

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**11:00am, Friday, 27 August 2021**

**General Capital Limited (the Company) gives you notice that the Annual Meeting of shareholders of the Company will be held at the Commodore's Room, Royal New Zealand Yacht Squadron, 181 Westhaven Drive, Westhaven Marina, Auckland commencing at 11:00 am on Friday, 27 August 2021.**

<b>The Contents of this Notice of Meeting</b>	<b>Page</b>
1. Agenda	1
2. Extraordinary Business	2
3. Independent Advisors Report	3
4. Regular Business	3
5. Explanatory Notes	4
5. Directors' Recommendation	13
6. Voting Details	14
7. Glossary	16
8. Proxy/Voting Form	Attached

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 the resolution by the shareholders of the Company pursuant to the constitution of the Company, the Companies Act 1993 (*Companies Act*) and the NZX Listing Rules and the Takeovers Regulations 2000 (Takeovers Code or Code).

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

If you have sold or otherwise transferred all of your shares in General Capital Limited, please pass this Notice of Meeting, together with the accompanying documents, as soon as possible to the purchaser or transferee or to the broker or other person who arranged the sale or transfer of your shares.



# **I Agenda**

The business of the meeting will be:

- I.1 Chairman's Introduction
- I.2 Apologies
- I.3 Chairman's Address
- I.4 Extraordinary Business
  - a) Resolution 1: - Issue of Shares for Wholesale Capital Raising. See 2.1 below.
  - b) Resolution 2: – Issue of Shares to Borneo Capital Limited. See 2.2 below
  - c) Resolution 3: – Purchase of Shares by Borneo Capital Limited from Belian Holdings Limited. See 2.3 below.
  - d) Resolution 4: - Issue of Warrants to Senior Management. See 2.4 below
- I.5 Regular Business
  - a) Consideration and Discussion of Annual Report. See 3.1 below.
  - b) Resolution 5: - Auditors. See 3.2 below.
  - c) Resolution 6: – Re-election of Director: Brent Douglas King. See 3.3
  - d) Resolution 7: – Re-election of Director: Graeme Iain Brown. See 3.3 below
  - e) Resolution 8: – Re-election of Director: Simon John McArley. See 3.3 below
- I.6 Close

## 2 Extraordinary Business

- 2.1 Resolution 1: Issue of Shares for Wholesale Capital Raising** – To consider and, if thought fit, pass the following **ordinary** resolution:

*That, the shareholders approve (for the purposes of NZX Listing Rule 4.1.1) the issue of up to \$5,000,000 of new ordinary shares to such persons (not being Related Persons of the Company) and in such numbers and proportions as determined by the Board of the Company in its absolute discretion and at such price and on such terms as the Board of the Company believe is fair and reasonable to the Company and to all existing shareholders but at not less than 5.75 cents per share.*

All shareholders are permitted to vote on Resolution 1.

- 2.2 Resolution 2: Issue of Shares to Borneo Capital Limited (“Borneo Allotment”)** - To consider and, if thought fit, to pass the following **ordinary** resolution:

*That, the shareholders approve (for the purposes of NZX Listing Rule 4.1.1 and Rule 7(d) of the Takeovers Code) the issue of up to 8,333,333 ordinary shares in the company to Borneo Capital Limited at an issue price of 6.0 cents per share.*

The information required by Rule 16 of the Takeovers Code and other relevant information is contained in the Explanatory Notes- See 5.3.

Rewi Hamid Bugo and Borneo Capital Limited are prohibited (by NZX Listing Rule 6.3 and Rule 17 of the Takeovers Code) from voting any shares they hold on Resolution 2. General Capital shareholders not associated with Borneo are permitted to vote on Resolution 2.

- 2.3 Resolution 3: Purchase of Shares by Borneo Capital Limited from Belian Holdings Limited (“Borneo Acquisition”)** - To consider and, if thought fit, to pass the following **ordinary** resolution:

*That, the shareholders approve (for the purposes of rule 7(c) of the Takeovers Code) the acquisition of 12,377,869 ordinary shares in the Company by Borneo Capital Limited from Belian Holdings Limited at a purchase price of 6.0 cents per share.*

The information required by Rule 15 of the Takeovers Code and other relevant information is described in the Explanatory Notes- See 5.4.

