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14 November 2016

BY EMAIL:

ASX Limited
20 Bridge Street
Sydney NSW 2000

Dear Sirs,

Off market proportional takeover bid by Wentronic Holding GmbH for shares in Cellnet Group Limited (Offer)

We act for Wentronic Holding GmbH (**Wentronic**).

Wentronic has lodged its bidder's statement dated 14 November 2016 in respect of the Offer (**Bidder's Statement**) with the Australian Securities and Investments Commission (**ASIC**).

In accordance with:

1. item 5 of section 633(1) of the Corporations Act 2001 (Cth) (**Corporations Act**), we enclose a copy of the Bidder's Statement; and
2. section 633(2) of the Corporations Act, we advise that the date for determining the shareholders of Cellnet Group Limited who are to receive the bidder's statement is 5.00pm (Sydney time) on 14 November 2016.

Yours faithfully,

Michael Truelove
Director
Reddie Lawyers Pty Ltd

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wentronic

HOLDING

BIDDER'S STATEMENT

Offer by

Wentronic Holding GmbH

to acquire 83% of your fully paid ordinary shares in

Cellnet Group Limited

ABN 97 010 721 749

for \$0.28 in cash for each Cellnet Share

The date of the Offer is 21 November 2016 and it will close at 7:00 pm (Sydney time) on 21 December 2016, unless extended or withdrawn

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THIS DOCUMENT CONTAINS IMPORTANT INFORMATION AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Bidder's Statement should be read in its entirety. If you do not understand it or are in doubt as to how to deal with it, you should consult your Broker or your legal, financial or other professional adviser without delay.

Key Dates

Announcement Date	11 November 2016
Date that this Bidder's Statement was lodged with ASIC	14 November 2016
Date of the Offer	21 November 2016
Offer closes (unless extended or withdrawn)	7:00 pm 21 December 2016 (Sydney time)

These dates may vary as permitted by the Corporations Act.

Summary of the Offer

Wentronic is offering to acquire 83% of your Cellnet Shares (but no more or less) by way of a proportional off-market takeover offer under Chapter 6 of the Corporations Act. The Offer Price is \$0.28 cash for each Cellnet Share acquired by Wentronic pursuant to the Offer.

How do I accept the Offer?

You may accept the Offer only in respect of 83% of your Cellnet Shares (rounded down to the nearest whole number of Cellnet Shares) but for no more or no less¹. Acceptances must be received before the end of the Offer Period.

Depending on the nature of your holding, you may accept the Offer in the following ways:

For Issuer sponsored Cellnet Shareholders (your SRN starts with an 'I')

If your Cellnet Shares are held on Cellnet's issuer sponsored sub register, complete and sign the Acceptance Form enclosed with this Bidder's Statement in accordance with the instructions on the Acceptance Form and send it to the address set out on the Acceptance Form so it is received before the end of the Offer Period.

For CHES Cellnet Shareholders (your HIN starts with an 'X')

If your Cellnet Shares are in a CHES Holding:

- (a) complete and sign the Acceptance Form enclosed with this Bidder's Statement in accordance with the instructions on the Acceptance Form and send it to the address set out on the Acceptance Form, so that it is received in sufficient time for your Controlling Participant to effect acceptance before the end of the Offer Period; or
- (b) contact your Broker and instruct your Controlling Participant (normally your Broker) to accept the Offer on your behalf, before the end of the Offer Period.

What should I do if I do not wish to accept the Offer?

If you do not wish to accept the Offer, you are not required to take any further action.

¹ If accepting the Offer would leave you with less than a Marketable Parcel of Cellnet Shares, the Offer will be extended to all your Cellnet Shares subject to the modification to section 618(2) of the Corporations Act made by ASIC under Class Order [CO 13/521]. See section 11.1(f) for further details.

Important Notices

(a) **Nature of this Bidder's Statement**

This Bidder's Statement is dated 14 November 2016 and is given under Part 6.5 of the Corporations Act by Wentronic. You should read this Bidder's Statement in its entirety.

(b) **Australian Securities and Investments Commission and ASX Limited**

A copy of this Bidder's Statement was lodged with ASIC and provided to the ASX on 14 November 2016. Neither ASIC, ASX nor any of their officers takes any responsibility for the contents of this Bidder's Statement.

(c) **Defined terms**

Defined terms are used in this Bidder's Statement. Unless the contrary intention appears, the context requires otherwise or words are defined in section 12.1 of this Bidder's Statement, words and phrases in this Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

(d) **Investment decisions**

In preparing this Bidder's Statement, Wentronic has not considered the individual objectives, financial situation or needs of individual Cellnet Shareholders. Accordingly, before deciding whether or not to accept the Offer, you should consider seeking independent financial and taxation advice.

(e) **Disclaimer as to forward looking statements**

Some of the statements appearing in this Bidder's Statement are in the nature of forward looking statements, including statements of current intention (which include those in section 5 of this Bidder's Statement), statements of opinion and predictions as to possible future events.

You should be aware that such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. Forward looking statements and statements in the nature of forward looking statements are only predictions and are subject to inherent risks and uncertainties before actual outcomes are achieved. Those risks and uncertainties are not all within the control of Wentronic and cannot be predicted by Wentronic and include changes in circumstances or events that may cause objectives to change as well as risks, circumstances and events specific to the industry, countries and markets in which Wentronic and Cellnet and their respective Related Bodies Corporate operate. They also include general economic conditions, acts of terrorism, health epidemics, prevailing exchange rates and interest rates and conditions in the financial markets that may cause objectives to change or may cause outcomes not to be realised. Although Wentronic believes that the expectations reflected in any forward looking statements included in this Bidder's Statement are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual outcomes, events or results may differ materially from the outcomes, events or results expressed or implied in any forward looking statement and any statement in the nature of a forward looking statement in this Bidder's Statement.

None of Wentronic, or its respective officers, its financial adviser or persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any outcomes expressed or implied in any forward looking statement and any statement in the nature of a forward looking statement. You are cautioned not to place undue reliance on any forward looking statement or any statement in the nature of a forward looking statement having regard to the fact that the outcome may not be achieved. The forward looking statements

and statements in the nature of forward looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

(f) **Offers outside Australia and its external territories**

This Bidder's Statement does not constitute an offer to issue or sell, or the soliciting of an offer to buy, any securities referred to in this Bidder's Statement in any jurisdiction in which the issue or sale of such securities would be unlawful. This Bidder's Statement may not be distributed into any country outside Australia and its external territories or New Zealand except as Wentronic may determine is permissible under applicable law.

The contents of this Bidder's Statement have not been reviewed by any regulatory authority (in Australia or otherwise). You are advised to exercise caution in relation to the Offer. If you are in any doubt about any of the contents of this Bidder's Statement, you should obtain independent professional advice.

(g) **How to accept**

Acceptances of the Offer must be received in sufficient time to be acted upon before the close of the Offer Period. To accept the Offer, you must follow the instructions set out in section 11.3.

(h) **Further information**

If you are in any doubt as to how to deal with this Bidder's Statement, you should contact your Broker or your legal, financial or other professional adviser.

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1 Frequently Asked Questions

The table below answers some key questions that you may have about the Offer and should be read in conjunction with the remainder of this Bidder's Statement. You should read the entire Bidder's Statement before deciding whether to accept the Offer.

What is the Offer?	<p>Wentronic is offering to buy 83% of your Cellnet Shares (but no more or no less)².</p> <p>The Offer is made by way of an off-market takeover offer on the terms set out in this Bidder's Statement.</p> <p>The Offer Price is \$0.28 in cash for each of your Cellnet Shares.</p> <p>For the full terms of the Offer refer to section 11 of this Bidder's Statement.</p>
How does a proportional takeover offer work?	<p>If you accept the Offer, you will receive \$0.28 cash per Cellnet Share for 83% of your Cellnet Shares (rounded down to the nearest whole number of Cellnet Shares) and retain the remainder of your Cellnet Shares.</p> <p>For example, if you own 100,000 Cellnet Shares and accept the Offer, you will receive \$23,240 in cash and continue to own 17,000 Cellnet Shares. Except in the circumstances described in section 11.1(f), you may only accept the Offer for 83% of your Cellnet Shares, and not a greater or lesser percentage.</p>
Who is Wentronic Holding GmbH?	<p>Wentronic is a privately owned company established in Braunschweig, Germany. As a distributor of electronic accessories, Wentronic is one of the leaders in the sector in Europe.</p> <p>For more information on Wentronic, refer to section 3 of this Bidder's Statement.</p>
What is Wentronic's current interest in Cellnet Shares?	<p>As at the date of this Bidder's Statement, no company in the Wentronic Group holds any Cellnet Shares.</p>
Why should I accept the Offer	<p>Wentronic considers that you should accept the Offer because:</p> <ul style="list-style-type: none">• the Cellnet Directors unanimously recommend that you accept the Offer in the absence of a Superior Proposal, subject to the Independent Expert is of the opinion that the Offer is either fair and reasonable or not fair but reasonable;• the Offer Price is a premium to the last trading price on the Last Trading Day and to the five day volume weighted average trading price in the five Trading Days up to and including the Last Trading Day;

² If accepting the Offer would leave you with less than a Marketable Parcel of Cellnet Shares, the Offer will be extended to all your Cellnet Shares subject to the modification to section 618(2) of the Corporations Act made by ASIC under Class Order [CO 13/521]. See section 11.1(f) for further details.

