

KNeoMedia Limited  
ACN 009 221 783

# Prospectus

## **Offer**

For an offer of 1000 Shares at an issue price of \$0.05 each to remove trading restrictions on Shares issued on or before the Closing Date (**Offer**).

This Prospectus is a transaction specific prospectus issued in accordance with section 713 of the Corporations Act. This prospectus has been prepared primarily for the purpose of section 708a(11) of the Corporations Act to remove any trading restrictions on Shares issued prior to the Closing Date.

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# Important information

## General

This Prospectus is issued by KNeoMedia Limited ACN 009 221 783 (**Company**).

The Prospectus is dated 19 August 2019 and a copy of this Prospectus was lodged with ASIC on that date.

Neither ASIC nor ASX take responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

This Prospectus is a transaction specific prospectus for offers of continuously quoted securities (as defined in the Corporations Act) and options over continuously quoted securities, and has been prepared in accordance with section 713 of the Corporations Act.

No securities will be issued pursuant to this Prospectus later than 13 months after the date of this Prospectus.

Persons wishing to apply for securities pursuant to the Offer must do so using the relevant Application Form attached to or accompanying this Prospectus. Before applying for securities, investors should carefully read this Prospectus so that they can make an informed assessment of the rights and liabilities attaching to the securities, the assets and liabilities of the Company, its financial position and performance, profits and losses, and prospects.

Any investment in the Company should be considered highly speculative. Investors who do not understand this document should consult their stockbroker, lawyer, accountant or other professional adviser before deciding to apply for securities under the Offer.

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this Prospectus. Any such information or representations may not be relied upon as having been authorised by the Directors.

## Prospectus availability

A copy of this Prospectus is available for inspection at the registered office of the Company at Level 7, 333 Collins Street Melbourne Victoria 3000, during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Offer is only available to those who are personally invited to accept the Offer. Applications for Shares under the Offer can only be submitted on an original Application Form which accompanies this Prospectus.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is accompanied by the complete and unaltered version of this Prospectus.

## Risk factors

Before deciding to invest in the Company, investors should read the entire Prospectus and in particular, in considering the prospects of the Company, investors should consider the risk factors that could affect the financial performance and assets of the Company. Investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues). The Shares offered by this Prospectus should be considered highly speculative. Refer to section 3 details certain risk factors which are considered to be relevant for the purposes of the Offer.

## Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including ASX's website at [www.asx.com.au](http://www.asx.com.au)). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Prospectus and do not constitute part of the Offer. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in Shares or the Company.

## Financial amounts

All references in this Prospectus to "\$", "A\$", "AUD", "dollars" or "cents" are references to Australian currency unless otherwise stated.

Any discrepancies between the totals and sums of components in tables contained in this Prospectus are due to rounding.

## Definitions and time

A number of terms and abbreviations used in this Prospectus have defined meanings which are set out in section 6.

All references to time relate to the time in Melbourne, Victoria unless otherwise stated or implied.

## Governing law

This Prospectus and the contracts that arise from the acceptance of the applications under this Prospectus are governed by the law applicable in Victoria and each applicant submits to the exclusive jurisdiction of the courts of Victoria.

## **Corporate directory**

### **Directors**

James Kellett  
Executive Chairman

Franklin Lieberman  
Executive Director

Jeffrey Bennett  
Non-Executive Director

### **Company Secretary**

Sophie Karzis

### **Registered Office**

Level 7, 333 Collins Street  
Melbourne VIC 3000

Phone: +61 3 8622 3354

### **Website**

[www.kneomedia.com](http://www.kneomedia.com)

### **ASX Code**

KNM

### **Share Registry**

Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000

### **Auditor**

William Buck Audit (VIC) Pty Ltd  
Level 20, 181 William Street  
Melbourne VIC 3000

## Key information

Key financial information	Amount
Shares offered under the Offer	1000
Issue price of Shares under the Offer	\$0.05

**Note:** See section 2.1 for further information on the capital structure of the Company.

Key events	Date
Lodgment of this Prospectus with ASIC	19 August 2019
Opening Date	19 August 2019
Closing Date	20 August 2019

**Note:** The above timetable is indicative only. The Company reserves the right, subject to the Corporations Act, the Listing Rules and other applicable laws, to vary the dates, including by extending the Closing Date or accepting late acceptances, either generally or in particular cases, without notice.

# 1. Details of the Offer

## 1.1 Offer

Under the Offer, the Company is offering 1000 Shares at an issue price of \$0.05 each to raise \$50 (before costs).

The Offer will only be extended to specific persons on invitation from the Directors. Application Forms will only be provided by the Company to these persons.

## 1.2 Purpose

The primary purpose of this Prospectus is to remove any trading restrictions that:

- may have attached to any Shares issued by the Company before the date of this Prospectus without disclosure under Chapter 6D of the Corporations Act;
- attach to the following Shares:

Number	Issue price	Purpose of the issue
26,810,000	\$0.05	Issued to professional and sophisticated investors pursuant to the placement announced on 21 June 2019.
<b>26,810,000</b>		

- attach to any other Shares issued prior to the Closing Date.

Accordingly, the Company is seeking to raise only a nominal amount under this Prospectus as the purpose of this Prospectus is not to raise capital. The total expenses of the Offer, as estimated in section 4.11, will be paid by the Company's share registrar.

## 1.3 Previous issue of Shares and court application

On 28 June 2019, the Company issued 26,810,000 fully paid ordinary shares at \$0.05 per share (**June 2019 Placement**) to raise \$1.34m before costs under a placement to sophisticated and professional investors (**June 2019 Placement Shares**). For further details of the June 2019 Placement, refer to the Company's announcement dated 21 June 2019.

The June 2019 Placement Shares were issued without disclosure under Part 6D.2 (Disclosure to Investors about Securities) of the Corporations Act and pursuant to the Company's placement capacity under Listing Rule 7.1A.

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to on-sell those securities within 12 months of the date of their issue.

The Corporations Act provides an exception to section 707(3) where an entity issues a 'cleansing' notice under section 708A(5). The Company has become aware that the issue of the June 2019 Placement Shares was not accompanied by the issue of a cleansing document so as to permit immediate trading in these Shares.

Section 708A(11) of the Corporations Act provides another exemption from the general requirement under section 707(3) where:

- a) the relevant securities are in a class of securities of the company that are already quoted on ASX;
- b) a prospectus is lodged with ASIC either:
  - i. on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
  - ii. before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- c) the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

The primary purpose of this Prospectus is to comply with section 708A(11) of the Corporations Act to remove any trading restrictions that may have attached to Shares issued or to be issued by the Company prior to the Closing Date, including the June 2019 Shares, so that subscribers may, if they choose to, sell those Shares (as applicable) within twelve months from the date of their issue without the issue of a prospectus.

Accordingly, the purpose of this Prospectus is to make the Offer and ensure that any further on-sale of the June 2019 Shares does not breach section 707(3) of the Corporations Act.

The Shares issued under the Offer will be issued under the Company's existing placement capacity under Listing Rule 7.1. A total amount of \$50 will be raised under the Offer. The total estimated expenses of the Offer of \$3,206.00 will be paid by the Company's share registrar.

The Company has, on 19 August 2019, filed an application with the Federal Court of Australia seeking declaratory relief and ancillary orders relating to prior trading in the relevant Shares, so that any on-sales prior to the issue of this Prospectus will be validated and will not attract any civil liability. The application will be heard before the Court on 19 August 2019, at 4.00pm (AEST). The Company will keep the market updated accordingly.

The Company is lodging this Prospectus under section 708A(11) of the Corporations Act to cleanse Shares issued on or before the Closing Date so that subsequent trading is not subject to secondary trading restrictions under the Corporations Act.

#### **1.4 Details**

Details specific to the Offer are set out in this section 1.4.

**(a) Minimum subscription**

The Offer has no minimum subscription.

**(b) Oversubscriptions**

No oversubscriptions will be accepted by the Company.

**(c) Shares**

The Shares offered under the Offer are of the same class and will rank equally in all respects with existing Shares on issue. A summary of the rights and liabilities attaching to the Shares is set out in section 4.4.

**(d) Offer period**

The Offer will open on the Opening Date and close on the Closing Date.

**(e) Applications**

Applications for Shares under the Offer must only be made by investors at the direction of the Company and using the Application Form accompanying this Prospectus. By completing an Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have received personally the Application Form together with a complete and unaltered copy of the Prospectus.

