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CommsChoice Group Limited (CommsChoice or Company) – ASX listing application

Set out below are the confirmations and disclosures requested by ASX in relation to CommsChoice's initial public offering and listing on ASX in accordance with its prospectus dated 28 November 2017 (**Prospectus**).

Decision 1 – Confirmations

CommsChoice confirms each of the following:

1. That the close of the offer under the Prospectus and completion of the issue of 30,000,000 fully paid ordinary shares at an issue price of \$0.25 per share has occurred.
2. That the Company has received cleared funds for the complete amount of the issue price of every fully paid security issued to every successful applicant for fully paid securities under the Prospectus.
3. That the Company has an appropriate spread of shareholders and in any case that there are at least 300 non-affiliated security holders, each having a parcel of shares that are not restricted securities or subject to voluntary escrow with a value of at least \$2,000.
4. That the Company has a minimum free float of at least 20%.
5. Completion of the Acquisition Agreements between the Company and the Service Provider Vendors as defined and described in the Prospectus to acquire 5 ICT businesses, namely CommsChoice, Oracle Telecom, Telegate, Telaustralia and Woffle, including the issue of 64,089,127 shares to the Service Provider Vendors and the payment of \$2,277,026 in cash consideration has occurred.

Decision 2.1.1 & 2.1.2 – Holding Statements

CommsChoice confirms that CHESS Holding Notification statements and Issuer Sponsored Holding statements have been despatched today, Monday, 18 December 2017, to all CHESS holders and all Issuer Sponsored Holders who participated in the CommsChoice IPO.

Decision 2.1.3 – Despatch of Refund Monies

CommsChoice confirms that, whilst total bids received under its institutional offer were in excess of the total subscription amount under its offer, funds for unsuccessful bids were never received by the Company. Accordingly, there are no refund moneys to be dispatched.

Decision 2.2.8 – Completion of Acquisition Agreements

CommsChoice confirms that on 18 December 2017, completion of the Acquisition Agreements occurred between the Company and the Service Provider Vendors as defined and described in the Prospectus to acquire 5 ICT businesses, namely CommsChoice, Oracle Telecom, Telegate, Telaustralia and Woffle, including the issue of 64,089,127 shares to the Service Provider Vendors and the payment of \$2,277,026 in cash consideration (as set out in the table below).

PORTIONS OF EACH VENDOR ENTITY		Shares issued on Completion	Cash consideration
Vendor	Shareholder		
CommsChoice			
	GJFE Investments Pty Ltd ACN 133 311 850 as trustee for Ellison Investments Trust	21,844,646	\$1,500,000.00
	Mark Blum	1,048,811	
	Matthew Parry	785,964	
	Scott Neylon	785,964	
	Olivia Burton	262,847	
	Philantheran Udayan	523,117	
	Robert Tozer	262,847	
	Amit Claver Dsa	25,769	
	Nigel Callander	18,039	
	Adam De Gruyter	36,077	
	Steven Cherry	175,231	
Oracle Telecom			
	Oracle Telecom Pty Ltd ACN 125 411 547 as trustee of the Oracle Telecom Trust ABN 38 419 211 499	7,339,091	\$500,000.00
Telaustralia			
	Basejump Pty Ltd ACN 111 579 812 as trustee for The Dunphy Investment Trust ABN 69 547 422 106	4,687,500	\$100,000.00
Telegate Group			
	Jennings Group Investments Pty Ltd ACN 608 896 715 as trustee for Jennings Family Trust ABN 26 475 844 696 ^	5,981,029	\$27,761.47
	Tristan Plummer Pty Limited ACN 600 083 627 as trustee for Tristan	4,685,153	\$27,021.53

	Plummer Family Trust ABN 24 630 714 533		
	Tiernan O'Connor Pty Limited ACN 602 511 071 as trustee for Tiernan O'Connor Family Trust ABN 47 262 324 320 ^	1,825,922	\$26,459.72
	Matthew William Burge	4,689,905	\$27,048.93
	Web Profits Pty Ltd ACN 118 897 886 as trustee for Webprofits Unit Trust ABN 62 505 397 869	4,713,663	\$27,185.96
	TTOR Pty Ltd ACN 600 170 947 as trustee for the H, M & C Petricevic Superannuation Fund ^	1,594,241	
	Amanjit Singh Sahota	268,470	\$1,548.39
Woffle			
	Christopher John Carnie	1,267,420	\$20,000.00
	Nathan Michael Pitman	1,267,420	\$20,000.00
TOTAL		64,089,127	\$2,277,026

^ Ben Jennings and Cameron Petricevic have each agreed with Tiernan O'Connor Pty Limited ACN 602 511 071 as trustee for Tiernan O'Connor Family Trust ABN 47 262 324 320 (**Tiernan O'Connor**) to take an assignment of part of the interest of Tiernan O'Connor in the sale of Telegate to CCG. The above table reflects their respective shareholdings on completion of the Offer and on assignment of the respective interests.

Decision 2.2.9 – Terms & Conditions of Performance Rights

CommsChoice confirms that 5,000,000 Performance Rights have been issued to Cameron Petricevic. The rights and liabilities attaching to those Performance Rights are outlined below.

Register

The Company will maintain a register of holders of Performance Rights in accordance with section 168(1)(b) of the Corporations Act.

No quotation or transfer/transmission

The Performance Rights will not be quoted on ASX. The Performance Rights are not transferable.

Performance Condition

The performance condition attaching to the Performance Rights is that the actual net profit after tax and amortisation (**NPATA**) for CCG for the year ending 31 December 2018 (**CY18**) is greater than or equal to A\$3,380,000 (**Performance Condition**).

Vesting of Performance Rights and issue of CCG shares

If the Performance Condition is satisfied, each Performance Right will vest and one new fully paid ordinary share in the capital of CCG (**Share**) will be issued to the holder of the Performance Rights for each vested Performance Right.

If the Performance Condition is satisfied, the issue of Shares referred to above will take place within 10 business days of the release by CCG on ASX of the financial results of CCG for CY18. CCG will apply to ASX for quotation of those Shares on their issue and there will be no sale restrictions imposed in respect of any of those Shares.

Lapse

All of the Performance Rights will lapse immediately on the release by CCG on ASX of the financial results of CCG for CY18 if the Performance Condition is not satisfied.

Dividend entitlement

Performance Rights do not carry any dividend entitlement unless and until they vest into Shares. Shares issued on vesting of Performance Rights rank equally with other Shares then on issue from their date of issue and are entitled to dividends paid on and from this date where the record date for the dividends occurs after the date of issue of the Shares.

Participation rights

For determining entitlements to the issue, a holder of Performance Rights may only participate in new issues of securities to holders of applicable Shares if the Performance Rights have vested and Shares issued in respect of the Performance Rights before the relevant record date.

CCG must give at least 6 business days' notice to holders of Performance Rights of any new issue before the relevant record date for determining entitlements to the issue in accordance with the ASX Listing Rules.

If there is a bonus issue to the holders of Shares, the number of Shares over which the Performance Rights relate will be increased by the number of Shares which the holder of the Performance Rights would have received if the Performance Rights had vested before the relevant record date for the bonus issue.

Reconstructions and alteration of capital

Any adjustment to the number of outstanding Performance Rights under a reorganisation of CCG's share capital must be made in accordance with the ASX Listing Rules at the time of the reorganisation.

Decision 2.2.10 – Options

CommsChoice confirms that a total of 4,468,156 Options have been issued to Grant Ellison, Ben Gilbert and Patrick Harsas (as set out in the table below). Each of the Options have an exercise price of \$0.3125 and an expiry date of 3 years from the date of Listing. Upon valid exercise of an option, a new fully paid ordinary share in the capital of the Company is issued to the holder of the option.

Name	Number of options	Exercise Price	Expiry Date
Grant Ellison	3,508,156	\$0.3125	3 years from listing date
Ben Gilbert	720,000	\$0.3125	3 years from listing date
Patrick Harsas	240,000	\$0.3125	3 years from listing date
Total	4,468,156		

Decision 2.2.11 – Voluntary Escrow

CommsChoice confirms that a holding lock has been placed by Boardroom Pty Limited, being the provider of registry services for the Company, on the following restricted securities:

64,649,127 Fully Paid Shares Vol Escrow to CY18 Financials Results Release

CommsChoice also confirms that all of the 64,649,127 securities mentioned above are subject to voluntary escrow pursuant to signed escrow deeds entered into between certain shareholders and the Company until the date that is 2 business days after the release of the CY18 financial accounts of the Company to ASX.