Rewi Hamid Bugo, Borneo Capital Limited, Belian Holdings Limited, Graeme Brown and any of their associated parties are prohibited (by Rule 17 of the Takeovers Code) from voting any shares they hold on Resolution 3. General Capital shareholders not associated with Borneo Capital Limited or Belian Holdings Limited are permitted to vote on Resolution 3.

- 2.4 Resolution 4: Issue of Warrants to Senior Management** – To consider and, if thought fit, to pass the following **ordinary** resolution:

*That, the Company approve (for the purposes of NZX Listing Rule 4.1.1) an issue the following warrants, and the shares to issue on the exercise of those warrants, to the senior managers of the Company being Brent Douglas King (Managing Director) and Jonathan Brian Vijay Clark (Chief Financial Officer) in such numbers and proportions as determined by the Board of the Company in its absolute discretion and on such terms as the Board of the Company believe is fair and reasonable to the Company and to all existing shareholders:*

- *Up to 8,500,000 warrants that entitle the holder of each warrant to subscribe for cash for one ordinary share in the Company at an exercise price of 8.0 cents per share at any time prior to 30 June 2023; and*

- *Up to 8,500,000 warrants that entitle the holder of each warrant to subscribe for cash for one ordinary share in the Company at an exercise price of 9.0 cents per share at any time prior to 30 June 2024;*

**Provided that** not more than 50% in aggregate of either tranche of warrants may be issued to Brent Douglas King and associated persons of Brent Douglas King.

Brent Douglas King, Barter Investments Limited and Jonathan Brian Vijay Clark and their associated persons are prohibited (by NZX Listing Rule 6.3) from voting shares they hold on Resolution 4. General Capital shareholders not associated with Brent Douglas King, Barter Investments Limited and Jonathan Brian Vijay Clark are permitted to vote on Resolution 4.

### 3 Independent Advisors Report

- 3.1 As the Borneo Transactions (proposed in Resolutions 2 and 3) will result in a person who already holds in excess of 20% of the voting securities issued by the Company acquiring additional securities (in accordance with resolutions under Rule 7(c) and 7(d) of the Takeovers Code) the Company is required by Rule 18 of the Takeovers Code to obtain an independent adviser report (**Independent Adviser Report**) and for that report to be contained in or to accompany this Notice of Meeting.
- 3.2 In addition, as the allotment referred to in Resolution 2 is intended to be subscribed for by an associate of a director of the Company, NZX Listing Rule 7.8.5(b) also requires the Company to obtain an Independent Adviser Report for the purposes of NZX Listing Rules 7.8.5(b) and for that report to be contained in or to accompany this Notice of Meeting.
- 3.3 The purpose of that report is to assess the merits of the proposed allotment of shares under Resolution 2 and the transfer of shares under resolution 3 and confirm whether the terms of the Borneo Transactions are fair to the Shareholders of the Company (other than Borneo and its associates). Simmons Corporate Finance Limited (**Independent Adviser**) has prepared that report and a copy of their report accompanies this Notice of Meeting.
- 3.4 The Independent Advisers conclusions in relation to the Borneo Transactions are set out on page 3 of the Independent Adviser Report and the Independent Adviser provides a:
- a) Summary of its evaluation and conclusions relating to the Borneo Allotment at paragraphs 2.2 and 2.3 on pages 7 to 9 of its report;
  - b) Summary of its evaluation and conclusions relating to the Borneo Acquisition at paragraphs 3.2 on page 18 of its report; and
  - c) An analysis of the reasonableness of the Borneo Allotment price and the Borneo Acquisition price at paragraphs 5.1 and 5.2 on pages 25 and 26 of its report.

Shareholders should consider the independent adviser's report as a whole in order to have a full understanding of the independent adviser's opinion.

### 4 Regular Business

- 4.1 **Annual Report:** The meeting will receive, consider and discuss the Annual Report of the Company for the year ended 31 March 2021, including the financial statements for that year and the Directors' and auditor's reports to the shareholders.
- 4.2 **Resolution 5: Auditors:** To record that the Company's auditors, Baker Tilly Staples Rodway Auckland, 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 2022.”*

See 5.6 below

- 4.3 **Resolution 6: Re-election of Director: Brent Douglas King:** To consider and, if thought fit, to pass the following **ordinary** resolution:

*That Brent Douglas King, who retires by rotation at the Annual Meeting and is eligible for re-election, be elected as a director of the Company.*

See 5.7 below.

- 4.4 **Resolution 7: Re-election of Director: Graeme Iain Brown:** To consider and, if thought fit, to pass the following **ordinary** resolution:

*That Graeme Iain Brown, who retires by rotation at the Annual Meeting and is eligible for re-election, be elected as a director of the Company.*

See 5.7 below.

- 4.5 **Resolution 8: Re-election of Director: Simon John McArley:** To consider and, if thought fit, to pass the following **ordinary** resolution:

*That Simon John McArley, who retires by rotation at the Annual Meeting and is eligible for re-election, be elected as a director of the Company.*

See 5.7 below.

## 5 Explanatory Notes

- 5.1 **Introduction:** In the 3 years since the 2018 reverse listing of the Company its total assets have increased from approximately \$16.4m to approximately \$68.2m. That represents an overall compounded growth of 60% per annum over the 3-year period. This mostly reflects the growth of the General Finance Limited (“GFL”) existing borrowing and lending businesses. The Board believes that to reach critical or optimal scale this business needs to continue growing at this rate for the coming 2 years and achieve total assets of between \$100m and \$150m. However as additional assets are acquired by GFL through additional deposit funding, the Company is required to contribute additional capital to GFL in order to satisfy the prudent capital ratio determined by the independent board of GFL or otherwise required under the Non-bank Deposit Takers Act 2013. The independent board of GFL currently maintain a capital ratio (as defined by the Non-bank Deposit Takers Act 2013) of 15%.

The Board is proposing a number of initiatives to ensure the required capital is available to the Company to support continued growth.

The capital raisings proposed by Resolutions 1 and 2 aim to raise up to \$5.5m of additional share capital which, if fully subscribed and applied to GFL would enable GFL to increase total deposits by up to \$63.7m in the coming year and thus lend or otherwise acquire financial assets of up to \$69.8m, bringing total assets to up to \$134.4m. This assumes the same risk-weighted asset mix as at 31 March 2021 is maintained and assumes no further increases in GFL’s capital through retained earnings. Further increases in GFL’s capital through retained earnings would increase GFL’s ability to grow its balance sheet whilst maintaining its prudent capital ratio.

The acquisition of Belian’s shareholding by Borneo which Resolution 3 seeks to approve, is intended to facilitate an orderly market for that shareholding, avoiding downward pressure of the Company’s share price during the capital raising.

The issue of warrants to the Company's senior managers is intended to incentivise those senior managers to succeed in implement the Boards growth strategy at no immediate cost to the Company.

As the Company's ordinary shares are listed on the NZSX Market operated by NZX it is a code company for the purposes of the Takeovers Code. Rule 6 of the Takeovers Code provides that no person who holds or controls 20% or more of the voting rights in the Company may become the holder or controller of an increased percentage of the voting rights the Company unless:

- In the case of an increased percentage of the voting rights arising by way of allotment, the allotment has been approved by an ordinary resolution of Company as required by Rule 7(d). Accordingly, as Borneo already holds in excess of 20% of the voting securities issued by the Company, the Borneo Allotment is required to be approved by the resolution proposed in Resolution 2 before it can proceed.
- In the case of an increased percentage of the voting rights by way of acquisition, the acquisition has been approved by an ordinary resolution of the Company as required by Rule 7(c) of the takeovers code. Accordingly, as Borneo already holds in excess of 20% of the voting securities issued by the Company, the Borneo Acquisition is required to be approved by the resolution proposed in Resolution 3 before it can proceed.

A detailed explanation of these proposed resolutions are set out in 5.2 to 5.5 below.

**5.2 Resolution 1: Issue of Shares for Wholesale Capital Raising** – The Board intends to raise up to \$5,000,000 towards meeting its anticipated capital needs by inviting wholesale investors to subscribe for shares in the Company ranking equally with the existing ordinary shares issued by the Company. The allotments will be made for cash. The wholesale investors will be persons who the Board believes it is in the interests of the Company to become shareholders and who satisfy the definition of “wholesale investor” for the purposes of the Financial Markets Conduct Act 2013. However, the invitation will not be open to any Related Party of the Company which excludes the Directors, Senior Managers, persons who already hold in excess of 10% of the ordinary shares in the Company and their Associated Persons from participating in the issue. Wholesale investors participating in the wholesale capital raising will subject to the Takeovers Code in that:

- no person that holds or controls less than 20% of the voting rights in the Company, will be allotted equity securities that result in that person becoming the holder or controller of in excess of 20% of the voting rights in the Company; and
- no person that holds or controls 20% or more of the voting rights in the Company will be allotted any equity securities that increase the percentage of voting rights in the Company held or controlled by that person.

NZX Listing Rule 4.1.1 requires that (except in limited circumstances which are inapplicable or on which the Company does not wish to rely) the Company only Issue Ordinary Shares and other Equity Securities with approval of an Ordinary Resolution of Shareholders. Accordingly, the Directors are proposing Resolution 1 to seek that approval.

The issue price of the shares will be determined by a process of negotiation with prospective investors and will be influenced by demand for the shares and the prevailing economic and market conditions at the time of issue of the shares. The issue price will not be less than:

- 5.75 cents per share; and
- a price and on such terms as the Board believe is fair and reasonable to the Company and to all existing shareholders.

The maximum number of shares that than will be issued under the offer to wholesale investors is 86,956,522 ordinary shares.

The offer to wholesale investors is not underwritten and the final amount to be allotted will be dependent on the demand received from wholesale investors and the eventual capital needs of the company over the coming year. The allotment of the additional capital will be completed within 12 months of approval.

The wholesale capital raising proposed by Resolution 1 will, if approved have a material dilution effect in relation to each shareholder's Shareholding in the Company. The number of shares each shareholder has in the Company will remain unchanged, but the percentage of shares that the shareholder holds in the Company will be reduced because of the dilutionary effect. The potential dilution effects of the wholesale capital raising, the Borneo Capital Limited allotment proposed in Resolution 2 (referred to in 5.3 below), the issue of warrants to senior management proposed in Resolution 4 (referred to in 5.5 below) and the GENWB warrants issued by the company in December 2018 are set out in the following table:

Total ordinary shares prior to capital raising.	162,873,779
Maximum number of shares that may be issued under the proposed wholesale capital raising (at the minimum issue price of 5.75 cents per share <sup>1</sup> )	86,956,522
Maximum number of shares that may be issued under the proposed Borneo Capital Limited allotment	8,333,333
Maximum number of shares that may be issued under the warrants proposed to be issued to Senior Managers	17,000,000
Maximum number of shares that may be issued under the GENWB warrants issued by the company in December 2018	322,984,884

Example Shareholder: Pre capital raising percentage based on a holding of 16,287,378 shares	10%
Example Shareholder: Post capital raising assuming that the maximum number of shares are issued under: <ul style="list-style-type: none"> <li>• the wholesale capital raising; and</li> <li>• the Borneo Capital Limited allotment; and</li> </ul> all the senior management warrants are exercised.	5.9%

<sup>1</sup> The minimum issue price of 5.75 cents per share has been used to demonstrate the dilution effect of the issue. The actual issue price will be determined by the Board by a process of negotiation with prospective investors at a such price equal to or in excess of this and on such terms as the Board of the Company believe is fair and reasonable to the Company and to all existing shareholders.

<p>Example Shareholder: Post capital raising assuming that the maximum number of shares are issued under;</p> <ul style="list-style-type: none"> <li>• the wholesale capital raising; and</li> <li>• the Borneo Capital Limited allotment;</li> </ul> <p>but that none of the senior management warrants are exercised.</p>	6.3%
<p>Example Shareholder: Post capital raising assuming that the maximum number of shares are issued under the wholesale capital raising but:</p> <ul style="list-style-type: none"> <li>• the Borneo Capital Limited allotment does not proceed; and</li> <li>• none of the senior management warrants are exercised.</li> </ul>	6.5%
<p>Example Shareholder: Post capital raising assuming:</p> <ul style="list-style-type: none"> <li>• that the maximum number of shares are issued under the wholesale capital raising and the Borneo Capital Limited allotment</li> <li>• all the senior management warrants are exercised; and</li> <li>• that the shareholder received and has retained their allocation of GENWB Warrants issued to them in December 2018 and that all GENWB Warrants are exercised prior to 30 November 2021.</li> </ul>	8.2%

A further analysis of the Dilutionary Impact is set out at paragraph 2.7 on page 12 of the Independent Advisors report.

The GENWB warrants were issued by the company in December 2018 to all existing shareholders at a ratio of 2 GENWB Warrants for each ordinary share held at that time. GENWB warrants were also issued to the directors, senior management and contractors to the Company and its subsidiaries. There are 322,984,884 GENWB Warrants currently on issue. The GENWB Warrants are convertible to ordinary shares at any time prior to 30 November 2021 at a conversion price of 9.0 cents per share. As the Average Market Price as at 23 July 2021 was 5.9 cents per share, the Board believes that it is unlikely a material proportion of warrant holders will elect to exercise their warrants before expiry unless there is a significant increase in the share price. It should also be noted that if a material proportion of the GENWB Warrants were to be exercised, it is unlikely the Board would continue (to the extent allotments have not already been made) with the wholesale capital raising or the Borneo Allotment, as the capital needs of the Company would be met by the proceeds of the exercise of the GENWB Warrants.

If the Company is not able to raise additional capital through the wholesale capital raising it may preclude the ability of the company and its subsidiaries to continue to grow their businesses and may limit returns to shareholders in the future.

Shareholders should note that NZX Listing Rule 4.5 permits the company to issue ordinary shares over a 12-month period that do not exceed 15% of the existing ordinary shares on issue plus ordinary shares approved for issue. The Board has not utilised this provision as it is insufficient to permit the full amount of the proposed issue and the Board believes that obtaining approval for the full amount of the proposed issue proposed (rather than a portion of it) is more open and transparent for shareholders. In addition, it enables the 15% placement entitlement to be retained for emergency or unforeseen

capital needs that may arise. The Directors do not currently have a plan or intention to utilise that entitlement in the coming 12 months but may do so if they believe it is in the interests of the Company to do so.

- 5.3 **Resolution 2: Issue of Shares to Borneo Capital Limited** – Borneo Capital Limited (“Borneo”), a company controlled by Rewi Bugo a director of the Company and Chair of the Board, has agreed (subject to approval of this resolution) to support the capital raising and contribute up to \$500,000 of additional capital. Borneo will do this by subscription for ordinary shares in the Company ranking equally with the existing ordinary shares issued by the Company. The allotment of the additional capital will be completed within 12 months of approval.

As Borneo already holds in excess of 20% of the voting securities issued by the Company it is prohibited from subscribing for additional securities without approval of an Ordinary Resolution of shareholders in accordance with Rule 7(d) of the Takeovers Code.

In addition, NZX Listing Rule 4.1.1 requires that (except in limited circumstances which are inapplicable or on which the Company does not wish to rely) the Company only Issue Ordinary Shares and other Equity Securities with approval of an Ordinary Resolution of Shareholders.

The allotment of shares to Borneo proposed by Resolution 2 will, if approved have a material dilution effect in relation to each shareholder’s Shareholding in the Company. The potential dilution effects of the proposed issue to Borneo is described in 5.2 above.

For the purposes of Rule 16 of the Takeovers Code, the Company and Borneo advise:

- a) The recipient of the proposed allotment is Borneo Capital Limited, a company controlled by Rewi Bugo a director of the Company and Chair of the Board. Borneo currently holds 25.94% of all voting securities in the Company. If the acquisition referred to in Resolution 3 (see 5.4 below) is approved and completed, that will increase to 33.54% of all voting securities in the Company immediately prior to the allotment;
- b) The maximum number of voting securities that could be allotted to Borneo is 8,333,333 ordinary shares. This represents 5.12% of the aggregate of all currently existing voting securities or 4.87% of all voting securities issued after the allotment;
- c) The maximum percentage of all voting securities that could be held or controlled by Borneo after completion of the allotment is 29.54%.
- d) If the acquisition referred to in Resolution 3 (see 5.4 below) is approved and completed, that maximum percentage of all voting securities will increase to 36.77% of all voting securities in the Company.
- e) If the wholesale capital raising referred to in Resolution 1 is completed in full at the minimum price of 5.75 cents per share and the acquisition referred to in Resolution 3 (see 5.4 below) is approved and completed, that maximum percentage of all voting securities that could be held or controlled by to Borneo after completion of the allotment will decrease to 24.39% of all voting securities in the Company;
- f) If the wholesale capital raising referred to in Resolution 1 is completed in full at the minimum price of 5.75 cents per share, the acquisition referred to in Resolution 3 (see 5.4 below) is approved and completed and all the GENWB Warrants are exercised prior to 30 November 2021, that maximum percentage of all voting securities that could be held or controlled by to Borneo after completion of the allotment will decrease to 25.08% of all voting securities in the Company;
- g) The maximum aggregate of the percentages of all voting securities that could be held or controlled by Borneo and its associates after completion of the allotment is

also 29.54%. Again, if the acquisition referred to in Resolution 3 (see 5.4 below) is approved and completed, that maximum percentage of all voting securities will increase to 36.77% of all voting securities in the Company.

- h) The information contained in paragraphs b) to g) is calculated as at 23 July 2021 and on the assumption that;
  - i) that the number of voting securities is the number of voting securities on issue on 23 July 2021; and
  - ii) that there is otherwise no change in the total number of voting securities on issue between 23 July 2021 and the end of the allotment period and the Borneo Allotment is completed prior to the wholesale capital raising referred to in Resolution 1. If voting securities are issued as a result of the wholesale capital raising proposed in Resolution 1 (see 5.2 above) the percentages disclosed will reduce; and
  - iii) that all 8,333,333 ordinary shares, being the maximum allotment for which approval is sought are subscribed for by Borneo; and
  - iv) That the acquisition referred to in Resolution 3 (See 5.4 below) is approved and completed; and
  - v) That, except if stated to the contrary, none of the GENWB Warrants on issue are exercised (see 5.2 above regarding factors affecting this assumption).
- i) The issue price for the voting securities to be allotted to Borneo is 6.0 cents per share payable on allotment; and
- j) The allotment is being undertaken to fund the continued growth of the Company, in particular to enable GFL to continue to grow its borrowing and lending businesses while maintaining a prudent capital ratio. If Resolution 2 is not passed and the Company is not able to make the allotment to Borneo, the company will need to seek capital elsewhere. That capital may not be available at an advantageous price, increasing the relative cost to the Company and if the capital is not available at all it may preclude the ability of the Company and its subsidiaries to continue to grow their businesses.
- k) If approved, the allotment will be permitted under rule 7(d) of the Takeovers Code as an exception to Rule 6 of the Takeovers Code.
- l) No agreement or arrangement (whether or not legally enforceable) has been, or is intended to be, entered into between Borneo and any other person (other than between Borneo and the Company in respect of the matters referred to in paragraphs (a) to (j)) relating to the allotment, holding, or control of the ordinary shares in the Company to be allotted, or to the exercise of voting rights in the Company; and
- m) The Independent Adviser Report referred to in 3 above accompanies this Notice of Meeting; and
- n) A statement by the Directors of the Company unanimously recommending that you vote in favour of Resolution 2 and setting out the reasons for that recommendation appears in 6 below.

Rewi Hamid Bugo, Borneo and their associated parties are prohibited (by NZX Listing Rule 6.3 and Rule 17 of the Takeovers Code) from voting any shares they hold on Resolution 2. General Capital shareholders not associated with Borneo are permitted to vote on Resolution 2.

**5.4 Resolution 3: Purchase of Shares by Borneo Capital Limited from Belian Holdings Limited** – Belian Holdings Limited (“Belian”), a company controlled by Graeme Brown a director of the Company, holds 12,377,869 ordinary shares in the Company. Belian wishes to dispose of its shareholding and Borneo Capital Limited (“Borneo”), a company controlled by Rewi Bugo a director of the Company and Chair of the Board, has agreed (subject to approval of this resolution) to acquire that shareholding for a price of 6.0 cents per share.

Borneo wishes to undertake the acquisition in order to enable Belian to dispose of its shareholding in an orderly manner. If Belian seek to dispose of those shares elsewhere or on market this may result in liquidity exceeding demand and a resulting downward pressure of the Company’s share price. That in turn may adversely affect the Company’s ability to complete the wholesale capital raising at a fair price to existing shareholders.

As Borneo already holds in excess of 20% of the voting securities issued by the Company it is prohibited from acquiring additional securities without approval of an Ordinary Resolution of shareholders in accordance with Rule 7(c) of the Takeovers Code.

For the purposes of Rule 15 of the Takeovers Code, the Company and Borneo advise:

- a) The purchaser of the 12,377,869 ordinary shares in the Company is Borneo Capital Limited, a company controlled by Rewi Bugo a director of the Company and Chair of the Board. Borneo currently holds 25.94% of all voting securities in the Company. If the allotment referred to in Resolution 2 (see 5.3 above) is approved and completed in full, that will increase to 29.54% of all voting securities in the Company.
- b) The vendor of the 12,377,869 ordinary shares in the Company is Belian Holdings Limited, a company controlled by Graeme Brown a director of the Company.
- c) The 12,377,869 ordinary shares in the Company represents 7.60% of all voting securities in the Company.
- d) On completion of the acquisition Borneo will hold 33.54% of all voting securities in the company.
- e) If the allotment referred to in Resolution 2 (see 5.3 above) is approved and completed in full, that will increase to 36.77% of all voting securities in the Company.
- f) If the wholesale capital raising referred to in Resolution 1 is completed in full at the minimum price of 5.75 cents per share and the allotment referred to in Resolution 2 (see 5.3 above) is approved and completed, that maximum percentage of all voting securities that could be held or controlled by to Borneo after completion of the allotment will decrease to 24.39% of all voting securities in the Company;
- g) If the wholesale capital raising referred to in Resolution 1 is completed in full at the minimum price of 5.75 cents per share, the allotment referred to in Resolution 2 (see 5.3 above) is approved and completed and all the GENWB Warrants are exercised prior to 30 November 2021, that maximum percentage of all voting securities that could be held or controlled by to Borneo after completion of the allotment will decrease to 25.08% of all voting securities in the Company;
- h) The aggregate of the percentages of all voting securities that will be held or controlled by Borneo and its associates after completion of the acquisition will also be 33.54% of all voting securities in the Company and if the allotment referred to in Resolution 2 (see 5.3 above) is approved and completed in full, that will again increase to 36.77% of all voting securities in the Company;
- i) Borneo has agreed to pay 6.0 cents per share for the 12,377,869 being a total consideration of \$742,672.14. The sale will be completed and the consideration paid within 30 days of approval of the acquisition by the shareholders; and

- j) Borneo wishes to undertake the acquisition in order to enable Belian to dispose of its shareholding in an orderly manner. If Resolution 3 is not passed and Borneo is not able to acquire the ordinary shares held by Belian, Belian may seek to dispose of those shares elsewhere resulting in liquidity exceeding demand and a resulting downward pressure of the Company's share price. That in turn may adversely affect the Company's ability to raise the additional capital required to enable the Company and its subsidiaries to continue to grow their businesses.
- k) If approved by the shareholders, the acquisition will be permitted under Rule 7(c) of the Takeovers Code.
- l) No agreement or arrangement (whether or not legally enforceable) has been, or is intended to be, entered into between Borneo and any other person (other than between Borneo and Belian) in respect of the matters referred to in paragraphs (a) to (j)) relating to the acquisition, holding, or control of the 12,377,869 ordinary shares in the Company to be acquired, or to the exercise of voting rights in the Company; and
- m) The Independent Adviser Report referred to in 3 above accompanies this Notice of Meeting; and
- n) A statement by the Directors of the Company unanimously recommending that you vote in favour of Resolution 1 and setting out the reasons for that recommendation appears in 6 below.

Rewi Hamid Bugo, Borneo, Belian, Graeme Iain Brown and any of their associated parties are prohibited (by Rule 17 of the Takeovers Code) from voting any shares they hold on Resolution 3. General Capital shareholders not associated with Borneo are permitted to vote on Resolution 3.

**5.5 Resolution 4: Issue of Warrants to Senior Management** –The Board propose to issue of warrants to Brent Douglas King and Jonathan Brian Vijay Clark, being the senior managers of the Company. NZX Listing Rule 4.1.1 requires that (except in limited circumstances which are inapplicable or on which the Company does not wish to rely) the Company only Issue Ordinary Shares and other Equity Securities with approval of an Ordinary Resolution of Shareholders.

The issue of warrants to senior managers of the Company is intended to incentivise those senior managers, at no cost to the Company and in a way that further aligns the interests of shareholders with the interests of senior management. The funds received from the exercise of the warrants (if any) would be applied to fund the further growth of the Company and its subsidiaries.

Should Resolution 4 not be passed this would deny the Company an opportunity to incentivise those senior managers at no cost to the Company in a way that further aligns the interests of shareholders as well as limiting the Company's ability to align with the interests of senior management.

The eventual exercise of the options (if that occurs) will have a material dilution effect in relation to each shareholder's Shareholding in the Company. The potential dilution effects of the proposed issue to Borneo is described in 5.2 above.

No payment is required for the Warrants. The exercise price of the warrants has been set at a premium over the allotment price of the allotment referred to in Resolution 2 and the Average Market Price in order to provide a suitable incentive to the senior managers to grow the Company's value. Before the senior managers could expect to receive a benefit from exercise of the Warrants they would need to come into the money (that is to say when the Company's share price exceed the relevant warrant exercise price).

Those exercise prices are:

- For the 8,500,000 warrants exercisable prior to 30 June 2023, 8.0 cents per share; and
- For the 8,500,000 warrants exercisable prior to 30 June 2024, 9.0 cents per share

The Board is therefore seeking to incentivise the senior managers to grow the Company's share price by 1.0 cent per annum in the period to 30 June 2024. That represents an increase in the share price of over 50% over the 3-year period. Further the senior managers are incentivised to maintain the share price following exercise of the Warrants as they will sustain a loss if the share price subsequently falls.

The final number of each tranche of Warrants to be issued to each of Brent Douglas King and Jonathan Brian Vijay Clark within the maximum numbers determined by Resolution 4 will be determined by the Board of the Company in its absolute discretion provided that (as specified in the resolution) not more than 50% in aggregate of either tranche of warrants may be issued to Brent Douglas King and associated persons of Brent Douglas King.

It is not intended that the Warrants be quoted on NZX. The Board has also resolved that the warrants:

- will not be transferable to any person or entity not controlled by the relevant senior manager; and
- will only be exercisable if the relevant senior manager remains employed by or a contractor to the Company at the date of exercise.

The warrants will otherwise be issued on such terms as the Board believe is fair and reasonable to the Company and to all existing shareholders.

Brent Douglas King, Barter Investments Limited and Jonathan Brian Vijay Clark and their associated persons are prohibited by NZX Listing Rule 6.3 from voting shares they hold on Resolution 4. General Capital shareholders not associated with Brent Douglas King, Barter Investments Limited and Jonathan Brian Vijay Clark are referred to as Non-associated Shareholders and the Non-associated Shareholders are permitted to vote on Resolution 4.

**5.6 Resolution 5: Auditors** - Baker Tilly Staples Rodway, Auckland is automatically reappointed as auditors under section 207T of the Companies Act 1993. Resolution 5 authorises the Board to fix the fees and expenses of the auditors for the financial year ending 31 March 2022.

**5.7 Resolutions 6, 7 and 8: Re-election of Directors** Under NZX Listing Rule 2.7.1, no director may hold office (without re-election) past the third annual meeting following appointment or 3 years, whichever is the longest. Such directors are eligible for re-election. Messrs King, Brown and McArley were last elected at the 2018 annual meeting and are accordingly retiring at the annual meeting and being eligible, seek re-election.

a) **Brent Douglas King** (BCom, CA, CMA) (Resolution 6)

Brent King was the founder and managing director of Dorchester Pacific Limited, and its subsidiary Dorchester Finance Limited, until he resigned in 2006. During his tenure he built that company from zero to over \$480m in assets and returns of 20% per annum for over 10 years. Dorchester Pacific Limited was a public issuer with a registered prospectus for more than fifteen years. During that time Dorchester Pacific Limited and other companies Brent was a director of registered in excess of 100 prospectuses/disclosure documents. After leaving Dorchester Pacific Limited Brent founded the investment company, Viking Capital Limited, which was listed on the NZAX in 2006. Viking Capital Limited undertook a number of investments but after

sustaining losses sold its remaining business assets in 2012, resulting in it becoming a listed shell that subsequently became a vehicle for a back door listing in 2015.

Mr King has been Managing Director of General Capital Limited, and its subsidiaries General Finance Limited, Investment Research Group Limited since 3 August 2018. He is also a director of Equity Investment Advisers Limited and King Capital & Investment Corporation Limited. Mr King has also held directorships with a number of public and private companies including Finzsoft, 42Below, Charlies and Chow Group.

The Board considers that Mr King does not qualify as an independent director.

b) **Graeme Iain Brown** (B Com) (Resolution 7)

Graeme Brown is a graduate of the University of Otago, Dunedin where he obtained a Bachelor of Commerce. He has over 20 years' experience in the Malaysian plantation industry. He has been the Managing Director of Keresia Plantations Sdn. Bhd. since 1997. Keresia Plantations is one of just a few RSP0 certified plantations in Sarawak. