

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

13 June 2017

**Mykco Limited (the Company) gives you notice that the annual meeting of shareholders will be held at the offices of Investment Research Group Limited, Level 7, 12-26 Swanson Street, Auckland, commencing at 9-30am on 13 June 2017.**

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The Explanatory Notes which accompany this Notice of Meeting set out the details of the transactions which are the subject of the resolutions and the approval required for each resolution by the shareholders of the Company pursuant to the constitution of the Company, the Companies Act 1993 (*Companies Act*) and the NZAX Listing Rules.

All capitalised terms used in this Notice of Meeting are defined in the Glossary of definitions at the end of this Notice of Meeting.

The business of the meeting will be:

### **Chairman's Introduction**

### **Apologies**

### **Resolution 1: Annual Report**

To receive and consider the Annual Report, including the audit report and financial statements, for the year ended 31 March 2017.

*"That the Annual Report be received."*

### **Resolution 2: Auditors**

To record that the Company's Auditors, Crowe Horwath New Zealand Audit Partnership, are automatically reappointed as auditors pursuant to section 207T of the Companies Act 1993 and to consider, and if thought fit, to pass the following ordinary resolution:

*"That the directors of the Company be authorised to fix the fees and expenses of the auditors of the Company for the financial year ending 31 March 2018."*

### **Resolution 3: Re-election of Director**

To consider and, if thought fit, to pass the following ordinary resolution:

*"That Huei Min (Lyn) Lim, who retires by rotation and is eligible for re-election, be elected as a director of the Company."*

### **Resolution 4: Election of Director**

To consider and, if thought fit, to pass the following ordinary resolution:

*"That Rewi Hamid Bugo, who has been nominated in accordance with NZAX Listing Rule 3.2.2 and being eligible, be elected as a director of the Company."*

### **Resolution 5: Share placement**

To consider and, if thought fit, to pass the following ordinary resolution pursuant to NZAX Listing Rule 7.3 and the Company's constitution:

*"That shareholders ratify, confirm and approve, for the purposes of NZAX Listing Rule 7.3.5(c), the previous allotment of 3,269,47 shares issued at 6.6 cents per share to Zhenhua Qian, Barrie Foster, Brent King, Garth Ward and Barter Investment Limited on the terms set out in the Explanatory Notes."*

## **Resolution 6: Amendment of Constitution**

To consider and, if thought fit, to pass the following special resolution:

*“That the Company’s constitution be altered by:*

- (a) Deleting clause 16.1 and replacing it with the following: “Subject to clause 19.20, the number of Directors may not be fewer than 3”.*
- (b) Amending clause 16.3 by replacing the words “Subject to clause 16.2 and 16.6” in the first line with the words “Subject to clauses 16.2, 16.6 and 19.19”.*
- (c) Deleting clause 19.19 and replacing it with the following:
  - 19.19 Subject to clauses 1.4 to 1.8, the Board may appoint any person who is not disqualified under the Act to be a Director to fill a casual vacancy or as an addition to the existing directors”.*
  - 19.20 Directors may act notwithstanding any vacancy in their body but, if and for so long as their number is reduced below the number fixed by this Constitution as the minimum number of Directors, the continuing Directors may act for the purpose of increasing the number of Directors to that number or of summoning an annual meeting of the NZAX Issuer, but for no other purpose.”**

## **Explanatory Notes**

Explanatory notes on the Resolutions are set out below.

## **Directors’ Recommendation**

The Directors unanimously recommend that you vote in favour of Resolutions 1 to 6.

## **Voting Details**

### **Ordinary Resolution**

Resolutions 1 to 5 are ordinary resolutions. An ordinary resolution means a resolution passed by a simple majority of votes of shareholders of the Company entitled to vote and voting.

### **Special Resolution**

Resolution 6 is a special resolution. A special resolution means a resolution passed by a majority of 75% or more of the votes of those shareholders of the Company entitled to vote and voting on the resolution in person or by proxy.

