provides that a Company may not issue securities to a related party without shareholder approval. The Company therefore seeks Shareholder approval for the issue of the eStore Earn-out Shares pursuant to Listing Rule 10.11.

Exception 14 in Listing Rule 7.2 provides that Listing Rule 7.1 does not apply where shareholder approval for an issue of securities is obtained under Listing Rule 10.11. This means that, if Shareholder approval is obtained for Resolution 15, the issue of the eStore Earn-out Shares will not deplete the Company's capacity to issue shares under Listing Rule 7.1.

2.13.2 Information required to be provided to Shareholders under Listing Rule 10.13

In accordance with Listing Rule 10.13, which contains requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 10.11, the following information is provided to Shareholders:

Listing Rule requirement	Proposed Placement
Identification of recipients of Shares	The eStore Vendor's Nominee, a related party of the Company pursuant to section 228(5) of the Corporations Act.
Maximum number of Shares to be issued	47,100,000 Shares.
Date for issue and allotment of Shares	If Shareholder approval is obtained for Resolution 15, and subject to completion of the Proposed Transaction, the Company will issue the 47,100,000 eStore Earn-out Shares as soon as is practicable after the completion of the Proposed Transaction, or in any event no later than 1 month after the date of the Meeting.
Issue price per Share	The eStore Earn-out Shares will be issued for nil consideration at a deemed issue price of \$0.01 per Share.

Terms of the Shares	The eStore Earn-out Shares will rank equally with all other Shares currently on issue, and will be subject to escrow restrictions for a period of 3 months from date of issue.
Use of funds raised	There will be no funds raised from the issue of the eStore Earn-out Shares; however, upon issue of the Warcom Earn-out Shares, the Company will be relieved from its obligation to issue any further earn-out shares under the eStore Assets Purchase Agreement.

2.13.3 Why approval is not being sought under Chapter 2E of the Corporations Act

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.

As set out above, the eStore Vendor's Nominee is, as at the date of this Notice, a related party of the Company pursuant to section 228(5) of the Corporations Act.

A "financial benefit" is defined in the Corporations Act in broad terms and expressly includes a public company issuing securities. Accordingly, the issue of eStore Earn-out Shares to the eStore Vendor's Nominee constitutes the provision of a financial benefit to a related party by the Company.

As stated above, the giving of a financial benefit to a related party of a public company is ordinarily prohibited by Chapter 2E of the Corporations Act. One exception to the general rule is where the provision of the financial benefit is on terms that would be reasonable in the circumstances if the Company and the related party were dealing at arm's length terms (or on terms less favourable than arm's length).

The Directors have determined that the proposed issue of the eStore Earn-out Shares is reasonable in the circumstances if the Company and the related party were dealing at arm's length terms. In making this determination, the Directors took into account the following factors:

- (d) the number of eStore Earn-out Shares proposed to be issued has been calculated on the basis of a deemed issue price of \$0.01, which is equivalent to the deemed issue price of the Warcom Earn-out Shares. The issue of the Warcom Earn-out Shares represents a transaction between the Company and an un-related party, and which was similarly negotiated at arm's length terms.
- (e) the deemed issue price of \$0.01 represents a significant premium to the prevailing market price of Shoply Shares on the date that the issue was agreed upon between the parties (approximately \$0.003). In addition, the Directors presently note that the deemed issue price of \$0.01 continues to represent a premium to the market price of Shoply Shares on or around the date of this Notice (approximately \$0.008).

On this basis, as the provision of such benefits is expressly permitted by the arm's length exception under the Corporations Act, the Board does not consider the Company is required to seek Shareholder approval in order to give the eStore Vendor's Nominee the financial benefit that is inherent in the issue to it of the eStore Earn-out Shares.

2.13.4 Recommendation

Each Director has no interest in the outcome of Resolution 15, other than as existing Shareholders. Each of the Directors recommends that Shareholders vote in favour of Resolution 15.

2.14 Resolution 16 (Approval of issue of Atlantis Conversion Shares)

2.14.1 Background

Resolution 16 seeks Shareholder approval pursuant to Listing Rule 10.11 for the issue of up to 14,681,017 Atlantis Conversion Shares, in conversion of the Atlantis Loan, being an unsecured loan of \$100,000 provided to the Company by Atlantis. The Atlantis Loan was advanced to the Company to facilitate the Company's working capital requirements.

Atlantis is an entity controlled by Director Mark Goulopoulos.

Atlantis has agreed to convert the loan principal amount and accrued interest (which accrues at a rate of 10% per annum), at the Conversion Price of \$0.007.

Accordingly, the Company proposes to issue up to 14,681,017 Conversion Shares to Atlantis (and/or its nominee(s)), in full and final satisfaction of the Company's obligation to repay the loan principal and accrued interest to Atlantis.

2.14.2 Why approval is required under Listing Rule 10.11

Atlantis, being the lender of the Atlantis Loan and the proposed recipient of the Atlantis Conversion Shares, is an entity controlled by Mr Mark Goulopoulos, a Non-Executive Director of Shoply. Accordingly, Atlantis is a related party of the Company pursuant to sections 228(2) and 228(4) of the Corporations Act, and Mr Goulopoulos will have a relevant interest in the Atlantis Conversion Shares issued to Atlantis.

Listing Rule 10.11 provides that a Company may not issue securities to a related party without shareholder approval.

Accordingly, the Company seeks Shareholder approval for the issue of the Atlantis Conversion Shares pursuant to Listing Rule 10.11.

Exception 14 in Listing Rule 7.2 provides that Listing Rule 7.1 does not apply where shareholder approval for an issue of securities is obtained under Listing Rule 10.11. This means that, if Shareholder approval is obtained for Resolution 16, the issue of the Atlantis Conversion Shares will not deplete the Company's capacity to issue shares under Listing Rule 7.1.

2.14.3 Information required to be provided to Shareholders under Listing Rule 10.13

In accordance with Listing Rule 10.13, which contains requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 10.11, the following information is provided to Shareholders:

Listing Rule requirement	Explanation
Identification of recipients of Shares	Atlantis (or nominee(s)), a company controlled by Mr Mark Goulopoulos, a Non-Executive Director of Shoply, and a related party of Shoply by virtue of sections 228(2) and 228(4) of the Corporations Act.
Maximum number of Shares to be issued	14,681,017 Shares

Date for issue and allotment of Shares	If Shareholder approval is obtained for Resolution 16, the Company will issue the Atlantis Conversion Shares as soon as is practicable after the Meeting, or in any event no later than 1 month after the date of the Meeting.
Issue price per Share	The Atlantis Conversion Shares will be issued in conversion of the Atlantis Loan (plus accrued interest), at a Conversion Price of \$0.007 per Share.
Terms of the Shares	The Atlantis Conversion Shares will rank equally with all other Shares currently on issue.
Use of funds raised	There will be no funds raised from the issue of the Atlantis Conversion Shares; however, upon the issue of the Atlantis Conversion Shares, the Company will be relieved from its obligations to repay the Atlantis Loan (plus interest) in cash. The Company raised a total of \$100,000 through the Atlantis Loan; such funds have been applied to the Company's working capital requirements.

2.14.4 Other information

Shareholder approval is not being sought under Chapter 2E of the Corporations Act for the issue of the Atlantis Conversion Shares. For further information on this, refer to section 2.19 of this Explanatory Statement.

The Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision about the approval of Resolution 16.

2.14.5 Recommendation

Each Director (other than Mr Mark Goulopoulos) has no interest in the outcome of Resolution 16, other than as existing Shareholders.

Given the stage of the Company's operations and the need for Shoply to conserve its cash reserves at a pivotal point in its growth strategy post completion of the Proposed Transaction, the Directors consider it to be in the best interests of the Company and its shareholders to discharge existing obligations to repay debt through the issue of Conversion Shares.

On this basis, each of the Directors, with Mr Mark Goulopoulos abstaining, recommends that Shareholders vote in favour of Resolution 16.

2.15 Resolution 17 (Approval of issue of Dominet Conversion Shares)

Resolution 17 seeks Shareholder approval pursuant to Listing Rule 10.11 for the issue of up to 29,342,466 Dominet Conversion Shares, in conversion of the Dominet Loan, being an unsecured loan of \$200,000 provided to the Company by Dominet. The Dominet Loan was advanced to the Company to facilitate the Company's working capital requirements.

Dominet is an entity controlled by Director Domenic Carosa.

Dominet has agreed to convert the loan principal amount and accrued interest (which accrues at a rate of 10% per annum), at the Conversion Price of \$0.007.

Accordingly, the Company proposes to issue up to 29,342,466 Conversion Shares to Dominet (and/or its nominee(s)), in full and final satisfaction of the Company's obligation to repay the loan principal and accrued interest to Dominet.

2.15.1 Why approval is required under Listing Rule 10.11

Dominet, being the lender of the Dominet Loan and the proposed recipient of the Dominet Conversion Shares, is an entity controlled by Mr Domenic Carosa, a Non-Executive Director of Shoply. Accordingly, Dominet is a related party of the Company pursuant to sections 228(2) and 228(4) of the Corporations Act, and Mr Carosa will have a relevant interest in the Dominet Conversion Shares issued to Dominet.

Listing Rule 10.11 provides that a Company may not issue securities to a related party without shareholder approval.

Accordingly, the Company seeks Shareholder approval for the issue of the Dominet Conversion Shares pursuant to Listing Rule 10.11.

Exception 14 in Listing Rule 7.2 provides that Listing Rule 7.1 does not apply where shareholder approval for an issue of securities is obtained under Listing Rule 10.11. This means that, if Shareholder approval is obtained for Resolution 17, the issue of the Dominet Conversion Shares will not deplete the Company's capacity to issue shares under Listing Rule 7.1.

2.15.2 Information required to be provided to Shareholders under Listing Rule 10.13

In accordance with Listing Rule 10.13, which contains requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 10.11, the following information is provided to Shareholders:

Listing Rule requirement	Explanation
Identification of recipients of Shares	Dominet (or nominee(s)), a company controlled by Mr Domenic Carosa, a Non-Executive Director of Shoply, and a related party of Shoply by virtue of sections 228(2) and 228(4) of the Corporations Act.
Maximum number of Shares to be issued	29,342,466 Shares
Date for issue and allotment of Shares	If Shareholder approval is obtained for Resolution 17, the Company will issue the Dominet Conversion Shares as soon as is practicable after the Meeting, or in any event no later than 1 month after the date of the Meeting.
Issue price per Share	The Dominet Conversion Shares will be issued in conversion of the Dominet Loan (plus accrued interest), at a Conversion Price of \$0.007 per Share.
Terms of the Shares	The Dominet Conversion Shares will rank equally with all other Shares currently on issue.
Use of funds raised	There will be no funds raised from the issue of the Dominet Conversion Shares; however, upon the issue of the Dominet Conversion Shares, the Company will be relieved from its obligations to repay the Dominet Loan (plus interest) in cash. The Company raised a total of \$200,000 through the Dominet Loan; such funds have been applied to the Company's working capital requirements.

2.15.3 Other information

Shareholder approval is not being sought under Chapter 2E of the Corporations Act for the issue of the Dominet Conversion Shares. For further information on this, refer to section 2.19 of this Explanatory Statement.

The Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision about the approval of Resolution 17.

2.15.4 Recommendation

Each Director (other than Mr Domenic Carosa) has no interest in the outcome of Resolution 17, other than as existing Shareholders.

Given the stage of the Company's operations and the need for Shoply to conserve its cash reserves at a pivotal point in its growth strategy post completion of the Proposed Transaction, the Directors consider it to be in the best interests of the Company and its shareholders to discharge existing obligations to repay debt through the issue of Conversion Shares.

On this basis, each of the Directors, with Mr Domenic Carosa abstaining, recommends that Shareholders vote in favour of Resolution 17.

2.16 Resolution 18 (Approval of issue of APA Conversion Shares)

2.16.1 Background

Resolution 18 seeks Shareholder approval pursuant to section 611 (item 7) of the Corporations Act and Listing Rule 10.11 for the issue of up to 51,493,151 APA Conversion Shares, in conversion of the APA Loan, being an unsecured loan of \$350,000 provided to the Company by APA. The APA Loan was advanced to the Company to facilitate the Company's working capital requirements.

APA is an entity controlled by Director Garrison Huang, and is a Seller under the Proposed Transaction.

APA has agreed to convert the loan principal amount and accrued interest (which accrues at a rate of 10% per annum), at the Conversion Price of \$0.007.

Accordingly, the Company proposes to issue up to 51,493,151 APA Conversion Shares to APA (and/or its nominee(s)), in full and final satisfaction of the Company's obligation to repay the loan principal and accrued interest to APA.

2.16.2 Why approval is required under section 611 (item 7) of the Corporations Act

Section 606 of the Corporations Act prohibits the acquisition by a person of voting shares in a company where, because of the acquisition, that person's (or someone else's) voting power in the company:

- (a) Increases from 20% or below to more than 20%; or
- (b) Increases from a starting point that is above 20% and below 90%,

unless a specific exemption applies.

As explained in section 2.2.1 of this Explanatory Statement, the Company has taken the conservative approach of assuming that the Sellers will be regarded as "associates" for the purposes of section 606 of the Corporations Act on the basis that, by undertaking the Proposed Transaction, the Sellers are acting in concert in relation to the affairs of the Company.

APA currently holds 139,909,396 Shares, being 19.99% of the Company's issued Share capital as at the date of this Notice.

APA's individual voting power in the Company will increase from less than 20% to more than 20% upon the issue of the APA Conversion Shares. Where combined with the issue of the Consideration Shares to the Sellers (including APA in its capacity as a Seller), APA's voting power will further increase beyond 20% on an individual basis, and on a collective basis where its voting power is aggregated with that of the Sellers upon application of the concept that the Sellers are deemed to be 'associates'.

Accordingly, the Company seeks Shareholder approval pursuant to section 611 (item 7) of the Corporations Act for the issue of the APA Conversion Shares (in addition to the approval already sought under section 611 (item 7) for the issue of the Consideration Shares under Resolution 2).

The Company is required to provide certain information to Shareholders with respect to a proposed issue of shares pursuant to section 611 (item 7) of the Corporations Act; this information is provided in section 2.2.1 of this Explanatory Statement.

The issue of the APA Conversion Shares is taken into account in Independent Expert's analysis of the Proposed Transaction in the Independent Expert's Report.

2.16.3 Why approval is required under Listing Rule 10.11

APA, being the lender of the APA Loan and the proposed recipient of the APA Conversion Shares, is an entity controlled by Mr Garrison Huang, a Non-Executive Director of Shoply. Accordingly, APA is a related party of the Company pursuant to sections 228(2) and 228(4) of the Corporations Act.

Listing Rule 10.11 provides that a Company may not issue securities to a related party without shareholder approval.

The Company therefore seeks Shareholder approval for the issue of the APA Conversion Shares pursuant to Listing Rule 10.11.

Exception 14 in Listing Rule 7.2 provides that Listing Rule 7.1 does not apply where shareholder approval for an issue of securities is obtained under Listing Rule 10.11. This means that, if Shareholder approval is obtained for Resolution 18, the issue of the APA Conversion Shares will not deplete the Company's capacity to issue shares under Listing Rule 7.1.

2.16.4 Information required to be provided to Shareholders under Listing Rule 10.13

In accordance with Listing Rule 10.13, which contains requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 10.11, the following information is provided to Shareholders:

Listing Rule requirement	Explanation
Identification of recipients of Shares	APA (or nominee(s)), a company controlled by Mr Garrison Huang, a Non-Executive Director of Shoply, and a related party of Shoply by virtue of sections 228(2) and 228(4) of the Corporations Act.
Maximum number of Shares to be issued	51,493,151 Shares

Date for issue and allotment of Shares	If Shareholder approval is obtained for Resolution 18, the Company will issue the APA Conversion Shares as soon as is practicable after the Meeting, or in any event no later than 1 month after the date of the Meeting.
Issue price per Share	The APA Conversion Shares will be issued in conversion of the APA Loan (plus accrued interest), at a Conversion Price of \$0.007 per Share.
Terms of the Shares	The APA Conversion Shares will rank equally with all other Shares currently on issue.
Use of funds raised	There will be no funds raised from the issue of the APA Conversion Shares; however, upon the issue of the APA Conversion Shares, the Company will be relieved from its obligations to repay the APA Loan (plus interest) in cash. The Company raised a total of \$350,000 through the APA Loan; such funds have been applied to the Company's working capital requirements.

2.16.5 Other information

Shareholder approval is not being sought under Chapter 2E of the Corporations Act for the issue of the APA Conversion Shares. For further information on this, refer to section 2.19 of this Explanatory Statement.

The Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision about the approval of Resolution 18.

2.16.6 Recommendation

Each Director (other than Mr Garrison Huang) has no interest in the outcome of Resolution 18, other than as existing Shareholders.

