

**MOKO.MOBI LIMITED**  
**ACN 111 082 485**

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**ENTITLEMENT ISSUE PROSPECTUS**

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For a non-renounceable entitlement issue of 1 Share for every 5 Shares held by those Shareholders registered at the Record Date at an issue price of \$0.04 per Share in order to raise \$2,389,769 together with 1 free attaching Option for every 1 Share issued, exercisable at \$0.05 per Option on or before 24 months from the date of issue (**Offer**).

The Offer is fully underwritten by Triple C Consulting Pty Ltd. Please refer to Section 8.5 for details of the Underwriting Agreement.



**IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

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## 1. CORPORATE DIRECTORY

### Directors

Mr Greg McCann (Non-Executive Chairman)  
Mr Ian Rodwell (Managing Director/CEO)  
Mr Peter Yates (Non-Executive Director)  
Mr Hans De Back (Non-Executive Director)

### Company Secretary

Mr Andrew Bursill

### Share Registry\*

Link Market Services Limited  
Level 12  
680 George Street  
Sydney NSW 2000  
Telephone: 1300 554 474

### Auditor\*

BDO  
Level 10  
1 Margaret Street  
SYDNEY NSW 2000

### Registered Office

c/- Franks & Associates Pty Ltd  
Suite 4, Level 9  
341 George Street  
SYDNEY NSW 2000

Telephone: + 61 2 9299 9690  
Facsimile: +61 2 9299 9629

Email: [ian.rodwell@mokosocialmedia.com](mailto:ian.rodwell@mokosocialmedia.com)  
Website: <http://mokosocialmedia.com/>

### Solicitors

Steinepreis Paganin  
Lawyers and Consultants  
Level 4, The Read Buildings  
16 Milligan Street  
Perth WA 6000

### Underwriter

Triple C Consulting Pty Ltd  
5 Lindsay Street  
PERTH WA 6000

### Corporate Advisor

Regency Corporate Pty Ltd  
Suite 1 GF  
437 Roberts Road  
SUBIACO WA 6008

\*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

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## 2. TIMETABLE

Lodgement of Prospectus with the ASIC	30 April 2013
Lodgement of Prospectus & Appendix 3B with ASX	30 April 2013
Notice sent to Optionholders	2 May 2013
Notice sent to Shareholders	2 May 2013
Ex date	8 May 2013
Record Date for determining Entitlements	14 May 2013
Prospectus despatched to Shareholders & Company announces despatch has been completed	16 May 2013
Closing Date*	31 May 2013
Securities quoted on a deferred settlement basis	3 June 2013
ASX notified of under subscriptions	4 June 2013
Despatch of holding statements	11 June 2013
Quotation of Securities issued under the Offer*	12 June 2013

\*The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

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### **3. IMPORTANT NOTES**

This Prospectus is dated 30 April 2013 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

#### **3.1 Risk factors**

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

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## 4. DETAILS OF THE OFFER

### 4.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of 1 Share for every 5 Shares held by those Shareholders registered at the Record Date at an issue price of \$0.04 per Share in order to raise \$2,389,769 together with 1 free attaching Option for every 1 Share issued, exercisable at \$0.05 per Option on or before 24 months from the date of issue.

The Offer is fully underwritten by Triple C Consulting Pty Ltd.

Fractional entitlements will be rounded up to the nearest whole number.

A maximum of 59,744,226 Shares and 59,744,226 free attaching Options will be issued pursuant to this Offer in order to raise \$2,389,769.

As at the date of this Prospectus the Company has 120,141,147 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 0 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6.1 for further information regarding the rights and liabilities attaching to the Shares.

Terms and conditions of the free attaching Options are set out in Section 6.2. The Company will apply for quotation of the Options on completion of the Offer.

The purpose of the Offer and the intended use of funds raised are set out in Section 5.1 of this Prospectus.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

### 4.2 Minimum subscription

As the Offer is being fully underwritten, the minimum subscription in respect of the Offer is \$2,389,769. No Securities will be allotted or issued until the minimum subscription has been received. If the minimum subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application monies to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application monies.

### 4.3 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
  - (i) complete the Entitlement and Acceptance Form; and

- (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
  - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
  - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.04 per Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

#### **4.4 Payment by cheque/bank draft**

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "**MOKO.mobi – Entitlement Issue Account**" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than **5.00pm (AEST)** on the Closing Date as follows:

##### **Hand Delivery:**

MOKO.mobi Limited  
C/- Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138

##### **Mailing Address:**

MOKO.mobi Limited  
C/- Link Market Services Limited  
GPO Box 3560  
Sydney NSW 2001

#### **4.5 Payment by BPAY®**

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application Monies.

**It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5.00pm (AEST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with**

**regards to electronic payment and you should therefore take this into consideration when making payment.** Any Application Monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any Application Monies received or refunded.

#### **4.6 Underwriting and Sub-underwriting**

The Offer is fully underwritten by Triple C Consulting (**Underwriter**).

The Company will pay the Underwriter the following fees for its services:

- (a) an underwriting fee of 5% of the full amount to be raised under the Offer, being a fee of \$119,488.45 (excluding GST);
- (b) a management fee of 1% of the actual funds raised under the Offer, for example, if funds of \$2,389,769 are raised from the Offer, the Company will pay \$23,897.69 (excluding GST) to the Underwriter; and
- (c) issue to the Underwriter or its nominee (subject to shareholder approval, if required) 10,000,000 Options.

Further details of the Underwriting Agreement are set out in Section 8.5.

Opportune Capital Pty Ltd (**Opportune Capital**) and Pure Investor Pty Ltd (**Pure Investor**) have both entered into separate sub-underwriting agreements with the Underwriter to each sub-underwrite up to 14,878,135 Shares (\$595,125) on a general sub-underwriting basis (**Sub-Underwriting Commitment**).

Both Opportune Capital and Pure Investor will be paid a sub-underwriting fee of 5% (plus GST) of their Sub-Underwriting Commitment, that is up to \$29,756 (plus GST) respectively by the Underwriter.

#### **4.7 Corporate Advisor**

Regency Corporate Pty Ltd (**Regency Corporate**) has been engaged by the Company to provide corporate advisory services in relation to the Offer. The Company will pay Regency Corporate a fee of \$20,000 (plus GST) and issue Regency Corporate 10,000,000 Options (on the same terms as those fee attaching Options under the Offer).

#### **4.8 Shortfall Offer**

There is no shortfall offer under this Prospectus.

#### **4.9 ASX listing**

Application for Official Quotation of the Securities offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Securities offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Securities and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest.



The fact that ASX may grant Official Quotation to the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

#### **4.10 Allotment**

Securities issued pursuant to the Offer will be allotted in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Pending the allotment and issue of the Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

#### **4.11 Overseas shareholders**

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares and Options will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

In this regard, approximately 3,281,580 Entitlement Shares will not be offered to overseas Shareholders. This has therefore reduced the number of Shares being offered to a total of 59,744,226 Shares and the number of free attaching Options to 59,744,226 Options.

The Offer is being made in New Zealand pursuant to the Securities act (Overseas Companies) Exemption Notice 2002.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

#### **4.12 Cleansing Secondary Sale of Placement Shares**

This Prospectus will also enable the secondary trading of 1,158,430 Shares that were issued by the Company to Howmark LLC by way of a private placement on or about 29 April 2013 (in accordance with Section 708A(11) of the Corporations Act).

#### **4.13 Enquiries**

Any questions concerning the Offer should be directed to Mr Andrew Bursill, Company Secretary, on +61 2 9299 9690.

## 5. PURPOSE AND EFFECT OF THE OFFER

### 5.1 Purpose of the Offer

The purpose of the Offer is to raise \$2,389,769.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)
1.	<b>Project Planning &amp; Design<sup>2</sup></b> Headcount and external consulting, planning, design and early stage project development:	
	Australia	900,000
	USA	300,000
2.	<b>Project Rollout<sup>3</sup></b> Establish US offices and hire development, marketing and administrative headcount (USA); and associated corporate costs should the Board consider to list its American Depository Receipts on NASDAQ	400,000
3.	Expenses of the Offer <sup>1</sup>	198,807
4.	Working capital and repayment of debt	590,962
	<b>Total</b>	<b>\$2,389,769</b>

#### Notes:

1. Refer to Section 8.11 of this Prospectus for further details relating to the estimated expenses of the Offer.
2. The Company currently intends to use \$1,200,000 of the net proceeds of this Offer for the project planning and design stages of the Mobile Intramural Sports Network ('MISN') platform development, within Australia and the United States of America; and the anticipated corporate costs should the Company decide to list its American Depository Receipts on NASDAQ.
3. The Company currently intends to use \$400,000 of the net proceeds of this Offer for the project rollout stage of the Mobile Intramural Sports Network ('MISN') platform development, within the United States of America.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

As the Company is not yet cashflow positive, it is anticipated that the Company will seek to raise further funds to continue its operations and expansion in the US market.

## 5.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$2,190,962 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 315,129,029 as at the date of this Prospectus to 374,873,255 Shares and the number of Options on issue from 120,141,147 Options to 199,885,373 Options.