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	<ul style="list-style-type: none"> • the structure of the Offer allows Cellnet Shareholders to retain a portion of their current shareholding and to participate as a Cellnet Shareholder; • Wentronic will give Cellnet the ability to expand its product offering to Cellnet’s customers using the product range offered by Wentronic; and • Wentronic will also give Cellnet the ability to distribute its 3SIXT brand through Wentronic’s international operations.
What is this Bidder’s Statement?	<p>This Bidder’s Statement was prepared by Wentronic for distribution to Cellnet Shareholders. It describes the terms of Wentronic’s Offer for Cellnet Shares and information relevant to your decision whether or not to accept the Offer.</p> <p>This Bidder’s Statement is an important document. Should you have any doubt as to how to deal with this Bidder’s Statement, you should consult with your Broker, your financial, legal or other professional adviser.</p>
What is the Target’s Statement	The Target’s Statement will be prepared by Cellnet in response to this Bidder’s Statement.
If I accept the Offer, when will I be paid?	<p>Wentronic will pay you the consideration to which you are entitled on or before the earlier of:</p> <ul style="list-style-type: none"> • one month after the Offer is accepted or one month after all the Conditions have been fulfilled or freed (whichever is the later); and • 21 days after the end of the Offer Period.
Will I pay brokerage or stamp duty if I accept the Offer?	You will not incur any stamp duty and generally will not incur brokerage charges.
What are the Conditions of the Offer?	<p>The Offer is subject to the Conditions set out in section 11.7 of this Bidder’s Statement. In summary, they are that:</p> <ul style="list-style-type: none"> • at the end of the Offer Period, Wentronic has a Relevant Interest in more than 50.1% of the Cellnet Shares on issue; • no Prescribed Occurrence happens during the Condition Period; • the business of Cellnet continues in its ordinary course and that Cellnet does not undertake certain prescribed events without Wentronic’s consent; • no Material Adverse Event occurs in relation to Cellnet; and • no regulatory actions occur in relation to Cellnet; • Cellnet does not become involved in any litigation; and

	<ul style="list-style-type: none"> the Independent Expert is of the opinion that the Offer is either fair and reasonable or not fair but reasonable. <p>If the Offer closes with Conditions remaining unfulfilled or not freed of the Conditions, the Offer will lapse, and acceptances will be cancelled.</p> <p>This means that the Offer will not proceed and you will continue to hold your Cellnet Shares.</p>
<p>When will Wentronic announce the status of Conditions of the Offer?</p>	<p>As set out in section 11.10, Wentronic will give a Notice of Status of Conditions in accordance with section 630(3) of the Corporations Act.</p> <p>Wentronic is required to set out in the Notice of Status of Conditions:</p> <ul style="list-style-type: none"> whether the Offer is free of any or all the Conditions; whether, so far as Wentronic knows, any of the Conditions have been fulfilled or freed on the date the notice is given; and Wentronic's Voting Power in Cellnet. <p>If a Condition is fulfilled (so that the Offer becomes free of that Condition) before the date on which the Notice of Status of Conditions is required to be given, Wentronic must, as soon as reasonably practicable, give ASX and Cellnet a notice that states that the particular Condition has been fulfilled.</p>
<p>What happens if Conditions of the Offer are not fulfilled or freed?</p>	<p>If the Conditions are not fulfilled or freed before the end of the Offer Period, then your acceptance of the Offer is void and you will retain ownership of the Cellnet Shares in respect of which you had accepted the Offer.</p>
<p>How do I accept the Offer?</p>	<p>Depending on the nature of your holding, you may accept the Offer in the following ways:</p> <p>Issuer sponsored shareholders (your SRN starts with an 'I')</p> <p>If your Cellnet Shares are held on Cellnet's issuer sponsored sub register, complete and sign the Acceptance Form enclosed with this Bidder's Statement in accordance with the instructions on the Acceptance Form and send it to the address set out on the Acceptance Form so it is received before the end of the Offer Period.</p> <p>CHES shareholders (your HIN starts with an 'X')</p> <p>If your Cellnet Shares are in a CHES Holding:</p> <ul style="list-style-type: none"> complete and sign the Acceptance Form enclosed with this Bidder's Statement in accordance with the instructions on the Acceptance Form and send it to the address set out on the Acceptance Form, so that it is received in sufficient time for

	<p>your Controlling Participant to effect acceptance before the end of the Offer Period; or</p> <ul style="list-style-type: none"> ▪ contact your Broker and instruct your Controlling Participant (normally your Broker) to accept the Offer on your behalf, before the end of the Offer Period.
Can I accept the Offer for less than 83% of my Cellnet Shares?	No, you can only accept for the full amount of 83% of Cellnet Shares you hold, rounded down to the nearest whole number of Cellnet Shares.
What happens if accepting the Offer would leave me with less than a Marketable Parcel of Cellnet Shares?	<p>The Offer is for 83% of your Cellnet Shares.</p> <p>However, if by accepting the Offer you will be left holding less than a Marketable Parcel, then Wentronic will buy all your Cellnet Shares for the Offer Price. In these limited circumstances, the Offer will extend to ALL your Cellnet Shares.</p> <p>This rule regarding the Offer applying to all your Cellnet Shares will not apply to a parcel of Cellnet Shares, whether held beneficially or otherwise, that has come into existence, or increased in size because of a transaction entered into (including the creation of one or more trusts), at any time after 10:00am on the Announcement Date. Subject to the provisions of a notice complying with the requirements in section 11.1(h), this also applies in relation to persons who hold Cellnet Shares as nominee or trustee for others (see section 11.1(h) for further details).</p>
If I accept the Offer, can I sell the remainder of my Cellnet Shares on market?	<p>If you accept the Offer, you will retain a portion of your Cellnet Shares. You may sell these Cellnet Shares on-market. However, any purchaser of such Cellnet Shares will not be able to accept the Offer in respect of those Cellnet Shares.</p> <p>In accordance with 'ASX Guidance Note 18: Market Codes and Trading Procedures', there will be special ASX trading arrangements with respect to these remaining Cellnet Shares. In summary, they are as follows:</p> <ul style="list-style-type: none"> • purchasers of the remaining Cellnet Shares will not be entitled to accept the Offer and such Cellnet Shares will trade on the ASX on an 'ex-Offer' basis; and • settlement of trades in 'ex-Offer' Cellnet Shares will be deferred until after the end of the Offer Period. <p>If you do not accept the Offer in respect of your Cellnet Shares and instead sell some or all your Cellnet Shares, the purchaser of those Cellnet Shares may accept the Offer. In this circumstance, your Cellnet Shares will trade on a 'cum-Offer' basis and in a normal (T+2) settlement process.</p>
When does the Offer Period end?	The Offer Period ends at 7:00pm (Sydney time) on 21 December 2016, unless it is extended or withdrawn in accordance with the Corporations Act.

<p>What if I am a foreign shareholder?</p>	<p>Foreign Cellnet Shareholders will be paid the same Offer Price as stipulated under the Offer. You will be paid in Australian dollars by cheque drawn on an Australian bank branch.</p>
<p>Can I withdraw my acceptance?</p>	<p>Under the Offer, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act.</p>
<p>Can the Offer Period be extended?</p>	<p>Yes, the Offer Period may be extended at the election of Wentronic and as required under the Corporations Act. Wentronic will give written notice of any extension of the Offer Period in accordance with the Corporations Act. Any extension will be announced to ASX.</p>
<p>What are the tax implications of accepting the Offer?</p>	<p>Please refer to section 9 of this Bidder's Statement for an overview of the Australian taxation treatment for Cellnet Shareholders accepting the Offer.</p> <p>Cellnet Shareholders should not rely on that description as advice for their own affairs and Wentronic recommends you should consult your own taxation adviser for detailed taxation advice before deciding as to whether or not to accept the Offer.</p>
<p>What if I have further questions or require further information in relation to the Offer</p>	<p>If you are in any doubt as to how do deal with this Bidder's Statement, you should contact your Broker, legal, financial or other professional adviser as soon as possible.</p>

2 Managing Director's Letter



14 November 2016

Dear Cellnet Shareholder,

Proportional Offer by Cellnet by Wentronic

I am delighted to be able to provide you with the Offer to acquire 83% of your Cellnet Shares for \$0.28 per Cellnet Share in cash.

My brother Marcus and I, the sole shareholders and joint Managing Directors of Wentronic, are very excited about the opportunities of aligning Wentronic and Cellnet in the way described in this Bidder's Statement. Both Wentronic and Cellnet operate in the distribution and marketing of mobile phone accessories to the mobile telecommunications and retail industries. Cellnet operates in Australia and New Zealand and Wentronic operates throughout the rest of the world, so we see that a core component of the businesses of Wentronic and Cellnet are aligned.

In addition, Wentronic operates more broadly in the distribution and marketing of accessories for television and satellite products, audio and video products, accessories for notebooks and personal computers, network accessories, lighting, power supplies and batteries. On that basis, Wentronic sees that there is considerable scope for it to be able to broaden the scope of products that Cellnet distributes in Australia and New Zealand.

Wentronic has also formed the view that the similar ways in which both Wentronic and Cellnet do business, on opposite sides of the world, leaves a lot of room for both Wentronic and Cellnet to learn from each other's business practices.

We believe that:

- (a) the Offer provides a premium to the last trading price on the Last Trading Day and to the five day volume weighted average trading price in the five Trading Days up to and including the Last Trading Day; and
- (b) the structure of the Offer allows you to realise a portion of your investment in Cellnet at a premium whilst participating in as a Cellnet Shareholder and benefitting from a close relationship with Wentronic.

You should also note that the Cellnet Directors unanimously recommend that you accept the Offer in the absence of Superior Proposal, subject to the Independent Expert being of the opinion that the Offer is either fair and reasonable or not fair but reasonable.

We are very excited about the prospect of purchasing a majority shareholding in Cellnet and the varieties of opportunities that come with it. On that basis, I commend the Offer to you and encourage you to consider it carefully and to read this Bidder's Statement in full.

The Offer will open on 21 November 2016 and is scheduled to close 7.00pm (Sydney time) on 21 December 2016, unless extended or withdrawn. To accept the Offer, please follow the instructions set out in section 11.3 and on the enclosed Acceptance Form.

If you require additional assistance, please consult your Broker or your legal, financial or other professional adviser or contact the Offer Information Line on 1800 079 367 for callers within Australia and +61 1800 079 367 for callers outside Australia.

Yours sincerely



Mr Michael Wendt
Managing Director

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3 Information on Wentronic

3.1 Overview of Wentronic

Wentronic is a privately owned company incorporated in Braunschweig, Germany. Wentronic GmbH, formerly known as Wentronic Electronic Components Handels-GmbH, was incorporated in 1992. The holding company of Wentronic GmbH is now Wentronic which is discussed in more detail in section 3.2.

The Wentronic Group has approximately 200 employees, its headquarters are in Braunschweig, Germany and it has branches in Hong Kong, China, the United Kingdom and Italy.

As a distributor of electronic accessories, the Wentronic Group is one of the leaders in the sector in Europe marketing its comprehensive product range to wholesalers, mail order dealers, online retailers, and conventional retailers, as well as industrial companies all over the world.

Further information about Wentronic is available at www.wentronic.com.

3.2 Wentronic corporate structure

As at the date of this Bidder's Statement, the corporate structure of Wentronic and its Subsidiaries is as set out in this section.

Under German law, the legal designation of Wentronic is '*Gesellschaft mit beschränkter Haftung*' which is translated as 'a company with limited liability'. The commercial register number of Wentronic is '*Amtsgericht Braunschweig HRB 204940*' which is translated as District Court Braunschweig HRB 204940. HRB is an abbreviation of '*Handelsregister Abteilung B*' and is translated as Company Register, Department B.

Wentronic was incorporated on 17 October 2014 and is the holding company of the following Subsidiaries:

Company	Place of incorporation	Date of incorporation
Wentronic GmbH (formerly known as Wentronic Electronic Components Handels-GmbH)	Germany	24 June 1992
Wentronic Solutions GmbH	Germany	8 July 2016
Wentronic Asia Pacific Limited	Hong Kong	26 July 2005
Wentronic Italia S.r.l.	Italy	23 February 2015
Wentronic UK Ltd	United Kingdom	9 March 2016

3.3 Wentronic's managing directors

As at the date of this Bidder's Statement, Michael Wendt and Marcus Wendt hold the role as 'geschäftsführer' or Managing Directors of Wentronic.

3.4 Wentronic's shareholders

As at the date of this Bidder's Statement, the 'gesellschafter', or shareholders, of Wentronic are as follows:

- (a) Michael Wendt holding 50% of the shares in Wentronic; and
- (b) Marcus Wendt holding 50% of the shares in Wentronic.

3.5 Bid Implementation Agreement

On the Announcement Date, Wentronic executed the Bid Implementation Agreement with Cellnet which sets out the terms upon which Wentronic, or a wholly owned Subsidiary must make the Offer. The Bid Implementation Agreement contains customary exclusivity provisions (no talk, no shop, no due diligence and a notification of approaches provision).

A copy of the Bid Implementation Agreement was included in Cellnet's announcement to the ASX on the Announcement Date.

3.6 Option Sale Agreements

As disclosed in section 4.5, Cellnet has previously issued Options to Alexander Beard and Elliot Kaplan. As announced on the Announcement Date:

- (a) Alexander Beard and Michael Wendt have executed an option sale agreement under which Michael Wendt will purchase 1,200,000 Options held by Alexander Beard for \$0.03 per Option; and
- (b) Elliot Kaplan has executed:
 - (i) an option sale agreement with Michael Wendt under which Michael Wendt will purchase 400,000 Options held by Elliot Kaplan for \$0.03 per Option;
 - (ii) an option sale agreement with Brian Danos under which Brian Danos will purchase 400,000 Options held by Elliot Kaplan for \$0.03 per Option; and
 - (iii) an option sale agreement with Kevin Gilmore under which Kevin Gilmore will purchase 400,000 Options held by Elliot Kaplan for \$0.03 per Option.

Amongst other terms, the agreement under which the Options will be purchased provides that the price for the Options will be payable after the purchasers of the Options, or other persons acceptable to Alexander Beard and Elliot Kaplan, have been appointed to the board of directors of Cellnet. Prior to executing the option sale agreements, Wentronic and each of Michael Wendt, Brian Danos and Kevin Gilmore were in receipt of an independent valuation which indicated that the value of the Options was \$0.084. Therefore, the price that will be paid for the Options is less than the independent valuation of those Options.

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4 Information on Cellnet

4.1 Target's Statement

Cellnet will provide a Target's Statement in response to this Bidder's Statement. The Target's Statement will include information regarding Cellnet that is up to date as at the date of this Target's Statement.

4.2 Disclaimer

Unless otherwise provided in this Bidder's Statement, the information in this section concerning Cellnet has been prepared by Wentronic using primarily publicly available information and has not been independently verified. Accordingly, Wentronic does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information, other than as required by the Corporations Act. The information on Cellnet should not be considered comprehensive. Further information relating to Cellnet may be included in the Target's Statement.

For the purposes of confirming its assessment whether or not to proceed with the Offer, Wentronic was given limited access by Cellnet, pursuant to an exclusivity and due diligence deed, to certain information on Cellnet and undertook due diligence in relation to certain information concerning Cellnet which has not been disclosed generally to Cellnet Shareholders. Otherwise than as contained elsewhere in this Bidder's Statement or in the Target's Statement, none of the information to which it was given access is of such a nature and which, if the information were generally available, a reasonable person would expect to have a material effect on the price or value of Cellnet Shares.

However, the fact that Wentronic's decision to make the Offer was confirmed by its review of the information to which it had access may itself be regarded as information material to a decision whether or not to accept an Offer.

4.3 Overview of Cellnet and its principal activities

Cellnet Group Limited (ASX: CLT) is an Australian public company, which has been listed on the ASX since 17 November 1999.

Established in 1992, Cellnet is a market leader in distribution, warehousing and logistics with centres in Australia, New Zealand and China. Cellnet distributes and markets products on behalf of a number of the world's leading vendors. It employs 60 people across in Australia and New Zealand.

Cellnet's principal activities are:

- (a) sourcing products and the distribution of market leading brands of lifestyle technology products including mobile phone, tablet and notebook/hybrid accessories into retail and business channels in Australia and New Zealand; and
- (b) fulfilment services to the mobile telecommunications and retail industries in Australia and New Zealand.

4.4 Corporate structure

Cellnet is the holding company of the following wholly owned Subsidiaries:

Name	Country of Incorporation
Cellnet Limited	New Zealand
C&C Warehousing (Holdings) Pty Ltd	Australia
Regadget Pty Ltd	Australia
OYT Pty Ltd	Australia
Cellnet Online Pty Ltd	Australia

Name	Country of Incorporation
3SixT Limited	Hong Kong

4.5 Directors and officers

As at the date of this Bidder's Statement, the directors and officers of Cellnet and their respective interests in Cellnet Shares, Options and Performance Rights are as follows:

Name	Position	Number of Cellnet Shares held or Controlled	Number of Options held or Controlled	Number of Performance Rights held or Controlled
Alexander Beard	Director (Chairman)	222,222	1,200,000	Nil
Mel Brookman	Director	1,851,943	Nil	Nil
Elliot Kaplan	Director	133,779	1,200,000	Nil
Chris Barnes	Secretary	55,000	Nil	266,667

4.6 Cellnet historical financial information

Cellnet's financial report for the year ending 30 June 2016 was issued on 21 October 2016 and is available on Cellnet's website at www.cellnet.com.au. If you do not have internet access, you can obtain a copy of this report by contacting Cellnet.

4.7 Publicly available information

Cellnet is a company listed on ASX and is subject to the periodic and continuous disclosure requirements of the Corporations Act and ASX Listing Rules. For information concerning the financial position and affairs of Cellnet, you should refer to the information that has been disclosed by Cellnet in accordance with these obligations. This information may be accessed through the ASX website.

4.8 Further information on Cellnet

Further information relating to Cellnet can be found in the Target's Statement and on Cellnet's website at www.cellnet.com.au.

5 Wentronic's Intentions

5.1 Introduction

This section sets out Wentronic's intentions in relation to the following:

- (a) the continuation of Cellnet's business;
- (b) any major changes to Cellnet's business and any redeployment of Cellnet's fixed assets;
- (c) major changes to Cellnet's board of directors; and
- (d) the future employment of the present employees of Cellnet.

If all Cellnet Shareholders accept the Offer, Wentronic will hold up to a maximum of 43,410,640 Cellnet Shares, representing 83% of Cellnet Shares.

Wentronic's intentions are based on its review of publicly available information and other limited information provided by Cellnet to enable Wentronic to prepare this Bidder's Statement.

The following statements are statements of current intentions only and may vary as circumstances require.

5.2 Continuation of business and assets

Subject to Wentronic conducting a strategic review of Cellnet's business and assets, Wentronic's current intention is to continue to operate Cellnet in the same manner as applied prior to the Offer. Wentronic's strategic review will target all aspects of Cellnet's business, to identify:

- (a) business opportunities and areas of revenue generation which may provide overall strategic and operational benefits;
- (b) areas of cost saving which may provide overall strategic and operational benefits; and
- (c) any opportunity that might occur to acquire further complementary assets that may fit within Wentronic's overall strategic plan once finalised.

Other than as set out in this section, Wentronic has no intention to make any major changes to the business of Cellnet, including in respect of present management and employees. Cellnet will therefore continue to operate as is.

5.3 Cellnet's board composition

If Wentronic acquires a Relevant Interest in 50.1% or more of Cellnet Shares and the Conditions are fulfilled or freed, and subject to payment of the Offer Price in accordance with section 11.6, it is intended that:

- (a) each of the Cellnet Directors will resign as directors of Cellnet; and
- (b) the following directors, appointed by Wentronic, will be appointed to the board of directors of Cellnet:
 - (i) Michael Wendt who is the Managing Director of Wentronic and the Chief Executive Officer of Wentronic GmbH. Wentronic GmbH (was founded by Michael's father, Dietmar Wendt, in 1992. Michael, since becoming the General Manager in 2002 led the growth of Wentronic Group from a turnover in 2002 of approximately €7.9 million to a turnover of €45 million in the current financial year. Michael currently leads all sales, marketing and human relations functions of Wentronic Group based in the headquarters of Braunschweig, Germany. After his apprenticeship at Essilor Optik GmbH, Michael started in sales at Frank und Walter Computer GmbH, one of the leading information technology distributors in Germany, where he became Director of Sales. Prior to his apprenticeship, he completed his year compulsory military service. In July 1994, Michael joined Wentronic GmbH where he focused on sales and marketing. Driving growth up year over year, in 2002 he was promoted to become General Manager. To take advantage of further growth opportunities Michael established Wentronic Asia Pacific Limited in Hong Kong which leads

all sales outside of Europe and guides the sourcing operations in China. In 2015, Michael established Wentronic Italia S.r.l and opened a warehouse in Italy to further consolidate the market presence of the Wentronic Group in Europe. In 2016, Michael led the establishment of Wentronic UK Ltd and the opening of the new office for Wentronic Group in the United Kingdom. Today, Michael is the Chief Executive Officer of the Wentronic Group with approximately 200 employees worldwide. He has more than 26 years of experience in the international electronic accessories industry while leading a global team toward growth year over year;

- (ii) Alan Sparks who is the current Chief Executive Officer of Cellnet. Alan is a senior executive with over 40 years' experience in distribution, retail, business to business, technology and manufacturing companies. He has extensive experience in restructuring, building businesses and managing mergers, acquisitions or divestments. Prior to joining Cellnet to drive the current turnaround, Alan spent the majority of his career in Asia where he ran Philips' Consumer Electronics division for the Asia Pacific region and more recently for the Belkin Asia Pacific region. Alan is a Chartered Accountant, having qualified in South Africa;
- (iii) Brian Danos who is the General Manager for Wentronic Asia Pacific Limited. He has held this position since April 2015 and he leads the overall operations of the Asian region and directs Wentronic's offices in China in all sourcing/logistics directions. He has lived in Hong Kong since 2008 with his most recent previous experience being the Director of Marketing and Sales at A&L International Holdings, a Hong Kong based private label manufacturer. Before moving to Hong Kong, Brian was based in Eindhoven, The Netherlands while working for Philips Consumer Electronics where he was leading a global project for the accessories division. Prior to moving to The Netherlands, Brian was a global product manager based in the United States of America for Philips Consumer Electronic Accessories. Brian is an American with almost 10 years of living abroad while leading international sales teams and managing organizations. His entire career has been spent in the electronic accessory field Brian brings a wealth of international connections and relations to the board of Cellnet. Brian graduated from the Georgia Institute of Technology with a degree in Business Management and has been awarded his 6 Sigma Black Belt certification;
- (iv) Kevin Gilmore is the Managing Director for Cellnet's international operations. Prior to Kevin held management positions with many multinational corporations such as General Electric, Shell Petroleum, Philips Electronics and Belkin. Kevin's professional experience with these corporations has focused on strategy, business development and marketing. Kevin is an American who has lived and worked internationally for over 20 years. Kevin's experience covers a wide range of industries and countries. He graduated with a bachelor's degree in Economics and an MBA in International Business; and
- (v) Michael Reddie who is a director of Reddie Lawyers Pty Ltd and an Australian Legal Practitioner. Michael has previously been a partner at a national law firm. Michael advises Australian and international corporate clients in negotiated mergers and acquisitions, joint ventures, strategic alliances and corporate governance

5.4 ASX

If:

- (a) Wentronic acquires a Relevant Interest in 50.1% or more of Cellnet Shares;
- (b) the Conditions are fulfilled or freed;
- (c) the Offer Price is paid in accordance with section 11.6; and

- (d) the directors nominated by Wentronic as described in section 5.3(b) are appointed as directors of Cellnet,

Wentronic intends that the Cellnet Shares will continue to be listed on the ASX.