Payment for Shares must be made in full at the issue price of \$0.05 per Share. Completed Application Forms and accompanying cheques, made payable to "KNEOMEDIA LIMITED" and crossed "Not Negotiable", must be mailed or delivered to the address set out on the Application Form by no later than the Closing Date.

**(f) Capital raising fees**

No capital raisings fees will be paid in relation to applications made under the Offer.

**(g) ASX quotation**

The Company will apply to ASX within 7 days after the date of this Prospectus for quotation of the Shares offered under this Prospectus. If approval for quotation of the Shares is not granted within 3 months after the date of this Prospectus, the Company will not issue any Shares and will repay all Application Monies without interest as soon as practicable.

**(h) Application Monies**

All Application Monies for Shares to be issued pursuant to the Offer will be held in trust on behalf of applicants until the Shares are issued or, if the Shares are not issued, until the Application Monies are returned to applicants. All interest earned on Application Monies (including those which do not result in the issue of Shares) will be retained by the Company.

**1.5 Excluded information**

In accordance with section 713(5) of the Corporations Act, information must be included in this Prospectus if the information:

- has been excluded from a continuous disclosure notice in accordance with the Listing Rules; and
- is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
  - the assets and liabilities, financial position and performance, profits and losses and prospects of the body; and
  - the rights and liabilities attaching to the securities being offered; and
- would reasonably expect to find in this Prospectus.

The Company confirms that there is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

**1.6 Foreign investor restrictions**

This Prospectus does not constitute the Offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such the Offer or to extend such an invitation. No action has been taken to register this Prospectus or otherwise to permit the Offering of securities in any jurisdiction outside Australia. It is the responsibility of non-Australian resident investors to obtain all necessary approvals and comply with all relevant laws and regulations for the issue to them of securities offered pursuant to this Prospectus. Return of an Application Form will constitute a representation and warranty that there has been no breach of such laws and regulations.



## 1.7 Representations

The return of an Application Form or otherwise applying for securities under the Offer will be taken by the Company to constitute a representation by the applicant that it (as applicable):

- has received a printed or electronic copy of this Prospectus accompanying the form and has read it in full;
- agrees to be bound by the terms of this Prospectus and the Constitution;
- has obtained all necessary approvals and complied with all relevant laws and regulations for the purposes of section 1.5 (to the extent that they are applicable) and confirms its eligibility in respect of the Offer of securities under the Offer;
- declares that all details and statements in the Application Form are complete and accurate;
- declares that it is over 18 years of age and has full legal capacity and power to perform all of its rights and obligations under the Application Form;
- acknowledges that once the Application Form is returned or payment is made its acceptance may not be withdrawn;
- agrees to being issued the number of new securities that it applies for (or such other number issued in accordance with this Prospectus);
- authorises the Company to register it as the holder(s) of the securities issued to it under the Offer;
- acknowledges that the information contained in this Prospectus is not investment advice or a recommendation that the securities are suitable for it, given its investment objectives, financial situation or particular needs; and
- authorises the Company and its officers or agents to do anything on its behalf necessary for the new securities to be issued to it, including correcting any errors in its Application Form or other form provided by it and acting on instructions received by the Share Registry using the contact details in the Application Form.

## 1.8 Issues of securities

Any issue of securities under this Prospectus will occur on or about the Closing Date. Following this, holding statements will be sent to applicants as required by ASX. It is the responsibility of applicants to determine their allocation prior to trading in the securities. Applicants who sell their securities before they receive their holding statement will do so at their own risk.

## 1.9 CHESS and issuer sponsorship

The Company operates an electronic CHESS sub-register and an electronic issuer sponsored sub-register. These two sub-registers will make up the Company's register of shares.

The Company will not issue certificates to security holders. Rather, holding statements (similar to bank statements) will be dispatched to security holders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for security holders who elect to hold Shares on the CHESS sub-register) or by the Company's Share Registry (for security holders who elect to hold their Shares on the issuer sponsored sub-register). The statements will set out the number of Shares allotted under this Prospectus and the Holder Identification Number (for security holders who elect to hold Shares on the CHESS sub register) or Shareholder Reference Number (for security holders who elect to hold their shares on the issuer sponsored sub-register). Updated holding statements will also be sent to each security holder following the month in which the balance of their security holding changes, and also as required by the Listing Rules and the Corporations Act.