Given the stage of the Company's operations and the need for Shoply to conserve its cash reserves to fund its existing operations and growth strategy after completion of the Proposed Transaction, the Directors consider it to be in the best interests of the Company and its shareholders to conserve its current cash reserves, and to discharge existing obligations to repay debt through the issue of Conversion Shares.

On this basis, each of the Directors, with Mr Garrison Huang abstaining, recommends that Shareholders vote in favour of Resolution 18.

2.17 Resolution 19 (Approval of issue of AZA Conversion Shares)

Resolution 19 seeks Shareholder approval pursuant to section 611 (item 7) of the Corporations Act and Listing Rule 10.11 for the issue of up to 14,710,372 AZA Conversion Shares, in conversion of the AZA Loan, being an unsecured loan of \$100,000 provided to the Company by AZA. The AZA Loan was advanced to the Company to facilitate the Company's working capital requirements.

AZA is an entity controlled by Director Bob Xu, and is a Seller under the Proposed Transaction.

AZA has agreed to convert the loan principal amount and accrued interest (which accrues at a rate of 10% per annum), at the Conversion Price of \$0.007.

Accordingly, the Company proposes to issue up to 14,710,372 AZA Conversion Shares to AZA (and/or its nominee(s)), in full and final satisfaction of the Company's obligation to repay the loan principal and accrued interest to AZA.

2.17.1 Why approval is required under section 611 (item 7) of the Corporations Act

Section 606 of the Corporations Act prohibits the acquisition by a person of voting shares in a company where, because of the acquisition, that person's (or someone else's) voting power in the company:

- (a) Increases from 20% or below to more than 20%; or
- (b) Increases from a starting point that is above 20% and below 90%,

unless a specific exemption applies.

As explained in section 2.2.1 of this Explanatory Statement, the Company has taken the conservative approach of assuming that the Sellers will be regarded as "associates" for the purposes of section 606 of the Corporations Act on the basis that, by undertaking the Proposed Transaction, the Sellers are acting in concert in relation to the affairs of the Company.

Although AZA does not currently hold a relevant interest in any Shares as at the date of this Notice, AZA's voting power in the Company (where aggregated with the voting power of the other Sellers upon application of the concept that the Sellers are deemed to be 'associates') will increase from less than 20% to more than 20% upon the issue of the Consideration Shares to the Sellers (including AZA in its capacity as a Seller) and the issue of the AZA Conversion Shares.

Accordingly, the Company seeks Shareholder approval pursuant to section 611 (item 7) of the Corporations Act for the issue of the AZA Conversion Shares (in addition to the approval already sought under section 611 (item 7) for the issue of the Consideration Shares under Resolution 2).

The Company is required to provide certain information to Shareholders with respect to a proposed issue of shares pursuant to section 611 (item 7) of the Corporations Act; this information is provided in section 2.2.1 of this Explanatory Statement.

The issue of the AZA Conversion Shares is taken into account in Independent Expert's analysis of the Proposed Transaction in the Independent Expert's Report.

2.17.2 Why approval is required under Listing Rule 10.11

AZA, being the lender of the AZA Loan and the proposed recipient of the AZA Conversion Shares, is an entity controlled by Mr Bob Xu, a Non-Executive Director of Shoply. Accordingly, AZA is a related party of the Company pursuant to sections 228(2) and 228(4) of the Corporations Act.

Listing Rule 10.11 provides that a Company may not issue securities to a related party without shareholder approval.

The Company therefore seeks Shareholder approval for the issue of the AZA Conversion Shares pursuant to Listing Rule 10.11.

Exception 14 in Listing Rule 7.2 provides that Listing Rule 7.1 does not apply where shareholder approval for an issue of securities is obtained under Listing Rule 10.11. This means that, if Shareholder approval is obtained for Resolution 19, the issue of the AZA Conversion Shares will not deplete the Company's capacity to issue shares under Listing Rule 7.1.

2.17.3 Information required to be provided to Shareholders under Listing Rule 10.13

In accordance with Listing Rule 10.13, which contains requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 10.11, the following information is provided to Shareholders:

Listing Rule requirement	Explanation
Identification of recipients of Shares	AZA, a company controlled by Mr Bob Xu, a Non-Executive Director of Shoply, and a related party of Shoply by virtue of sections 228(2) and 228(4) of the Corporations Act.
Maximum number of Shares to be issued	14,710,372 Shares
Date for issue and allotment of Shares	If Shareholder approval is obtained for Resolution 19, the Company will issue the AZA Conversion Shares as soon as is practicable after the Meeting, or in any event no later than 1 month after the date of the Meeting.
Issue price per Share	The AZA Conversion Shares will be issued in conversion of the AZA Loan (plus accrued interest), at a Conversion Price of \$0.007 per Share.
Terms of the Shares	The AZA Conversion Shares will rank equally with all other Shares currently on issue.
Use of funds raised	There will be no funds raised from the issue of the AZA Conversion Shares; however, upon the issue of the AZA Conversion Shares, the Company will be relieved from its obligations to repay the AZA Loan (plus interest) in cash. The Company raised a total of \$100,000 through the AZA Loan; such funds have been applied to the Company's working capital requirements.

2.17.4 Other information

Shareholder approval is not being sought under Chapter 2E of the Corporations Act for the issue of the AZA Conversion Shares. For further information on this, refer to section 2.19 of this Explanatory Statement.

The Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision about the approval of Resolution 19.

2.17.5 Recommendation

Each Director (other than Mr Bob Xu) has no interest in the outcome of Resolution 19, other than as existing Shareholders.

Given the stage of the Company's operations and the need for Shoply to conserve its cash reserves to fund its existing operations and growth strategy after completion of the Proposed Transaction, the Directors consider it to be in the best interests of the Company and its shareholders to conserve its current cash reserves, and to discharge existing obligations to repay debt through the issue of Conversion Shares.

On this basis, each of the Directors, with Mr Bob Xu abstaining, recommends that Shareholders vote in favour of Resolution 19.

2.18 Resolution 20 (Approval of issue of Chen Conversion Shares)

Resolution 20 seeks Shareholder approval pursuant to Listing Rule 10.11 for the issue of up to 36,737,769 Chen Conversion Shares, in conversion of the Chen Loan, being an unsecured loan of \$250,000 provided to the Company by Mr Howard Sijin Chen and his associated entity. The Chen Loan was advanced to the Company to facilitate the Company's working capital requirements.

Mr Chen is a proposed Director of the Company.

Mr Chen has agreed to convert the loan principal amount and accrued interest (which accrues at a rate of 10% per annum), at the Conversion Price of \$0.007.

Accordingly, the Company proposes to issue up to 36,737,769 Chen Conversion Shares to Chen (and/or his nominee(s)), in full and final satisfaction of the Company's obligation to repay the loan principal and accrued interest to Chen.

2.18.1 Why approval is required under Listing Rule 10.11

Mr Chen and an entity he controls are the lenders of the Chen Loan. Mr Chen is a proposed Director of Shoply. Accordingly, Chen and his associated entity are related parties of the Company pursuant to sections 228(4) and 228(6) of the Corporations Act.

Listing Rule 10.11 provides that a Company may not issue securities to a related party without shareholder approval.

Accordingly, the Company seeks Shareholder approval for the issue of the Chen Conversion Shares pursuant to Listing Rule 10.11.

Exception 14 in Listing Rule 7.2 provides that Listing Rule 7.1 does not apply where shareholder approval for an issue of securities is obtained under Listing Rule 10.11. This means that, if Shareholder approval is obtained for Resolution 20, the issue of the Chen Conversion Shares will not deplete the Company's capacity to issue shares under Listing Rule 7.1.

2.18.2 Information required to be provided to Shareholders under Listing Rule 10.13

In accordance with Listing Rule 10.13, which contains requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 10.11, the following information is provided to Shareholders:

Listing Rule requirement	Proposed Placement
Identification of recipients of Shares	Mr Howard Sijin Chen and his associated entity (or their nominee(s)), who are related parties of Shoply by virtue of sections 228(4) and 228(6) of the Corporations Act.
Maximum number of Shares to be issued	36,737,769 Shares
Date for issue and allotment of Shares	If Shareholder approval is obtained for Resolution 20, the Company will issue the Chen Conversion Shares as soon as is practicable after the Meeting, or in any event no later than 1 month after the date of the Meeting.

Issue price per Share	The Chen Conversion Shares will be issued in conversion of the Chen Loan (plus accrued interest) at a Conversion Price of \$0.007 per Share.
Terms of the Shares	The Chen Conversion Shares will rank equally with all other Shares currently on issue.
Use of funds raised	There will be no funds raised from the issue of the Chen Conversion Shares; however, upon the issue of the Chen Conversion Shares, the Company will be relieved from its obligations to repay the Chen Loan (plus interest) in cash. The Company raised a total of \$250,000 through the Chen Loan; such funds have been applied to the Company's working capital requirements.

2.18.3 Other information

Shareholder approval is not being sought under Chapter 2E of the Corporations Act for the issue of the Chen Conversion Shares. For further information on this, refer to section 2.19 of this Explanatory Statement.

The Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision about the approval of Resolution 20.

2.18.4 Recommendation

Each Director has no interest in the outcome of Resolution 20, other than as existing Shareholders.

Given the stage of the Company's operations and the need for Shoply to conserve its cash reserves to fund its existing operations and growth strategy after completion of the Proposed Transaction, the Directors consider it to be in the best interests of the Company and its shareholders to conserve its current cash reserves, and to discharge existing obligations to repay debt through the issue of Conversion Shares.

On this basis, each of the Directors recommends that Shareholders vote in favour of Resolution 20.

2.19 (Resolutions 16 – 20) Application of Chapter 2E of the Corporations Act

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.

As explained above, the recipients of Conversion Shares under Resolutions 16 – 20 (inclusive) are related parties of the Company.

A "financial benefit" is defined in the Corporations Act in broad terms and expressly includes a public company issuing securities. Accordingly, the issue of the Conversion Shares to the respective recipients constitutes the provision of a financial benefit to a related party by the Company.

As stated above, the giving of a financial benefit to a related party of a public company is ordinarily prohibited by Chapter 2E of the Corporations Act. One exception to the general rule is where the provision of the financial benefit is on terms that would be reasonable in the circumstances if the Company and the related party were dealing at arm's length terms (or on terms less favourable than arm's length).

The Directors have determined that the proposed issue of the Conversion Shares to the respective recipients is reasonable in the circumstances if the Company and those related parties were dealing at arm's length terms. In making this determination, the Directors took into account the following factors into account:

- (a) the various loans advanced by the relevant related parties were provided on terms that were on terms that are more favourable (to the Company) than arm's length terms. In drawing this conclusion, the Company notes that it sought and reviewed various third (un-related) party debt financing options prior to entering into the related party loans; the debt financing options which were available to Shoply at such time were on terms that were relatively more onerous to the Company, in comparison to the related party loans.
- (b) the Conversion Price of \$0.007 represents a premium to the prevailing market price of Shoply Shares on the date that the terms of the loans were agreed upon between the parties; and
- (c) the Conversion Price was determined with reference to the issue price of the Company's recent capital raising placement (being \$0.007) on 3 March 2016, which was negotiated on arm's length terms at the time.

On this basis, as the provision of such benefits is expressly permitted by the arm's length exception under the Corporations Act, the Board does not consider the Company is required to seek Shareholder approval in order to give the related parties the financial benefit that is inherent in the Conversion Shares.

2.20 **Resolution 21 (Consolidation)**

2.20.1 **Background**

The purpose of Resolution 21 is to enable the Company to consolidate its Shares into a smaller number. Resolution 21 is subject to the passing of Resolutions 1 and 2, and the completion of the Proposed Transaction.

Section 254H(1) of the Corporations Act provides that the Company may convert all or any of its Shares into a larger or smaller number of Shares by a resolution passed at a general meeting of Shareholders.

For the reasons set out below, the Company is seeking Shareholder approval of the consolidation of issued ordinary shares into a smaller number of Shares in the ratio of 25 to 1 (**Consolidation**), by way of an ordinary resolution pursuant to section 254H of the Corporations Act.

2.20.2 **Reasons for Consolidation**

If the Proposed Transaction is approved and completed, the Company will have a large number of Shares on issue when considered in the context of the Company's market capitalisation, and in comparison to other similarly capitalised companies listed on the ASX. The likely consequence of this will be that the market price per Share on the ASX will be relatively low.

In the interests of its Shareholders, the Board considers that the Consolidation will enable the Company to establish a Share price that is more appropriate for a listed entity of its size and market capitalisation following completion of the Proposed Transaction.

The Board further believes that this will make the Company more attractive to potential investors. In addition, the Consolidation may have future potential cost saving benefits in terms of administrative costs.

2.20.3 Effect of Consolidation on Shareholders

As at the date of this Explanatory Statement, the Company has 699,896,927 Shares on issue, and following completion of the Proposed Transaction and the Other Share Issues, it is anticipated that the Company will have 3,325,333,077 Shares on issue. The Consolidation will have the effect of reducing the number of Shares on issue to approximately 133,013,323 Shares (refer to capital structure table set out in section 1.6 of this Explanatory Statement).

The Consolidation proposed by Resolution 21 is subject to and will only be implemented after the completion of the Proposed Transaction.

Individual holdings will be reduced in accordance with the Consolidation ratio. As the Consolidation applies equally to all Shareholders (subject only to the rounding of fractions), it will have no material effect on the percentage interest of each Shareholder in the Company. Further, the aggregate value of each member's proportional interest in the Company will not materially change solely as a result of the Consolidation as the only anticipated changes, which will be a result of rounding, will be immaterial.

Theoretically, the market price of each Share following the Consolidation should increase by 25 times its current value. Practically, the actual effect on the market price of each Share will be dependent upon on a number of factors which will not be within the control of the Company. Therefore, this may result in the market price of each Share following Consolidation being higher or lower than the theoretical post-Consolidation price.

2.20.4 Treatment of options and convertible securities

The Company does not currently have any options or other securities convertible to Shares on issue.

2.20.5 Timetable for Consolidation

The Consolidation, if approved by Shareholders, will take effect in accordance with the indicative timetable below.

Key event	Indicative date (2016)
Announcement of Consolidation. The Notice of Meeting containing the proposed resolution for the Consolidation is announced to the ASX and despatched to shareholders.	Thursday 16 June
Extraordinary General Meeting of Shareholders. The proposed Consolidation is approved by the shareholders.	Friday 15 July
Notification to ASX that Consolidation is approved	
Last day for trading in pre-consolidated Shares	Monday 25 July
Trading in the consolidated Shares on a deferred settlement basis commences	Tuesday 26 July
Last day to register transfers of Shares on a pre-Consolidation basis	Wednesday 27 July
Consolidation effective. Registration of securities on a post-consolidation basis	Thursday 28 July

Despatch of new holding statements. Deferred settlement trading ends	Wednesday 3 August
Normal trading starts	Thursday 4 August

2.20.6 Taxation implications

It is not considered that any taxation implications for Shareholders will arise out of the Consolidation. However, Shareholders are advised to seek independent tax advice in relation to the effect of the Consolidation. Neither the Company nor the Board accept any responsibility for any individual taxation implications arising out of the Consolidation.

2.20.7 Other information

The Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision about the approval of Resolution 21.

2.20.8 Recommendation

Each Director has no interest in the outcome of Resolution 21, other than as existing Shareholders. Each of the Directors believes that the Consolidation is fair and reasonable to the Company's Shareholders as a whole and recommends that Shareholders vote in favour of Resolution 21.

3 Other information

3.1 Scope of disclosure

The Company is required to provide to Shareholders all information which is known to the Company that is reasonably required by Shareholders in order to decide whether or not it is in the Company's interest to pass the Resolutions.

The Company is not aware of any relevant information that is material to the decision on how to vote on the Resolutions, other than as is disclosed in this Explanatory Statement or previously disclosed to Shareholders by notification to the ASX.

3.2 Voting intentions and relevant interest of the Directors

The number of Shares in which each Director has a relevant interest as at the date of this Notice is set out in the table below:

Director	No. of Shares	% of issued Share capital
Mr Andrew Plympton	0	0%
Mr Domenic Carosa	75,868,324	10.84%
Mr Mark Goulopoulos	13,352,565	1.91%
Mr Garrison Huang	139,909,396	19.99%
Mr Bob Xu	0	0%

3.3 Recommendation

Except as otherwise stated, the Directors unanimously recommend that, in the context of the Company's current circumstances, Shareholders should vote to approve all of the Resolutions to be put to the Meeting.

However, Shareholders must decide how to vote based on the matters set out in the Explanatory Statement.

3.4 **Taxation**

The Proposed Transaction may give rise to tax implications for Shareholders.

Shareholders are advised to seek their own taxation advice on the effect of all Resolutions on their personal position. Neither the Company, nor any of the Directors or any advisor to the Company accepts any responsibility for any individual Shareholders' taxation consequences on any aspect of the Proposed Transaction or the other Resolutions proposed at the Meeting.

4 Glossary

Capitalised terms used in this Notice and the Explanatory Statement have the following meanings:

10% Placement Capacity means the Company's capacity pursuant to Listing Rule 7.1A to issue shares 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;

Anyware means Anyware Corporation Pty Ltd ACN 096 717 056;

Anyware Group means Anyware and its wholly-owned subsidiary Harris Technology Pty Ltd ACN 163 259 783;

APA means Australian PC Accessories Pty Ltd, an entity associated with Mr Garrison Huang, a Non-Executive Director of Shoply;

APA Conversion Shares means the Shares proposed to be issued to APA or its nominee(s) pursuant to Resolution 18 in conversion of the APA Loan;

APA Loan means an unsecured loan of \$350,000 advanced by APA to the Company;

ASIC means the Australian Securities and Investments Commission;

Associate has the meaning given to it by sections 10 – 17 of the Corporations Act;

Associated Directors means Mr Garrison Huang and Mr Bob Xu who are Sellers (through their respective associated entities);

ASX means the Australian Securities Exchange or ASX Limited as the context requires;

Atlantis means Atlantis MG Pty Ltd, an entity associated with Mr Mark Goulopoulos, a Non-Executive Director of Shoply;

Atlantis Conversion Shares means the Shares proposed to be issued to Atlantis or its nominee(s) pursuant to Resolution 16 in conversion of the Atlantis Loan;

Atlantis Loan means an unsecured loan of \$100,000 advanced by Atlantis to the Company;

AZA means AZA International (Aust) Pty Ltd, an entity associated with Mr Bob Xu, a Non-Executive Director of Shoply;

AZA Conversion Shares means the Shares proposed to be issued to AZA International (Aust) Pty Ltd or its nominee(s) pursuant to Resolution 19 in conversion of AZA Loan;

AZA Loan means an unsecured loan of \$100,000 advanced by AZA, to the Company;

Board means the board of Directors of the Company from time to time;

Carosa LTIP Shares means the 3,000,000 Shares proposed to be issued to Mr Domenic Carosa under the Company's LTIP pursuant to Resolution 11;

Chen Conversion Shares means the Shares proposed to be issued to Mr Howard Sijin Chen or his nominee(s) pursuant to Resolution 20 in conversion of the Chen Loan;

Chen Loan means an unsecured loan of \$250,000 advanced by Mr Howard Sijin Chen and his associated entity to the Company;

Closely Related Party (of a member of KMP of an entity) has the definition given to it by section 9 of the Corporations Act, and means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (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;
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of this definition (nothing at this stage).

Company means Shoply Limited ACN 085 545 973;

Consideration Shares means 2,403,456,940 Shares, as consideration for the Company's acquisition of all of the issued capital in Anyware;

Consolidation means the proposed consolidation of the Company's share capital into a smaller number in the ratio of 25 to 1, the subject of Resolution 21;

Constitution means the constitution of the Company as at the date of this Notice;

Conversion Price means \$0.007;

Conversion Shares means the all or any of the Atlantis Conversion Shares, the Dominet Conversion Shares, the APA Conversion Shares, the AZA Conversion Shares and the Chen Conversion Shares (as the context requires);

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

Director(s) means the directors of the Company from time to time;

Director LTIP Shares means the Plympton LTIP Shares, Carosa LTIP Shares and Gouloupoulos LTIP Shares;

Dominet means Dominet Digital Corporation Pty Ltd, an entity associated with Mr Domenic Carosa, a Non-Executive Director of Shoply;

Dominet Conversion Shares means the Shares proposed to be issued to Dominet or its nominee(s) pursuant to Resolution 17 in conversion of the Dominet Loan;

Dominet Loan means an unsecured loan of \$200,000 advanced by Dominet to the Company;

Earn-out Shares mean the Warcom Earn-out Shares and the eStore Earn-out Shares;

eStore Acquisition means the acquisition by Shoply of the eStore business and assets as announced by the Company on 3 March 2015;

eStore Assets Purchase Agreement means the assets purchase agreement entered into between the Company and the vendors of the eStore business as announced by the

Company on 3 March 2015, under which the Company purchased the business and assets of eStore;

eStore Earn-out Shares means the 47,100,000 Shares proposed to be issued pursuant to Resolution 15, in satisfaction of the Company's obligation to issue any further earn-out shares under the terms of the eStore Assets Purchase Agreement.

eStore Vendor's Nominee means Isabel Coppa ATF Coppa Family Trust;

Explanatory Statement means the explanatory statement that accompanies this Notice;

Goulopoulos LTIP Shares means the 3,000,000 Shares proposed to be issued to Mr Mark Goulopoulos under the Company's LTIP pursuant to Resolution 12;

Independent Expert means Hall Chadwick Corporate (NSW) Limited;

Independent Expert's Report means the independent expert report prepared by the Independent Expert accompanying this Notice in Schedule 4;

Key Management Personnel or **KMP** means those persons having authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including any director (whether executive or otherwise) of that entity;

Listing Rules means the Listing Rules of the ASX;

LTIP means the Company's Long Term Incentive Plan which was approved by Shareholders at the Company's 2013 Annual General Meeting;

LTIP Shares mean the Director LTIP Shares and the Secretary LTIP Shares;

Meeting means the meeting of the Company to be held at RSM Australia, Level 21, 55 Collins Street, Melbourne, Victoria on Friday 15 July 2016 at 2.30pm (Melbourne time);

New Constitution means the new constitution to be approved by the Shareholders in accordance with Resolution 5, the key terms of which are set out in Schedule 2;

Non-Associated Directors means Mr Andrew Plympton, Mr Mark Goulopoulos and Mr Domenic Carosa, who are not associated with the Sellers and have no interest in the outcome of the Resolutions which relate to the Proposed Transaction, other than as existing Shareholders;

Notice means the notice convening the Meeting;

Other Share Issues has the meaning given to it by section 1.5 of this Explanatory Statement;

Performance Targets means the respective prescribed revenue and profit margin targets which, if achieved, would entitle the vendors of the eStore and Warcom businesses to receive earn-out consideration shares on a quarterly basis over a 2 year earn-out period pursuant to the eStore Assets Purchase Agreement and the Warcom Assets Purchase Agreement, respectively;

Plympton LTIP Shares means the 4,000,000 Shares proposed to be issued to Mr Andrew Plympton under the Company's LTIP pursuant to Resolution 10;

Proposed Placement means the proposed capital raising placement the subject of Resolution 9;

Proposed Transaction means the proposed acquisition by the Company of 100% of the shares in the capital of Anyware and otherwise described in section 1.3;

Proxy Form means the proxy form accompanying this Notice;

Resolution means a resolution to be voted on at the Meeting, the details of which are set out in the Notice;

Schedule means a schedule to this Notice;

Secretary LTIP Shares means the 2,000,000 Shares proposed to be issued to the Company Secretary under the Company's LTIP pursuant to Resolution 13;

Sellers means each of the parties set out in Schedule 1;

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

Share Purchase Agreement means the share purchase agreement entered into on 16 May 2016 between Shoply and the Sellers with respect to Proposed Transaction;

Shareholder means a holder of a Share;

Warcom means Warcom (Aust) Pty Ltd, being the vendor of the Warcom business under the Warcom Assets Purchase Agreement;

Warcom Acquisition means the acquisition by Shoply of the Warcom business and assets as announced by the Company on 12 June 2014;

Warcom Assets Purchase Agreement means the assets purchase agreement entered into between the Company and Warcom as announced by the Company on 12 June 2014, under which the Company purchased the business and assets of Warcom; and

Warcom Earn-out Shares means the 15,914,435 Shares proposed to be issued pursuant to Resolution 14, in satisfaction of the Company's obligation to issue any further earn-out shares under the terms of the Warcom Assets Purchase Agreement.

Schedule 1 – Sellers

Name of Seller	Number and class of shares in Anyware held	Seller's proportionate shareholding in Anyware	Shoply Consideration Shares
AUSTRALIAN PC ACCESSORIES PTY LTD (IN ITS CAPACITY AS TRUSTEE OF THE GWH TRUST)	158,400 fully paid ordinary	79.20%	1,903,537,897
AZA INTERNATIONAL (AUST) PTY LTD (IN ITS CAPACITY AS TRUSTEE OF THE NORTH CITY FAMILY TRUST)	17,600 fully paid ordinary	8.80%	211,504,211
WELLAND INDUSTRIAL CO. LTD	12,000 fully paid ordinary	6.00%	144,207,416
CHA SHIN CHI INVESTMENT CO. LTD	12,000 fully paid ordinary	6.00%	144,207,416
TOTAL	200,000 fully paid ordinary	100.00%	2,403,456,940

Schedule 2 – New Constitution

A summary of the key terms of the New Constitution is set out below. The provisions outlined below of the New Constitution must be read subject to the Corporations Act and the Listing Rules. This summary is not intended to be exhaustive and does not constitute a definitive statement of all the rights, liabilities and obligations set out in the New Constitution.

Issue	Details of New Constitution
Ranking	The shares will be fully paid ordinary shares and will rank equally in all respect with the existing fully paid ordinary shares in the Company.
Reports and notices	Shareholders are entitled to receive all notices, reports, accounts and other documents required to be provided to members as set out in the New Constitution and the Corporations Act.
General meetings	Shareholders are entitled to be present in person, or by proxy, attorney or representative (where the Shareholder is a body corporate) to speak and to vote at general meetings of the Company. Shareholders may requisition general meetings in accordance with the Corporations Act and the New Constitution.
Voting rights	<p>Subject to any rights or restrictions from time to time attaching to any class or classes of shares in the Company, at a general meeting of the Company:</p> <ul style="list-style-type: none">• every holder of a share present in person or by proxy, attorney or representative has one vote on a show of hands; and• upon a poll every holder of a share present in person or by proxy, attorney or representative has one vote for every fully paid share held.
Dividends	The Directors may declare and authorise the distribution of dividends in accordance with section 254T of the Corporations Act and in a manner consistent with the rights of the relevant Shareholder.
Winding up	Subject to any specific rights attaching to any class or classes of shares, holders of shares will be entitled in a winding up to share in any surplus assets of the Company in the proportion to the shares held by them respectively, less any amounts which remains unpaid on their shares at the time of distribution.
Transfer of shares	<p>Subject to the New Constitution and any restrictions attached to a holder's shares, a holder of shares may transfer any of its shares by a proper ASTC Transfer (as defined by the <i>Corporations Regulations 2001</i> (Cth)), a written instrument of transfer in the usual form or in any other form approved by the Directors.</p> <p>The Directors may decline to register a transfer of shares or apply for a holding lock to prevent a transfer in accordance with the Corporations Act or the Listing Rules, including where:</p> <ul style="list-style-type: none">• the transfer is not in registrable form;• the Company has a lien on any of the Shares to be transferred;

- the registration of the transfer may breach an Australian law or a Court order;
- the registration of the transfer will create a new holding of shares which at the time of the transfer is lodged less than a marketable parcel;
- the transfer does not comply with the terms of an employee incentive scheme; or
- the Company is otherwise permitted or required to do so pursuant to the terms of issue of the shares.

Issue and allotment of securities The allotment and issue of shares is under the control of the Directors. Subject to restrictions on the allotment of shares to Directors or their Associates contained in the New Constitution, the Corporations Act and the Listing Rules, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

Variation of rights The rights, privileges and restrictions attaching to shares can be altered with the approval of a resolution passed at a general meeting of the holders of shares by a 75% majority of those holders, who being entitled to do so, vote at that meeting, or with written consent of the holders of at least 75% of the shares on issue.

Directors The New Constitution of the Company contains provisions relating to the rotation of Directors (other than a managing director). A Director must retire from office no later than the longer of the third annual general meeting of the Company or 3 years, following that Director's last election or appointment.

Schedule 3 – Pro Forma Balance Sheet

Impact on consolidated financial position

A consolidated pro-forma balance sheet (**Balance Sheet**) is set out below to demonstrate the financial position of the Company assuming completion of the Proposed Transaction occurs.

The Balance Sheet has been prepared on the following basis, with the references noted in the Balance Sheet below corresponding to the following notes:

- (a) the starting position is derived from:
 - (i) the reviewed consolidated statement of financial position of the Company as at 31 December 2015; and
 - (ii) the unaudited consolidated statement of financial position of Anyware as at 29 February 2016 (note: a balance date of 29 February 2016, instead of 31 December 2015, has been used as it includes a reconciliation of Anyware's payables and provisions which was not undertaken as at 31 December 2015). Consolidated financial accounts are not prepared for the Anyware group. The consolidated statement of financial position of Anyware below represents an aggregation of the statements of financial position of Anyware Corporation Pty Ltd and Harris Technology Pty Ltd as at 29 February 2016 and appropriate adjustments for intercompany receivables / payables and the elimination of Harris Technology Pty Ltd share capital held by Anyware Corporation Pty Ltd;
- (b) the Proposed Transaction is completed on the terms outlined in this Notice;
- (c) Anyware pays in cash a shareholder dividend of \$427,000 included in liabilities as at 29 February 2016;
- (d) Anyware pays in cash a final pre-completion shareholder dividend of \$400,000;
- (e) Anyware is deemed to be acquirer for the purposes of Australian Accounting Standard "AASB 3 Business Combinations". Under the reverse acquisition accounting standard requirements, the consolidated financial statements of the legal parent (Shoply) are presented as a continuation of the financial statements of the subsidiary acquired (Anyware);
- (f) no allowance has been made for the issue of Proposed Placement Shares;
- (g) it does not reflect the effect on the financial position of the Company of transactions entered into after 31 December 2015, and up to the date of this Notice, other than those noted above; and
- (h) in accordance with the measurement and recognition requirements of applicable Australian Accounting Standards and the Company's accounting policies (as reported in the Company's Annual Report).

The Balance Sheet is presented in abbreviated form as a guide and does not contain all of the disclosures that are usually provided in an annual report prepared in accordance with Australian Accounting Standards and the Corporations Act. The Balance Sheet does not constitute a representation of the future financial position or prospects of the Company.

	Pro forma Consolidated	Anyware 29-Feb-16 ^{a) ii)}	SHP Cons 31-Dec-15 ^{a) i)}
	\$	\$	\$
Current Assets			
Cash and cash equivalents ^{c) and d)}	2,146,592	2,358,081	615,511
Trade and other receivables	6,650,894	5,790,181	860,713
Interco Loan SHP/Anyware	-10,167	20,000	-30,167
Inventories	9,310,466	7,098,453	2,212,013
Prepayments and deposits	405,673	132,412	273,261
Total Current Assets	18,503,458	15,399,127	3,931,331
Non-current Assets			
Property, plant and equipment	947,719	715,142	232,577
Intangible Assets ^{e) and f)}	9,466,170	5,599,762	3,115,995
Total Non-current Assets	10,413,889	6,314,904	3,348,572
Total Assets	28,917,348	21,714,031	7,279,903
Current Liabilities			
Trade and other payables ^{c)}	13,855,732	10,037,921	4,244,811
Financial Liability	764,952	129,901	635,051
Employee entitlements	538,239	416,357	121,882
Total Current Liabilities	15,158,923	10,584,179	5,001,744
Non-Current Liabilities			
Financial liability	72,536	-	72,536
Loans	5,490,795	5,484,727	6,068
Total Non-Current Liabilities	5,563,331	5,484,727	78,604
Total Liabilities	20,722,254	16,068,906	5,080,348
Net Assets	8,195,093	5,645,125	2,199,555
Equity			
Contributed equity ^{e) and f)}	7,913,045	4,963,077	33,552,045
Reserves	-	-	102,400
Accumulated Profit / (losses) ^{d), e) and f)}	282,048	682,048	-31,454,890
Total Equity	8,195,093	5,645,125	2,199,555

Schedule 4 – Independent Expert's Report

See attachment.

27 May 2016

The Directors
Shoply Limited
Level 1
61 Spring Street
Melbourne VIC 3000

Dear Sirs,

Independent Expert's Report on the Proposal to acquire 100% of the Issued Share Capital of Anyware Corporation Pty Ltd

1. INTRODUCTION

Background

- 1.1 Shoply Limited (“Shoply” or “the Company”) is listed on the Australian Securities Exchange (“ASX”). Its objective is to be a leading ASX listed online shopping company. Shoply is executing a dual, organic and acquisitive growth strategy, acquiring or creating positions in attractive retail categories.
- 1.2 As announced to the market on 2 March 2016, Shoply has entered into a Heads of Agreement for a proposed merger with Anyware Group comprising Anyware Corporation Pty Ltd (“Anyware”) and its wholly owned subsidiary, Harris Technology Pty Ltd, to be effected through the issue of shares in Shoply.
- 1.3 On 16 May 2016, the Company entered into a share purchase agreement (“Share Purchase Agreement”) in relation to the Proposed Transaction, under which the Company agreed to acquire 100% of the issued shares in the capital of Anyware in consideration for the issue to the Sellers of 2,403,456,940 Shares in Shoply (“Consideration Shares”).
- 1.4 Anyware is a leading online distributor of IT accessories and business technology products in Australia. Anyware completed the acquisition of Harris Technology, an e-commerce business, in 2015.
- 1.5 The acquisition of Anyware by Shoply and other related transactions detailed in section 2, is referred to in this report as the “Proposed Transaction”.

Opinion

- 1.6 In our opinion, the Proposed Transaction is **fair and reasonable** to the shareholders of Shoply whose votes are not to be

HALL CHADWICK
CORPORATE (NSW) LIMITED

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accounting and consulting
firms

disregarded, being the Non-Associated Shareholders.

- 1.7 The ultimate decision however on whether to accept the Proposed Transaction should be based on Shareholders' own assessment of their circumstances.

Purpose of Report

- 1.8 You have requested Hall Chadwick Corporate (NSW) Limited ("HCC") to prepare an Independent Expert's Report to advise the shareholders of Shoply ("Shareholders") other than those associated with the proposed issue of Shoply shares to the shareholders of Anyware ("Non-Associated Shareholders"), whether the proposed Transaction is fair and reasonable when considered in the context of the interests of Non-Associated Shareholders and to set out the reasons for our conclusions.
- 1.9 HCC understands and has agreed that this report will be included in or accompany the notice to convene a meeting of Shoply shareholders ("Notice"), to assist the Non-Associated Shareholders in their consideration of the Proposed Transaction.

2. OUTLINE OF THE PROPOSED TRANSACTION

- 2.1 Under the terms of the Proposed Transaction, Shoply will acquire 100% of the shares on issue in Anyware, giving Shoply full ownership of the Anyware and Harris Technology businesses, in consideration of Shoply issuing 2,403,456,940 new ordinary shares (“Consideration Shares”) to the Anyware shareholders (“Sellers”).
- 2.2 The Proposed Transaction will result in a change to the scale of the Company’s activities and a proposed name change to Harris Technology Group Limited.
- 2.3 The Proposed Transaction will be subject to certain closing conditions including Shoply obtaining all required Shareholder and regulatory approvals and the completion of satisfactory due diligence investigations by each party.
- 2.4 In conjunction with the Proposed Transaction, the Company has already raised \$1 million through the placement of new fully paid ordinary shares in Shoply (“Shares”) to Australian PC Accessories Pty Ltd (“APA”) (“Placement”). APA is a major shareholder of Anyware and an associated entity of Mr Garrison Huang, Managing Director of Anyware. Under the Placement, the Company issued 139,909,396 new Shares to APA, representing 19.99% of the issued share capital of Shoply. The Placement shares were issued at \$0.007147 per Share, which represents a significant premium to Shoply’s last traded Share price prior to the announcement of the Proposed Transaction of \$0.003.
- 2.5 Mr Garrison Huang has also been appointed as Non-Executive Director of the Company, effective from completion of the Placement. Under the agreed terms of the Placement, the subscriber to the Placement (being an entity associated with Mr Huang) is entitled to nominate another director to the Board of Shoply, in addition to Mr Huang’s appointment. It is intended that on completion of the Proposed Transaction, the Board of Shoply will be comprised of:
- 3 directors nominated by the Sellers (including newly appointed Directors Garrison Huang and Bob Xu, and the other nominee of the Placement subscriber); and
 - 2 directors nominated by the existing board of Shoply;
- 2.6 Cancellation of options: In order to provide certainty as to the capital structure of the Company after completion of the Proposed Transaction, the Directors and Company Secretary of Shoply, who collectively held 18 million options to acquire shares in Shoply, have consented to the cancellation of all 18 million options for no consideration. As a result of the cancellation, there are no options currently on issue in Shoply.
- 2.7 The following table shows the effect on the Share capital of Shoply after the Proposed Transaction and interdependent resolutions relating to the issue of Shares in Shoply.

Effect on Ordinary Shares	
Ordinary shares currently on issue	699,896,927
Consideration Shares	<u>2,403,456,940</u>
Shares on Issue immediately following completion of the Proposed Transaction	3,103,353,867

- 2.8 Immediately following completion of the Proposed Transaction, Anyware shareholders will have a combined relative voting interest in Shoply of 81.96% of the issued Share capital of Shoply. Anyware’s major shareholder, APA, will hold up to a 66.50% equity interest in Shoply immediately following completion of the Proposed Transaction.
- 2.9 Immediately following completion of the Proposed Transaction, Shoply’s existing Non-Associated Shareholders interest will decrease from 80.01% to 18.04%.
- 2.10 The above table does not include the effect of the following additional Share issues included in separate resolutions to be put to Shoply Shareholders. These proposed Share issues are not conditions of the Proposed Transaction and have therefore not been assessed as part of our assessment of the fairness and reasonableness of the Proposed Transaction. They include:
- a) A proposed placement of Shares the subject of Resolution 9 of the Notice (“Proposed Placement”);
 - b) Any Shares issued under the Company’s Long Term Incentive Plan (“LTIP”) pursuant to Resolutions 10 to 13 (inclusive) of the Notice;
 - c) Conversion Shares that may be issued to repay related party loans pursuant to Resolutions 16 to 20 (inclusive) of the Notice;
 - d) eStore and Warcom earn-out Shares: Under the terms of Shoply’s assets purchase agreements with the vendors of the Warcom and eStore businesses, which Shoply acquired in June 2014 and March 2015 respectively, the vendors are each entitled to receive earn-out consideration Shares on a quarterly basis over a 2 year earn-out period, subject to the satisfaction of prescribed revenue and profit margin targets for each business (“Performance Targets”). The Proposed Transaction with Anyware is expected to deliver scale to Shoply’s eStore and Warcom businesses, which similarly operate in the consumer electronics and business technology e-commerce sector. As a result of the expected increase in scale of those businesses following the Proposed Transaction, and the potential to extract and leverage synergies between the eStore, Warcom and Anyware/Harris Technology businesses, the prescribed Performance Targets will cease to be aligned with the expected performance of the merged entity. Given the change in circumstances should the Proposed Transaction proceed, the Board has entered into agreements with the respective vendors of the eStore and Warcom businesses, under which the obligation of Shoply to issue any further earn-out shares to those vendors during the remaining balance of the 2 year earn-out periods will be satisfied in full by way of Shoply issuing to those vendors an agreed number of Shoply shares upon completion of the Proposed Transaction, subject to shareholder approval.
- 2.11 The full effect on the capital structure of the Company of the Proposed Transaction and the issue of further Shares contemplated by all resolutions to be put to Shoply shareholders is summarised as follows:

Securities	Shares	% of share capital post Transaction
Currently on issue	699,896,927	21.05%
Director / Secretary Shares		
LTIP shares to Messrs Plympton, Carosa and Goulopoulos and Company Secretary	12,000,000	0.36%

Proposed Transaction		
To be issued to Anyware Sellers	2,403,456,940	72.28%
eStore and Warcom earnout		
To be issued to Warcom vendors	15,914,435	0.48%
To be issued to eStore vendors	47,100,000	1.42%
Conversion of loans (conversion price \$0.007)		
Atlantis Loan	14,681,017	0.44%
Dominet Loan	29,342,466	0.88%
APA Loan	51,493,151	1.55%
AZA Loan	14,710,372	0.44%
Chen Loan	36,737,769	1.10%
Total	3,325,333,077	100.00%

* The figures provided in the table above do not take into account any Shares that may be issued under the Proposed Placement. At this stage, no decision has been made by the Directors to issue Shares under the Proposed Placement. Resolution 9 has been included to provide the Company with pre-approval for a potential issue in order to provide the Company with flexibility to raise additional capital without diminishing its placement capacity.

2.12 The ownership structure of the Company following the Proposed Transaction and all other proposed share issues is as follows:

Shareholder	Shares post Transaction	% of share capital post Transaction
All other Shareholders (excluding Sellers)	715,763,219	21.52%
Sellers*	2,609,569,858	78.48%
Total	3,325,333,077	100.00%

* The figures provided in the table above take into account that APA, a Seller, is an existing Shareholder of the Company, and holds 139,909,396 Shares as at the date of this Report; and, in addition to the Consideration Shares, APA and AZA (who are Sellers) will receive further Shares for conversion of existing loans provided to the Company (subject to Shareholder approval).

2.13 **Consolidation:** under Resolution 21 contained in the Notice it is proposed that subject to completion of the Proposed Transaction, the Company's Share capital be consolidated through the conversion of every 25 Shares into 1 Share. All references to numbers of Shares which appear in this Report are on a pre-Consolidation basis unless otherwise stated. Section 1.6 of the accompanying Explanatory Statement includes a detailed table of the pre and post Consolidation Shares on issue following completion of the Proposed Transaction and all other proposed Share issues.

STRUCTURE OF REPORT

Our report is set out under the following headings:

3	PURPOSE OF REPORT
4	OPINION
5	BASIS OF EVALUATION
6	OVERVIEW OF ANYWARE
7	OVERVIEW OF SHOPLY
8	VALUATION METHODOLOGIES
9	VALUE OF ANYWARE
10	VALUE OF SHOPLY
11	ADVANTAGES AND DISADVANTAGES OF THE TRANSACTION
12	CONCLUSION AS TO FAIRNESS AND REASONABLENESS

APPENDICES

I	SOURCES OF INFORMATION
II	COMPARABLE COMPANIES ANALYSIS
III	STATEMENT OF DECLARATION & QUALIFICATIONS
IV	FINANCIAL SERVICES GUIDE

3 PURPOSE OF REPORT

- 3.1 The purpose of this report is to advise the Non-Associated Shareholders of Shoply of the fairness and reasonableness of the Proposed Transaction.
- 3.2 This report provides an opinion on whether or not the terms and conditions in relation to the transaction are fair and reasonable to the Shoply Shareholders whose votes are not to be disregarded in respect of the Proposed Transaction (that is, the Non-Associated Shareholders).
- 3.3 The ultimate decision whether to accept the terms of the Proposed Transaction should be based on each Shareholder's assessment of their own circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt about the Proposed Transaction or matters dealt with in this report, Shareholders should seek independent professional advice.
- 3.4 For the Proposed Transaction to be fair, the value of the Anyware shares being acquired must be equal to or greater than the value of the consideration, being Shoply Shares. To be reasonable the Shareholders must obtain an overall benefit if the Proposed Transaction proceeds. In forming an opinion as to whether the Proposed Transaction is fair and reasonable, the following factors have been considered:
- the underlying value of Shoply Shares to be issued as consideration to Anyware;
 - the underlying value of Anyware shares to be acquired by Shoply;
 - the likely market price and liquidity of Shoply Shares if the Proposed Transaction is not implemented;
 - the likelihood of an emergence of an alternative proposal that could realise better value for Shoply Shareholders.
- 3.5 This report has been prepared to satisfy the requirements of the Corporations Act 2001 (Cth) ("Corporations Act") and the Australian Securities Exchange ("ASX") Listing Rules.

Corporations Act Requirements

- 3.6 Immediately following completion of the Proposed Transaction Anyware shareholders will have a combined relative voting interest in Shoply of up to 81.96% of the issued Share capital of Shoply. Anyware's major shareholder, APA, will hold a 66.50% equity interest in Shoply immediately following completion of the Proposed Transaction.
- 3.7 Section 606(1) of the Corporations Act states that a person must not acquire an interest in issued voting shares in a listed company if that person's or any other person's voting power increases from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%. Section 606(1) prohibits Anyware shareholders, specifically APA or any associated entities from acquiring the issued ordinary Shares in Shoply under the Proposed Transaction, unless one of the exemptions set out in Section 611 of the Corporations Act applies.

- 3.8 Item 7 of Section 611 of the Corporations Act exempts an acquisition that is approved by a resolution of Shareholders of Shoply passed at a general meeting as per Section 611. This is the exception which is being relied upon by Shoply.
- 3.9 In addition to the Consideration Shares, APA and AZA (who are Sellers) will receive further Shares for conversion of existing loans provided to the Company, subject to Shareholder approval. Although approval of the Proposed Transaction is not subject to approval of the issue of these Conversion Shares, the issue of the Conversion Shares will result in APA and AZA increasing their combined equity interest in Shoply to above 20%. Shareholder approval is therefore also required for the issue of the Conversion Shares to APA and AZA under Section 611.
- 3.10 ASIC Regulatory Guide 74 "Acquisitions Approved by Members" requires, amongst other things, that directors of a company need to provide shareholders with an analysis of whether a transaction is fair and reasonable, when considered in the context of the interests of the non-associated shareholders. Regulatory Guide 74 states that the directors may satisfy their obligation to provide this analysis by the independent directors commissioning an independent expert's report. The independent expert is required to state whether, in their opinion, the proposal is fair and reasonable having regard to the interests of non-associated shareholders and state the reasons for forming that opinion. This report provides such an opinion.

ASX Listing Rules

- 3.11 ASX Listing Rule 7.1 states that without the approval of holders of ordinary shares, an entity must not issue or agree to issue more equity securities than the number calculated according to the following formula:
 $(A \times B) - C$
Where:
- A = The number of fully paid ordinary securities on issue 12 months before the issue date or date of agreement to issue;
- Plus the number of fully paid ordinary securities issued in the 12 months under an exception in ASX Listing Rule 7.2,
 - Plus the number of partly paid ordinary securities that became fully paid in the 12 months,
 - Plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under ASX Listing Rule 7.1 or 7.4,
 - Less the number of fully paid ordinary securities cancelled in the 12 months.
- B = 15%
- C = The number of equity securities issued or agreed to be issued in the 12 months before the date of the issue or agreement to issue that are not issued under an exception in ASX Listing Rule 7.2, under rule 7.1A.2 or with approval under ASX Listing Rule 7.1 or 7.4.
- 3.12 The issue of ordinary securities under the Proposed Transaction will result in an issue of Shoply ordinary securities greater than allowed under the above formula. However, Exception 16 of the ASX Listing Rule 7.2 provides an exception to shareholder approval under ASX Listing Rule 7.1, in relation to the issue of securities approved for the purposes of item 7 of Section 611 of the Corporations Act. Shoply will also rely on this exception.

- 3.13 ASX Listing Rule 10.1 requires that a listed company must obtain shareholder approval before it acquires or disposes of a substantial asset. This applies where the vendor of the relevant asset is a related party of the listed company and when the consideration to be paid on the acquisition constitutes more than 5% of the equity interest of that company at the date of the last audited accounts. As there are Sellers that are also related parties of the Company receiving Consideration Shares as part of the Proposed Transaction, ASX Listing Rule 10.10 requires a report on the Proposed Transaction from an independent expert stating whether the Proposed Transaction is fair and reasonable to Non-Associated Shareholders.

Issue of LTIP Shares to Directors

- 3.14 Chapter 2E, Section 208 of the Corporations Act specifies a public company must not give a financial benefit (including acquisition of an asset) to a related party without shareholder approval.
- 3.15 Three Shoply Directors (Andrew Plympton, Mark Goulopoulos and Domenic Carosa) are being issued a total of 10 million Shares for nil cash consideration under the Company's LTIP. The Company is seeking Chapter 2E approval for these resolutions, and therefore will provide a valuation of the financial benefits inherent in those Shares. The valuation of Shoply Shares detailed in this report is being relied upon by Shoply as an indication of the value of these LTIP Shares being issued to Directors.

4. OPINION

4.1 In our opinion, the Proposed Transaction to acquire all of the issued shares of Anyware through the issue of Shoply shares is **fair and reasonable** to the holders of Shoply ordinary fully paid Shares whose votes are not to be disregarded.

4.2 Our opinion is based solely on information available as at the date of this report. The principal factors that we have considered in forming our opinion are summarised below.

Fair

4.3 According to RG 111, for the Proposed Transaction to be fair, the value of the Anyware shares being acquired must be equal to or greater than the value of the consideration, being Shoply Consideration Shares.

4.3.1 Based on the analysis contained in section 9, we have determined that the value of Anyware is between \$12,301,803 and \$14,503,010, with a midpoint of **\$13,402,406** as at the date of this report.