## 5.3 Pro-forma balance sheet

The unaudited balance sheet as at 31 December 2012 and the unaudited pro-forma balance sheet as at 31 December 2012 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Notes	(Reviewed) 31 December 2012	(unaudited) Pro-forma
		\$	\$
<b>Current Assets</b>			
Cash assets	1	1,291,102	5,606,888
Receivables and other receivables	2	2,441,046	1,533,791
Other current assets		1,263,685	1,263,685
Total current assets		4,995,833	8,404,364
<b>Net Current Assets</b>			
Property, plant & equipment	3	704,555	339,555
Intangible assets		3,362,136	3,362,136
Goodwill on acquisition		793,998	793,998
Total non-current assets		4,860,689	4,495,689
Total assets		9,856,522	12,900,053

<b>Current Liabilities</b>			
Trade payables	<b>4</b>	2,547,778	1,279,224
Deferred consideration	<b>5</b>	2,098,812	1,473,577
Borrowings	<b>6</b>	1,004,565	1,004,565
Employee benefits		127,488	127,488
Total current liabilities		<u>5,778,643</u>	<u>3,884,854</u>
<b>Non Current Liabilities</b>			
Deferred tax liability	<b>7</b>	183,558	99,936
Deferred consideration		1,236,621	1,236,621
Employee benefits		33,843	33,843
Total non-current liabilities		<u>1,454,022</u>	<u>1,370,400</u>
Total liabilities		<u>7,232,665</u>	<u>5,255,254</u>
<b>Net assets</b>		<u>2,623,857</u>	<u>7,644,799</u>
<b>Equity</b>			
Issued capital	<b>8</b>	23,420,479	25,868,169
Share issue cost	<b>9</b>	(1,014,996)	(1,213,803)
Share based payments reserve	<b>10</b>	2,669,461	2,919,403
Foreign exchange reserve		(207,624)	(207,624)
Accumulated losses brought forward		(19,179,232)	(20,748,117)
Accumulated losses current year		(3,064,231)	1,026,771
<b>Total equity</b>		<u>2,623,857</u>	<u>7,644,799</u>

#### Note 1: Cash

	\$
Balance at 31 December 2012	1,291,102
Funds raised pursuant to Offer	2,389,769
Expenses of the issue	(198,807)
Adjustment (*)	57,921
Proceeds from the sale of the Paper Tree Group (**)	<u>2,066,903</u>
Closing balance	<u>5,606,888</u>

(\*) Director Hans de Back exercise of Convertible note in April 2013 (\$100,000) and issue of 1,158,430 shares @ \$0.05 to Howmark (\$57,921), however it is subject to shareholders approval.

(\*\*) Estimated need cash consideration from the sale of the Paper Tree Group from a total consideration of GBP 2,125,001.

**Note 2: Trade and other receivables**

	\$
Balance at 31 December 2012	2,441,046
Reduction in Debtors from the sale of the Paper Tree Group	(907,255)
Closing balance	<u>1,533,791</u>

**Note 3: Property, plant & equipment**

	\$
Balance at 31 December 2012	704,555
Reduction in plant & equipment from the sale of the Paper Tree Group	(365,000)
Closing balance	<u>339,555</u>

**Note 4: Trade payables**

	\$
Balance at 31 December 2012	2,547,778
Reduction in the trade payables from the sale of the Paper Tree group	(1,268,554)
Closing balance	<u>1,279,224</u>

**Note 5: Deferred consideration**

	\$
Balance at 31 December 2012	2,098,812
Reduction in deferred consideration (***)	<u>(625,235)</u>
Closing balance	<u>1,473,577</u>

(\*\*\*) The positive legal settlement with the vendors of All Night Media in March 2013 resulted in a net cash refund of \$64,500 (after legal costs) and the cancellation of a current deferred consideration payable of \$625,235.

**Note 6: Borrowings**

	\$
Balance at 31 December 2012	1,004,565
Reduction in borrowings (****)	<u>Nil</u>
Closing balance	<u>1,004,565</u>

(\*\*\*\*) Director Hans de Back exercise of Convertible note in April 2013 (however it is subject to shareholders approval).

**Note 7: Deferred tax liability**

	\$
Balance at 31 December 2012	183,558
Reduction in the Deferred tax liability from the sale of the Paper Tree group	(83,622)
Closing balance	<u>99,936</u>

**Note 8: Issued capital**

	\$
Balance at 31 December 2012	23,420,479
Issue of 1,158,430 @ \$0.05	57,921
Issue of shares and options pursuant to this Prospectus	<u>2,389,769</u>
Closing balance	<u>25,868,169</u>

**Note 9: Share issue cost**

	\$
Balance at 31 December 2012	(1,014,996)
Share issue cost pursuant to the issue of securities under this prospectus	(198,807)
Closing balance	<u>(1,213,803)</u>

**Note 10: Share Based payment reserve**

	\$
Balance at 31 December 2012	2,669,461
Issue of 20,000,000 options to underwriters and sub-underwriters	249,942
Closing balance	<u>2,919,403</u>

**5.4 Effect on capital structure**

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, is set out below.