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6 Benefits of the Offer

6.1 Introduction

This section sets out the benefits that Wentronic considers that the Offer has to Cellnet Shareholders.

6.2 Price is a premium

Cellnet Shareholders who accept the Offer will receive cash of \$0.28 per Cellnet Share accepted (**Offer Price**). The Offer Price represents a premium of:

- (a) 7.7% to the last trading price of Cellnet Shares on the ASX on the Last Trading Day, of \$0.26; and
- (b) 8.4% to the five day volume weighted average price of trading in Cellnet Shares on the ASX in the five Trading Days up to and including the Last Trading Day, of \$0.258.

6.3 Participation in Cellnet

The structure of the Offer allows Cellnet Shareholders to retain a portion of their current holdings of Cellnet Shares and to participate as Cellnet Shareholders.

6.4 Global supply chain

Wentronic sells its products throughout Europe, Hong Kong, South East Asia, the Middle East and South America. It is anticipated by Wentronic that Cellnet will be able to better leverage the relationships that Wentronic has in those jurisdictions to sell its own products, including Cellnet's 3SIXT brand and penetrate new markets, as well as better service its existing customers.

6.5 Improve product and distribution diversity

Closer alignment between Wentronic and Cellnet will provide Cellnet the opportunity to increase the volume and range of products that Cellnet sells and to diversify its distribution channels.

6.6 Cash consideration and timing of payment

You will receive the Offer Price per Cellnet Share in cash. This provides you with certainty of value for your Cellnet Shares. As discussed in more detail in section 11.6, Wentronic will pay the Offer Price due to you for your Cellnet Shares on or before the earlier of:

- (a) one month after the date of your acceptance or, if the Offer is subject to a defeating Condition when you accept the Offer, within one month after the Offer becomes unconditional; and
- (b) 21 days after the end of the Offer Period.

6.7 Stamp duty and brokerage

You will not be obliged to pay stamp duty if you accept the Offer.

If your Cellnet Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Wentronic, you will not incur any brokerage charges. If your Cellnet Shares are registered in a CHESS Holding, you should ask your Controlling Participant (usually your Broker) whether it will charge any transaction or service fees in connection with the Offer.

If you sell your Cellnet Shares on the ASX (rather than under the Offer), you may incur brokerage charges (and, potentially, GST on those charges).

7 Information on Cellnet's securities

7.1 Disclaimer

Unless otherwise provided in this Bidder's Statement, the information in this section concerning Cellnet's securities has been prepared by Wentronic using primarily publicly available information and has not been independently verified. Accordingly, Wentronic does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information, other than as required by the Corporations Act. The information on Cellnet should not be considered comprehensive.

Further information relating to Cellnet may be included in the Target's Statement.

7.2 Cellnet issued securities

The total number of securities on issue in Cellnet as at the date of this Bidder's Statement is as follows:

- (a) 52,301,977 Cellnet Shares;
- (b) 2,813,667 Performance Rights held by various members of Cellnet's management team further details of which are set out in section 7.3; and
- (c) 2,400,000 Options held by Alexander Beard and Elliot Kaplan as to 1,200,000 Options each further details of which are set out in section 7.4.

7.3 Performance Rights

Cellnet Shareholders approved a performance rights plan on 24 October 2014 at Cellnet's annual general meeting in that year.

The issued Performance Rights deliver Cellnet Shares to certain members of Cellnet's management team at no cost to them when the performance hurdles in relation to those Performance Rights are met.

Following exercise of a Performance Right, Cellnet must issue or allocate to or acquire on market for the person exercising the Performance Rights, the number of Cellnet Shares in respect of which the Performance Rights are exercised. Cellnet Shares issued would be subject to voluntary escrow for a period after issue. Further details of the Performance Rights on issue are as set out in Cellnet's annual report for the year ended 30 June 2016.

As disclosed in Cellnet's announcement to the ASX on the Announcement Date, the Cellnet Directors have determined that, subject to the rules in respect of the Performance Rights (**Plan Rules**):

- (a) 356,000 Performance Rights vested before the commencement of the Offer Period;
- (b) 2,313,667 Performance Rights will vest 5 Business Days prior to the Last Exercise Date under their original conditions of grant (being 5.00pm Brisbane time on the date that is 30 Business Days following the release of the Target's audited accounts for the financial year ending 30 June 2017) and 500,000 Performance Rights will vest on 11 November 2018, in each case if:
 - (i) Wentronic acquires a Relevant Interest in 50.1% or more of Cellnet Shares;
 - (ii) the Conditions are fulfilled or freed; and
 - (iii) subject to payment of the Offer Price in accordance with section 11.6, and the holder of the Performance Rights is not a bad leaver (as defined in the Plan Rules) on the vesting date. Further details in respect of the determinations of the Cellnet Directors are as described in the Bid Implementation Agreement.

7.4 Options

Cellnet Shareholders approved the issue of the Options to Alexander Beard and Elliot Kaplan on 24 October 2014 at Cellnet's annual general meeting in that year. The Options were issued to

them on 24 October 2014. The exercise price is \$0.25, there are no vesting conditions attached to them and they may be exercised at any time prior to the expiry date on 1 November 2017.

The arrangements in respect of the sale of the Options by Alexander Beard and Elliot Kaplan are discussed in section 3.6.

7.5 Substantial Cellnet Shareholders

There are two substantial Cellnet Shareholders. They are:

- (a) CVC Limited as holder of 30,354,904 Cellnet Shares; and
- (b) One Managed Investment Funds Limited ACN 117 400 987 as holder of 3,702,155 Cellnet Shares.

7.6 Interests in Cellnet's securities

As at the date of this Bidder's Statement and the date of the Offer:

- (a) Wentronic's Voting Power in Cellnet was 0%; and
- (b) Wentronic did not hold a Relevant Interest in any Cellnet Shares.

7.7 Dealings in Cellnet Shares

Neither Wentronic nor any of its Associates has provided, or agreed to provide, consideration for Cellnet Shares under any purchase or agreement during the 4 months before the date of this Bidder's Statement.

7.8 No pre-Offer benefits

Except as set out in this Bidder's Statement, in particular in section 3.6, during the period commencing four (4) months before the date of this Bidder's Statement, and the period from the date of this Bidder's Statement to the date before the date of the Offer, neither Wentronic nor any of its Associates gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an associate of the other person, to:

- (a) accept the Offer; or
- (b) dispose of Cellnet Shares,

and which is not offered to all Cellnet Shareholders under the Offer.

8 Sources of funding

8.1 Total consideration

The consideration for the acquisition of the Cellnet Shares to which the Offer relates will be satisfied by the payment of cash for each Cellnet Share.

The maximum amount of cash that Wentronic would be required to pay under the Offer if acceptances are received by all Cellnet Shareholders as at the date of this Bidder's Statement is approximately \$12,264,500³ (**Maximum Cash Consideration**).

8.2 Sources of funding

The cash required to fund the Maximum Cash Consideration will be:

- (a) obtained by Wentronic from Volksbank BraWo; and
- (b) funded from Wentronic's cash reserves.

Volksbank BraWo will provide a total of €6,350,000. As at the Last Trading Day, this converts to approximately \$9,426,960⁴. Wentronic will provide the remainder of the funding from its cash reserves up to the Maximum Cash Consideration.

This is all as discussed in more detail in the following sections.

8.3 Background on Volksbank BraWo

Under German law Volksbank BraWo is an '*eingetragene Genossenschaft*' or registered co-operative bank. The '*Genossenschaftsregister*' or co-operatives register number of Volksbank BraWo, is 100001. As disclosed in the '*Geschäftsbericht*' or annual report for Volksbank BraWo for the financial year ended 31 December 2015, the total assets of Volksbank BraWo were €2,616,852,936 and its net assets were €199,651,943.

Volksbank BraWo is regulated by the '*Bundesanstalt für Finanzdienstleistungsaufsicht*' or the Federal Financial Supervisory Authority.

Further information about Volksbank BraWo is available at www.volksbank-brawo.de/.

8.4 Funding to be provided by Volksbank BraWo

The funding to be provided by Volksbank BraWo to Wentronic is to be provided in two tranches as described in more detail in this section.

Tranche 1 – Annuity loan

The first tranche of €3,050,000 will be provided to Wentronic by Volksbank BraWo under the terms of an interest bearing secured annuity loan. Binding agreements in respect of this loan were executed prior to the date of this Bidder's Statement. Subject to satisfaction of conditions precedent to draw down (as discussed below), the whole of the first tranche will be available for Wentronic to draw down on 15 December 2016. This loan will be repayable on or before 30 November 2023.

Tranche 2 – Variable loan

The second tranche of €3,300,000 is being provided to Wentronic by Volksbank BraWo under the terms of an interest bearing variable loan. Binding agreements in respect of this loan were executed prior to the date of this Bidder's Statement and the whole of the second tranche will be available for Wentronic to draw down on 15 December 2016. This loan will be repayable on or before 28 February 2018.

³ For the purposes of this calculation, Wentronic has assumed that all Cellnet Shareholders will accept the Offer and that if any Cellnet Shareholders' acceptance of the Offer leaves them with less than a Marketable Parcel of Cellnet Shares, the Offer will be extended to all of those Cellnet Shares subject to the modification to section 618(2) of the Corporations Act made by ASIC under Class Order [CO 13/521]. See section 11.1(f) for further details.

⁴ Converted using the rates 0.6736 as supplied by the Reserve Bank of Australia at <http://www.rba.gov.au/statistics/frequency/exchange-rates.html> accessed on 9 November 2016.

Conditions precedent to draw down

The key conditions precedent that must be fulfilled prior to Wentronic drawing down both tranches are as follows:

- (a) execution of security documents in favour of Volksbank BraWo including:
 - (i) a share mortgage in respect of the Cellnet Shares purchased by Wentronic under the terms of the Offer;
 - (ii) guarantees to be signed by the directors of Wentronic;
 - (iii) guarantees to be provided by other companies in the Wentronic Group;
 - (iv) mortgages over real property owned by companies in the Wentronic Group and other property owned indirectly by the directors of Wentronic.
- (b) Wentronic acquiring a Relevant Interest of more than 50.1% of the Cellnet Shares and the remaining Conditions have been fulfilled or freed; and
- (c) neither Wentronic nor Cellnet has terminated the Bid Implementation Agreement prior to draw down.

The conditions precedent in described in paragraph (a) will all be fulfilled prior to the date upon which the Notice of Status of Conditions is given by Wentronic. The remaining conditions precedent will be fulfilled or freed in the manner described in this Bidder's Statement.