4.3.2 Based on the analysis contained in section 10, the indicative value of the securities being issued by Shoply as consideration for the shares in Anyware is as follows:

	Low	High	Midpoint
Shoply shares - controlling basis (\$)	0.0036	0.0060	0.0046

4.3.3 Our valuation of Shoply Shares prior to the Proposed Transaction is on a control basis. In order to assess whether the Proposed Transaction is fair, we need to compare the pre-transaction value per Share of Shoply on a control basis with the post-transaction value per Share of Shoply on a minority basis. This is shown in the table below:

Shoply Value and Opinion	Low	High	Midpoint
Control value per share (\$)	0.0036	0.0060	0.0046
Shares currently on issue	699,896,927	699,896,927	699,896,927
Control valuation, pre-Transaction	2,519,629	4,199,382	3,219,526
Valuation of Anyware	12,301,803	14,503,010	13,402,406
Post-Transaction Value	14,821,432	18,702,391	16,621,932
Post-Transaction shares on issue ^{refer 4.3.4}	3,103,353,867	3,103,353,867	3,103,353,867
Value per share	0.0048	0.0060	0.0054
Minority discount ^{refer section 8.3}	10%	10%	10%
Post-Transaction Valuation per share (\$)	0.0043	0.0054	0.0049

4.3.4 The Post-Transaction Shares on issue does not include additional Share issues included in separate resolutions to be put to Shoply Shareholders that are not subject to the approval of the Proposed Transaction, as detailed at section 2.10. In addition to the Consideration Shares, APA and AZA (who are Sellers) will receive further Shares for conversion of existing loans provided to the Company, subject to Shareholder approval. Although approval of the Proposed Transaction is not subject to approval of the issue of these Conversion Shares, the issue of the Conversion Shares will result in APA and AZA increasing their combined equity interest in Shoply to above 20%. As the Conversion Price of \$0.007 for the Conversion Shares is above the assessed post-Transaction

valuation of Shoply Shares, the issue of the Conversion Shares will have a positive effect on the valuation of Shoply Shares.

- 4.3.5 In our opinion the Proposed Transaction is **fair** as the midpoint value of the Shoply Shares held by Non-Associated Shareholders increases as a result of the Proposed Transaction, and the value range does not decrease as a result of the Proposed Transaction i.e. the post Proposed Transaction range of values is within the pre Proposed Transaction range of values.

Reasonable

- 4.4 ASIC Regulatory Guide 111 states that a transaction is reasonable if:
- The transaction is fair; or
 - Despite not being fair the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.
- 4.4.1 We have concluded that the Proposed Transaction is reasonable. In forming our opinion we have considered the following relevant factors:

Advantages of the Proposed Transaction

- Shoply Directors believe that the merger with Anyware is a natural and synergistic fit for Shoply, and represents a strategic expansion of Shoply's existing e-commerce business. The Proposed Transaction will enhance the scale of Shoply's distribution platform for its main product category of business technology equipment, and generally strengthen its competitive position in the online retail industry.
- The merger with Anyware is highly complementary to Shoply's position in the e-commerce business technology sector. The Proposed Transaction will allow Shoply to benefit from economies of scale advantages and create additional, complementary growth opportunities for its business.
- The Proposed Transaction provides Shoply Shareholders with an opportunity to invest in a business such as Anyware with sustainable cash flows and dividend opportunities.
- The Proposed Transaction may provide an opportunity for Shoply Shareholders to experience growth in the value of shares and significantly boost Shoply's market capitalisation and liquidity in Share trading.

Disadvantages of the Transaction

- There may be other opportunities Shoply will not be able to undertake to increase the value of its listing if it accepts this Proposed Transaction due to the controlling interest being obtained by Anyware Shareholders.
- The Proposed Transaction will result in the significant dilution of current Shareholders ownership percentages. Following completion of the Proposed Transaction, Shoply's existing Non-Associated Shareholders interest will decrease from 80.01% to 18.04%.

- 4.5 *Accordingly, in our opinion, the Proposed Transaction is **fair and reasonable** to the Non-Associated Shareholders of Shoply.*

4.6 With respect to the 10 million LTIP Shares being issued to Shoply Directors, based on the pre Proposed Transaction value range per Share detailed at section 4.3.2, the value of these LTIP Shares is between \$36,000 and \$60,000, with a midpoint of \$46,000.

5 BASIS OF EVALUATION

- 5.1 In our assessment of whether the Proposed Transaction is fair and reasonable to Shoply Non-Associated Shareholders, we have given due consideration to the Regulatory Guides issued by the ASIC, in particular, Regulatory Guide 74 “Acquisitions Approved by Members”, Regulatory Guide 111 “Content of Expert Reports” and Regulatory Guide 112 “Independence of Experts”.
- 5.2 ASIC Regulatory Guide 74 requires, amongst other things, that shareholders are provided with sufficient information to make an effective, informed decision on whether the Proposed Transaction is fair and reasonable. Under Regulatory Guide 111, a transaction is “fair” if the value of the asset being acquired (in this case 100% of the equity in Anyware) is equal to or greater than the value of the consideration being offered (in this case, Shoply Shares). Additionally, under Regulatory Guide 111 an offer is “reasonable” if it is fair. It is possible for an offer to be reasonable despite being unfair. This would be after the expert considers that, based on non-financial factors, the Shareholders should still approve the Proposed Transaction in the absence of any alternative proposals.
- 5.3 Our report has compared the likely advantages and disadvantages to Non-Associated Shareholders if the Proposed Transaction is agreed to, with the advantages and disadvantages to those Shareholders if it is not. Comparing the value of the Shares to be acquired under the Proposed Transaction and the value of the consideration to be paid is only one element of this assessment.
- 5.4 We have considered whether any Shareholder will obtain a level of control in Shoply as a result of the Proposed Transaction. In the event that a change in control arises from the Proposed Transaction, proportionately greater benefits to Non-Associated Shareholders must be demonstrated. In this case Anyware shareholders will obtain control of Shoply and this issue needs to be considered in comparing the value received by Non-Associated Shareholders in comparison to the value being paid.
- 5.5 Normal valuation practice is to determine the fair market value of an asset assuming a counter party transaction between a willing and not anxious buyer and a willing but not anxious seller clearly at arm’s length. In determining the value of 100% of the equity of Anyware and Shoply we have considered a range of valuation methods as detailed at section 8.
- 5.6 In evaluating the Proposed Transaction, we have compared the pre Proposed Transaction value per Share of Shoply on a control basis with the post Proposed Transaction value per Share of Shoply on a minority basis. We will also consider the Non-Associated Shareholder’s interests should the Proposed Transaction not proceed.
- 5.7 In our assessment of the Proposed Transaction we have considered, in particular the following:
- The operational and financial position of Anyware and Shoply;
 - The value of Anyware and Shoply Shares;
 - Any control premium associated with the Proposed Transaction;
 - The advantages and disadvantages associated with approving the Proposed Transaction;
 - Share trading history of Shoply Shares;

- The likely value and liquidity of Shoply Shares in the absence of the acquisition;
 - Other qualitative and strategic issues associated with the Proposed Transaction.
- 5.8 The documents and information relied on for the purpose of this valuation are set out in Appendix I. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purpose of forming an opinion as to whether the Proposed Transaction is fair and reasonable. However, in assignments such as this, time is limited and we do not warrant that our enquiries have identified or verified all of the matters which an audit or more extensive examination might disclose. None of these additional tasks have been undertaken.
- 5.9 We understand the accounting and other financial information that was provided to us has been prepared in accordance with generally accepted accounting principles.
- 5.10 An important part of the information used in forming an opinion of the kind expressed in this report is the opinions and judgement of management. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.
- 5.11 HCC are not the auditors of Shoply or Anyware. We have analysed and reviewed information provided by the Directors and management of Anyware and Shoply and made further enquiries where appropriate.
- 5.12 This report has been prepared after taking into consideration the current economic and market climate. We take no responsibility for events occurring after the date of this report which may impact upon this report or which may impact upon the assumptions referred to in the report. To the extent we become aware of a material change in circumstances since the date of our report, we will issue a supplementary report at the request of Shoply if so required.

6 OVERVIEW OF ANYWARE

6.1 Company Overview

- 6.1.1 Anyware is a leading online distributor of IT accessories and business technology products in Australia that owns long-established e-commerce business Harris Technology.
- 6.1.2 Anyware was co-founded by Mr Garrison Huang (Managing Director) in 1997, and is the parent company of the Anyware / Harris Technology Group, which operates the Anyware distribution business (through www.anyware.com.au) and the Harris Technology business (through www.ht.com.au). Anyware acquired the Harris Technology business from Officeworks in December 2014, with completion occurring on 8 June 2015.
- 6.1.3 Anyware has grown rapidly since its inception and is a major vendor and distributor of technology products to retailers and end users. Anyware sources its products from major vendors, including manufacturers in mainland China.
- 6.1.4 Anyware operates from its headquarters in South Dandenong, Victoria and offices and warehouses in Sydney, Perth, Adelaide and Brisbane.
- 6.1.5 Anyware currently has 200,000 shares on issue, held by the following shareholders:

Shareholder	Shares Held
Australian PC Accessories Pty Ltd (trustee for GWH Trust) (associated with Garrison Huang)	158 400
AZA International (Aust) Pty Ltd (Trustee for North City Family Trust) (associated with Bob Xu)	17,600
Welland Industrial Co Ltd	12,000
Cha Shin Chi Investment Co. Ltd	12,000

6.2 Business Activities

- 6.2.1 Anyware is a leading importer and distributor business in Australia for IT equipment, accessories, Electrical, Lighting, Home Entertainment, Education, Corporate Infrastructure and more.
- 6.2.2 The company offers products in various categories and sells through mass retailers, and regional and independent small retailers. Anyware's distribution infrastructure allows for fast, efficient delivery to anywhere in Australia.
- 6.2.3 With the acquisition of Harris Technology in 2015, Anyware has added an established retail division to add diversity and strength to its business model. Harris Technology provides customers and vendors with the security and size of a big retailer with the agility of an online store.
- 6.2.4 Anyware has been the leading niche distributor of computer accessory products and peripherals throughout Australia. Management advise that this position of strength has been established through a combination of key vendor partnerships and a commitment to seeking out and investing in new and emerging technologies. One such key partner is TP-Link, the internationally recognised Network Products vendor with whom Anyware has

been a partner since TP-Link's introduction to this country over a decade ago. Management advise that Anyware holds approximately 70% of market share of Australia's multi-million dollar TP-Link business through their position as the master distributor. New partnerships are continuously being sought and made.

- 6.2.5 A further strength of Anyware is the diversity within their customer base, which varies from small, medium and large resellers across not only the IT industry but into verticals such as Electrical and Security. Sub-sectors of the IT industry such as gaming, home entertainment, education and audio visual are all represented, thus minimising the risk of a decline in any one market segment.
- 6.2.6 Anyware have also made key investments in the infrastructure and personnel of Harris Technology since the acquisition was completed in June 2015, to enhance Harris Technology's reputation as the premier destination for business IT products in Australia. Harris Technology now runs with minimal overheads as an exclusively online business model. A local call centre is manned by customer service staff and product experts across a range of key technologies.
- 6.2.7 Management advise that ongoing improvements to the Harris Technology website are planned later in the year which will incorporate a mobile friendly interface. These changes will complement an already active marketing strategy focusing heavily on digital advertising.

6.3 Financial Information

- 6.3.1 Following is a summary of the pro forma consolidated financial performance of Anyware¹ for the financial years ended 30 June 2013 ("FY2013"), 30 June 2014 ("FY2014") and 30 June 2015 ("FY2015") and forecast financial performance for the financial years ending 30 June 2016 ("FY2016") and 30 June 2017 ("FY2017"):

ANYWARE GROUP					
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL PERFORMANCE					
	FY2013	FY2014	FY2015	FY2016	FY2017
	Actual	Actual	Actual	Forecast	Forecast
Revenue	33,473,365	32,819,168	37,357,195	55,749,815	62,704,149
Cost of sales	(26,051,876)	(26,428,883)	(30,421,606)	(46,146,907)	(52,096,892)
Gross profit	7,421,489	6,390,285	6,935,589	9,602,908	10,607,257
Other income	85,349	149,606	174,725		
FX profit/(loss)	731,392	626,222	(757,776)	(126,143)	(240,000)
Rebates and refunds	(521,653)	(216,200)	(96,097)	(Included in gross profit)	
Employee expense	(5,231,725)	(4,390,349)	(3,558,593)	(4,301,607)	(4,431,050)
Depreciation expense	(42,232)	(59,792)	(66,886)	(98,722)	(83,600)
Interest expense	(31,291)	(52,079)	(74,197)	(345,172)	(179,886)
Rent expense	(631,689)	(783,506)	(776,191)	(681,711)	(713,940)
Other expenses	(2,253,163)	(1,722,745)	(1,322,599)	(2,407,222)	(2,752,771)
Profit before tax	(473,523)	(58,558)	457,975	1,642,332	2,206,009
Income tax expense	-	(3,766)	(299,054)		
Net profit after tax	(473,523)	(62,324)	158,921		
EBITDA	(400,000)	53,313	599,058	2,086,226	2,469,495

1. The companies comprising the Anyware group were not wholly owned during the historical periods shown in the table above. Therefore the results above have been referred to as pro forma consolidated results and effectively represent an aggregation of the financial performance of

Anyware Corporation Pty Ltd and Harris Technology Pty Ltd for the respective periods. There were no intercompany transactions that were required to be eliminated and no consolidation or elimination adjustments have been included.

6.3.2 Forecasts for FY2016 incorporate actual consolidated results for the eight months to 29 February 2016, being an EBITDA of \$1,415,097 from revenues of \$36,291,403.

6.3.3 The following information has been provided by management in relation to the preparation of the forecast financial performance of Anyware group:

- a) Sales are expected to remain strong for Anyware in FY2016 and FY2017. The sales forecast is based on 12 months trailing performance, growth on monthly sales, and incremental growth from both new products recently introduced and an extra commitment expected from Officeworks based on current trends.
- b) Sales forecasts for HT also factors in month-on-month growth at the time of Anyware acquiring HT. For HT, sales growth has been and will be the focus of the business. The recent sales result has shown the potential YOY growth in FY2016 of 50% and 30% in FY2017.
- c) A provision for obsolescence stock write-off is forecast at \$5,000 per quarter.
- d) Gross margin is forecast based on the FY2016 year to date performance of 17.3%.
- e) All freight costs are expected to increase in line with sales growth as well as inflation on fuel price.
- f) Marketing and advertising expenses are forecast to increase in line with growth targets. HT will be investing heavily in marketing to push sales growth. More marketing activity is also intended for Anyware.
- g) IT expenditure is forecast to increase in the next two years due to plans for IT infrastructure to be updated and maintained to meet expanding requirements.
- h) Other overheads are forecast based on current levels of expenditure and annual inflation, assuming no major increase in staffing requirements.
- i) Key performance drivers shown in the table below:

Key Performance and Drivers	FY2015 Actual	YTD Feb 16 Actual	FY2016 Forecast	FY2017 Forecast
Revenue growth	14.9%	45.7% ¹	48.7%	12.5%
COGS / revenue	81.4%	84.2%	82.8%	83.1%
S&W / revenue	9.7%	7.7%	7.7%	7.1%
Other opex / revenue	4.8%	4.1%	4.3%	4.4%
Gross margin	18.6%	15.8%	17.2%	16.9%
EBITDA margin	1.6%	3.9%	3.7%	3.9%

¹ Based on annualised YTD Feb 16 revenue growth over FY2015

6.3.4 Set out below is the consolidated statement of financial position of Anyware as at 29 February 2016:

Anyware Consolidated Statement of Financial Position	
29 February 2016	
Current Assets	
Cash assets	2,358,081
Trade debtors	5,760,768
Other receivables	29,413
Inventories	7,098,453
Prepayments	132,412
	15,379,127
Non-current assets	
Loans receivable	20,000
Property, plant & equipment	715,142
Goodwill	5,599,762
	6,334,904
Total assets	21,714,031
Current liabilities	
Trade creditors	8,870,505
Other payables and accruals	174,959
Employee provisions	416,357
Hire purchase liabilities – motor vehicle	129,901
GST & PAYG withholding payable	229,767
Provision for dividends	427,000
Provision for income tax	335,690
	10,584,179
Non-Current liabilities	
Unsecured loans	5,484,727
Total liabilities	16,068,906
Net assets	5,645,125
Equity	
Issued capital	4,963,077
Retained profits	682,048
Total equity	5,645,125
Net tangible assets	45,363

6.3.5 Net debt of Anyware as at 29 February 2016 totals \$3,106,646 as shown in the table below:

Surplus Assets / (Net debt)	
Cash assets	2,358,081
Loans receivable	20,000
Unsecured loans	(5,484,727)
	(3,106,646)

7. OVERVIEW OF SHOPLY

7.1 Company Overview

- 7.1.1 Shoply is an Australian public company, officially listed on 24 June 1999.
- 7.1.2 Shoply is an online shopping company that sells highly sought after brands and products to Australians seeking the convenience and value offered by shopping online.
- 7.1.3 Shoply currently owns the following online shopping destinations through its wholly owned subsidiary, AER Group Pty Ltd (“AER”).
- eStore.com.au
 - Warcom.com.au
 - WowBaby.com.au
 - YourHomeDepot.com.au
- 7.1.4 Shoply (through AER) is striving to become one of Australia’s largest and most specialised ecommerce retailers, providing quality products and service at competitive prices. They own a stable of specialised ecommerce brands ranging from consumer technology, office technology, through to home wares, kitchenware and baby products.
- 7.1.5 **eStore** has operated since 1991 providing small businesses and home IT users with computers, accessories, software, printers, consumables and office equipment over the phone and online. eStore has a long history in the market and is now one of Australia's largest independent online technology retailers.
- 7.1.6 **Warcom** was established in 2000 and is one of Australia’s premier e-commerce IT supply retailers, specialising in ADSL2+ modem, router and networking products. Warcom has been at the forefront of offering the latest in business technology online including NBN ready modems, routers and networking needs, VOIP phones, printers and all business office needs including monitor stands and office chairs. Warcom provides Australian businesses and consumers with a wide range of brands and quality products backed by quality customer service and fast reliable delivery.
- 7.1.7 **WowBaby** was established in 2010 as an Australian based online retailer offering a range of quality baby and mother care products at competitive prices and fast, reliable delivery. WowBaby sells products from well-known brands and works closely with suppliers to ensure all products meet Australia’s high safety standards.
- 7.1.8 **Your Home Depot** (“YHD”) is an online retailer of kitchenware, cookware, home appliances, bakeware, kitchen knives and other homewares. They offer competitive prices on a wide range of world class brands such as KitchenAid, Scanpan, Cuisinart, Vitamix, Global Knives, Swiss Diamond, Magimix, Led Lenser, Wusthof, Shun and Royal Doulton.
- 7.1.9 Notwithstanding the progress that Shoply made during FY2015, it also faced a multitude of challenges arising from the newly acquired YHD, where a number of risks associated with the purchase and integration of the business materialised. Although the performance of the YHD business has not aligned with Director’s initial expectations, the subsequent

acquisitions of the Warcom and eStore businesses continue to be worthwhile and important contributors to the group.