These securities are held on the Issued Sponsored subregister of CommsChoice.

Decision 2.2.12 – Terms of waivers from Listing Rules

ASX waivers – Listing Rules 7.1 & 10.11

CommsChoice has been granted a waiver from ASX Listing Rules 7.1 and 10.11 to permit the Company to issue, without shareholder approval, up to 9,155,590 fully paid ordinary shares in the Company representing 10% of the share consideration pursuant to the Acquisition Agreements upon the conclusion of the accounts adjustment process as described in the Prospectus and up to 18,311,179 fully paid ordinary shares in the Company representing 20% of the share consideration pursuant to the Acquisition Agreements 12 months after Listing (together, the “Deferred Consideration Shares”) to the Service Provider Vendors including the directors, Grant Ellison, Ben Jennings and Cameron Petricevic subject to the following conditions.

Conditions

1. Details of the Deferred Consideration Shares are set out to ASX’s satisfaction in the Prospectus.
2. For any annual reporting period during which any of the Deferred Consideration Shares have been issued or remain to be issued, the Company’s annual report must set out in detail the number of Deferred Consideration Shares issued in that annual reporting period, the number of Deferred Consideration Shares that remain to be issued, and the basis on which those Deferred Consideration Shares may be issued.
3. The Deferred Consideration Shares are issued no later than 12 months after the Company’s listing.
4. The Company releases the terms of this waiver to the market as pre-quotation disclosure.

Underlying policy

ASX Listing Rule 7.1 protects a listed entity’s security holders against dilution of their voting and economic interests in the listed entity by imposing a limit on the number of equity securities that may be issued by the entity without prior security holder approval. The actual number of equity securities that a listed entity may issue without prior security holder approval is calculated by reference to a formula in ASX Listing Rule 7.1, and is approximately 15% of the number of fully paid ordinary securities. (The formula is more complex than this description indicates, and is set out in full in ASX Listing Rule 7.1).

ASX Listing Rule 10.11 protects a listed entity’s security holders by preventing a related party from obtaining shares on advantageous terms and increasing the related party’s holding proportionate to other holdings. Unless one of the exceptions under ASX Listing Rule 10.12 applies, a listed entity must seek shareholder approval before it can issue shares to a related party.

Facts and reasons for granting waiver

The Company proposes to acquire 5 ICT service provider businesses immediately prior to Listing for consideration in cash and shares. The cash consideration and 70% of the share consideration will be paid on the day of acquisition to the Service Provider Vendors prior to Listing. The remaining 10% and 20% of the share consideration will be paid at around 3 months and 12 months after Listing respectively. The 10% will be adjusted for any differences in the net assets of each of the businesses brought into the Company from the expected amount, and the 20% will be adjusted for existing or settled warranty claims (a ‘true-up’ of the price).

Of the Service Provider Vendors, 3 are directors of the Company and as such, related parties of the Company, captured by ASX Listing Rule 10.11.

The number of shares to be issued (and the adjustments based on net assets and warranty claims) are disclosed in the Prospectus and as such, there is sufficient certainty surrounding the extent of the future dilution of shareholders. The waiver is granted for up to the number of Deferred Consideration Shares expected to be issued as disclosed in the Prospectus and does not contemplate the additional shares that may be issued as an adjustment to account for increases in net assets or decreases in warranty claims. The Prospectus also sets out the expected timing of when the Deferred Consideration Shares will be issued and the waiver has been granted on condition that all Deferred Consideration Shares be issued within 12 months of Listing. The waiver is also granted on the condition that there is adequate disclosure in the Prospectus and annual reports during the relevant period. Subscription under the Prospectus is considered to be akin to shareholder approval of the issue.

CommsChoice confirmations

CommsChoice confirms that:

- for any annual reporting period during which any of the Deferred Considerations Shares have been issued or remain to be issued, the Company's annual report will set out in detail the number of Deferred Consideration Shares issued in that annual reporting period, the number of Deferred Consideration Shares that remain to be issued, and the basis on which those Deferred Consideration Shares may be issued; and
- the Deferred Consideration Shares will be issued no later than 12 months after the Company's Listing.

For and on behalf of

CommsChoice Group Limited

By its Chief Executive Officer


Benjamin Gilbert