**Shares**

	Number
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Shares currently on issue	315,129,029
Shares offered pursuant to the Offer	59,744,226
<b>Total Shares on issue after completion of the Offer</b>	<b>374,873,255<sup>1</sup></b>

<sup>1</sup> Although Mr Hans de Back and Mr Peter Yates, directors of the Company, have both elected to convert their existing convertible notes, this conversion is subject to Shareholder approval and therefore has not been reflected in this Section. Mr Yates and Mr de Back both hold 2,500,000 convertible notes which have a combined value of \$200,000. The notes are convertible at a deemed value of \$0.04 for a combined total of 5,000,000 Shares (together with one free attaching option for a combined total of 5,000,000 options exercisable at \$0.05 on or before 31 December 2017).

## Options

	Number
Options currently on issue: (Quoted exercisable at \$0.10 on or before 25 July 2013)	57,315,577
New Options offered pursuant to the Offer (exercisable at \$0.05 on or before 24 months from the date of issue)	59,744,226
Options issued to the Underwriter (exercisable at \$0.05 on or before 24 months from the date of issue)	10,000,000
Options issued to Regency Corporate (exercisable at \$0.05 on or before 24 months from the date of issue)	10,000,000
Director II Options – Class A	1,500,000
Director II Options – Class B	750,000
Director II Options – Class C	750,000
Employee II Options – Class A	900,000
Employee II Options – Class B	450,000
Employee II Options – Class C	450,000
Unquoted exercisable at \$0.20 on or before 25 July 2013	2,916,668
Unquoted exercisable at \$0.12 on or before 25 July 2013	4,450,000
Unquoted exercisable at \$0.12 on or before 30 June 2014	24,300,000
Unquoted exercisable at \$0.0477 on or before 6 November 2015	1,515,152
Unquoted exercisable at \$0.042 on or before 30 June 2016	16,000,000
Unquoted exercisable at \$0.03 on or before 30 June 2015	2,000,000
Unquoted exercisable at \$0.04 on or before 30 June 2015	2,000,000

	<b>Number</b>
Unquoted exercisable at \$0.10 on or before 30 July 2015	500,000
Unquoted exercisable at \$0.05 on or before 30 July 2015	2,593,750
Unquoted exercisable at \$0.06 on or before 31 July 2016	1,750,000
<b>Total Options on issue after completion of the Offer</b>	<b>199,885,373</b>

## 5.5 Details of substantial holders

Based on publicly available information as at 16 April 2013, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

<b>Shareholder</b>	<b>Shares</b>	<b>%</b>
Roadknight Investments (Australia) Pty Ltd and related parties	34,308,371	12.72
Emrose BV and related parties	30,932,539	11.49
Earl Fiduciary AG as trustee of the Adesta Trust	13,571,429	5.03

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.



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## **6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES**

### **6.1 Shares**

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

#### **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

#### **Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

### **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

### **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

### **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

### **Future increase in capital**

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

### **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

## Alteration of constitution

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

### 6.2 Options

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.05 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5.00pm (WST) on that date which 24 months from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Quoted**

The Company will apply for quotation of the Options on ASX.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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## 7. RISK FACTORS

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### 7.1 Company specific

#### (a) **Deferred settlement trading risk**

In accordance with the timetable in Section 2, securities are quoted on a deferred settlement basis on the next Business Day following the Closing Date. Should a termination event occur under the Underwriting Agreement at any time between the Closing Date and that date upon which the Shares are issued, the Underwriter could terminate its obligations to fully underwrite the Offer. If this were the case, the Company would be deemed not to have met the minimum subscription condition under the Offer and would be forced to refund Application Monies (and would not be able to issue Entitlement Shares).

In the event of this occurring, there is a risk that Entitlement Shares that are traded on a deferred settlement basis (following the Closing Date) would not be able to settle as the Company will no longer be able to issue these Shares. Accordingly, Shareholders must be aware of this risk and trade during the deferred settlement period at their own risk. Shareholders should seek further advice from their stockbroker or financial advisor if they are in any doubt as to the effects of this risk.

#### (b) **Potential for significant dilution**

Upon implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date the number of Shares in the Company will increase from 315,129,029 currently on issue to 374,873,255. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the prospectus being lodged is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

## 7.2 Industry specific

### (a) **Regulatory changes re social networking products**

The Company's services operate under various regulatory codes and requirements, which can vary between jurisdictions. These could change, adding complexity and cost to the business, or even change to an extent that key features attractive to the majority of users have to be disabled.

The Company is focused on the mobile social media and smartphone mobile services market. Current growth in network rollout, handset availability, and customer take-up is strong. However future delays or slowdowns could have a negative impact on the size of the addressable market for the Company's service.