7.1.10 During 2015 we are advised that management and Directors undertook a strategic review of the Shoply group's business operations with a particular focus on YHD. A number of measures aimed at enhancing performance were implemented including repositioning the YHD online store as a semi-premium retailer and expanding product ranges. Recent performance demonstrates that these initiatives are effective, and Directors are optimistic that whilst FY2015 proved to be a difficult transitional phase for Shoply, it has paved the way for an optimistic outlook.

7.2 Financial Information

7.2.1 Set out below is the Company's audited financial statements of financial performance for the financial years ended 30 June 2014 ("FY2014") and 30 June 2015 ("FY2015") and reviewed half year financial performance to 31 December 2015 ("HY1FY2016").

SHOPLY LIMITED			
CONSOLIDATED HISTORICAL FINANCIAL PERFORMANCE			
	FY2014	FY2015	HY1FY2016
Revenue			
Sales revenue	1,656,743	18,453,912	12,730,001
Finance revenue	32,561	41,945	8,136
Total Revenue	1,689,304	18,495,857	12,738,137
Direct costs	(1,520,568)	(15,297,214)	(10,960,583)
Gross profit	168,736	3,198,643	1,777,554
Distribution expenses	(17,279)	(108,326)	(327,238)
Performance marketing expenses	-	(834,566)	(744,904)
Transaction expenses	-	(366,447)	(288,394)
Selling expenses	(177,039)	-	-
Employee contractor and director expenses	(698,848)	(2,655,466)	(1,227,924)
Occupancy costs	-	(509,307)	(256,380)
Professional fees	-	(445,720)	(175,018)
Administration expenses	(225,561)	-	-
Depreciation and amortisation	(32,291)	(392,974)	(245,010)
Performance rights issued	(42,616)	(61,489)	-
Finance costs	(45,182)	(53,940)	(69,512)
Other expenses	(460,468)	(345,038)	(170,517)
Loss before income tax	(1,530,548)	(2,574,631)	(1,727,343)
Discontinued operations	40,612	93,199	33,380
Loss for the period	(1,489,936)	(2,481,432)	(1,693,963)

7.2.2 Shoply's consolidated results for the half-year ended 31 December 2015 was a loss of \$1,693,963 from revenues of \$12,738,137. Directors have stated that this is reflective of the competitive nature of the retail industry, in particular online shopping and reduced product margins. Revenue has increased due to efforts to organically grow revenue, the acquisition of the eStore business assets, investment in eBay and in store sales.

7.2.3 Set out below is the reviewed consolidated statement of financial position of Shoply as at 31 December 2015:

SHOPLY LIMITED	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	
	AU\$ As at 31 December 2015
<u>CURRENT ASSETS</u>	
Cash and cash equivalents	615,511
Trade and other receivables	860,713
Inventories	2,212,013
Prepayments and deposits	273,261
	3,961,498
<u>NON-CURRENT ASSETS</u>	
Property, plant and equipment	232,577
Intangibles	3,115,995
	3,348,572
TOTAL ASSETS	7,310,070
<u>CURRENT LIABILITIES</u>	
Trade and other payables	4,274,978
Financial liability	635,051
Employee benefit liabilities	121,882
	5,031,911
<u>NON-CURRENT LIABILITIES</u>	
Financial liability	72,536
Employee benefit liabilities	6,068
	78,604
TOTAL LIABILITIES	5,110,515
NET ASSETS	2,199,555
<u>EQUITY</u>	
Contributed equity	33,552,045
Reserves	102,400
Accumulated losses	(31,454,890)
TOTAL EQUITY	2,199,555
NET TANGIBLE ASSETS	(916,440)

7.2.4 The Auditors Review Report issued by RSM for the half year ended 31 December 2015 included an emphasis of matter regarding the uncertainty of Shoply to continue as a going concern due to the losses incurred.

7.2.5 Intangible assets totalling \$3,115,995 as at 31 December 2015 comprises the following:

Software development	328,515
Domain & websites	254,195
Customer databases	422,722
Brands	319,195
Goodwill *	1,791,368

* associated with the acquisitions of Your Home Depot, eStore and Warcom businesses and assets, net of amortisation.

7.3 ASX Announcements

The table lists the public announcements made by Shoply in the last six months:

Date	Announcement	Pages
29/04/2016	Appendix 4C – quarterly	7
29/04/2016	Release of shares from voluntary escrow	1
16/03/2016	Change of Director's Interest Notice	2
11/03/2016	Senior Management Changes	1
08/03/2016	Ceasing to be a substantial holder	2
08/03/2016	Becoming a substantial holder	68
07/03/2016	Change in substantial holding	3
07/03/2016	Initial Director's Interest Notice x 2	4
07/03/2016	Change of Director's Interest Notice x 3	7
07/03/2016	Final Director's Interest Notice x 2	4
07/03/2016	Appointment of Director	1
03/03/2016	Cleansing Notice	1
03/03/2016	Appendix 3B - Completion of \$1M Placement	11
02/03/2016	Shoply to merge with Anyware Corporation & Harris Technology	5
01/03/2016	Trading Halt	2
01/03/2016	Appendix 4D and Half Yearly Report	17
15/02/2016	Market Update	3
09/02/2016	Resignation & Appointment of CEO	1
29/01/2016	Appendix 4C - quarterly	8
25/01/2016	Release of shares from voluntary escrow	1
11/12/2015	Appendix 3X - Alternate Director	2
11/12/2015	Appendix 3Z - Alternate Director	2
11/12/2015	Change of Alternate Director	1
02/12/2015	Change of Director's Interest Notice x 5	11
01/12/2015	Appendix 3B	12
10/11/2015	Results of 2015 AGM	3
10/11/2015	CEO's Presentation to Shareholders at 2015 AGM	14
10/11/2015	Chairman's Address to Shareholders at 2015 AGM	2
28/10/2015	Publication of Research Report by Patersons	1
20/10/2015	Investor Presentation	28
19/10/2015	Appendix 4C - quarterly	7
12/10/2015	Notice of Annual General Meeting/Proxy Form	43
08/10/2015	Change of Director's Interest Notice	3
05/10/2015	Release of shares from voluntary escrow	1
01/10/2015	Appendix 3X - Alternate Director	2
01/10/2015	Appointment of Alternate Director	1
30/09/2015	Change of Director's Interest Notice	3
28/09/2015	Appendix 4G & Corporate Governance Statement	26
28/09/2015	Annual Report to shareholders	

8 VALUATION METHODOLOGIES

8.1 Selection of Methodology

8.1.1 In order to assess the fairness of the Proposed Transaction a value needs to be attributed to Shoply and Anyware shares.

8.1.2 In assessing the value of Shoply and Anyware we have considered a range of valuation methods. ASIC Regulatory Guide 111 *Content of Expert Reports* states that in valuing a company the expert should consider the following commonly used valuation methodologies:

- Market Value of Shares: the quoted price for listed securities in a liquid and active market;
- Discounted Cash Flow: the net present value of future cash flows;
- Capitalisation of Future Maintainable Earnings: the value of trading operations based on the capitalisation of future maintainable earnings;
- Realisation of Assets: the amount that would be available for distribution to security holders on an orderly realisation of assets;
- Comparable Market Transactions: the identification of comparable sale or market transactions or trading multiples.

We consider each of these valuation methodologies below.

8.1.3 *Market Value of Shares*

This method involves the valuation of an entity based on its actively traded equities, which represent the market capitalisation of the share capital of the entity, in a liquid and knowledgeable market.

Any assessment of the market value of the quoted equities needs to consider the following:

- The liquidity of the quoted equity based on the volume and frequency of trading;
- The number of ‘unusual’ and/or ‘abnormal’ trades that occur; and
- The timing and level of dissemination of information to the market.

If a quoted ordinary equity is traded in an active, liquid and knowledgeable market, then the market price of the quoted ordinary equity should represent the ‘fair’ market value of the quoted ordinary equity.

A premium may also need to be applied to the value of the quoted ordinary equity to determine the value of the equity holding in the circumstances where a party is acquiring or increasing a controlling equity position.

We consider that adopting a market value of shares methodology to determine an indicative value of Shoply is appropriate as it reflects all publicly available information on the Company and therefore we believe it is a reliable reflection of the current value of Shoply Shares.

Anyware shares are not listed or publicly traded therefore this method is not appropriate for the valuation of Anyware.

8.1.4 *Capitalisation of Future Maintainable Earnings*

Under the earnings based valuation method, the value of the business is determined by capitalising the estimated future maintainable earnings of the business at an appropriate capitalisation rate or multiplier of earnings. The multiple is a coefficient, representing the risk that the business may not achieve the estimated future maintainable earnings.

The capitalisation of earnings or future maintainable profits is the most frequently used method of valuing an ongoing and established business. This method of valuation is used in the majority of business valuations where there is a history of earnings in an established business. Under this methodology, a valuation is assessed by determining expected future earnings and capitalising the earnings at an appropriate earnings multiple, representing the required investor return.

The earnings multiple used to value an asset reflects the risk of investing in the asset and the investor's required return on the investment. Many assets or businesses are valued or compared on reported price earnings ratios, which examines the value based upon a multiple of net profit after tax. EBITDA (earnings before interest, tax, depreciation and amortisation), EBITA (earnings before interest, tax and amortisation) or EBIT (earnings before interest and tax) or some other earnings substitute can also be used in determining a valuation for a company.

This approach is an appropriate method for the valuation of Anyware as the business has a history of stable earnings and short term forecasts on which a valuation can be based.

Shoply has incurred net losses in prior years and we are advised that historical results are not reflective of the current or proposed future operations of the Company. Therefore the earnings based method is not appropriate for the valuation of Shoply.

8.1.5 *Discounted Cash Flow – Net Present Value*

Discounted cash flow valuations involve calculating the value of a business on the basis of the net cash flows that will be generated from the business over its life. The cash flows are discounted to reflect the time value of money and the risk involved with achieving the forecast cash flows. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the valuation date to give an overall value of the business.

Although the discounted cash flow approach relies on the availability of long-term earnings and cash flow projections, it is particularly suited to situations where cash flows are not stable or where significant cash outflows will be incurred prior to cash inflows being earned. The forecast period should be of such a length to enable the business to achieve a stabilised level of earnings, or to be reflective of an entire operational cycle for more cyclical industries.

The use of the discounted cash flow method has not been used for Anyware or Shoply as no long term forecasts have been released by either company. Anyware has provided

short term forecasts and we have determined that Anyware is most appropriately valued under the capitalisation of earnings approach.

8.1.6 *Realisation of Assets*

The net assets or cost based approach to value is based on the assumption that the value of all assets (tangible and intangible) less the value of all liabilities should equal the value of the entity. The net asset value is determined by marking every asset and liability on and off the company's balance sheet to current market values.

This approach is generally not appropriate where assets are employed productively and are earning more than the cost of capital. It is often used as a cross check to assess the relative riskiness of the business.

As both Shoply and Anyware are revenue based businesses, the book value of their assets are not representative of their inherent value and accordingly this method is not appropriate.

8.1.7 *Comparable Market Transactions*

This methodology involves the identification of comparable sale transactions and trading multiples for a similar business or asset to that being valued.

We have considered transactions and trading activity involving comparable companies in determining the appropriate earnings multiple to apply to the valuation of Anyware.

8.2 Premium for Control

8.2.1 When considering transactions involving a substantial equity holding of a company, it is appropriate to address whether a premium for control should attach to the Proposed Transaction. A premium for control is the difference between the price for each share that a buyer would be prepared to pay to obtain a controlling interest in a company and the price per share that would be required to purchase a share that does not carry with it a controlling interest. In most cases, the value of a controlling interest in the shares in a company significantly exceeds the listed market value of the shares. This reflects the fact that:

- a) the owner of a controlling interest in the shares in a company obtains access to all free cash flows of the company being acquired, which it would otherwise be unable to do as a minority shareholder;
- b) the controlling shareholder can direct the disposal of surplus assets and the redeployment of the proceeds;
- c) the controlling shareholder can control the appointment of directors, management policy and the strategic direction of the company;
- d) the entity taking over the company is often able to increase the value of the entity being acquired through synergies and/or rationalisation savings.

8.2.2 Empirical evidence indicates that the average premium for control (over and above the market price of the company's shares) in successful takeovers in Australia generally

range between 20% and 35% above the listed market price of the target company's shares three months prior to the announcement of the bid (assuming no speculation of the takeover is reflected in the pre-bid price). However, the appropriate premium for control depends on the specific circumstances and, in particular, the level of synergy benefits able to be extracted by potential acquirers and the degree of confidence about the level and achievability of potential synergies and their timing.

- 8.2.3 Caution must be exercised in assessing the value of a company or business based on the market rating of comparable companies or businesses. The premium for control is an outcome of the valuation process, not a determinant of value. Premiums are paid for reasons that vary from case to case and may be substantial due to synergy or other benefits available to the acquirer. In other situations premiums may be minimal or even zero. It is inappropriate to apply a premium of 20-35% without having regard to the circumstances of each case. In some situations there is no premium. There are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by institutional investors.
- 8.2.4 A shareholder or group of associated shareholders are deemed to influence a company when they have control of more than 20% of the issued shares in a company. At this time a premium for control should normally be considered.
- 8.2.5 Immediately following completion of the Proposed Transaction, Anyware shareholders will have a relative voting interest in Shoply of up to 81.96%. A premium for control is therefore relevant to the Proposed Transaction.
- 8.2.6 We have determined that the change in the level of ownership is sufficient to consider a premium for control. We have applied a premium for control of 20% to the value of Shoply Shares based on the following:
- a) Anyware will obtain full control of Shoply and Shareholders will have no future opportunity to obtain a premium from the sale of their Shares;
 - b) Anyware will obtain control over director representation, holding 3 of 5 board positions;
 - c) Anyware will obtain control over decision making regarding the acquisition and disposal of assets and the redeployment of the proceeds, control over the appointment of directors, management policy and the strategic direction of Shoply.

We believe that a premium for control of 20% fairly represents the value that a potential investor would be willing to pay to obtain a controlling interest in the Company.

8.3 Minority Interest Discount

- 8.3.1 The value of a minority shareholding is subject to a discount factor as the minority shareholder is not in a position to direct, and often not in a position to influence, the distribution of dividends, the investment of retained profits or the strategy or tactics of the company's operations.
- 8.3.2 The Proposed Transaction will result in the dilution of current Non-Associated Shareholders' ownership percentages to 18.04%. We have discounted the post Proposed Transaction value per Share on a control basis by 10% to arrive at a post Proposed

Transaction value on a minority basis. We believe this discount is reasonable after considering the following factors:

- a) Shoply is a listed public company where the Shares held by Non-Associated Shareholders are still able to be traded in an open market;
- b) Shoply have not yet earned profits from its current operations;
- c) No free cash flows are available to be extracted by Anyware obtaining control of Shoply;
- d) The lack of income being produced from assets currently held by Shoply that Non-Associated Shareholders are losing control of; and
- e) The assessment of advantages and disadvantages associated with Shoply entering into the Proposed Transaction as detailed at section 11.