### **1.10 Privacy disclosure**

Persons who apply for securities pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications for securities, to provide facilities and services to Shareholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, applications for securities will not be processed. In accordance with privacy laws, information collected in relation to specific Shareholders can be obtained by that Shareholder through contacting the Company or the Share Registry.

### **1.11 Taxation**

It is the responsibility of all investors to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offer, by consulting their own professional tax advisers. Neither Company or the Directors accept any liability or responsibility in respect of the taxation consequences of the matters referred to in this Prospectus.

### **1.12 Enquiries concerning Prospectus**

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on +61 (0)3 8622 3351.

## 2. Effect of the Offer

### 2.1 Capital structure

The effect of the Offer on the capital structure of the Company is set out below.

<b>Security</b>	<b>Number</b>
Existing Shares	713,884,564
Shares offered under the Offer <sup>1</sup>	1000
<b>Total Shares</b>	<b>713,885,564</b>
Existing Options (unquoted) <sup>2</sup>	28,405,000
<b>Existing Performance Rights (unquoted)<sup>3</sup></b>	<b>10,511,180</b>
<b>Fully diluted share capital<sup>4</sup></b>	<b>752,801,744</b>

#### Notes:

1. These Shares are being offered for the purpose set out in section 1.2.
2. This figure is comprised of the following unquoted Options:
  - 5,000,000 Options exercisable at \$0.0585 on or before 20 November 2020;
  - 13,405,000 Options exercisable at \$0.10 on or before 28 June 2021; and
  - 10,000,000 Options exercisable at \$0.075 on or before 28 June 2021.
3. 10,511,180 Performance Rights
4. This figure does not include any Shares or other securities that are issued after the date of this Prospectus and are not part of the Offer.

### 2.2 Control

The Offer is not anticipated to have a material impact on control (as defined by section 50AA of the Corporations Act) of the Company. No new investor or existing Shareholder will have a voting power greater than 20% as a result of the completion of the Offer.

### 2.3 Financial Position

There will be minimal proceeds from the Offer. The Offer will have an effect on the Company's financial position, being receipt of funds of \$50. The expenses of the Offer will be met by the Company's share registrar.

### 3. Risk factors

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Directors consider that the matters summarised in this section 3, which is not exhaustive, represent some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this Prospectus.

#### 3.1 Specific risks

##### (a) Suspension Risk

On 19 August 2019, the Company requested that its securities be placed in a trading halt on the ASX while the Company seeks to rectify issues associated with certain prior Share issues made by the Company that were not validly cleansed to permit immediate trading in these Shares.

As set out in section 1.3, the Company has on 19 August 2019 filed an application with the Federal Court of Australia (**Court**) seeking declaratory relief and ancillary orders relating to prior trading in certain Shares, so that any on-sales prior to the issue of this Prospectus will be validated and will not attract any civil liability. The application will be heard before the Court on 19 August 2019, at 4.00pm (AEST).

It is expected that the Company's securities will remain in a trading halt until the earlier of Wednesday 21 August 2019 prior to the commencement of trading on the ASX or when the Company is able to obtain orders from the Court prior to that time. If the Company has not obtained orders from the Court prior to the commencement of trading on the ASX on Wednesday 21 August 2019, the Company will request a suspension in the trading of the Company's ordinary shares on the ASX until such time as orders from the Court are obtained. Although the Company is not aware of any circumstances that should prevent it from obtaining the orders, there is no guarantee that the Court will grant the orders to validate the prior trading in the relevant Shares and relieve any sellers of those Shares from civil liability in respect of contraventions of the on-sale restriction and, therefore, there is no guarantee that the Company's securities will be reinstated to trading.

##### (b) Additional requirements for capital

The Company's ongoing activities and growth through development may require additional expenditures. There can be no guarantee that the Company will be able to access the funds necessary to finance its future activities and successfully achieve all the objectives of the Company's overall business strategy on terms acceptable to the Company, or at all. Any equity financing may be dilutive to shareholders and any debt financing, if available, may involve restrictive covenants, which may limit the Company's operations and business strategy. The Company's failure to raise capital, if and when needed, could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

##### (c) Government Policy and Regulation

Adverse changes in Government policy or laws and non-compliance with law, taxation, interest rates and Government policies in Australia (at both Federal and State level), may have an adverse effect on the assets, operations and ultimately the financial performance of the Company and the market price of its securities.