### (b) **Strong competition**

The Company faces significant completion in the market for mobile social networking services. There are many other early stage companies in different countries offering services that are, to a greater or lesser extent, similar to those of the Company.

There are profitable players offering text-only mobile chat services with existing relationships with many carriers across the world and many millions of end-users. These players may seek to improve the functionality of their offerings to include multi-media services. These are also very large web-based social networking services. These companies have mobile versions of their offerings in various stages of development and rollout. They may be able to attract their web-based users to also use the service on mobile phones. Both these sets of competitors could potentially reduce the size of the addressable market for and/or take-up of the Company's services.

### (c) **Reliance on agreements with major carriers and partners**

The Company's business model is very reliant on a limited number of key relationships with major carriers and partners. A failure to have these relationships renewed or having them renewed on less favourable terms could have a significant negative impact on the Company's financial performance.

Growth in the Company's business is also dependent on implementing new features with existing carriers, and gaining relationships with new carriers. These processes can be subject to unexpected delays, often driven by changing priorities and focus of the carriers, over which the Company can have little influence.

### (d) **Reliance on limited number of key staff**

The Company is a small company that is heavily reliant on the expertise and efforts of a small number of key staff including its CEO, Head of Technology and Product, head of Business Development, and Head of Development. Illness or injury to any of these staff could have a negative impact on the Company's performance and prospects. Resignation of these staff members would have a similar impact, although this risk is mitigated to an extent by the terms of their employment contract.

(e) **Product development risk**

The Company must continue to enhance and develop its services. Any software project is subject to potential delays and cost over-runs. Additionally, the Company may not take the correct strategic decisions as to which product features to focus upon.

(f) **Delays in launch of new services**

The Company faces risks of delay in the launch of its services, whether caused by the failure of its own efforts or its partners efforts, or because of delay in reaching agreements with carriers, or having carriers delay in performing the necessary integration with their own systems, particularly billing platforms.

(g) **Managing potential growth**

The Company is managing a potentially high-growth business, interacting with multiple well-resources partners, in multiple geographic locations around the world. This poses risks in terms of execution, cost control, and delivery timetables for a small management team.

(h) **Risks of acquisitions**

The Company's business model going forward may involve acquisitions or equity partnerships with other related mobile services and content companies. Acquisitions carry a range of inherent risks including continuous performance and post-acquisition integration.

(i) **Maintenance of reputation and brand name**

The Company's services involve providing a platform for user-generated content. Although the Company has in place strong moderation systems and procedures, there remains a risk that the nature of particular user-generated content, or the activities of particular users within the community, may cause damage to the Company's reputation and brand name. This may limit the Company's growth and ability to forge new carrier partnership.

(j) **IT risks**

The Company outsources the operation of its data centre. The Company believes this is an appropriate approach to take given the size and nature of the Company's business. However risks to business continuity, and hence to the Company's business reputation with both carriers and end-users, exist if the outsources provider fails to meet the contractual standards of performance.

(k) **Intellectual property rights**

The Company operates in a competitive and fast-changing environment of software development. It may face risks from claims of even inadvertent infringements of the intellectual property rights of third parties.

(l) **Foreign Exchange risk on revenue in foreign countries**



The Company already earns the majority of its revenue from outside Australia, and that proportion is likely to increase. The majority of the Company's costs are incurred in Australia and are likely to remain so for the medium term at least. This exposes the Company to foreign currency risks in terms of its reported Australia dollar profit.

(m) **Capital and Funding Requirements**

The Company faces the risk that it may not have sufficient cash resources to support its growth and development; particularly if the rollout of services and relationships is delayed and given that the Company is not yet achieving positive cashflow from existing operations. There is no certainty that the Company will be able to raise additional funds on attractive, or indeed potentially on any terms.

### 7.3 General risks

(a) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

(b) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate cashflow from its operations or at least reduce its negative cashflow, the Company will likely require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its activities as the case may be. There is

however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(d) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(e) **Taxation**

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

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

#### **7.4 Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

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## **8. ADDITIONAL INFORMATION**

### **8.1 Litigation**

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

### **8.2 Continuous disclosure obligations**

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

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

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

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

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and

- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
- (i) the annual financial report most recently lodged by the Company with the ASIC;
  - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
  - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

<b>Date</b>	<b>Description of Announcement</b>
30/04/2013	Sale of UK mobile content business
30/04/2013	Appendix 4C - quarterly
29/04/2013	Appendix 3B
10/04/2013	Director to Exercise Convertible Note Premium to Share Price
04/04/2013	Response to ASX price and volume query
06/03/2013	Agreement Signed with American Intramural Sports Group LLC
06/03/2013	Positive settlement with the vendors of All Night Media
27/02/2013	Appendix 4D - Half Yearly Report and Accounts
26/02/2013	MOKO signs binding agreement to take control of Deals I Love
21/02/2013	Appendix 3B
11/02/2013	Response to ASX Price and Volume Query
31/01/2013	Chairman's Quarterly Review and Appendix 4C
07/01/2013	Positive UK Mobile Billing Decision

<b>Date</b>	<b>Description of Announcement</b>
31/12/2012	s708A Cleansing Statement
21/12/2012	Appendix 3B
21/12/2012	Appendix 3B
20/12/2012	s708A Cleansing Statement
18/12/2012	Change of Director's Interest Notice x 4
18/12/2012	Appendix 3B
14/12/2012	Appendix 3B
07/12/2012	MOKO enters into New Financing & Debt Funding Agreement
29/11/2012	Appendix 3B
29/11/2012	Results of Annual General Meeting
29/11/2012	Chairman's Address - AGM
15/11/2012	Revised Guidance for December Quarter 2012 Revenues
07/11/2012	Unlisted Options Expiry
07/11/2012	s708A Cleansing Statement
06/11/2012	Appendix 3B
31/10/2012	Chairmans Review and Quarterly Cashflow Report
31/10/2012	Investor Presentation
30/10/2012	Notice of Annual General Meeting/Proxy Form

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website <http://mokosocialmedia.com>.

### **8.3 Market price of shares**

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.053	6 March 2013
Lowest	\$0.022	25 January 2013

#### 8.4 Material contracts

The following are summaries of the significant terms of the material agreements which relate to the business of the Company.

#### 8.5 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter agreed to fully underwrite the Offer for 59,744,226 Shares and 59,744,226 free attaching Options (**Underwritten Securities**).

The Company has agreed to pay the Underwriter the following fees for its services:

- (a) an underwriting fee of 5% of the full amount to be raised under the Offer, being a fee of \$119,488.45 (excluding GST);
- (b) a management fee of 1% of the actual funds raised under the Offer, for example, if funds of \$2,389,769 are raised from the Offer, the Company will pay \$23,897.69 (excluding GST) to the Underwriter; and
- (c) issue to the Underwriter or its nominee (subject to shareholder approval, if required) 10,000,000 Options.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if (amongst other things):

- (a) (**Indices fall**): the S&P ASX 200 Technology Index is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the business day prior to the date of the Underwriting Agreement;
- (b) (**Prospectus**): the Company does not lodge the Prospectus in accordance with the timetable or the Prospectus or the Offer is withdrawn by the Company;
- (c) (**No Official Quotation**): ASX has advised the Company that it will or may not grant official quotation to the securities issued pursuant to the Offer;
- (d) (**Non-compliance with disclosure requirements**): it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:
  - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
  - (ii) the rights and liabilities attaching to the Securities;
- (e) (**Misleading Prospectus**): it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard

to the provisions of Sections 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;

- (f) **(ASIC application):** an application is made by ASIC for an order under Section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the shortfall notice deadline date has arrived, and that application has not been dismissed or withdrawn;
- (g) **(Hostilities):** the outbreak of hostilities not at present existing or a major escalation in existing hostilities (in any such case whether war has been declared or not) or the occurrence of political or civil unrest involving any of Australia, New Zealand, Libya, the Islamic Republic of Iran, the Democratic People's Republic of Korea, the Syrian Arab Republic, the Republic of South Africa, Saudi Arabia, United Kingdom, Canada and United States of America or an act of terrorism is perpetrated on Australia, New Zealand, United Kingdom, Canada or the United States or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (h) **(Event of Insolvency):** an event of insolvency occurs in respect of a relevant company;
- (i) **(Indictable offence):** a director of a relevant company is charged with an indictable offence; or
- (j) **(Default):** default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
- (k) **(Incorrect or untrue representation):** any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
- (l) **(Contravention of constitution or Act):** a contravention by a relevant company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (m) **(Adverse change):** an event occurs which gives rise to a material adverse effect or any adverse change or any development including a prospective adverse change after the date of this Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any relevant company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
- (n) **(Significant change):** a "new circumstance" as referred to in Section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (o) **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any relevant company is or becomes misleading or deceptive or likely to mislead or deceive;