9 VALUE OF ANYWARE

9.1 Selected Methodology

9.1.1 We have selected the Capitalisation of Earnings methodology to apply a value to Anyware as detailed at section 8.

9.1.2 In forming an opinion on the valuation of Anyware, and the selected methodology, HCC has considered the following:

- The historical and forecast operations of the business;
- The industry in which the business operates;
- The period of time for which the business has been operating;
- Information provided by management regarding future operations of the business.

9.1.3 *Financial information relied upon in applying selected valuation method*

We have reviewed the financial information of Anyware. Ultimately, the management of Anyware are responsible for the preparation and presentation of the financial information provided. The purpose of our review is to establish that the financial information used is not materially misstated. This review does not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

9.2 Capitalisation of Future Maintainable Earnings

Future Maintainable Earnings

9.2.1 Future maintainable earnings (“FME”) represent the level of earnings that the existing operations could reasonably be expected to generate, in the absence of unforeseen and exceptional circumstances. We have selected EBITDA as an appropriate measure of the FME of Anyware as earnings multiples based on EBITDA removes the effect of different gearing or financing structures and effective tax rates as compared to multiples based on net profit after tax (“NPAT”).

9.2.2 We have estimated FME of Anyware for the purpose of this valuation to be **\$2,201,207** EBITDA, based on the following earnings weightings:

	FY2016	FY2017
Forecast EBITDA	2,086,226	2,469,495
Weighting	70%	30%
FME - EBITDA		2,201,207

9.2.3 We have not applied any weighting to prior year historical earnings as these results do not reflect the current size and structure of the business, inclusive of the HT acquisition completed in 2015. A larger weighting has been placed in current year (FY2016) forecasts, which include actual results to 29 February 2016 that have already exceeded FY2015 EBITDA.

Earnings Multiple

9.2.4 Businesses of a similar size, nature and life cycle stage to Anyware, based on our experience, generally sell at multiples of 3-8 times EBITDA. The businesses achieving the higher multiple of earnings on sale are usually well established, with a mature trading history, have established clientele without a great reliance on one or two clients, and for which there may be significant barriers to entry to their operations.

9.2.5 We have considered the trading and transaction earnings multiples observed in the market for comparable companies to attribute a value to Anyware:

- a) **Comparable Trading Multiples:** The majority of online IT retail companies are privately owned therefore no trading data is available. Speciality online retailers in Asia, U.S and U.K with market capitalisation under \$1,000m and positive net earnings are currently trading at between 6.3 and 18.7 times EBITDA, with a mean average of **11.6 times EBITDA**.

Current trading multiples for listed technology distribution companies average 7.8 times EBITDA.

Further detail on these and other companies is included at Appendix II 'Comparable Market Data'

- b) **Comparable Transaction Multiples:** The target companies in transactions involving online speciality retail companies identified and summarised in Appendix II were acquired at multiples of EBITDA ranging from of 2.8 times to 44.7 times, with an average multiple of **15.3 times EBITDA**.

9.2.6 After reviewing the financial and non-financial information gathered on Anyware, and our assessment concerning profit multiples for comparable companies, HCC has chosen to apply an earnings multiple range of **7 – 8 times EBITDA**. This equates to a 31-40% discount to the average comparable online speciality retail trading multiple and 48-54% discount to the average comparable companies transaction multiple. We consider this is reasonable due to the following:

- Anyware is still in its growth stage, has only recently acquired HT and is significantly smaller than the listed comparable companies;
- Anyware does not have access to the working capital and funding opportunities of listed companies;
- Anyware does not have the diversity of listed companies and may be more susceptible to earnings fluctuations;
- Anyware does not have the liquidity in shares that companies listed on the ASX have;
- Listed companies generally have larger management structures outside of the principals of the business;
- In determining the multiple selected for Anyware we have considered the fact that all comparable company multiples identified are for foreign listed entities. There are no reporting companies based in Australia in the online specialty retail sector that currently have positive EBITDA multiples. Several ASX listed companies have reported revenue multiples, such as Shoply, however considering Anyware are only a reseller we do not believe a revenue-based multiple is appropriate;

- The multiple selected for Anyware is being applied to forecast earnings, whereas the comparable trading and transaction multiples are based on historical financial performance.

9.2.7 The main risks that the future maintainable earnings used in the valuation will not be achieved are:

- Loss or non-renewal of main contracts;
- Failure to or delays in collecting revenues;
- Cost overruns for unforeseen events;
- The continuing employment of key management;
- Competitors entering the market or unforeseen changes in demand for the products Anyware sell;
- Unexpected costs to comply with laws and regulations;
- Changes in the general economic climate in which the Company operates.

Enterprise Valuation

9.2.8 The following table sets out the enterprise value of Anyware based on the FME and selected earnings multiple detailed above:

	LOW	HIGH	MIDPOINT
Future maintainable earnings (FME)	2,201,207	2,201,207	
EBITDA Multiple	7	8	
Enterprise Value	15,408,449	17,609,656	16,509,052

9.3 Equity Valuation

9.3.1 A valuation undertaken by capitalising EBITDA gives the aggregate fair market value or 'enterprise value' of the company on an ungeared basis. In order to obtain a value for the equity, an adjustment must be made to incorporate the value of surplus assets and deduct the value of net interest bearing debt.

9.3.2 Based on the consolidated balance sheet of Anyware detailed at section 6.3.6, the net debt of Anyware as at 29 February 2016 totals \$3,106,646.

9.3.3 The adjustment for net debt and the resulting equity value of Anyware is shown in the following table:

	LOW	HIGH	MIDPOINT
Enterprise Value	15,408,449	17,609,656	16,509,052
Less net debt	(3,106,646)	(3,106,646)	(3,106,646)
Equity Value	12,301,803	14,503,010	13,402,406

9.4 Resultant Equity Valuation of Anyware

9.4.1 Based on the details above, we have determined that the equity value of Anyware to be between \$12,301,803 and \$14,503,010, with a midpoint of **\$13,402,406** as at the date of this report.

10 VALUE OF SHOPLY

10.1 General

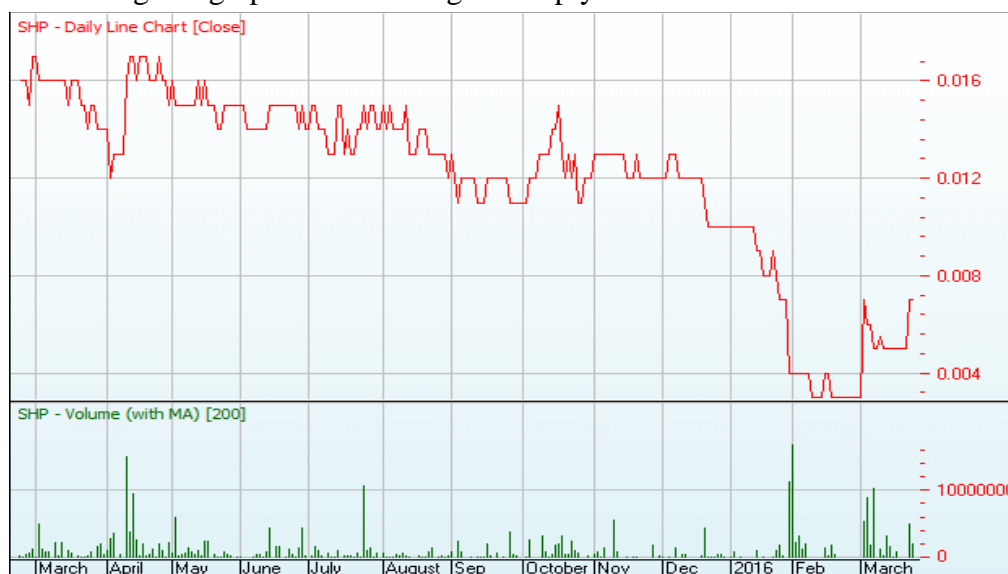
10.1.1 This section sets out our assessment of the underlying value of Shoply Shareholdings.

10.1.2 We have selected the market value of shares as the valuation methodology for Shoply as detailed in section 8. Given the Company's history of trading losses and negative net tangible asset position, we have determined that a secondary valuation method is not appropriate for Shoply.

10.2 Market Value of Shares

10.2.1 In our opinion the value of Shoply for the purpose of the Proposed Transaction should be examined on the basis of the current market value of the shares listed on the ASX. The market value of the shares listed on the ASX reflects all publicly available information on the company and therefore we believe it is a reliable reflection of the current value of the Company.

10.2.2 Following is a graph of the trading of Shoply shares in the last 12 months:



10.2.3 The table below sets out the movement of Shoply share prices and trading up to 1 March 2016, the day prior to the announcement of the Proposed Transaction:

	Low \$	High \$	VWAP (1)	Volume
1 month	0.003	0.005	0.004	13,773,810
2 months	0.003	0.011	0.005	48,650,190
3 months	0.003	0.013	0.006	58,301,150
6 months	0.003	0.015	0.009	106,090,210
12 months	0.003	0.018	0.013	252,859,850

(1) The VWAP was calculated using the total value of all transactions divided by the total trading volume in the time period considered.

10.2.4 Subsequent to the announcement, Shoply shares have traded in the range of \$0.005 to \$0.011 with a VWAP of \$0.007 per share.

10.2.5 We conclude that the value of the Shoply shares under the market value approach for the purpose of this report is a VWAP of \$0.004, within a range of \$0.003 to \$0.005 per share, being the VWAP in the month prior to the announcement of the Proposed Transaction. We note this valuation is on a portfolio basis and does not reflect a premium for control.

10.2.6 Inclusive of a 20% premium for control, the value of Shoply shares under the market value approach is in the range of \$0.0036 to \$0.0060, with a midpoint of **\$0.0046 per share**.

10.3 Conclusion on the Value of Shoply Shares

10.3.1 We conclude that the value of Shoply shares is between \$0.0036 to \$0.0060, with a midpoint of **\$0.0046 per share**, inclusive of a premium for control.

11 ADVANTAGES & DISADVANTAGES OF THE TRANSACTION

11.1 Approach to assessing Fairness and Reasonableness

HCC has followed the guidelines of ASIC Regulatory Guide 111 in assessing the fairness and reasonableness of the Proposed Transaction. In forming its conclusions in this report, HCC compared the advantages and disadvantages for Non-Associated Shareholders if the Proposed Transaction proceeds.

11.2 Advantages of the Transaction

11.2.1 Shoply Directors believe that the merger with Anyware is a natural and synergistic fit for Shoply, and represents a strategic expansion of Shoply's existing e-commerce business. The Proposed Transaction will enhance the scale of Shoply's distribution platform for its main product category of business technology equipment, and generally strengthen its competitive position in the online retail industry.

11.2.2 The merger with Anyware is highly complementary to Shoply's position in the e-commerce business technology sector. The Proposed Transaction will allow Shoply to benefit from economies of scale advantages and create additional, complementary growth opportunities for its business.

11.2.3 The Proposed Transaction provides Shoply Shareholders with an opportunity to invest in a business such as Anyware with sustainable cash flows and dividend opportunities.

11.2.4 The Proposed Transaction may provide an opportunity for Shoply Shareholders to experience growth in the value of shares and significantly boost Shoply's market capitalisation and liquidity in share trading.

11.3 Disadvantages of the Transaction

11.3.1 There may be other opportunities Shoply will not be able to undertake to increase the value of its listing if it accepts this Proposed Transaction due to the controlling interest being obtained by Anyware shareholders.

11.3.2 The Proposed Transaction will result in the significant dilution of current Shareholders' ownership percentages. Immediately following completion of the Proposed Transaction, Shoply's existing Non-Associated Shareholders interest will decrease from 80.01% to 18.04%.

12 CONCLUSION AS TO FAIRNESS AND REASONABLENESS

12.1 Fairness

12.1.1 According to RG 111, for the Proposed Transaction to be fair, the value of the Anyware shares being acquired must be equal to or greater than the value of the consideration, being Shoply Consideration Shares.

12.1.2 Based on the analysis contained in section 9, we have determined that the value of Anyware is between \$12,301,803 and \$14,503,010, with a midpoint of **\$13,402,406** as at the date of this report.

12.1.3 Based on the analysis contained in section 10, the indicative value of the securities being issued by Shoply as consideration for the shares in Anyware is as follows:

	Low	High	Midpoint
Shoply shares - controlling basis (\$)	0.0036	0.0060	0.0046

12.1.4 Our valuation of Shoply Shares prior to the Proposed Transaction is on a control basis. In order to assess whether the Proposed Transaction is fair, we need to compare the pre-transaction value per Share of Shoply on a control basis with the post-transaction value per Share of Shoply on a minority basis. This is shown in the table below:

Shoply Value and Opinion	Low	High	Midpoint
Control value per share (\$)	0.0036	0.0060	0.0046
Shares currently on issue	699,896,927	699,896,927	699,896,927
Control valuation, pre-Transaction	2,519,629	4,199,382	3,219,526
Valuation of Anyware	12,301,803	14,503,010	13,402,406
Post-Transaction Value	14,821,432	18,702,391	16,621,932
Post-Transaction shares on issue ^{refer 12.1.5}	3,103,353,867	3,103,353,867	3,103,353,867
Value per share	0.0048	0.0060	0.0054
Minority discount ^{refer section 8.3}	10%	10%	10%
Post-Transaction Valuation per share (\$)	0.0043	0.0054	0.0049

12.1.5 The Post Proposed Transaction Shares on issue does not include additional Share issues included in separate resolutions to be put to Shoply Shareholders that are not subject to the approval of the Proposed Transaction, as detailed at section 2.10. In addition to the Consideration Shares, APA and AZA (who are Sellers) will receive further Shares for conversion of existing loans provided to the Company, subject to Shareholder approval. Although approval of the Proposed Transaction is not subject to approval of the issue of these Conversion Shares, the issue of the Conversion Shares will result in APA and AZA increasing their combined equity interest in Shoply to above 20%. As the Conversion Price of \$0.007 for the Conversion Shares is above the assessed post Proposed Transaction valuation of Shoply Shares, the issue of the Conversion Shares will have a positive effect on the valuation of Shoply Shares.

12.1.6 In our opinion the Proposed Transaction is **fair** as the midpoint value of the Shoply Shares held by Non-Associated Shareholders increases as a result of the Proposed Transaction, and the value range does not decrease as a result of the Proposed Transaction i.e. the post Proposed Transaction range of values is within the pre Proposed Transaction range of values.

12.2 Reasonableness

ASIC Regulatory Guide 111 states that a transaction is reasonable if:

- The Proposed Transaction is fair; or
- Despite not being fair the expert believes there are sufficient reasons for Shareholders to accept the offer in the absence of any higher bid before the close of the offer.

We have concluded that the Proposed Transaction is reasonable. In forming our opinion we have considered the following relevant factors:

Advantages of the Transaction

- Shoply Directors believe that the merger with Anyware is a natural and synergistic fit for Shoply, and represents a strategic expansion of Shoply's existing e-commerce business. The Proposed Transaction will enhance the scale of Shoply's distribution platform for its main product category of business technology equipment, and generally strengthen its competitive position in the online retail industry.
- The merger with Anyware is highly complementary to Shoply's position in the e-commerce business technology sector. The Proposed Transaction will allow Shoply to benefit from economies of scale advantages and create additional, complementary growth opportunities for its business.
- The Proposed Transaction provides Shoply Shareholders with an opportunity to invest in a business such as Anyware with sustainable cash flows and dividend opportunities.
- The Proposed Transaction may provide an opportunity for Shoply Shareholders to experience growth in the value of Shares and significantly boost Shoply's market capitalisation and liquidity in share trading.

Disadvantages of the Transaction

- There may be other opportunities Shoply will not be able to undertake to increase the value of its listing if it accepts this Proposed Transaction due to the controlling interest being obtained by Anyware shareholders.
- The Proposed Transaction will result in the significant dilution of current Shareholders ownership percentages. Following completion of the Proposed Transaction, Shoply's existing Non-Associated Shareholders interest will decrease from 80.01% to 18.04%.

Having considered the potential of the Anyware business and alternatives of not proceeding with the Proposed Transaction, in our opinion the Non-Associated Shareholders of Shoply should benefit if the Proposed Transaction proceeds and therefore the Proposed Transaction is **reasonable**.

- 12.3 With respect to the 10 million LTIP Shares being issued to Shoply Directors, based on the pre Proposed Transaction value range per Share detailed at section 4.3.2, the value of these LTIP Shares is between \$36,000 and \$60,000, with a midpoint of \$46,000.

Yours faithfully
Hall Chadwick Corporate (NSW) Limited



DREW TOWNSEND

APPENDIX I - SOURCES OF INFORMATION

- Shoply Limited Audited Financial Reports for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015;
- Shoply Limited Reviewed Financial Report for the Half Year ended 31 December 2015;
- Anyware Corporation Pty Ltd Audited Financial Reports for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015;
- Harris Technology Pty Ltd unaudited financial reports for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015;
- Anyware Group consolidation management accounts for the 8 month period ended 29 February 2016;
- Anyware Group forecast model for the financial years ending 30 June 2016 and 30 June 2017;
- Shoply Limited Notice of General Meeting and Explanatory Memorandum;
- Publicly available information on Shoply and Anyware including media releases, ASX announcements and websites;
- ASIC Regulatory Guide 74 'Acquisitions Approved by Members';
- ASIC Regulatory Guide 111 'Content of Expert Reports';
- ASIC Regulatory Guide 112 'Independence of Experts';
- APES 225 'Valuation Services'.