Termination rights

The loan agreements in respect of both tranches of finance have usual termination rights in favour of Volksbank BraWo respect of a failure of Wentronic to pay and insolvency in respect of Wentronic. Other rights of termination include

- (a) either Wentronic or Cellnet terminating the Bid Implementation Agreement prior to draw down;
- (b) Wentronic ceasing to be a shareholder in Cellnet; and
- (c) Wentronic failing to acquire a Relevant Interest of more than 50.1% of the Cellnet Shares before the end of the Offer Period.

8.5 Wentronic's cash reserves

After taking account of the total amount of funding described in section 8.4, Wentronic will provide the balance of the funding up to the Maximum Cash Consideration from its cash reserves which are not subject to any security interests, rights of set off or other commitments that may affect Wentronic's ability to use those cash reserves.

8.6 Maximum Cash Consideration

On the basis of the arrangements described above, Wentronic is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will be able to pay the Maximum Cash Consideration required for the acquisition of Cellnet Shares pursuant to the Offer to satisfy its obligations under the Offer.

8.7 No financing conditions

The Offer is not subject to any financing conditions.

9 Tax considerations

9.1 Introduction

The following is intended to provide only a general overview of the Australian taxation implications for Australian taxation residents in disposing of Cellnet Shares. This summary is not intended to be comprehensive and is based upon the interpretation by Wentronic of income tax legislation currently in force at the date of this Bidder's Statement.

Cellnet Shareholders should not rely on these comments as tax advice in relation to their own affairs. The taxation laws are complex and there could be implications in addition to those generally described below. Cellnet Shareholders consult their own tax advisers for tax advice applicable to their individual circumstances. Wentronic does not accept any responsibility for the tax implications for individual Cellnet Shareholders.

The implications for foreign Cellnet Shareholders may vary according to their particular circumstances, including whether they hold the Cellnet Shares on revenue account and whether they are a resident of a country with which Australia has concluded a double tax agreement, which in turn may determine whether they will be taxed or not in Australia on a gain on disposal of their Cellnet Shares, and if so at what rate. Foreign taxation resident Cellnet Shareholders should consult their own tax advisers for tax advice applicable to their jurisdiction and individual circumstances.

9.2 Acceptance of the Offer and disposal of Cellnet Shares

Acceptance of the Offer will involve the disposal by Cellnet Shareholders of their Cellnet Shares. This change in the ownership of the Cellnet Shares will constitute a capital gains tax event for Australian Capital Gains Tax purposes.

Under the Australian Capital Gains Tax rules, Cellnet Shareholders who are Australian residents may make a capital gain or capital loss on the disposal of their Cellnet Shares acquired on or after 20 September 1985, depending on whether their capital proceeds from the disposal of their Cellnet Shares are more than the cost base (or in some cases indexed cost base) of their Cellnet Shares, or whether the capital proceeds are less than their reduced cost base of their Cellnet Shares.

The capital proceeds of the capital gains tax event will be the Offer Price of \$0.28 per Cellnet Share received by the Cellnet Shareholders in respect of the disposal of their Cellnet Shares. The cost base of the Cellnet Shares is generally their cost of acquisition of their Cellnet Shares as well as any incidental costs associated with the acquisition (by way of example, legal expenses).

If the Cellnet Shares were acquired at or before 11:45 am on 21 September 1999 and held for at least 12 months before their disposal, a Cellnet Shareholder who is an individual, a complying superannuation entity or the trustee of a trust may choose to adjust the cost base of the Cellnet Shares to include indexation by reference to changes in the consumer price index from the calendar quarter in which the Cellnet Shares were acquired until the quarter ended 30 September 1999. Cellnet Shareholders that are companies must include that indexation adjustment if their Cellnet Shares were acquired at or before 11:45 am on 21 September 1999 and held for at least 12 months before their disposal. These indexation adjustments are taken into account only for the purposes of calculating a capital gain; they are ignored when calculating the amount of any capital loss.

Australian resident individuals, complying superannuation entities or trustees that have held their Cellnet Shares for at least 12 months but do not choose to index the cost base of their Cellnet Shares should be entitled to discount the amount of the capital gain (after application of capital losses) from the disposal of their Cellnet Shares by 50% in the case of individuals and trusts or by 33% for complying superannuation entities.

Capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain. Any net capital gain is included in assessable income and is subject to income tax. Capital losses may not be deducted against other income for income tax

purposes, but may be carried forward to offset against future capital gains. However, where revenue losses carried forward are available these can be offset against the net capital gain.

If the Cellnet Shares are held on revenue account or as trading stock, the gains to the Shareholder on disposal of their Cellnet Shares may constitute assessable income to the Cellnet Shareholder which will not be subject to the Capital Gains Tax discounting rules previously described.

9.3 Goods and Services Tax

The GST consequences to a Cellnet Shareholder on disposal of their Cellnet Shares will depend on whether the Cellnet Shareholder is, or is required to be registered, or is not registered for GST purposes.

The supply of Cellnet Shares by a Cellnet Shareholder who is not registered and is not required to be registered for GST will not constitute a taxable supply, which means that GST is not applicable to the Cellnet Shareholder on the supply of the Cellnet Shares. These Cellnet Shareholders will not be entitled to claim input tax credits for GST charged to the Cellnet Shareholder on any acquisitions made by the Cellnet Shareholder (for example, legal or accounting fees), irrespective of the purpose for which the acquisitions are made.

The supply of Cellnet Shares by a Cellnet Shareholder who is registered, or is required to be registered for GST purposes, will constitute a supply of a security for GST purposes, which will be classified as an input taxed (financial supply). This means that the Cellnet Shareholder will not be liable to charge GST on the supply of their Cellnet Shares.

Further, a Cellnet Shareholder who is registered, or is required to be registered, for GST purposes may not be entitled to claim input tax credits for acquisitions made by them, which relate to the supply of the Cellnet Shares. For example, a Cellnet Shareholder may not be entitled to claim input tax credits for the GST paid on accounting or legal fees incurred by the Cellnet Shareholder, which relate to the supply of their Cellnet Shares. However, the denial of input tax credits for a Cellnet Shareholder is subject to the financial acquisitions threshold which provides that full input tax credits can be claimed for these acquisitions provided the supplier does not exceed this threshold. Cellnet Shareholders should consult their own GST advisors for GST advice in this regard.

Those Cellnet Shareholders who are not registered for GST will not be entitled to claim input tax credits for GST charged on any acquisitions made by the Cellnet Shareholder (for example, legal or accounting fees), irrespective of the purpose for which the acquisitions are made.

9.4 Stamp duty

No stamp duty is payable by Cellnet Shareholders in connection with the Offer.

10 Additional Information

10.1 ASIC modifications and exemptions

ASIC has published various 'class order' instruments providing for modifications and exemptions that apply generally to all persons, including Wentronic, in relation to the operation of Chapter 6 of the Corporations Act.

Among others, Wentronic has relied on the modification to section 636(3) of the Corporations Act set out in ASIC Class Order [CO 13/521]. The effect of the modification is reflected in the terms of the Offer set out in section 11.

10.2 Persons to whom Offer is sent

For the purposes of section 633(2) of the Corporations Act, the date for determining the persons to whom information is to be sent in items 6 and 12 of section 633(1) of the Corporations Act is the Record Date.

10.3 No escalation agreements

Neither Wentronic nor any of its Associates has entered into any escalation agreement that are prohibited by section 622 of the Corporations Act.

10.4 Rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Bidder's Statement.

10.5 Consents

This Bidder's Statement contains references to, statements made by, and/or statements said to be based on statements made by Cellnet. Cellnet has consented to the inclusion of:

- (a) each reference to its name; and
- (b) each statement it has made; and
- (c) each statement which is said to be based on a statement it has made,

in the form and context in which each reference or statement (as applicable) appears and has not withdrawn that consent as at the date of this Bidder's Statement, but that should not be regarded as Cellnet authorising the issue of this Bidder's Statement.

In relation to the Offer, Wentronic has engaged the following service providers:

- (a) Reddie Lawyers as legal adviser;
- (b) Link Market Services Limited as share registrar; and
- (c) Volksbank BraWo as financier.

Each of Reddie Lawyers, Link Market Services Limited and Volksbank BraWo has separately consented to be named in this Bidder's Statement and in the Acceptance Form (as applicable) and context in which each of them are named and none of them has withdrawn that consent as at the date of this Bidder's Statement. However, the provision of these consents should not be regarded as authorising the issue of this Bidder's Statement or any statements in it by any of them.

As permitted by ASIC Class Order [CO 13/521], this Bidder's Statement contains statements made in, or based on statements made in, documents lodged with ASIC or given to the ASX. The terms of this Class Order allow such statements to be included without the consent of the parties who made them. Cellnet Shareholders may, during the Offer Period, obtain a copy of these documents (free of charge) by requesting them in writing by calling the Offer Information Line on 1800 079 367 for callers within Australia and +61 1800 079 367 for callers outside Australia.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72 this Bidder's Statement:

- (a) may include or be accompanied by statements fairly representing a statement by an official person, or statements from a public official document or a published book, journal or comparable publication; and
- (b) contains security price information sourced from IRESS Limited ABN 47 060 313 359 without its consent.

10.6 Consent to early dispatch of Bidder's Statement

In accordance with the terms of the Bid Implementation Agreement, the Cellnet Directors have agreed that this Bidder's Statement may be sent to Cellnet Shareholders on any date following the date on which it is lodged with ASIC and sent to Cellnet.

10.7 Privacy

Wentronic has collected your information from the Register for the purpose of making the Offer and, if accepted, administering an acceptance over your holding of Cellnet Shares and issuing the Offer Price. The type of information Wentronic has collected about you includes your name, contact details and information on your shareholding in Cellnet. Without this information, Wentronic will be hindered in its ability to carry out the Offer. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Wentronic's Related Bodies Corporate and external service providers, and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Wentronic, please contact Wentronic at Pillmannstraße 12, 38112, Braunschweig, Germany.

10.8 Social security and superannuation implications of the Offer

Acceptance of the Offer may have implications under your superannuation arrangements or on your social security entitlements. If you are in any doubt, you should seek specialist financial advice.

10.9 Other material information

Except as disclosed elsewhere in this Bidder's Statement, there is no other information that is:

- (a) material to the making of a decision by a Cellnet Shareholder whether or not to accept the Offer;
- (b) known to Wentronic; and
- (c) which has not previously been disclosed to Cellnet Shareholders.

