

Star Phoenix Group Ltd  
ACN 002 522 009

## Notice of Annual General Meeting

Notice is given that the Annual General Meeting will be held at:

**Time:** 16:00 Australian Eastern Daylight Time (AEDT)

**Date:** 11 December 2020

**Place:** 525 Collins Street, Level 27, Rialto South Tower, Melbourne, Victoria, Australia, 3000

**Please note that due to current COVID-19 safety measures, persons proposing to attend the Annual General Meeting in person are required to register their attendance in advance by sending an email to the Company Secretary Evgenia Bezruchko at [e.bezruchko@starphoenixgroup.com](mailto:e.bezruchko@starphoenixgroup.com) no later than 48 hours before the date and time of the Meeting.**

### **Important**

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

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 16:00 (AEDT) on 9 December 2020.

## Business of the Meeting

### Agenda

#### Financial Statements and Reports

To table and consider the Annual Report of the Company and its controlled entities for the financial year ended 30 June 2020, which includes the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report.

#### Resolution 1 – Re-election of Director – Mr Zhiwei Gu

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of clause 13.2 of the Constitution, and for all other purposes, Mr Zhiwei Gu, a Director, retires by rotation, and being eligible, is elected as a Director."*

#### Resolution 2 – Election of Director – Dr YuFeng Meng

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of clause 13.4 of the Constitution, and for all other purposes, Dr YuFeng Meng, a Director who was appointed as an additional director of the Company on 14 April 2020, retires, and being eligible, is elected as a Director."*

#### Resolution 3 – Issue of Shares to a related party in lieu of fees – Mr Lubing Liu

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of Shares in lieu of fees to the value of US\$39,452 to Mr Lubing Liu (or his nominee(s)) on the terms and conditions set out in the Explanatory Statement."*

**Voting Prohibition Statement:** In accordance with section 224 of the Corporations Act, a vote on this Resolution may not be cast (in any capacity) by or on behalf of a related party of the company to whom the Resolution would permit a financial benefit be given or any of their associates (**Restricted Party**). However, a Restricted Party may cast a vote on the Resolution as a proxy if they are appointed as a proxy by writing that specifies the way the proxy is to vote and the vote is not cast on behalf of any Restricted Party.

In addition, in accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, provided the Chair is not a Restricted Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

#### Resolution 4 – Issue of Shares to a related party in lieu of fees – Mr Zhiwei Gu

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of Shares in lieu of fees to the value of US\$125,000 to Mr Zhiwei Gu (or his nominee(s)) on the terms and conditions set out in the Explanatory Statement."*

**Voting Prohibition Statement:** In accordance with section 224 of the Corporations Act, a vote on this Resolution may not be cast (in any capacity) by or on behalf of a related party of the company to whom the Resolution would permit a financial benefit be given or any of their associates (**Restricted Party**). However, a Restricted Party may cast a vote on the Resolution as a proxy if they are appointed as a proxy by writing that specifies the way the proxy is to vote and the vote is not cast on behalf of any Restricted Party.

In addition, in accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:


- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, provided the Chair is not a Restricted Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

**Dated: 6 November 2020**

**By order of the Board**



**Zhiwei Gu**  
**Executive Chairman**

## **Attendance and voting in person**

To vote in person, attend the Meeting at the time, date and place set out above.

**Please note that due to current COVID-19 safety measures, persons proposing to attend the Annual General Meeting in person are required to register their attendance in advance by sending an email to the Company Secretary Evgenia Bezruchko at [e.bezruchko@starphoenixgroup.com](mailto:e.bezruchko@starphoenixgroup.com) no later than 48 hours before the date and time of the Meeting.**

## **Voting by proxy**

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

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

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

## **United Kingdom (CREST Voting Instruction)**

DI Holders in CREST may transmit voting instructions by utilising the CREST voting service in accordance with the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take appropriate action on their behalf.

In order for instructions made using the CREST voting service to be valid, the appropriate CREST message (a "CREST Voting Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)).

To be effective, the CREST Voting Instruction must be transmitted so as to be received by the Company's agent (3RA50) no later than 7 December 2020 at 9.00am (GMT). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST Voting Instruction by the CREST applications host) from which the Company's agent is able to retrieve the CREST Voting Instruction by enquiry to CREST in the manner prescribed by CREST. DI Holders in CREST and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the transmission of CREST Voting Instructions. It is the responsibility of the DI Holder concerned to take (or, if the DI Holder is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that the CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a CREST Voting Instruction is transmitted by means of the CREST voting service by any particular time.

In this connection, DI Holders and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

**United Kingdom (Form of Instruction)**

DI Holders are invited to attend the Meeting but are not entitled to vote at the Meeting. In order to have votes cast at the Meeting on their behalf, DI holders must complete, sign and return the Forms of Instruction forwarded to them along with the Notice to the Company's agent, Computershare UK, by 7 December 2020 at 9.00am (GMT).

**Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company by telephone on +61 8 6205 3012 or +44 (0) 20 3865 8430.**

## Explanatory Statement

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

### 1. Annual Report

Shareholders will be offered the opportunity to discuss the Annual Report at the Meeting. The Company will not provide a hard copy of the Annual Report to Shareholders unless specifically requested to do so. The Annual Report is available on the Company's website at <https://www.starphoenixgroup.com/investors/reports-and-publications/>.

There is no requirement for Shareholders to approve the Annual Report. However, the Chair will allow a reasonable opportunity for Shareholders to ask questions or make comments about the Annual Report and the management of the Company. Shareholders will also be given an opportunity to ask the auditor questions as permitted by the Corporations Act.

### 2. Resolution 1 – Re-election of Director – Mr Zhiwei Gu

#### 2.1 General

The Constitution set outs the requirements for determining which Director are to retire by rotation at an annual general meeting.

Pursuant to clause 13.2 of the Constitution, at the Company's annual general meeting one third of the Directors, the number nearest to one-third if the number of Directors is not divisible by 3, (rounded upwards in case of doubt), shall retire, provided that no director shall hold office for longer than 3 years or until the third annual general meeting after their appointment, whichever is longer. Directors retiring by rotation are then eligible for election by Shareholders.

Mr Zhiwei Gu, having served as a director since 11 December 2014 and having last been re-elected as a director on 30 November 2017, retires by rotation and, being eligible, seeks re-election from Shareholders.

#### 2.2 Qualifications and other material directorships

Mr Gu is an experienced corporate lawyer, who has worked with numerous companies seeking listings on various international stock markets, including the Toronto Stock Exchange and the Hong Kong Stock Exchange. He is currently a partner of Dentons, one of the largest global law firms. Mr Gu has participated in several venture capital and private equity investment cases by various funds such as London Asia Fund, Warburg Pincus, Korea Development Bank, China Venture Investment Co., and China Cinda AMC. During his time with China National Gold Group Corp., Mr Gu was in charge of mineral resources merger and acquisition activities. Mr Gu holds an LLB from Jilin University in China, an LLM from Northeast University in China, and Master of Applied Finance from Macquarie University in Australia. Mr Gu is a qualified lawyer and securities practitioner in China.

#### 2.3 Independence

The Board does not consider Mr Gu to be an independent director, because he is an executive Director.

#### 2.4 Board recommendation

The Board (other than Mr Gu himself who does not make a recommendation in respect of his own election) **SUPPORTS** the election of Mr Gu and recommends that Shareholders vote in **FAVOUR** of Resolution 1.

### **3. Resolution 2 – Election of Director – Dr YuFeng Meng**

#### **3.1 General**

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

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

Dr YuFeng Meng, having been appointed as a Director by the other Directors on 14 April 2020 and having not previously been elected by Shareholders, will retire in accordance with the Constitution and, being eligible, seeks election from Shareholders.

#### **3.2 Qualifications and other material directorships**

Dr Meng's career spans over 30 years across the USA, Australia, Hong Kong and China, where she held various leadership, management and consulting roles in different sectors including education, aircraft tyre logistics, waste management, real estate, equity investment, banking and Free Trade Zone management and marketing. Dr Meng has experience in the public sector, project management, and finance (particularly in the Build-Operate-Transfer or Build-Own-Operate-Transfer project financing). More recently, she organised numerous government trade delegations to promote bilateral business co-operation between China and Australia. Dr Meng holds a PhD in Business Administration from InterAmerican University and an MBA in Business Administration from Southern California University.

#### **3.3 Independence**

The Board does not consider Dr YuFeng Meng to be an independent director, because she is a nominee of a substantial shareholder (Beijing Sibio Investment Management LP (**Sibo**)).

#### **3.4 Other material information**

On 25 September 2020, Shareholders passed a resolution for the removal of Dr Meng as a Director. Under the Corporations Act, this removal does not take effect until a replacement to represent Sibio's interests has been appointed.

To date, Sibio has not put forward an alternative nominee to be appointed as a director of the Company despite the directive of the majority of Shareholders for the removal of Dr Meng as a Director.

If Shareholders do not pass this Resolution, Dr Meng will cease to be a Director and Sibio will not be permitted to nominate Dr Meng again but will be permitted to nominate another person to be appointed as a director of the Company, subject to the approval of the Company's Nominated Adviser.

#### **3.5 Board recommendation**

The Board (other than Dr YuFeng Meng who does not make a recommendation in respect of her own election) **DO NOT SUPPORT** the election of Dr YuFeng Meng and recommends that Shareholders vote **AGAINST** of Resolution 2. The Directors (other than Dr YuFeng Meng) believe that Dr Meng should be removed as a director of the Company, as the majority of the Company's Shareholders already passed a resolution for her removal as a Director at the Shareholders' Meeting held on 25 September 2020.

## 4. Resolutions 3 and 4 – Issue of Shares to related parties in lieu of fees

### 4.1 General

The Company proposes to issue Shares to two directors (or their respective nominees), Mr Lubing Liu and Mr Zhiwei Gu, in lieu of accrued fees.

#### *Mr Lubing Liu*

Mr Lubing Liu is employed by the Company under a contract dated 24 December 2019 as Chief Operations Officer (**COO**) of the Company (**Employment Agreement**). Mr Liu is currently paid a fee of US\$236,712 per annum for his role as COO.

The Company and Mr Liu have entered into an agreement to amend the Employment Agreement as follows (**Proposed Liu Amendments**):

- (a) The Company will on 4 January 2021, subject to shareholder approval, issue to Mr Liu (or his nominee) Shares in lieu of cash payments for fees totaling US\$39,452 which will accrue under the Employment Agreement from 1 November 2020 to 31 December 2020 (**Liu Fee Shares**).
- (b) The number of Shares to be issued to Mr Liu (or his nominee) will be calculated based on the:
  - (i) VWAP of Shares traded on AIM over the 30 trading days immediately preceding the date of issue; and
  - (ii) GBP/USD exchange rate as published by Bloomberg at 5pm immediately preceding the date of issue.
- (c) The Company will seek shareholder approval at the next shareholders' meeting to issue the Liu Fee Shares to Mr Liu (or his nominee) in lieu of the fees set out above, with such approval to be obtained no later than 31 December 2020.
- (d) In the event that shareholders vote against the issue of the Liu Fee Shares at the Meeting, the retained salary will be paid in cash immediately following the Meeting.
- (e) The Liu Fee Shares will be subject to trading restrictions of 12 months from the date of issue.

#### *Mr Zhiwei Gu*

Mr Zhiwei Gu provides services to the Company pursuant to an agreement between Porfinero Limited (**Porfinero**) and the Company dated 1 March 2020 (**Porfinero Agreement**). Mr Gu is currently paid a fee of US\$55,000 per annum for his role as Executive Chairman of the Company, and an additional US\$320,000 per annum for providing the Consultancy Services to the Company through Porfinero.

The Company and Porfinero have agreed to the following proposed amendments to the Porfinero Agreement (**Proposed Porfinero Amendments**):

- (a) The Company will on 4 January 2021, subject to shareholder approval, issue to Mr Gu (or his nominee) Shares in lieu of cash payments for fees totaling US\$125,000 which will accrue under the Porfinero Agreement from 1 September 2020 to 31 December 2020 (**Porfinero Fee Shares**).
- (b) The number of Shares to be issued to Mr Gu (or his nominee) will be calculated based on the:
  - (i) VWAP of Shares traded on AIM over the 30 trading days immediately preceding the date of issue; and



- (ii) GBP/USD exchange rate as published by Bloomberg at 5pm immediately preceding the date of issue.
- (c) The Company will seek shareholder approval at its next shareholder meeting to issue the Porfinero Fee Shares to Mr Gu (or his nominee) in lieu of the fees set out above, with such approval to be obtained no later than 31 December 2020.
- (d) In the event that shareholders vote against the issue of Shares at the Meeting, the retained salary will be paid in cash immediately following the Meeting.
- (e) The Porfinero Fee Shares will be subject to trading restrictions for 12 months from the date of issue.

## **4.2 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Liu Fee Shares and the Porfinero Fee Shares to Mr Liu and Mr Gu respectively constitutes giving a financial benefit. Mr Liu and Mr Gu are related parties of the Company by reason of being Directors.

Section 195 of the Corporations Act provides that a director of a public company must not vote or be present during meetings of directors when matters in which that director holds a 'material personal interest' are being considered. The Directors other than Mr Lubing Liu and Mr Zhiwei Gu do not have a material personal interest in these Resolutions. However, in the interests of good corporate practice consistent with ASIC Regulatory Guide 76 (Table 2) for directors to avoid making a recommendation for resolutions about each other's remuneration (as they may pose a conflict of interest) neither of the Directors the subject of Resolutions 3 and 4, being Mr Liu and Mr Gu, have considered whether an exception set out in sections 210 to 216 of the Corporations Act applies to these Resolutions.

Since Shareholders voted to remove Dr YuFeng Meng from office at the Shareholders' Meeting held on 25 September 2020, Dr YuFeng Meng has not participated in Board meetings. The remaining Director, Dr Mu Luo, is unable to form a quorum at Board level to make a determination on whether an exception set out in sections 210 to 216 of the Corporations Act applies to Resolutions 3 and 4. Therefore, the Board has determined in accordance with section 195(4) of the Corporations Act to seek Shareholder approval for the issue of the Liu Fee Shares and the Porfinero Fee Shares.

### 4.3 Board recommendation

The Board cannot form a quorum to consider the proposed issues of Shares for the reasons set out in Section 4.2, and the Board does not make a collective recommendation on how Shareholders should vote on Resolutions 3 and 4.

Mr Liu and Mr Gu have a material personal interest in the outcome of Resolutions 3 and 4 as described in Section 4.1 and do not make a recommendation.

Dr Mu Luo recommends that Shareholders vote in favour of Resolutions 3 and 4 for the reasons set out in Section 4.4(j).

Dr YuFeng Meng recommends that Shareholders vote against Resolutions 3 and 4 for the reasons set out in Section 4.4(k).

### 4.4 Technical information required by Chapter 2E of the Corporations Act

Pursuant to and in accordance with section 219 of the Corporations Act, the following information is provided in relation to the issue of the Shares the subject of Resolutions 3 and 4:

- (a) the Shares will be issued to the following parties:
  - (i) the Liu Fee Shares will be issued to Mr Lubing Liu; and
  - (ii) the Porfinero Fee Shares will be issued to Mr Zhiwei Gu;
- (b) each of Mr Liu and Mr Gu is a Director of the Company;
- (c) the nature of the financial benefit being provided is the issue of the Liu Fee Shares and the Porfinero Fee Shares. The Shares are all to be on the same terms and conditions as the Company's existing fully paid ordinary shares. The number of the Liu Fee Shares and Porfinero Fee Shares is to be calculated as follows:
  - (i) Liu Fee Shares: US\$39,452:
    - (A) converted into an amount in GBP at the GBP/USD exchange rate as published by Bloomberg at 5pm immediately preceding the date of issue of the Shares, divided by,
    - (B) VWAP of Shares traded on AIM over the 30 trading days immediately preceding the date of issue of the Shares; and
  - (ii) Porfinero Fee Shares: US\$125,000:
    - (A) converted into an amount in GBP at the GBP/USD exchange rate as published by Bloomberg at 5pm immediately preceding the date of issue of the Shares, divided by,
    - (B) VWAP of Shares traded on AIM over the 30 trading days immediately preceding the date of issue of the Shares;
- (d) each Director's interests in the Resolution and the reasons for giving or not giving a recommendation on these Resolutions as the case may be is set out in Sections 4.2 and 4.3;
- (e) the value of the fees to be satisfied by the issue of the Liu Fee Shares is US\$39,452, and the value of the fees to be satisfied by the issue of the Porfinero Fee Shares is US\$125,000. The number of Shares that will be issued depend on the application of the calculation set out in Section 4.4(c), which includes the 30-day VWAP of the Company's shares, and the GBP/USD exchange rate, both as at the date of issue of the Shares. No discount to the 30-

day VWAP is allowed, so the Shares will be issued at a market price.

As an illustration, if the formula in Section 4.4(c) using the 30-day VWAP and exchange rate as at 2 November 2020 were applied, the number of Shares to be issued would be:

- (i) Liu Fee Shares: US\$39,452
  - (A) US\$39,452 converted into GBP at USD1.2917:GBP1.00 = GBP30,542.70
  - (B) GBP30,542.70 / GBP0.0165 = 1,851,072 Shares.
- (ii) Porfinero Fee Shares: US\$125,000:
  - (A) US\$125,000 converted into GBP at USD1.2917:GBP1.00 = GBP96,771.70
  - (B) GBP96,771.70 / GBP0.0165 = 5,864,951 Shares.

Note that this calculation is an example only and the outcome will depend on the 30-day VWAP of the Company's Shares on AIM, and the GBP/USD exchange rate, as at the date of issue of the Shares, and that both the Company's Share price and the exchange rate fluctuate;

- (f) the relevant interests in securities of the Company of the Directors the subject of Resolutions 3 and 4 are set out below:

Director	Shares	Options
Mr Lubing Liu	Nil	Nil
Mr Zhiwei Gu	20,833	Nil

- (g) the current total annual remuneration from the Company to the Directors the subject of Resolutions 3 and 4 is set out in Section 4.1;
- (h) if the Liu Fee Shares are issued, Shares to the value of US\$39,452 would be issued, and if the Porfinero Fee Shares are issued, Shares to the value of US\$125,000 would be issued.

As noted, the actual number of Shares will depend on the 30-day VWAP and the exchange rate at the date of issue. Using the example calculation in Section 4.4(c), the total number of Shares on issue would increase by 7,716,023 from 143,261,894 (being the number of Shares on issue at the date of this Notice) to 150,977,917 (assuming that no Options or Convertible Notes are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of approximately 5.11%, comprising approximately 1.23% by Lubing Liu and 3.88% by Zhiwei Gu.

The Shares will be issued at a market price for Shares prevailing as at the date of issue as described at Section 4.4(c). As the Shares are to be issued to satisfy obligations to pay the relevant fees to the Directors which will have accrued by the time of issue, and there is no discount being offered in respect of the calculation of the number of Shares, there is unlikely to be a cost to the Company from issuing the Shares.

The highest and lowest closing prices of Shares on AIM during the 12 months preceding 2 November 2020, being the date the calculation in Section 4.4(e) was prepared, and the closing price on that date, are set out below:

	Price	Date
Highest	£0.0375	4 November 2019

Lowest	£0.0088	17 March 2020
Last	£0.0165	2 November 2020

- (i) the primary purpose of the issue of the Liu Fee Shares and Porfinero Fee Shares is to settle part of their entitlement to fees pursuant to their respective employment agreements with the Company and to reduce cash expenditure on executive remuneration;
- (j) Dr Luo, a Director who does not have a material personal interest in the outcome of Resolutions 3 and 4, considers the issue of the Liu Fee Shares and Porfinero Fee Shares is a reasonable and appropriate method to provide cost effective remuneration for the following reasons:
  - (i) the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given;
  - (ii) the issue of the Liu Fee Shares and Porfinero Fee Shares will align the interests of those Directors with the interests of Shareholders; and
  - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Liu Fee Shares and Porfinero Fee Shares upon the terms proposed;
- (k) Dr Meng, a Director who does not have a material personal interest in the outcome of Resolutions 3 and 4, considers the issue of the Liu Fee Shares and Porfinero Fee Shares is not a reasonable and appropriate method to provide cost effective remuneration for the following reason:
  - (i) it would not be in the interests of all Shareholders to dilute their holdings in order to pay for salaries, as the market price for any Shares is, in her opinion, undervalued. Instead, the Company should focus on rebuilding the business as there is good prospects for increasing Share value;
- (l) in forming their reasoning and determining the quantity of Shares to be issued to Messrs Liu and Gu, Dr Luo considered the current market practices when determining the number of Shares to be issued and quantity of fees to be converted, the level of dilution to Shareholders, as well as the deemed issue price (relative to the market price of Shares at the time of conversion of the fees); and
- (l) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 3 and 4.

## Glossary

**£ or GBP** means Great British Pounds.

**AEDT** means Australian Eastern Daylight Time, as observed in Sydney, New South Wales.

**AIM** means the market of that name operated by the London Stock Exchange.

**AIM Rules** means the AIM Rules for Companies published by the London Stock Exchange, as amended from time to time.

**Annual General Meeting** or **Meeting** means the annual general meeting of the Company convened by this Notice.

**Annual Report** means the Directors' Report, the Financial Report and Auditor's Report in respect to the financial year ended 30 June 2020.

**ASIC** means the Australian Securities & Investments Commission.

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

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that AIM declares is not a business day.

**Chair** means the chair of the Meeting.

**Company** means Star Phoenix Group Ltd (ACN 002 522 009).

**Constitution** means the constitution of the Company.

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

**DI Holder** means a holder of depositary interests representing Shares which are electronically listed for trading on AIM and issued by Computershare Investor Services plc which holds legal title to the underlying Shares.

**Directors** means the current directors of the Company.

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

**Explanatory Statement** means the explanatory statement accompanying the Notice.

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

**GMT** means Greenwich Mean Time.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Liu Fee Shares** means the Shares the subject of Resolution 3.

**Notice or Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Porfinero Fee Shares** means the Shares the subject of Resolution 4.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

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

**Shareholder** means a registered holder of a Share.

**US\$ or USD** means United States Dollars.

**VWAP** means volume weighted average price.



Star Phoenix Group Ltd  
ABN 88 002 522 009

STAU

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



## Need assistance?



**Phone:**

1300 724 241 (within Australia)  
+61 3 9938 4306 (outside Australia)



**Online:**

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



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **4:00pm (AEDT)** **Wednesday, 9 December 2020.**

# Proxy Form

## How to Vote on Items of Business

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

### APPOINTMENT OF PROXY

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

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

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

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

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## PARTICIPATING IN THE MEETING

### Corporate Representative

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

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**

**SRN/HIN: I999999999**

**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

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

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



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

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

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



I 9999999999

I ND

## Proxy Form

Please mark  to indicate your directions

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

XX

I/We being a member/s of Star Phoenix Group Ltd hereby appoint

the Chairman of the Meeting **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Star Phoenix Group Ltd to be held at 525 Collins Street, Level 27, Rialto South Tower, Melbourne, Victoria on Friday, 11 December 2020 at 4:00pm (AEDT) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 3 and 4 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 3 and 4 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman, provided the Chairman is not a "Restricted Party" for the purposes of the Resolution.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 3 and 4 by marking the appropriate box in step 2.

### Step 2 Items of Business

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

	For	Against	Abstain
1 Re-election of Director – Mr Zhiwei Gu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Director – Dr YuFeng Meng	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Issue of Shares to a related party in lieu of fees – Mr Lubing Liu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Issue of Shares to a related party in lieu of fees – Mr Zhiwei Gu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of resolutions 1, 3 and 4 and against resolution 2.

### Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

**Update your communication details** (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

STAU

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Computershare