### **Voting Restrictions**

By virtue of NZAX Listing Rule 9.3:

Zhenhua Qian, Barrie Foster, Brent King, Garth Ward and Barter Investment Limited to whom shares were allotted under the share placement that are to be ratified under Resolution 5 will not be entitled to vote in respect of that Resolution.

Any associated person of Zhenhua Qian, Barrie Foster, Brent King, Garth Ward and Barter Investment Limited will not be entitled to vote in respect of Resolution 5.

Any votes cast by Zhenhua Qian, Barrie Foster, Brent King, Garth Ward, Barter Investment Limited and any associated person of Zhenhua Qian, Barrie Foster, Brent King, Garth Ward and Barter

Investment Limited in relation to the relevant Resolution will be disregarded by the Company (unless such votes are cast by Zhenhua Qian, Barrie Foster, Brent King, Garth Ward, Barter Investment Limited and any associated person of Zhenhua Qian, Barrie Foster, Brent King, Garth Ward and Barter Investment Limited acting as a proxy for a person entitled to vote on the Resolution and in accordance with that person's express instructions).

### ***Proxies and Representatives***

Shareholders may exercise their right to vote at the meeting either by being present in person or by appointing a proxy to attend and vote in their place. A proxy may vote at the meeting and at any adjournment thereof and on any resolution to amend any of the resolutions, on any resolution so amended and on any other resolution proposed at the meeting (or any adjournment). A proxy need not be a shareholder of the Company. The Chairman of the Meeting is willing to act as proxy for any shareholder who may wish to appoint him for that purpose. If the shareholders appoint the Chairman of the Meeting as their proxy, and do not direct him how he is to vote, then the Chairman of the Meeting intends to vote any discretionary proxies that he receives in favour of the Resolutions. A body corporate shareholder may appoint a representative to attend the meeting on its behalf. A proxy form is enclosed with this notice.

If you wish to vote by proxy you must complete the attached form and produce it to the Company by delivering it to the Company's Share Registrar, Computershare Investor Services Ltd, Level 2, 159 Hurstmere Road, Takapuna, Auckland or by posting it to The Share Registrar, Mykco Limited, c/o Computershare Investor Services Ltd, Private Bag 92119, Auckland 1142, New Zealand in each case, so as to be received no later than 48 hours before the meeting is due to begin (i.e. before 9-30am on 11 June 2017).

Postal voting is not available.

By order of the Board

Choo Chew Soon  
**Chairman**

## **EXPLANATORY NOTES**

### **1. AUDITORS (Resolution 2)**

Crowe Horwath New Zealand Audit Partnership is automatically reappointed as auditors under section 207T of the Companies Act 1993. Resolution 2 authorises the Board to fix the fees and expenses of the auditors for the financial year ending 31 March 2018.

### **2. RE-ELECTION OF DIRECTOR (Resolution 3)**

NZAX Listing Rule 3.2.6 (with which the Company must comply) requires that at every annual meeting, at least one third of the Directors and being those who have been longest in office since their last election, shall retire from office.

The Company currently has three directors. One of those directors (Huei Min (Lyn) Lim ) retires by rotation, and being eligible for re-election, has offered herself for re-election. Huei Min (Lyn) Lim is an independent Director.

#### **HUEI MIN (LYN) LIM (LLB (Hons))**

Huei Min (Lyn) Lim is a Member of the New Zealand Order of Merit. She co-founded and has led the litigation practice of the law firm Forest Harrison since 2006. She is a Director of Public Trust, a Council Member of Auckland University of Technology, a Trustee of the Asia New Zealand Foundation and a Trustee and recently appointed Chair of Foundation North, formerly the ASB Community Trust

### **3. ELECTION OF DIRECTOR (Resolution 4)**

Clause 16.6 of the Company's Constitution permits a Director to be appointed by ordinary resolution of the shareholders of the Company.

Mr Bugo has been nominated in accordance with NZAX Listing Rule 3.2.2 for election in accordance with clause 16.6 of the Company's Constitution.

#### **REWI HAMID BUGO (B.Sc., M.Com)**

Rewi Hamid Bugo is a graduate of the University of Canterbury, Christchurch where he obtained a Bachelor of Science in Management Science and a Master of Commerce in Business Administration. He has business experience in several sectors including oil and gas, property development, insurance broking and travel and tourism.

Mr Bugo sits on the board of several private companies in Malaysia and New Zealand and is Vice Chairman of the Sarawak Chapter of the Malaysia New Zealand Chamber of Commerce.

#### 4. SHARE PLACEMENT (Resolution 5)

NZAX Listing Rule 7.3.5 permits companies listed on NZAX to issue equity securities without obtaining shareholder approval where the total number of equity securities issued and all other equity securities of the same class issued pursuant to that Rule during the 12 month period preceding the date of issue (or the period from the date of listing to the date of issue, if shorter) that have not been ratified by an Ordinary Resolution of the Company does not exceed 25% of the total number of equity securities on issue at the commencement of that period less 25% of the number of equity securities which have been acquired or redeemed during that period (other than equity securities held as treasury stock) **(25% Rule)**.

NZAX Listing Rule 7.3.5 also allows companies listed on the NZAX to renew this capacity to issue securities within the 25% Rule when it has been used, by obtaining subsequent shareholder ratification of issues which have already been made.

The Company wishes to retain the maximum flexibility permitted by NZAX Listing Rules to raise capital by the issue of shares and other equity securities. This assists the Company to act quickly to take advantage of opportunities to secure additional capital, which the Company sees as being particularly important in the current economic climate where additional capital is often difficult to secure. If the Company is not able to act quickly, it risks losing opportunities to raise additional capital, which might be detrimental to the Company's shareholders.

If resolution 5 is not passed the company will not be able to raise additional capital pursuant to NZAX Listing Rule 7.3.5 until 13 January 2018. This will reduce the flexibility available to the company as any placement of shares will require the approval of the shareholders at a special shareholders meeting.

On 26 August 2016, the Company has issued 3,269,479 shares to Belian Holdings Limited under the 25% Rule (being 25.00% of the Company's shares on issue at the commencement of the 12 month period less 25% of the number of equity securities which have been acquired or redeemed during that period (other than equity securities held as treasury stock)). The issue of these shares were ratified by the shareholders at the annual meeting held on 22 September 2016.

Since the annual meeting held on 22 September 2016, the Company has issued a further 3,269,479 shares under the 25% Rule (being 25.00% of the Company's shares on issue at the commencement of the 12 month period less 25% of the number of equity securities which have been acquired or redeemed during that period (other than equity securities held as treasury stock)). These comprise 3,269,479 shares (25.00% of the shares calculated pursuant to NZAX Listing Rule 7.3.5) issued on 13 January 2017 to Zhenhua Qian, Barrie Foster, Brent King, Garth Ward and Barter Investment Limited, for cash at 6.60 cents per share (a discount to the VWAP, which was 7.00 cents per share). The references to VWAP are to the Volume Weighted Average Price of the Company's shares in the 20 trading days prior to the date of issue or the date of announcement of the issue:

The shares issued pursuant to the above transaction rank equally with all other shares in the Company on issue. Zhenhua Qian, Barrie Foster, Brent King, Garth Ward and Barter Investment Limited as a result of the above issue of shares hold additional shares totalling 20.00% of the total shares currently on issue. The table below reflects the issue of the shares and the effect on the shareholders % of the company.

If resolution 5 is passed the company will be able to raise additional capital pursuant to NZAX Listing Rule 7.3.5. The current shareholders % of the company could be further diluted should any further capital be raised pursuant to NZAX Listing Rule 7.3.5.

	<b>Number of Shares held before allotment</b>	<b>% of Shares</b>	<b>Number of Shares held after allotment</b>	<b>% of Shares</b>
Belian Holdings Limited	3,269,479	20.00%	3,269,479	16.67%
Zhenhua Qian	-	0.00%	3,030,303	15.45%
Barter Investments Limited	2,300,015	14.07%	2,342,220	11.94%
Sii Yih Ting	1,480,000	9.05%	1,480,000	7.54%
Koon Weng Lee	1,291,325	7.90%	1,291,325	6.58%
Chu Kian Then	1,008,300	6.17%	1,008,300	5.14%
Brent Douglas King	46,808	0.29%	122,566	0.62%
Barrie Foster Shannon	38	0.00%	75,796	0.39%
Garth William Ward	-	0.00%	45,455	0.23%
Other shareholders	6,951,430	42.52%	6,951,430	35.44%
	<u>16,347,395</u>	<u>100.00%</u>	<u>19,616,874</u>	<u>100.00%</u>

The cash received in exchange for the shares issued in each of these transactions provided the Company with funds to pursue investments. The Company released an announcement on 31 March 2017 that its directors have resolved to make a non recourse loan to Corporate Holdings Ltd. (CHL) a new special purpose company owned by Garth Ward and whose Directors include Garth Ward and Brent King. The amount advanced is \$100,000. The transaction is on the basis that if a purchase is made by CHL then the advance will convert to ordinary shares in CHL.

The shares issued pursuant to these transactions rank equally with all other shares in the Company on issue. The directors are continuing to investigate investment opportunities but at present nocontracts have been completed.

Zhenhua Qian, Barrie Foster, Brent King, Garth Ward and Barter Investment Limited to whom the shares referred to above were issued are not entitled to vote on Resolution 5. Nor may they cast undirected proxies.

## **5. AMENDMENT OF CONSTITUTION (Resolution 6)**

A special resolution of the Company is required to amend the Company's Constitution.

All the proposed amendments to the Constitution (save for an amendment to clause 16.1 – see below) are to enable the Board to appoint Directors to fill casual vacancies or as additions to existing Directors. Constitutions for listed companies normally contain these provisions, and the Board wishes to update the Company's Constitution accordingly. Such provisions enable the Board to fill casual vacancies or to appoint additional directors without waiting until the next annual meeting. Any director appointed pursuant to the new provisions would be required to retire at the following meeting and may stand for election by the shareholders.

The amendment to clause 16.1 changing the minimum number of directors from 2 to 3 is simply to clarify the existing position. While clause 16.1 specifies a minimum of 2, the requirement under NZAX Listing Rule 3.2.1 for the minimum to be 3 prevails (by virtue of clause 1.6 of the Company's Constitution). Hence, the Company must have no fewer than 3 directors, and this will now be provided for in clause 16.1 (without the need to rely on clause 1.6 of the Company's Constitution).

If resolution is not passed the directors will not be able to appoint Directors to fill a casual vacancy or as additions to the existing Directors. Directors will only be able to be appointed by a resolution at a shareholders meeting.

The proposed amendments to the constitution does not impose or remove a restriction on the activities of Mykco Limited, and accordingly no buy-out rights arise under section 110 of the Companies Act.

The proposed amendments to the constitution have been approved by NZX pursuant to NZAX Listing Rule 6.1

A full copy of the current constitution can be obtained from one of the following sources:

1. Companies Office website [www.companiesoffice.govt.nz/companies](http://www.companiesoffice.govt.nz/companies)
2. Mykco Limited website [www.mykco.co.nz](http://www.mykco.co.nz)
3. Emailing your request to [investors@mykco.co.nz](mailto:investors@mykco.co.nz)
4. Visiting the companies registered office at Level 7, Swanson House, 12-12 Swanson Street, Auckland 1010.

## **GLOSSARY**

*Board* means the Directors, acting as a board.

*Companies Act* means the Companies Act 1993.

*Company* means Mykco Limited.

*Directors* means the directors of the Company.

*NZAX* means the alternative market operated by NZX.

*NZAX Listing Rules* means NZX's listing rules for NZAX.

*NZX* means NZX Limited.

*ordinary resolution* means a resolution passed by a simple majority of votes of shareholders of the Company entitled to vote and voting.

*Resolutions 1, 2, 3, 4, 5 and 6* respectively, mean the resolutions set out under the Chairman's Introduction at the commencement of this Notice of Meeting.

*Resolutions* means Resolutions 1 to 6.

*shareholders* means the shareholders of the Company.

*special resolution* means a resolution passed by a majority of 75% or more of the votes of those shareholders of the Company entitled to vote and voting on the resolution in person or by proxy.