11 The terms and conditions of the Offer

11.1 Offer

- (a) Wentronic is offering to acquire 83% of your Cellnet Shares (rounded down to the nearest whole number of Cellnet Shares) together with all Rights attaching to those Cellnet Shares on and subject to the terms and conditions of the Offer⁵.
- (b) The Offer Price is \$0.28 for every one of your Cellnet Shares.
- (c) The Offer is being made to each person registered as the holder of Cellnet Shares in the register of Cellnet Shareholders at 7:00 pm (Sydney time) on the Record Date.
- (d) The Offer does not extend to Cellnet Shares in respect of which you become registered or entitled to be registered as the holder prior to the end of the Offer Period as a result of the conversion of, or the exercise of rights attached to, other securities convertible into Cellnet Shares that are on issue at the Record Date.
- (e) The Offer extends to any person who is able, during the Offer Period, to give good title to a parcel of Cellnet Shares that are not 'tagged' and has not already accepted an Offer for those Cellnet Shares. If you accept the Offer in respect of 83% of your Cellnet Shares, you are not entitled to accept the Offer for your remaining Cellnet Shares (**Remaining Cellnet Shares**), nor can a transferee of your Remaining Cellnet Shares accept the Offer. The Remaining Cellnet Shares will effectively be 'tagged' so that a transferee of the Remaining Cellnet Shares will be prevented from accepting the Offer.
- (f) If accepting the Offer would leave you with less than a Marketable Parcel of Cellnet Shares, the Offer extends to the whole of that parcel and if you accept the Offer, you will be deemed to have accepted for (and will receive consideration for) 100% of your Cellnet Shares unless you or another person acquired a legal or equitable interest in the Cellnet Shares comprising the parcel after the Offer was announced to the ASX on the Announcement Date.
- (g) Section 11.1(f) will not apply to a parcel of Cellnet Shares, whether held beneficially or otherwise, that has come into existence, or increased in size, because of a transaction entered into (including the creation of one or more trusts), at any time after 10:00am on the Announcement Date.
- (h) If at any time during the Offer Period you are registered as the holder of one or more parcels of Cellnet Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct Offer on the same terms and conditions as the Offer had been made in relation to each of those distinct parcels and any parcel you hold in your own right.
- (i) If your Cellnet Shares are registered in the name of a Broker, investment adviser or dealer, bank, trust company or other nominee, you should contact them for assistance in accepting the Offer.
- (j) Offers on terms and conditions identical to those contained in the Offer have been dispatched or will be dispatched to all Cellnet Shareholders registered as such in the Register on the Record Date.
- (k) The Offer is dated 21 November 2016.

11.2 Offer Period

- (a) Unless withdrawn in accordance with the requirements of the Corporations Act, the Offer will remain open for acceptance during the period commencing on 21 November 2016 and ending at 7:00 pm (Sydney time) on the later of:

⁵ If accepting the Offer would leave you with less than a Marketable Parcel of Cellnet Shares, the Offer will be extended to all of your Cellnet Shares subject to the modification to section 618(2) of the Corporations Act made by ASIC under Class Order [CO 13/521]. See section 11.1(f) for further details.

- (i) 21 December 2016; or
 - (ii) any date to which the Offer Period is extended.
- (b) Wentronic reserves the right to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last 7 days of the Offer Period, either of the following events occurs:
- (i) the Offer is varied to improve the consideration offered; or
 - (ii) Wentronic's Voting Power in Cellnet increases to more than 50.1%,
- then the Offer Period will be automatically extended so that it ends 14 days after the event in accordance with section 624(2) of the Corporations Act so that it ends 14 days after the relevant event.

11.3 How to accept the Offer

- (a) Subject to section 11.1(f), you may accept the Offer during the Offer Period only in respect of 83% of your Cellnet Shares (rounded down to the nearest whole number of Cellnet Shares), but for no more or no less.
- (b) **CHES Holdings**
- If your Cellnet Shares are in a CHES Holding, you must comply with the ASX Settlement Operating Rules. To accept the Offer in accordance with those rules, you must:
- (i) instruct your Controlling Participant to initiate acceptance of the Offer under rule 14.14 of the ASX Settlement Operating Rules; or
 - (ii) if you are a Broker, yourself initiate acceptance under that rule; or
 - (iii) if you are not a Broker:
 - (A) complete and sign the Acceptance Form in accordance with the instructions on it; and
 - (B) return the Acceptance Form together with all other documents required by the instructions on it to the address specified on the Acceptance Form. This will authorise Wentronic to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf. For return of the Acceptance Form to be an effective acceptance of the Offer, you must ensure it is received by Wentronic in time for Wentronic to give instructions to your Controlling Participant, and your Controlling Participant to carry out those instructions, before the end of the Offer Period.
- (c) **Issuer Sponsored Holdings and other holdings**
- If your Cellnet Shares are held on Cellnet's issuer sponsored sub register, to accept the Offer you must:
- (i) complete and sign the Acceptance Form in accordance with the instructions on it; and
 - (ii) return the Acceptance Form together with all other documents required by the instructions on it to the address specified on the Acceptance Form in the addressed envelope provided so that they are received before the end of the Offer Period.
- (d) **Acceptance Form and other documents**
- (i) The Acceptance Form forms part of the Offer.
 - (ii) If your Acceptance Form (including any documents required by the terms of the Offer and the instructions on the Acceptance Form) is returned by post, for your acceptance to be valid you must ensure that they are posted or delivered in

sufficient time for them to be received by Wentronic at the address specified on the Acceptance Form before the end of the Offer Period.

- (iii) The postage of the Acceptance Form and other documents is at your own risk.

11.4 Validity of acceptances

- (a) Your acceptance of the Offer will not be valid unless it is made in accordance with the procedures set out in section 11.3.
- (b) Wentronic will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Offer and time of receipt of an acceptance of the Offer. Wentronic is not required to communicate with you prior to making this determination. The determination of Wentronic will be final and binding on all parties.
- (c) Notwithstanding this section 11.4, Wentronic may, in its sole discretion, at any time and without further communication to you, deem any Acceptance Form it receives to be a valid acceptance in respect of your Cellnet Shares, even if a requirement for acceptance has not been complied with but the payment of the Offer Price in accordance with the Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Wentronic.
- (d) Wentronic will provide the Offer Price to you in accordance with section 11.6, in respect of any part of an acceptance determined by Wentronic to be valid.

11.5 The effect of acceptance

- (a) Once you have accepted the Offer, you will not be able to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw your Cellnet Shares from the Offer or otherwise dispose of your Cellnet Shares, except as follows:
 - (i) if, by the end of the Offer Period, the Conditions have not all been fulfilled or freed, the Offer will automatically terminate and your Cellnet Shares will be returned to you; or
 - (ii) if the Offer Period is varied in a way that postpones for more than one month the time when Wentronic has to meet its obligations under the Offer and, at the time, the Offer is subject to one or more of the Conditions, you may be able to withdraw your acceptance and your Cellnet Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.
- (b) By completing, signing and returning the Acceptance Form, or otherwise accepting the Offer, you will be deemed to have:
 - (i) subject to all of the Conditions being fulfilled or freed, accepted the Offer (and any variation of it) in respect of your Cellnet Shares, and agreed to transfer 83% of your Cellnet Shares to Wentronic;
 - (ii) represented and warranted to Wentronic, as a fundamental condition of the contract resulting from your acceptance, that at the time of acceptance, and the time of the transfer of your Cellnet Shares (including any Rights) to Wentronic is registered, that all your Cellnet Shares are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept the Offer and to sell and transfer the legal and beneficial ownership in your Cellnet Shares (including any Rights) to Wentronic, and that you have paid to Cellnet all amounts which at the time of acceptance have fallen due for payment to Cellnet in respect of your Cellnet Shares;
 - (iii) irrevocably authorised Wentronic (and any director, secretary or nominee of Wentronic) to alter the Acceptance Form on your behalf by inserting correct details of your Cellnet Shares, filling in any blanks remaining on the Acceptance

Form and rectifying any errors or omissions as may be considered necessary by Wentronic to make it an effective acceptance of the Offer for your Cellnet Shares which are not in a CHESS Holding or to enable registration of your Cellnet Shares in the name of Wentronic;

- (iv) if any of your Cellnet Shares are in a CHESS Holding, irrevocably authorised Wentronic (and any director, secretary or nominee of Wentronic) to:
- (A) instruct your Controlling Participant to effect your acceptance of the Offer for those Cellnet Shares under rule 14.14 of the ASX Settlement Operating Rules; and
 - (B) give to your Controlling Participant on your behalf any other instructions in relation to those Cellnet Shares which are contemplated by the sponsorship agreement between you and your Controlling Participant and are necessary to facilitate your acceptance of the Offer;
- (v) irrevocably authorised and directed Cellnet to pay to Wentronic, or to account to Wentronic for, all Rights in respect of your Cellnet Shares, subject, if the Offer is rescinded or rendered void, to Wentronic accounting to you for any such Rights received by Wentronic;
- (vi) irrevocably authorised Wentronic to notify Cellnet on your behalf that your place of address for the purpose of serving notices upon you in respect of your Cellnet Shares is the address specified by Wentronic in the notification;
- (vii) with effect from the date on which all the Conditions have been fulfilled or freed, to have irrevocably appointed Wentronic (and any director, secretary or nominee of Wentronic) severally from time to time as your agent and attorney to exercise all your powers and rights in relation to your Cellnet Shares, including (without limitation) powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative, at all general meetings and all court-convened meeting of Cellnet and to request Cellnet to register, in the name of Wentronic or its nominee, your Cellnet Shares, as appropriate, with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable);
- (viii) with effect from the date on which all the Conditions have been fulfilled or freed, to have agreed not to attend or vote in person, by proxy or by body corporate representative at any general meeting of Cellnet or to exercise or purport to exercise any of the powers and rights conferred on Wentronic (and its directors, secretaries and nominees);
- (ix) agreed that in exercising the powers and rights conferred by the powers of attorney granted under section 11.5(vii), the attorney will be entitled to act in the interests of Wentronic as the beneficial owner and intended registered holder of your Cellnet Shares;
- (x) agreed to do all such acts, matters and things that Wentronic may require to give effect to the matters the subject of this section 11.5 (including the execution of a written form of proxy to the same effect as this section 11.5 which complies in all respects with the requirements of the constitution of Cellnet) if requested by Wentronic;
- (xi) represented and warranted to Wentronic that, unless you have notified it in accordance with section 11, your Cellnet Shares do not consist of separate parcels of Cellnet Shares; and
- (xii) agreed, subject to the Conditions being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that Wentronic may consider necessary or desirable to convey your Cellnet Shares registered in your name and Rights to Wentronic.

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- (c) The undertakings and authorities referred to in section 11.5 will remain in force after you receive the Offer Price for your Cellnet Shares and after Wentronic becomes registered as the holder of your Cellnet Shares.
 - (d) If and when the contract resulting from your acceptance of the Offer becomes unconditional (even though Wentronic has not yet paid or provided the Offer Price due to you), you authorise Wentronic to transmit a message to ASX Settlement in accordance with rule 14.17.1 of the ASX Settlement Operating Rules so as to enter those of your Cellnet Shares which are in a CHESS Holding into a Wentronic Takeover Transferee Holding (as that term is defined in the ASX Settlement Operating Rules).