- (p) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (q) **(Prescribed Occurrence)**: a prescribed occurrence occurs, other than as disclosed in the Prospectus;
- (r) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$100,000.00 is obtained against a relevant company and is not set aside or satisfied within 7 days;
- (s) **(Litigation)**: legal proceedings are after the date of the Underwriting Agreement commenced against any relevant company, other than any claims foreshadowed in the Prospectus;
- (t) **(Timetable)**: there is a delay in any specified date in the timetable which is greater than 5 Business Days;
- (u) **(Breach of Material Contracts)**: any of the contracts is terminated or substantially modified;
- (v) **(regulatory requirements)** a group company contravenes its constitution, the Act or any other applicable law or regulation, or the Listing Rules, and the contravention, if remediable, is not promptly and completely remedied to the reasonable satisfaction of the Underwriter;
- (w) **(disqualification of officers)** a Director ceases to be a Director (other than due to his death or disablement) or is disqualified from managing a corporation, or a Director or other officer named in the Prospectus is charged with a criminal offence, or an offence which is punishable by imprisonment, in his or her capacity as an officer;
- (x) **(regulatory action)** any government agency commences any public action against the Company or any of its Directors or announces that it intends to take any such action;
- (y) **(repayment)** any circumstance arises after lodgement of the Prospectus that results in the Company either repaying the money received from applicants or offering applicants an opportunity to withdraw their valid applications and be repaid their application money as required by the Corporations Act; or
- (z) **(Market Conditions)**: any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, New Zealand, United Kingdom, Canada and the United States of America or other international financial markets.

## 8.6 Sub-underwriting Agreements

Opportune Capital Pty Ltd (**Opportune Capital**) and Pure Investor Pty Ltd (**Pure Investor**) have both entered into separate sub-underwriting agreements with the Underwriter to each sub-underwrite up to 14,878,135 Shares (\$595,125) on a general sub-underwriting basis (**Sub-Underwriting Commitment**).



Both Opportune Capital and Pure Investor will be paid a sub-underwriting fee of 5% (plus GST) of their Sub-Underwriting Commitment, that is up to \$29,756 (plus GST) respectively by the Underwriter.

Neither Opportune Capital or Pure Investor are related parties of the Company.

## 8.7 Corporate Advisor

Regency Corporate Pty Ltd (**Regency Corporate**) has been engaged by the Company to provide corporate advisory services in relation to the Offer.

The Company will pay Regency Corporate a fee of \$20,000 (plus GST) and issue Regency Corporate 10,000,000 Options (on the same terms as those fee attaching Options under the Offer).

## 8.8 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offer.

### Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Options	Entitlement Shares	Entitlement Options	\$
Greg McCann	6,944,444 <sup>1</sup>	11,000,000 <sup>2</sup>	1,388,889	1,388,889	55,556
Ian Rodwell	3,382,917 <sup>3</sup>	17,005,000 <sup>4</sup>	676,583	676,583	27,063
Hans de Back <sup>9</sup>	30,932,539 <sup>5</sup>	25,107,143 <sup>6</sup>	6,186,508 <sup>9</sup>	6,186,508 <sup>9</sup>	247,460
Peter Yates	34,308,371 <sup>7</sup>	13,196,400 <sup>8</sup>	6,861,674	6,861,674	274,467

### Notes

<sup>1</sup> 6,694,444 Shares are held through Florence Pty Ltd ATF McCann Superannuation Fund and 250,000 Shares are held through Florence Pty Ltd ATF McCann Family Trust.

<sup>2</sup> 1,000,000 unlisted Options exercisable at \$0.12 on or before 25 July 2013, 5,000,000 unlisted Options exercisable at \$0.12 on or before 30 June 2014 and 5,000,000 unlisted Options exercisable at \$0.042 on or before 30 July 2016 held through Florence Pty Ltd ATF McCann Family Trust.

<sup>3</sup> 3,000,000 Shares are held through Rodwell Family Superannuation Fund.

<sup>4</sup> Held directly: 1,500,000 Director Options – Class A exercisable at \$0.10 expiring on or before 25 July 2013, 750,000 Director Options – Class B exercisable at \$0.10 expiring on or before 25 July 2013, 750,000 Director Options – Class C exercisable at \$0.10 expiring on or before 25 July 2013, 5,000 Listed Options (MKBO), 3,000,000 unlisted Options exercisable at \$0.12 expiring on or before 30 June 2014, 5,000,000 unlisted Options exercisable at \$0.042 expiring on or before 30 July 2016. Held indirectly through Rodwell Family Superannuation Fund: 6,000,000 unlisted Options exercisable at \$0.12 each expiring on or before 30 June 2014.

<sup>5</sup> Held through Emrose BV.

<sup>6</sup> Held through Emrose BV: 17,857,143 Options exercisable at \$0.10 expiring on or before 25 July 2013, 250,000 Unlisted Options exercisable at \$0.12 expiring on or before 30 June 2014, 2,000,000 Unlisted Options exercisable at \$0.12 expiring on or before 30 June 2014 and 5,000,000 Unlisted Options exercisable at \$0.042 expiring on or before 30 July 2016.

<sup>7</sup> 11,937,239 Shares are held through P & S Yates Holdings Pty Ltd as trustee for PW Yates Investments Pty Ltd Superannuation Fund and 22,371,132 Shares are held through Roadknight Investments (Australia) Pty Limited as trustee for Yates Family Trust.