**(d) Competition**

There is a risk that the Company's performance may be affected by the level of competition in regions and industries in which it operates, and the Company's prospects of growth may be adversely impacted as a result of such competition.

**(e) Reliance on Key Personnel and Consultants**

Whilst the Company has a small senior management team, its business plan of continually enhancing its story-based and game assessment learning and educational programs, and licensing these programs through educational institutions, could be influenced by the loss of key personnel or consultants. The resulting impact from such loss would be dependent upon the quality and timing of the replacement of such personnel or consultants.

Although the key personnel and consultants of the Company have a considerable amount of experience and have previously been successful in their fields of expertise, there is no guarantee or assurance that they will be successful in their objectives.

**3.2 Industry Specific Risks**

**(a) Demand for Skilled Labour**

The need for technical staff is crucial as they possess the skills and knowledge in developing, localising and programming game codes and graphic designs which underpin the Company's story-based and game assessment learning and educational programs.

**(b) Story-based and game assessment learning and educational programs**

The business model of the Company is dependent upon its ability to continue to maintain, develop and enhance its existing story-based and game assessment learning and educational programs, to launch and market new programs regularly, and to continue to roll out its products into schools.

**3.3 General risks**

**(a) Reliance on key personnel**

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. To manage its growth, the Company must attract and retain additional highly qualified management, technical, sales and marketing personnel. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

**(b) Future capital needs**

Further funding may be required by the Company to support its ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain funding will adversely affect the business and financial condition of the Company and consequently its performance.

**(c) Unforeseen expenditure**

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

**(d) Changes in law**

The Company may be affected by changes to laws and regulations (in Australia, the United States, the Phillipines, the United Kingdom and other countries in which the Company

may operate) concerning property, the environment, superannuation, taxation and the regulation of trade practices and competition, government grants and incentive schemes, accounting standards, and other matters. Such changes could have adverse impacts on the Company from a financial and operational perspective.

**(e) General economic climate**

Factors such as inflation, currency fluctuation, interest rates and supply and demand have an impact on operating costs, and stock market prices. The Company's future revenues and securities price may be affected by these factors, which are beyond the Company's control.

**(f) Global credit and investment market**

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including the ASX). This may impact the price at which the Company's Shares trade regardless of operating performance, and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

**(g) Share market conditions**

The market price of the Company's securities may be subject to varied and unpredictable influences on the market for equities.

**(h) Force majeure risk**

Events may occur within or outside the markets in which the Company operates that could impact upon the global and Australian economies, the operations of the Company and the market price of its securities. These events include acts of terrorism, outbreaks of international hostilities, fires, pandemics, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease, and other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's services and its ability to conduct business. Given the Company has only a limited ability to insure against some of these risks, its business, financial performance and operations may be materially adversely affected if any of the events described above occurs.

**(i) Litigation**

The Company may in the ordinary course of business become involved in litigation and disputes, for example with service providers, customers or third parties infringing the Company's intellectual property rights. Any such litigation or dispute could involve significant economic costs and damage to relationships with contractors, customers or other stakeholders. Such outcomes may have an adverse impact on the Company's business, reputation and financial performance.

**(j) Taxation**

The acquisition and disposal of securities may have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors of the Company are urged to obtain independent financial advice about the consequences of acquiring securities in the Company from a taxation point of view and generally.

### **3.4 Speculative Nature of Investment**

The above list of risk factors should not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. Shareholders should consider that an investment in the

Company is speculative and should consult their professional advisors before deciding whether to participate in the Offer.

Whether or not future income will result from the Company's operations is dependent on the successful implementation of the Company's business plan to develop and licence its story-based and game assessment learning and educational programs.

Factors including costs, consumer preferences and platform/marketing costs affect successful development. In particular, changes in global economic conditions (including changes in interest rates, inflation, foreign exchange rates and labour costs) as well as general trends in the Australian and overseas equity markets may affect the Company's operations and particularly the trading price of the Shares on the ASX.

Shareholders should consider that an investment in the Company is speculative and should consult their professional advisors. The Shares to be allotted pursuant to this Prospectus should be regarded as speculative in nature and carry no guarantee with respect to the payment of dividends, return of capital or their market value.

