

NAOS EMERGING
OPPORTUNITIES
COMPANY LIMITED

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17 June 2019

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

NAOS Emerging Opportunities Company Limited (ASX:NCC): One-for-four Bonus Options Issue

The Board of NAOS Emerging Opportunities Company Limited (**Company**), is pleased to announce today a pro-rata, one-for-four issue of bonus options to eligible shareholders (**Bonus Options Issue**). Eligible shareholders will receive, at no cost, 1 bonus option for every 4 shares in the Company that they hold at 5:00pm (Sydney time) on the record date, being 21 June 2019.

The key highlights of the Bonus Options Issue include:

- **Exercise Price equivalent to pre-tax NTA as at 31 May 2019**
The exercise price of the Options is \$1.02. This is equivalent to the pre-tax net tangible assets per share of the Company as at 31 May 2019.
- **Expiry Date – 29 June 2021**
The bonus options will expire on 29 June 2021 and gives shareholders time to determine how they deal with their bonus options (by either exercising their options; or otherwise trading them on-market).
- **Issued at no cost and listed on the ASX**
The bonus options will be issued at no cost to eligible shareholders and listed on the ASX under the ticker code (ASX:NCCOA). Depending on demand, liquidity and prevailing market prices at the time, the bonus options may be bought or sold on-market.
- **No brokerage or commissions payable upon exercise**
Eligible Shareholders are able to purchase (without paying any brokerage or commission) additional shares in the Company at the exercise price at any time from their date of issue until 5:00pm (Sydney time) on the Expiry Date.
- **Increases size of the Company**
Where Options are exercised, this increases the size of Company, which in turn, unlocks the benefits of scale, meaning lower fixed costs on a per share basis as the Company grows.

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Growing and limiting the size of the Company to a strategically optimal level

The Board believes that the Bonus Options Issue is a measured way to allow the Company to grow over the next 24 months. In the Board's view, it would allow NAOS Asset Management (the **Investment Manager**) to take advantage of a number of investment opportunities that have arisen within the micro-cap end of the Australian stock market whilst not placing undue pressure on the short-term performance and dividend reserves of the Company.

The Board remains committed to managing the capital base of the Company in a manner that provides the most suitable framework for maximising potential shareholder return. The Board believes that growing the size of the Company to between \$125 million to \$150 million is optimal as it not only allows the Investment Manager to maximise performance by being able to access meaningful positions in quality companies; but also scales the Company to an appropriate size that lowers fixed costs on a per share basis.

Key dates

Set out below is an indicative timetable of the Bonus Options Issue:

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|---|-------------------------|
| Lodgement of the Prospectus with ASIC and ASX | Monday, 17 June 2019 |
| Shares trade ex-bonus Option entitlements | Thursday, 20 June 2019 |
| Record Date | Friday, 21 June 2019 |
| Intended date for issue and entry of Options on the option register | Monday, 24 June 2019 |
| Prospectus sent to Eligible Shareholders | Wednesday, 26 June 2019 |
| Dispatch of new holding statements | Wednesday, 26 June 2019 |
| Normal trading in Options commences on ASX | Wednesday, 26 June 2019 |
| Options expire | Tuesday, 29 June 2021 |

Prospectus

A Prospectus for the Bonus Options Issue has today been lodged with ASIC and ASX. It contains detailed information about the Issue and the Company and a description of the key risks associated with an investment in the Company.

Shareholders should read the Prospectus carefully and in its entirety before dealing in or exercising bonus options offered under the Issue. If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser.

About the Company

The Company listed on the ASX in 2013 and aims to protect investor capital whilst providing a sustainable growing stream of dividends, franked to the maximum extent possible, and long-term capital growth above the benchmark index. The Company offers investors genuine, concentrated exposure to Australian listed micro-cap companies (market capitalisation generally less than \$250 million) with an industrial focus.

The Company's investment philosophy is centred on the pillars of long-term, concentrated and high-conviction investing. Since listing, the Company has paid aggregate fully franked dividends of 39.25 cents per Share (as at 31 May 2019).

Further information

For further information, or if you have any questions relating to the Bonus Options Issue, you can contact the Company by telephone on (02) 9002 1576 or by email at enquiries@naos.com.au.