<sup>8</sup> 1,803,542 Options exercisable at \$0.10 expiring on or before 25 July 2013 held through P & S Yates Holdings Pty Ltd as trustee for PW Yates Investments Pty Ltd Superannuation Fund. Mr Yates also holds the following through Roadknight Investments (Australia) Pty Limited as trustee for Yates Family Trust: 2,000,000 Unlisted Options exercisable at \$0.12 expiring on or before 30 June 2014, 1,000,000 Unlisted Options exercisable at \$0.12 expiring on or before 25 July 2013, 7,392,858 Options exercisable at \$0.10 expiring on or before 25 July 2013 and 1,000,000 Unlisted Options exercisable at \$0.042 expiring on or before 30 July 2016.

The Board advises that the Directors intend to participate under this Offer.

Mr Peter Yates, a Non-Executive Director of the Company, is a Director of One.Tel Limited, an Australian public company which has been under external administration since May 2001.

### **Remuneration**

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling,

hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	2011	2012	2013
Ian Rodwell	\$200,000	\$200,000	\$250,000
Greg McCann	\$59,633	\$59,633	\$59,633
Hans de Back	Nil	Nil	\$152,000 <sup>1</sup>
Peter Yates	Nil	Nil	\$30,000

<sup>1</sup> This amount includes fees paid for consultancy services to associated entities of Mr de Back.

## 8.9 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Triple C Consulting will be paid those fees as set out in Section 8.5 in respect of this Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Triple C Consulting has not been paid any fees by the Company.

Regency Corporate will be paid those fees as set out in Section 8.7 in respect of this Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Regency Corporate has not been paid any fees by the Company.

Opportune Capital and Pure Investor will not receive any fees from the Company in sub-underwriting the Offer. Fees received under these sub-underwriting agreements will be received directly from Triple C Consulting as the Underwriter. Please refer to Section 8.6 for further details.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$10,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not been paid any fees by the Company.

## **8.10 Consents**

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section;
- (c) Triple C Consulting has given its written consent to being named as underwriter to the Offer in this Prospectus, in the form and context in which it is named. Triple C Consulting has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC;
- (d) Opportune Capital and Pure Investor have given their written consent to being named as sub-underwriters to the Offer in this Prospectus, in the form and context in which they are named. Opportune Capital and Pure Investor have not withdrawn their consent prior to the lodgement of this Prospectus with the ASIC;
- (e) Regency Corporate has given its written consent to being named as corporate advisor to the Offer in this Prospectus, in the form and context in which it is named. Regency Corporate has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC;
- (f) Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

## **8.11 Expenses of the Offer**

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$198,807 (excluding GST) and are expected to be applied towards the items set out in the table below:

	<b>\$</b>
ASIC fees	\$2,171
ASX fees	\$17,250

Underwriting and management fee	\$143,386
Corporate Advisory fee	\$20,000
Legal fees	\$10,000
Printing and distribution	\$5,000
Miscellaneous	\$1,000
<b>Total</b>	<b>\$198,807</b>

## 8.12 Electronic prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 2 9299 9690 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at <http://mokosocialmedia.com>.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## 8.13 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

## 8.14 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

## **8.15 Privacy Act**

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

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**9. DIRECTORS' AUTHORISATION**

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

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

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**Ian Rodwell**  
**Managing Director & CEO**  
**For and on behalf of**  
**MOKO.MOBI LIMITED**

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## 10. GLOSSARY

**\$** means the lawful currency of the Commonwealth of Australia.

**Applicant** means a Shareholder who applies for Shares pursuant to the Offer.

**Application Form** means an Entitlement and Acceptance Form.

**Application Monies** means money submitted by Applicants in respect of Applications.

**AEST** means Eastern Standard Time as observed in Sydney, New South Wales.

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

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

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

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHES.

**Board** means the board of Directors unless the context indicates otherwise.

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

**Closing Date** means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

**Company** means MOKO.mobi Limited (ACN 111 082 485).

**Constitution** means the constitution of the Company as at the date of this Prospectus.

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

**Directors** means the directors of the Company as at the date of this Prospectus.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Offer** means the non-renounceable entitlement issue the subject of this Prospectus.

**Official Quotation** means official quotation on ASX.

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

**Optionholder** means a holder of an Option.

**Prospectus** means this prospectus.



**Record Date** means the date specified in the timetable set out at the commencement of this Prospectus.

**Securities** means Shares and Options.

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

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

**Triple C Consulting** means Triple C Consulting Pty Ltd (ABN 45 141 412 106)

**Underwriter** means Triple C Consulting Pty Ltd (ABN 45 141 412 106).