11.6 Payment of Offer Price

- (a) Subject to this section 11 and the Corporations Act, Wentronic will pay the Offer Price due to you for your Cellnet Shares on or before the earlier of:
 - (i) one month after the date of your acceptance or, if the Offer is subject to a defeating Condition when you accept the Offer, within one month after the Offer becomes unconditional; and
 - (ii) 21 days after the end of the Offer Period.
- (b) Where the Acceptance Form requires an additional document to be delivered with your Acceptance Form (such as a power of attorney) if that document is given:
 - (i) with your Acceptance Form, Wentronic will provide the Offer Price in accordance with section 11.6(a);
 - (ii) after your Acceptance Form and before the end of the Offer Period while the Offer is subject to a defeating Condition, Wentronic will provide the Offer Price due to you on or before the earlier of:
 - (A) one month after the Offer becomes unconditional; and
 - (B) 21 days after the end of the Offer Period;
 - (iii) after your Acceptance Form and before the end of the Offer Period while the Offer is not subject to a defeating Condition, Wentronic will provide the Offer Price due to you on or before the earlier of:
 - (A) 21 days after that document is given; and
 - (B) 21 days after the end of the Offer Period; and
 - (iv) after the end of the Offer Period, and the Offer is not subject to a defeating Condition, Wentronic will provide the Offer Price within 21 days after that document is delivered. However, if at the time the document is given, the Offer is still subject to a defeating Condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the Corporations Act, Wentronic will provide the Offer Price due to you within 21 days after the Offer becomes unconditional.
- (c) If you accept the Offer, Wentronic is entitled to all Rights in respect of your Cellnet Shares. Wentronic may require you to provide all documents necessary to vest title to those Rights in Wentronic, or otherwise to give it the benefit or value of those Rights. If you do not give those documents to Wentronic, or if you have received the benefit of those Rights, Wentronic will deduct from the Offer Price otherwise due to you the amount (or value, as reasonably assessed by Wentronic) of those Rights, together with the value (as reasonably assessed by Wentronic) of the franking credits, if any, attached to the Rights.
- (d) Payment of any cash amount to which you are entitled under the Offer will be paid to you by cheque in Australian currency. Cheques will be posted to you at your risk by ordinary mail (or in the case of foreign shareholders, by airmail) to the address as last provided by Cellnet to Wentronic as shown on your Acceptance Form.

11.7 Conditions of the Offer

The completion of the Offer and any contract that results from an acceptance of the Offer, are subject to the fulfilment of the Conditions set out below:

- (a) (*Minimum acceptance*) At the end of the Condition Period, Wentronic has a Relevant Interest in more than 50.1% (by number) of the Cellnet Shares on issue at that time.
- (b) (*Prescribed Occurrences*) No Prescribed Occurrence occurs during the Condition Period.
- (c) (*Conduct of business*) During the Condition Period, none of the Target, nor any Subsidiary of the Target, without the written consent of Wentronic:
- (i) declares, or distributes any dividend, bonus or other share of its profits or assets;
 - (ii) issues or grants options over, or agrees to issue or grant options over, or otherwise make any commitments regarding any shares or other securities, or alters its capital structure or the rights attached to any of its shares or other securities, or issue or agree to issue any convertible securities (other than the issue of up to 400,000 Cellnet Shares pursuant to the exercise of Performance Rights);
 - (iii) makes any changes in its constitution or passes any special resolution;
 - (iv) gives or agrees to give any Encumbrance over any of its assets otherwise than in the ordinary course of business;
 - (v) releases, discharges or modifies any substantial obligation to it of any person, firm or corporation or agrees to do so;
 - (vi) has appointed any additional director to its board of directors whether to fill a casual vacancy or otherwise;
 - (vii) enters or agrees to enter into any contract of service or varies or agrees to vary any existing contract of service with any director or manager, or pays or agrees to pay any retirement benefit or allowance to any director or manager or makes or agrees to make any substantial change in the basis or amount of remuneration of any director or manager (except as required by law or provided under any superannuation, provident or retirement scheme as in effect on the Announcement Date);
 - (viii) conducts its business otherwise than in the ordinary course;
 - (ix) borrow or agree to borrow any money, other than borrowing in the ordinary course of business from the Target's financier, as at the date of this Agreement, up to, but not more than, any limits imposed by such financier as at the date of the Bid Implementation Agreement;
 - (x) enter or agree to enter into any contract of service except for the employment of a person below manager level in the ordinary course of business, or vary or agree to vary any existing contract of service with any director or manager, or pay or agree to pay any existing contract of service with any director or manager, or pay or agree to pay any benefit (including retirement benefit), bonus, allowance to any director, manager or other employee, or make or agree to make any substantial change in the basis or amount of remuneration of any director, manager or other employee (except as required by law);
 - (xi) increase the total remuneration for its employees by greater than 1% overall increase in the total remuneration costs incurred by the Target and its Subsidiaries as a whole as at the Announcement Date or otherwise vary the employment arrangements of any of its employees;
 - (xii) accelerates the rights, including the Performance Rights, of any of its non-executive directors, senior executives or employees a termination or retention

payment (otherwise than in accordance with an existing contract in place at the Announcement Date or as contemplated under the Offer or the Bid Implementation Agreement);

- (xiii) make any change to its accounting practices or policies, other than to comply with generally accepted Australian accounting standards and any domestically accepted international accounting standards and except for the adoption of hedge accounting;
 - (xiv) enter into, offer to enter into or announce that it proposes to enter into any joint venture or partnership involving a commitment of greater than \$100,000 or any dual listed company structure, or makes an announcement about such a matter;
 - (xv) except in the ordinary course of business, incurs or commits to, or grants to another person a right the exercise of which would involve the Target or a Subsidiary of the Target incurring or committing to any capital expenditure or liability for one or more related items of greater than \$150,000 or makes an announcement about such a commitment;
 - (xvi) except in the ordinary course of business, incurs, commits to or brings forward the time for incurring or committing, or grants to another person a right the exercise of which would involve the Target or a Subsidiary of the Target incurring or committing to, any capital expenditure or liability, or forgoes any revenue, for one or more related items or amounts of greater than \$150,000;
 - (xvii) acquires or Disposes of, or agrees to acquire or dispose of any business, assets, entity or undertaking the value of which exceeds \$100,000 or makes an announcement about such acquisition or disposal;
 - (xviii) discloses the existence of any matter described in sections 11.7(c)(i) to 11.7(c)(xvii), or announces an intention or proposal to do anything described in sections 11.7(c)(i) to 11.7(c)(xvii).
- (d) *(Material Adverse Event)* No Material Adverse Event occurs, is announced or becomes known to Wentronic or the Target during the Condition Period (whether or not it becomes public).
- (e) *(No regulatory action)* During the Offer Period:
- (i) there is not in effect any preliminary or final decision, order or decree issued by a Government Agency;
 - (ii) no action or investigation is announced, commenced or threatened by any Government Agency; and
 - (iii) no application is made by any Government Agency (other than by Wentronic and each of its Related Bodies Corporate).

in consequence of, or in connection with, the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in the exercise of panels and discretions conferred by the Corporations Act or the applications to ASX contemplated by this Offer and the Bid Implementation Agreement), which:

- (iv) restrains, prohibits or impedes (or if granted or made could restrain, prohibit or impede), or otherwise materially adversely impacts upon:
 - (A) the making of the Offers or the completion of any transaction contemplated by the Offer; or
 - (B) the rights of Bidder in respect of Cellnet or the Cellnet Shares; or
 - (C) requires the divestiture by Wentronic of any Cellnet Shares or the divestiture of any assets of the Target nor any of the assets of any the Target or any of its Subsidiaries.

- (f) (*Litigation*) During the Condition Period, no person commences any bona fide litigation against the Target nor a Subsidiary of the Target (whether in aggregate or for any single litigation) which may reasonably result in a judgement against the Target or any Subsidiary of more than \$200,000 (individually or in aggregate).
- (g) (*Independent Expert*) The Independent Expert is of the opinion that the Offer is:
- (i) fair and reasonable; or
 - (ii) not fair but reasonable,
- and does not change that opinion during the period between the Announcement Date and the end of the Offer Period.

11.8 Nature and benefit of Conditions

- (a) The Conditions are conditions subsequent. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period, prevent a contract to sell your Cellnet Shares from arising, but entitles Wentronic by written notice to you, to rescind the contract resulting from your acceptance of the Offer.
- (b) Subject to the Corporations Act, Wentronic alone is entitled to the benefit of the Conditions, or to rely on any non-fulfilment of any of them.
- (c) Each Condition is a separate, several and distinct Condition. No Condition will be taken to limit the meaning or effect of any other Condition.

11.9 Freeing the Offer of Conditions

- (a) Wentronic may free the Offer, and any contract resulting from its acceptance, from the Conditions, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to Cellnet and to ASIC declaring the Offer to be free from the relevant Condition or Conditions specified, in accordance with section 650F of the Corporations Act. This notice may be given:
 - (i) in the case of the Condition in section 11.7(b) (no Prescribed Occurrences), not less than three Business Days after the end of the Offer Period; and
 - (ii) in the case of all the other Conditions in section 11.7, not less than 7 days before the end of the Offer Period.
- (b) If, at the end of the Offer Period (or in the case of the Condition in 11.7(b) (no Prescribed Occurrences), not less than three Business Days after the end of the Offer Period), the Conditions have not been fulfilled and Wentronic has not declared the Offer (or it has not become) free from those Conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

11.10 Notice of status of Conditions

The date for giving the Notice of Status of Conditions required by section 630(1) of the Corporations Act is 14 December 2016 (subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

11.11 Withdrawal of the Offer

- (a) The Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If ASIC gives such consent, Wentronic will give notice of the withdrawal to the ASX and to Cellnet and will comply with any other conditions imposed by ASIC.
- (b) If, at the time the Offer is withdrawn, all the Conditions have been freed of the Conditions, all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.
- (c) If, at the time the Offer is withdrawn, the Offer remains subject to one or more of the Conditions, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant Conditions have occurred).

- (d) A withdrawal pursuant to this section 11.11 will be deemed to take effect:
- (i) if the withdrawal is not subject to conditions imposed by ASIC, after the date that consent in writing is given by ASIC; or
 - (ii) if the withdrawal is subject to conditions imposed by ASIC, after the date those Conditions are fulfilled.

11.12 Variation of this Offer

Wentronic may vary the Offer in accordance with the Corporations Act.

11.13 No stamp duty or brokerage charges

- (a) Wentronic will pay any stamp duty on the transfer of your Cellnet Shares to it.
- (b) As long as your Cellnet Shares are registered in your name and you deliver them directly to Wentronic, you will not incur any brokerage charges in connection with your acceptance of the Offer.

11.14 Governing laws

The Offer and any contract that results from your acceptance of it are to be governed by the laws in force in Queensland, Australia.