APPENDIX II – COMPARABLE COMPANIES ANALYSIS

Market Trading Multiples

The share market valuation of similar listed companies provides evidence in assessing appropriate earnings multiples for Anyware. Detailed below are the current market capitalisations and trading multiples for companies in the online speciality retail industry in Asia developed markets, U.S. and U.K with published EBITDA multiples:

Company Name and Listing Ticker	Market Capitalization (AUDmm)	EBITDA Multiple (x)
Overstock.com Inc. (NasdaqGM:OSTK)	480.9	18.7
U.S. Auto Parts Network, Inc. (NasdaqGS:PRTS)	120.4	18.6
Papyless Co., Ltd. (JASDAQ:3641)	105.1	16.6
Sanwa Company Ltd. (TSE:3187)	81.6	11.9
Blue Nile Inc. (NasdaqGS:NILE)	376.4	11.7
FTD Companies, Inc. (NasdaqGS:FTD)	950.1	9.22
PetMed Express, Inc. (NasdaqGS:PETS)	463.1	8.96
Golf Digest Online Inc. (TSE:3319)	157.7	7.73
Bluestem Group Inc. (OTCPK:BGRP)	429.0	6.69
1-800-Flowers.com Inc. (NasdaqGS:FLWS)	637.6	6.31
Mean Average		11.6
High		18.7
Low		6.3

Source: S&P Capital IQ, 24 March 2016

Market Transaction Multiples

Included in the table below are comparable transactions identified in the online speciality retail industry in Asia developed markets, U.S. and U.K in the last three years where deal results are publicly available and earnings multiples are positive.

Closed Date	Target/Issuer	Transaction Value (AUDmm)	Enterprise Value/EBITDA (x)	Buyers/Investors
24/08/2014	Modern Everyday, Inc.	2.82	44.74	Live Ventures Incorporated (NasdaqCM:LIVE)
27/05/2014	OZSALE Pty Ltd.	87.5	39.33	Sheldon Capital Ltd
16/05/2014	Minerva Holdings Co., Ltd.	5.07	21.23	Soparja Sprl
22/08/2013	Monoprice, Inc.	201.47	12.24	Blucora, Inc. (NasdaqGS:BCOR)
30/06/2014	Healthy Directions, LLC	208.74	8.0	Helen of Troy Limited (NasdaqGS:HELE)
31/12/2014	Provide Commerce, Inc.	453.17	7.5	FTD Companies, Inc. (NasdaqGS:FTD)
3/11/2014	Aford Awards Limited	2.75	7.14	CEPS plc (AIM:CEPS)
13/07/2015	Orchard Brands Corporation	531.63	5.8	Bluestem Brands, Inc.
13/01/2014	AutoNationDirect.com, Inc.	12.15	4.35	Autobyte Inc. (NasdaqCM:ABTL)
10/06/2014	Your Home Depot Pty Ltd.	2.85	2.85	AER Group Pty Ltd
	Mean Average		15.32	
	High		44.74	
	Low		2.85	

Source: S&P Capital IQ

Comparable Company Business Descriptions

Overstock.com, Inc. operates as an online retailer in the United States. The company operates through two segments, Direct and Partner. It offers brand name, non-brand name, and closeout products, including furniture, home decor, bedding and bath, housewares, jewellery and watches, apparel and designer accessories, health and beauty products, electronics and computers, sporting goods, and other products; and sells various books, magazines, CDs, DVDs, and video games. Overstock.com, Inc. sells its products and services through its Internet websites located at overstock.com, o.co, and o.biz, as well as through the United States based third party logistics providers to international customer. The company was formerly known as D2-Discounts Direct and changed its name to Overstock.com, Inc. in October 1999. Overstock.com, Inc. was founded in 1997 and is headquartered in Salt Lake City, Utah.

U.S. Auto Parts Network, Inc., together with its subsidiaries, operates as an online retailer of aftermarket auto parts and accessories primarily in the United States, Canada, and the Philippines. The company operates through two segments, Base USAP and AutoMD. Its flagship Websites includes autopartswarehouse.com, carparts.com, jcwhitney.com, and AutoMD.com. U.S. Auto Parts Network, Inc. was founded in 1995 and is headquartered in Carson, California.

Papyless Co., Ltd. sells, distributes, and rents electronic books in Japan. It offers books in various genres, such as novel and nonfiction, hobby and lifestyle magazines, business education, voice and picture novels, cartoons, and adult, as well as photo albums. The company also operates an e-book submission and editing platform, as well as provides guidance to publishers. Papyless Co., Ltd. was founded in 1995 and is based in Tokyo, Japan.

Sanwa Company Ltd. imports, markets, and installs construction materials through Internet in Japan. It offers kitchens, washstands, face washing bowls, baths, and storage products; stones, tiles, natural stones, bricks, glass, Spanish tiles, and wrought iron; and interior and exterior decoration materials, floorings, fittings, built-in kitchens, wall decoration materials, etc. The company also offers various products in the areas of vanity space around water, bathroom and toilet, door joinery, furniture, wood deck, panel wall material, fence louver, outdoor facility, and lighting and outdoor lighting. In addition, it is involved in the design and development of house equipment. Sanwa Company Ltd. was founded in 1979 and is based in Osaka, Japan.

Blue Nile, Inc. operates as an online retailer of diamonds and fine jewellery worldwide. It offers engagement products, such as gold or platinum engagement rings with a diamond centre stone and loose diamonds; and non-engagement products, including rings, wedding bands, earrings, necklaces, pendants, bracelets, gifts, and accessories containing precious metals, diamonds, gemstones, or pearls. The company sells its products through its Website bluenile.com. The company was formerly known as Internet Diamonds, Inc. and changed its name to Blue Nile, Inc. in November 1999. Blue Nile, Inc. was founded in 1999 and is headquartered in Seattle, Washington.

FTD Companies, Inc., through its subsidiaries, operates as a floral and gifting company primarily in the United States, Canada, the United Kingdom, and the Republic of Ireland. The company operates through four segments: Consumer, Florist, International, and Provide Commerce. It provides floral arrangements and plants, gifts, and related products and services to consumers, retail florists, and other retail locations and companies through its Websites, associated mobile sites, and telephone. The company was formerly known as UNOL Intermediate, Inc. FTD Companies, Inc. is headquartered in Downers Grove, Illinois.

PetMed Express, Inc. and its subsidiaries, doing business as 1-800-PetMeds, operates as a pet pharmacy in the United States. The company markets prescription and non-prescription pet medications, health products, and supplies for dogs and cats to retail customers. The company also sells food, beds, crates, stairs, strollers, and other pet supplies through its Website. It markets its products through Internet, telephone contact center, and direct mail/print through 1-800-PetMeds catalogs, brochures, and postcards. PetMed Express, Inc. was founded in 1996 and is headquartered in Pompano Beach, Florida.

Golf Digest Online Inc. operates GDOGOLFSHOP, an online golf shop in Japan. The company provides golf gears, apparel, and accessories. It also buys and sells used golf gears at store locations and online. In addition, the company offers golf course services, including online tee-time booking services; marketing consultation services; and ASP to golf courses. Further, it provides golf news and information, and community services, as well as operates various sites on mobile career platforms. The company was founded in 2000 and is headquartered in Tokyo, Japan.

Bluestem Group Inc., through its subsidiaries, offers a selection of name-brand, private label, and non-branded merchandise through catalog and Internet Websites serving low to middle income consumers in the United States. The company was formerly known as Capmark Financial Group Inc. and changed its name to Bluestem Group Inc. in June 2015. Bluestem Group Inc. was incorporated in 1998 and is headquartered in Eden Prairie, Minnesota.

1-800-FLOWERS.COM, Inc. operates a florist and gift shop in the United States. The company operates in three segments: Consumer Floral, Gourmet Food and Gift Baskets, and BloomNet Wire Service. As of June 28, 2015, the company operated one floral retail store in New York, and eight floral retail stores in the mid-west. In addition, it has 187 floral franchised stores located in the United States. 1-800-FLOWERS.COM, Inc. was founded in 1976 and is headquartered in Carle Place, New York.

APPENDIX III - STATEMENT OF DECLARATION & QUALIFICATIONS

Confirmation of Independence

Prior to accepting this engagement HCC determined its independence with respect to Shoply and Anyware with reference to ASIC Regulatory Guide 112 (RG 112) titled “Independence of Experts”. HCC considers that it meets the requirements of RG 112 and that it is independent of Shoply and Anyware.

Also, in accordance with s648 (2) of the Corporations Act we confirm we are not aware of any business relationship or financial interest of a material nature with Shoply, its related parties or associates that would compromise our impartiality.

Mr Drew Townsend, director of Hall Chadwick Corporate (NSW) Limited, has prepared this report. Neither he nor any related entities of Hall Chadwick Corporate (NSW) Limited have any interest in the promotion of the Proposed Transaction nor will Hall Chadwick Corporate (NSW) Limited receive any benefits, other than normal professional fees, directly or indirectly, for or in connection with the preparation of this report. Our fee is not contingent upon the success or failure of the proposed transaction, and has been calculated with reference to time spent on the engagement at normal professional fee rates for work of this type. Accordingly, HCC does not have any pecuniary interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion under this engagement.

HCC provided a draft copy of this report to the Directors and management of Shoply for their comment as to factual accuracy, as opposed to opinions, which are the responsibility of HCC alone. Changes made to this report, as a result of the review by the Directors and management of Shoply have not changed the methodology or conclusions reached by HCC.

Reliance on Information

The statements and opinions given in this report are given in good faith and in the belief that such statements and opinions are not false or misleading. In the preparation of this report HCC has relied upon information provided on the basis it was reliable and accurate. HCC has no reason to believe that any information supplied to it was false or that any material information (that a reasonable person would expect to be disclosed) has been withheld from it. HCC evaluated the information provided to it by Shoply and Anyware as well as other parties, through enquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially mis-stated or would not afford reasonable grounds upon which to base our report. Accordingly, we have taken no further steps to verify the accuracy, completeness or fairness of the data provided.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards (AUS). HCC does not imply and it should not be construed that it has audited or in anyway verified any of the information provided to it, or that its enquiries could have verified any matter which a more extensive examination might disclose.

The sources of information that we relied upon are outlined in Appendix I of this report.

Shoply has provided an indemnity to HCC for any claims arising out of any mis-statement or omission in any material or information provided by Shoply to HCC in preparation of this report.

Qualifications

Hall Chadwick Corporate (NSW) Limited (“HCC”) carries on business at Level 40, 2 Park Street, Sydney NSW 2000. HCC holds Australian Financial Services Licence No. 227902 authorising it to provide financial product advice on securities to retail clients. HCC’s representatives are therefore qualified to provide this report.

Consent and Disclaimers

The preparation of this report has been undertaken at the request of the Directors of Shoply. It also has regard to relevant ASIC Regulatory Guides. It is not intended that the report should be used for any other purpose than to accompany the Notice of General Meeting to be sent to Shoply shareholders. In particular, it is not intended that this report should be used for any purpose other than as an expression of HCC’s opinion as to whether or not the proposed Transaction is fair and reasonable.

HCC consent to the issue of this report in the form and context in which it is included in the Notice of General Meeting to be sent to Shoply shareholders.

Shareholders should read all documents issued by Shoply that consider the proposed Transaction in its entirety, prior to proceeding with a decision. HCC had no involvement in the preparation of these documents, with the exception of our report.

This report has been prepared specifically for the Non-Associated Shareholders of Shoply. Neither HCC, nor any member or employee thereof undertakes responsibility to any person, other than a Non-Associated Shareholder of Shoply, in respect of this report, including any errors or omissions howsoever caused. This report is "General Advice" and does not take into account any person's particular investment objectives, financial situation and particular needs. Before making an investment decision based on this advice, you should consider, with or without the assistance of a securities advisor, whether it is appropriate to your particular investment needs, objectives and financial circumstances.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards (AUS).

Our opinions are based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. Furthermore, financial markets have been particularly volatile in recent times. Accordingly, if circumstances change significantly, subsequent to the issue of the report, our conclusions and opinions may differ from those stated herein. There is no requirement for HCC to update this report for information that may become available subsequent to this date.

APPENDIX IV - FINANCIAL SERVICES GUIDE

Dated 27 May 2016

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by Hall Chadwick Corporate (NSW) Limited ABN 28 080 462 488, Australian Financial Services Licence Number 227902 (HCC).

This FSG includes information about:

- HCC and how they can be contacted
- the services HCC is authorised to provide
- how HCC are paid
- any relevant associations or relationships of HCC
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that HCC has in place.

This FSG forms part of an Independent Expert's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that HCC is authorised to provide

HCC holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of finance products.

HCC's responsibility to you

HCC has been engaged by the independent directors of Shoply Limited ("Shoply" or the "Client") to provide general financial product advice in the form of a Report to be included in the Notice of Meeting ("Document") prepared by Shoply in relation to the proposed transaction to acquire all of the issued shares in Anyware Corporation Pty Ltd ("Anyware") (the "Transaction").

You have not engaged HCC directly but have received a copy of the Report because you have been provided with a copy of the Document. HCC nor the employees of HCC are acting for any person other than the Client.

HCC is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As HCC has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Proposed Transaction.

Fees HCC may receive

HCC charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay HCC \$20,000 (excluding GST and out of pocket expenses) for preparing the Report. HCC and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

HCC officers and representatives receive a salary, dividend or a partnership distribution from Hall Chadwick Sydney professional advisory and accounting practice (the Hall Chadwick Sydney Partnership). Remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

HCC does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures HCC is controlled by and operates as part of the Hall Chadwick Sydney Partnership. HCC's directors may be partners in the Hall Chadwick Sydney Partnership. Mr Drew Townsend, director of HCC and partner in the Hall Chadwick Sydney Partnership, has prepared this report. The financial product advice in the Report is provided by HCC and not by the Hall Chadwick Sydney Partnership.

From time to time HCC, the Hall Chadwick Sydney Partnership and related entities (HC entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the Proposed Transaction.

Complaints resolution

If you have a complaint, please let HCC know. Formal complaints should be sent in writing to:
The Complaints Officer
Hall Chadwick Corporate (NSW) Limited
GPO Box 3555
Sydney NSW 2001

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9263 2600 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If HCC cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Financial Ombudsman Service Limited
GPO Box 3, Melbourne Victoria 3001
Telephone: 1300 78 08 06
Facsimile (03) 9613 6399
Email: info@fos.org.au

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

HCC has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact HCC at:
Hall Chadwick Corporate (NSW) Limited
GPO Box 3555
Sydney NSW 2001
Telephone: 02 9263 2600
Facsimile: 02 9263 2800

Schedule 5 – Proxy Form

See attachment.



All Correspondence to:

-  **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- Level 7, 207 Kent Street,
Sydney NSW 2000 Australia
-  **By Fax:** +61 2 9290 9655
-  **Online:** www.boardroomlimited.com.au
-  **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 2.30pm (Melbourne time) on Wednesday, 13 July 2016.**

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

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

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **2.30pm (Melbourne time) on Wednesday, 13 July 2016.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

-  **By Fax** + 61 2 9290 9655
-  **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
-  **In Person** Level 7, 207 Kent Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Shoply Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the **Extraordinary General Meeting of the Company to be held at RSM Australia, Level 21, 55 Collins Street, Melbourne, Victoria on Friday, 15 July 2016 at 2.30pm (Melbourne time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 6, 10, 11 and 12, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 6, 10, 11 and 12 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 6, 10, 11 and 12). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS
 * If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*		For	Against	Abstain*	
Res 1	Change in scale of activities of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 12	Approval of issue of Goulopoulos LTIP Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 2	Issue of Consideration Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 13	Approval of issue of Secretary LTIP Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 3	Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 14	Approval of issue of Warcom Earn-out Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 4	Appointment of Mr Howard Sijin Chen as director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 15	Approval of issue of eStore Earn-out Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 5	Repeal and replacement of the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 16	Approval of issue of Atlantis Conversion Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 6	Approval of increase to remuneration fee cap	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 17	Approval of issue of Dominet Conversion Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 7	Ratification of prior issue of shares under Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 18	Approval of issue of APA Conversion Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 8	Ratification of prior issue of shares under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 19	Approval of issue of AZA Conversion Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 9	Approval of Proposed Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 20	Approval of issue of Chen Conversion Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 10	Approval of issue of Plympton LTIP Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 21	Consolidation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 11	Approval of issue of Carosa LTIP Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

STEP 3 SIGNATURE OF SHAREHOLDERS
 This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2016