## 4. Additional information

### 4.1 Continuous disclosure

As the Company is admitted to the official list of ASX, the Company is a “disclosing entity” for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report.

Price sensitive information is publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to ASX. In addition, the Company posts information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

Investors are encouraged to check and monitor any further announcements made by the Company to ASX prior to securities being issued under the Offer. To do so, please refer to the Company’s ASX announcements platform at [www.asx.com.au](http://www.asx.com.au) under the code KNM and also on the Company’s website at [www.kneomedia.com](http://www.kneomedia.com).

By virtue of section 713 of the Corporations Act, the Company is entitled to issue a “transaction-specific” prospectus in respect of the Offer.

In general terms, a “transaction-specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position and performance, profits and losses or prospects of the issuing company.

As a disclosing entity under the Corporations Act, the Company states that:

- it is subject to regular reporting and disclosure obligations;
- copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC; and
- it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - the annual financial report of the Company for the financial year ended 30 June 2018 lodged with ASX on 26 September 2018;
  - the half-year financial report of the Company for the period ending 31 december 2018 and losged with ASX on 27 February 2019; and
  - all continuous disclosure notices given by the Company after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC (see below).

Other than as set out in Section 1.5, there is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules that investors or their professional advisers:

- would reasonably require for the purpose of making an informed assessment of:



- the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
- the rights and liabilities attaching to the securities the subject of this Prospectus; and
- would reasonably expect to find in this Prospectus.

This Prospectus contains information specific to the Offer. If investors require further information in relation to the Company, they are recommended to take advantage of the opportunity to inspect or obtain copies of the documents referred to above.

The following announcements have been lodged with ASX in respect of the Company since the Company lodged its annual financial report for the financial year ended 30 June 2018 on 26 September 2018.

Date	Title
31/07/2019	KNeoMedia Quarterly Update and Appendix 4C
31/07/2019	KNM Delivers further 500 Seat Licence Sale
23/07/2019	KNM Delivers 2000 Seat Licence Sale
15/07/2019	KNM Delivers 4000 Seat Licence Sale
28/06/2019	Appendix 3B
21/06/2019	Reinstatement to Official Quotation
21/06/2019	KNeoMedia Placement Completed
19/06/2019	Request For Voluntary Suspension
19/06/2019	Voluntary Suspension from Official Quotation
17/06/2019	Trading halt
13/06/2019	KNM & NAACP's Connect Kids now includes Dell Technologies
30/04/2019	KNM CEO Presentation Planet Microcap Showcase Las Vegas
30/04/2019	KNeoMedia Quarterly Report and Appendix 4C
29/04/2019	Change in substantial holding
12/04/2019	Cleansing Notice
12/04/2019	Appendix 3B
11/04/2019	Successful Placement to Drive Sales
9/04/2019	Trading Halt
4/04/2019	First Seat Licence Sales Secured in Arizona
3/04/2019	Product Distribution Partnership Secured with Florida DOE
1/04/2019	Correction to Trading Halt Request
1/04/2019	Trading halt

Date	Title
27/02/2019	Appendix 4D and Half-Yearly Report
13/02/2019	Response to ASX Appendix 4C Query
31/01/2019	Quarterly Update, Appendix 4C and proposed US OTCQB Listing
21/01/2019	Change of Share Registry effective today
20/12/2018	Change of Director's Interest Notice
14/12/2018	Cleansing Notice
14/12/2018	Appendix 3B
26/11/2018	Constitution
23/11/2018	Results of Meeting
23/11/2018	CEO's Presentation - 2018 AGM
23/11/2018	KNM Provides Monash University Validating Research Report
20/11/2018	KNM Philippines Progresses Sales
31/10/2018	KNM Quarterly Update and Appendix 4C
24/10/2018	Notice of Annual General Meeting/Proxy Form
4/10/2018	Response to ASX Query Letter
28/09/2018	Change of Registry Address: Automic P/L - Sydney Office
26/09/2018	Appendix 4G and Corporate Governance Statement

#### 4.2 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Shares under this Prospectus.

#### 4.3 Market price of Shares

The highest and lowest closing prices of Shares on the ASX during the 3 months preceding the date of this Prospectus, and the closing price on the trading day before the date of this Prospectus, are set out below.

High – 18 July 2019	Low – 28 June 2019, 1 to 5 July 2019	Last – 16 August 2019
\$0.051	\$0.016	\$0.033

#### 4.4 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

#### 4.5 Substantial Shareholders

Based on Substantial Shareholder Notices as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Substantial Shareholder	Shares	Voting power
Barrijag Pty Ltd <The Hadley Super Fund> and Susan Hadley	63,202,474	9.20%
Melbourne Capital Limited, Mungala Investments Pty Ltd and Angus Edgar	44,232,885	8.55%

#### 4.6 Rights and liabilities attaching to Shares

The rights attaching to Shares are described in the Constitution and, to the extent applicable, are regulated by the Corporations Act, the Listing Rules and general law. The following is a summary of certain rights attaching to Shares.

- **Voting**

At a general meeting of the Company on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every fully paid up Share held by them. In the case of a partly paid share, a fraction of a vote equivalent to the proportion which the amount paid up on that member's share bears to the total amounts paid and payable \*excluding amounts credited) on that share.

- **Dividends**

Subject to law and any special rights and restrictions attached to any Shares:

- (1) the directors may declare and pay dividends as appear to them to be justified by the profits of the Company; and
- (2) the person entitled to a dividend on a Share is entitled to:
  - A. if the Share is fully paid (whether the issue price of the Share was paid or credited or both), the entire dividend; or
  - B. if the Share is partly paid, a proportion of that dividend equal to the proportion which the amount paid on that Share bears to the total issue price of that Share. Any amounts credited without payment in money or other consideration being made to the Company and any amounts paid up in advance of the applicable due date for payment are ignored when calculating the proportion.

- **Winding up**

If the Company is wound up and after payment of all debts and satisfaction of liabilities a surplus remains, it may be distributed amongst Shareholders entitled to it in proportion to the number of Shares held by each of them regardless of the amounts paid up on the Shares.

- **Further Increases in Capital**

Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, ASX Settlement Operating Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors have the right to issue shares or grant options over unissued shares to any person and they may do so at such times as they think fit and on the conditions they think fit.

Such shares may have preferred, deferred or other special rights or special restrictions about dividends, voting, return of capital, participation in the property of the Company on a winding up or otherwise, as the directors think fit.

- **Variation of Rights**

The rights attached to any class of shares may, unless their terms of issue state otherwise, be varied:

- (1) with the written consent of the holders of 75% of the shares of the class; or
- (2) by a special resolution passed at a separate meeting of the holders of shares of the class.

- **Transfer of securities**

Generally, the shares and options in the Company will be freely transferable, subject to satisfying the usual requirements of security transfers on the ASX. The Directors may decline to register any transfer of shares but only where permitted to do so under its Constitution or the ASX Listing Rules.

- **Sale of non-marketable holdings**

The Company may take steps in respect of non-marketable holdings of shares in the Company to effect an orderly sale of those shares in the event that holders do not take steps to retain their holdings.

The Company may only take steps to eliminate non-marketable holdings in accordance with the Constitutions and the ASX Listing Rules.

- **Alteration of Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

#### **4.7 Director interests**

No existing or proposed Director holds at the date of this Prospectus, or has held in the 2 years prior to the date of this Prospectus, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to an existing or proposed Director to induce them to become, or qualify as, a Director or for services in connection with the formation or promotion of the Company or the Offer.

The securities in which the Directors and their associates have relevant interests in at the date of this Prospectus are set out below.

Director	Shares	Voting power <sup>1</sup>	Performance Rights <sup>2</sup>
James Kellett	17,665,714	2.475%	5,225,590
Franklin Lieberman	2,166,666	0.304%	2,627,795
Jeffrey Bennett	8,319,190	1.165%	2,627,795

**Notes:**

1. Figures are based on the total number of Shares on issue at the date of this Prospectus.
2. The Performance Rights are exercisable at nil cost, but are subject to performance conditions with an expiry date of 31 December 2019.

#### 4.8 Related party transactions

There are no related party transactions involved in the Offer.

#### 4.9 Expert and adviser interests

Other than as set out below or elsewhere in this Prospectus, no expert, promoter, underwriter or other person named in this Prospectus who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds, at the date of this Prospectus, or has held in the 2 years prior to the date of this Prospectus, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of the Company or the Offer.

#### 4.10 Consents

Each of the parties referred to below:

- does not make the Offer;
- has not authorised or caused the issue of this Prospectus;
- does not make, or purport to make, any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified below; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified below.

There are a number of persons referred to elsewhere in this Prospectus who have not made statements included in this Prospectus and there are no statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in this Prospectus and did not authorise or cause the issue of this Prospectus.

#### **4.11 Offer expenses**

The estimated expenses of the Offer (exclusive of GST) are minimal and other than the ASIC lodgement fee of \$3,206, there are no other expenses expected.

#### **4.12 Legal Proceedings and Litigation**

Other than as set out in section 1.3, as at the date of this Prospectus, the Company is not otherwise involved in any material legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.


## 5. Authorisation

19 August 2019

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and the issue of this Prospectus, and has not withdrawn that consent.

Signed for and on behalf of the Company.



**James Kellett**  
Chairman  
KNeoMedia Limited

## 6. Definitions

**Application Form** means the "Application Form" in the form accompanying this Prospectus pursuant to which a person may, by invitation from the Company, apply for Shares under the Offer.

**Application Monies** means the monies received from persons applying for Shares under the Offer.

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

**ASX** means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.

**ASX Settlement** means ASX Settlement Pty Limited ACN 008 504 532.

**Board** means the board of Directors.

**Business Day** means a day on which banks are open for business in Melbourne, Victoria excluding a Saturday, Sunday or public holiday.

**CHESS** means the Clearing House Electronic Subregister System operated by ASX Settlement.

**Closing Date** means the date that the Offer close being 5.00pm (AEST) on 20 August 2019 or such other time and date as the Company determines.

**Company** means KNeoMedia Limited ACN 009 221 783.

**Constitution** means the constitution of the Company from time to time.

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

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

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

**Offer** means the offer of 1000 Shares at an issue price of \$0.05.

**Opening Date** means the first date for receipt of applications under the Offer being 8.00am on 19 August 2019 (AEST), or such other time and date as the Company determines.

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

**Prospectus** means this prospectus dated 19 August 2019.

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

**Shareholder** means a registered holder of one or more Shares.

**Share Registry or Share Registrar** means BoardRoom Pty Limited ACN 003 209 836.

**AEST** means Australia Eastern Standard Time, being the time in Melbourne, Victoria.





## Guide to the Application Form

### YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS SHARE APPLICATION FORM.

Please complete all relevant sections of the Application Form using BRICK LETTERS. These instructions are cross-referenced to each section of the Application Form.

#### Instructions

- A. If applying for Shares insert the number of Shares for which you wish to subscribe at Item A (not less than 1000). Multiply by \$0.05 to calculate the total for Shares and enter the dollar amount at B.
- B. Write your full name. Initials are not acceptable for first names.
- C. Enter your postal address for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint applicants, only one address can be entered.
- D. If you are sponsored in CHESS by a stockbroker or other CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN.
- E. Enter your Australian tax file number (TFN) or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN /ABN of each joint applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
- F. Complete cheque details as requested. Make your cheque payable to "KNeoMedia Limited – Offer Account", cross it and mark it "Not negotiable". Cheques must be made in Australian currency, and cheques must be drawn on an Australian Bank.
- G. Enter your contact details so we may contact you regarding your Application Form or Application Monies.

**NB: Your registration details provided must match your CHESS account exactly.**

#### Correct form of Registrable Title

Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below:

Type of Investor	Correct form of Registrable Title	Incorrect form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith	John Smith Family Trust
Deceased Estates	<J D Smith Family A/C>	John Smith (deceased)
Partnerships	Mr Michael Peter Smith	John Smith & Son
Clubs/Unincorporated Bodies	<Est Lte John Smith A/C>	Smith Investment Club
Superannuation Funds	Mr John David Smith & Mr Ian Lee Smith	John Smith Superannuation Fund

#### Lodgement

Post or deliver your completed Application Form with cheque(s) attached to the following address:

KNeoMedia Limited  
Level 7, 333 Collins Street  
Melbourne VIC 3000

It is not necessary to sign or otherwise execute the Application Form. For questions on how to complete the Application Form, please contact the Company on +61 3 8622 3354.

#### Privacy Statement

Chapter 2C of the *Corporations Act 2001* (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting the Company on +61 3 8622 3354.