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12 Definitions and interpretation

12.1 Definitions

Where the following terms are used in this Bidder's Statement they have the following meanings:

3SIXT means Cellnet's brand of products know by that name;

Acceptance Form means the acceptance form enclosed with this Bidder's Statement;

Affiliate in relation to an entity means:

- (a) any entity which the first entity Controls;
- (b) any entity which Controls that entity; and
- (c) any entity under the Control of any entity referred to in paragraph (b) of this definition;

Announcement Date means 11 November 2016;

Associate has the meaning given to that term in section 12 of the Corporations Act;

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange it operates, as the context requires;

ASX Listing Rules means the listing rules of the ASX as amended or varied from time to time;

ASX Settlement means ASX Settlement Pty Limited ACN 008 504 532;

ASX Settlement Operating Rules means the operating rules of ASX Settlement;

Bid Implementation Agreement means the bid implementation agreement entered into between Wentronic and Cellnet on the Announcement Date;

Bidder's Statement means this document, being the bidder's statement of Wentronic under Part 6.5 of the Corporations Act relating to the Offer;

Broker means a person who is a share broker and a participant in CHES;

Business Day means a day on which banks are open for business in Brisbane, Queensland, Australia excluding a Saturday, Sunday or public holiday;

Cellnet or **Target** means Cellnet Group Limited ABN 97 010 721 749;

Cellnet Director means a director validly appointed to the board of directors of Cellnet as at the date of this Bidder's Statement;

Cellnet Share means a fully paid ordinary share in Cellnet;

Cellnet Shareholder means a person who is registered as the holder of Cellnet Shares in the Register;

CHES means the Clearing House Electronic Sub-register System operated by ASX Settlement, which provides for the electronic transfer, settlement and registration of securities in Australia;

CHES Holding means a holding of Cellnet Shares on the CHES sub register of Cellnet;

Condition Period means the period beginning on the Announcement Date and ending at the end of the Offer Period (both inclusive);

Conditions means the conditions of the Offer as set out in section 11.7;

Control has the same meaning in section 50AA of the Corporations Act and **Controlled** has a corresponding meaning;

Controlling Participant, in relation to Cellnet Shares, has the same meaning as that in the ASX Settlement Operating Rules;

Corporations Act means the *Corporations Act 2001* (Cth) and any regulations made under that Act;

CVC Limited means CVC Limited ACN 002 700 361;

Dispose includes sell, transfer, grant an option over or interest in, declare a trust over, surrender, allow to lapse or Encumber;

Encumbrance means:

- (a) a PPS Security Interest;
- (b) any other mortgage, charge, pledge or lien;
- (c) any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or gives a creditor priority over secured creditors in relation to any property (including a right to set off or withhold payment of a deposit or other money);
- (d) a right of any person to purchase, occupy or use an asset (including under an option, agreement to purchase, licence, lease or hire purchase); or
- (e) an agreement to create anything referred to above or to allow any of them to exist;

and **Encumber** has a corresponding meaning;

Government Agency means any government or governmental, semi-governmental, administrative, monetary, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world;

GST means the goods and services tax imposed under the *A New Tax System (Goods and Services Tax) Act 1999* (Cth);

Independent Expert means Lonergan Edwards & Associates Limited or such other independent expert as Cellnet may appoint;

Issuer Sponsored Holding means a holding of Cellnet Shares on Cellnet's issuer sponsored sub register;

Key Customer means any individual customer of the Target whose purchases of the Target's products derived sales revenue to the Target for the financial year ended 30 June 2016 of at least \$7.4 million;

Key Supplier means any supplier of the Target who has supplied products which represent sales revenue to the Target of at least \$7.4 million for the year ended 30 June 2016;

Last Trading Day means 9 November 2016, being the last Trading Day prior to Cellnet entering a trading halt before execution of the Bid Implementation Agreement;

Marketable Parcel means a holding of Cellnet with a value of not less than \$500 based on the 'cum-Offer' ASX closing price of Cellnet Shares on the date that is the most recent Trading Day before the relevant acceptance of the Offer is received;

Material Adverse Event in relation to the Target means any change, event, effect, occurrence or state of facts that is, or would reasonably be expected to be, material and adverse to the assets, liabilities (including contingent liabilities that may arise through outstanding, pending or threatened litigation or otherwise), business, operations, financial condition or prospects of the Target and any of its Subsidiaries taken as a whole, and, for the avoidance of doubt, the Target acknowledges and agrees that it will be a Material Adverse Event if, during the Condition Period, either wholly or partly because of the Offer:

- (a) any Key Customer:
 - (i) ceases to be a customer of the Target; or
 - (ii) advises the Target of its intention to cease being a customer of the Target;
- (b) any two or more Key Customers advise the Target of their intention to reduce the amount of products purchased from the Target, which would result in a diminution of sales revenue for the financial year ending 30 June 2017 of \$7.4 million or more; or
- (c) any Key Supplier:

- (i) ceases to be a supplier of the Target; or
- (ii) advises the Target of its intention to cease to be a supplier of the Target; or
- (d) any two or more Key Suppliers advise the Target of their intention to reduce the amount of products supplied to the Target through a variation in the terms of supply which would result in a diminution of sales revenue for the financial year ending 30 June 2017 of \$7.4 million or more;

Notice of Status of Conditions means the notice to be given by Wentronic as contemplated by section 11.10;

Offer means the offer to acquire Cellnet Shares under the terms and conditions contained in this Bidder's Statement, as varied in accordance with the Corporations Act;

Offer Information Line means the information line established by Link Market Services Limited in relation to the Offer;

Offer Price means \$0.28 cash per Cellnet Share;

Offer Period means the period commencing on 21 November 2016 and ending at 7.00pm (Sydney time) on 21 December 2016, unless extended;

Options means options issued by Cellnet as described in more detail in section 7.4;

Participant has the meaning given in the ASX Settlement Operating Rules;

Performance Rights means performance rights issued by Cellnet as described in more detail in section 7.3;

PPSA means the *Personal Property Securities Act 2009* (Cth);

PPS Security Interest means a security interest that is subject to the PPSA;

Prescribed Occurrence means the occurrence of any of the following where that occurrence was not consented to in writing by Wentronic or expressly contemplated by the Offer or the Bid Implementation Agreement:

- (a) the Target or any Subsidiary of the Target converting all or any of its shares into a larger or smaller number;
- (b) the Target or any Subsidiary of the Target resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- (c) the Target or any Subsidiary of the Target:
- (i) entering into a buy-back agreement; or
- (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (d) the Target or a Subsidiary of the Target issuing shares (including upon the vesting of Performance Rights in accordance with rules 7.4(a) or (b) of the Performance Rights Plan), securities or other instruments convertible into shares, debt securities or granting an option over its shares, or agreeing to make such an issue or grant such an option;
- (e) the Target or a Subsidiary of the Target disposes of, or agrees to dispose, of the whole, or a substantial part, of its business, assets or property;
- (f) the Target or a Subsidiary of the Target gives or agrees to give any Encumbrance over any of its assets otherwise than in the ordinary course of business;
- (g) the Target or a Subsidiary of the Target resolves to be wound up;
- (h) a liquidator or provisional liquidator of the Target or a Subsidiary of the Target is appointed;
- (i) a court makes an order for the winding up of the Target or a Subsidiary of the Target;

- (j) an administrator of the Target or a Subsidiary of the Target is appointed under the Corporations Act;
- (k) the Target or a Subsidiary of the Target executes a deed of company arrangement; or
- (l) a receiver, or a receiver and manager, is appointed in relation to the whole, or substantial part, of the property of the Target or any Subsidiary of the Target.

Record Date means 5.00pm (Sydney time) on 14 November 2016;

Register means the register of Cellnet Shareholders maintained by Cellnet in accordance with the Corporations Act;

Related Bodies Corporate has the meaning given to that term in the Corporations Act;

Related Entity has the meaning given to that term in section 9 of the Corporations Act;

Relevant Interest has the meaning given to that term in sections 608 and 609 of the Corporations Act;

Remaining Cellnet Shares has the meaning given in section 11.1(e);

Representatives means any officer, employee, agent, financier, professional adviser or consultant of a person;

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from or in respect of the Cellnet Shares, whether directly or indirectly, including without limitation all rights to receive dividends (and any attaching franking credit), to receive or subscribe for Cellnet Shares, units, notes options or other securities and to receive all other distributions or entitlements declared, paid made or issued by Cellnet or any Subsidiary of Cellnet after the Announcement Date;

Subsidiary has the meaning given in section 46 of the Corporations Act;

Superior Proposal means a Third Party Proposal which the Cellnet Directors reasonably determine after consultation with their external legal and financial advisers is likely to:

- (a) provide greater value to Cellnet Shareholders than the Offer, taking into account all of the terms and conditions of the Third Party Proposal; and
- (b) which is reasonably capable of being completed on a timely basis;

T+2 means that settlement occurs on the second Trading Day after the date of the transaction in accordance with ASX practice;

Target's Statement means the Target's statement to be prepared by Cellnet in response to this Bidder's Statement;

Third Party means a person other than Wentronic and its Affiliates or Representatives;

Third Party Proposal means any bona fide expression of interest, proposal, offer, transaction or arrangement by or with any person to which, if the expression of interest, proposal, offer, transaction or arrangement is entered into or completed substantially in accordance with its terms would result in:

- (a) a Third Party directly or indirectly acquiring an interest, a Relevant Interest in or becoming the holder of:
 - (i) greater than 20% of the Cellnet Shares; or
 - (ii) the whole or a substantial part or a material part of the business or property of the Target or any of its Related Entities;
- (b) a Third Party acquiring Control of the Target; or
- (c) a Third Party otherwise acquiring or merging (including by way of takeover bid, scheme of arrangement, capital reduction, reverse takeover bid, security buy back, sale or purchase of assets, joint venture, partnership, dual listed company structure) with the Target;

Trading Day has the meaning given to it in the ASX Listing Rules;

Volksbank BraWo means Volksbank eG Braunschweig Wolfsburg;

Voting Power has the meaning given to that term in section 12 of the Corporations Act;

Wentronic means Wentronic Holding GmbH; and

Wentronic Group means Wentronic and its wholly owned Subsidiaries as discussed in more detail in section 3.2.

12.2

Interpretation

In this Bidder's Statement and in the Acceptance Form, the following rules of interpretation apply unless the contrary intention appears or the context requires otherwise:

- (a) a reference to time is a reference to the time in Sydney, New South Wales, Australia;
- (b) headings are for convenience only and do not affect interpretation;
- (c) the singular includes the plural and conversely;
- (d) a reference to a section is to a section of this Bidder's Statement;
- (e) a gender includes all genders;
- (f) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (g) A\$, \$, dollars or cents is a reference to the lawful currency in Australia, unless otherwise stated;
- (h) € or Euros is a reference to the lawful currency of the European Union, unless otherwise stated;
- (i) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;
- (j) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns;
- (k) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (l) a reference to any instrument or document includes any variation or replacement of it;
- (m) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act; and
- (n) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually.

13 Approval of Bidder's Statement

This Bidder's Statement has been approved by a resolution unanimously passed by the directors of Wentronic.

Dated 14 November 2016

Signed for and on behalf of Wentronic Holding GmbH



Michael Wendt
Managing Director

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Corporate Directory – Wentronic Holding GmbH

Managing Directors

Michael Wendt

Marcus Wendt

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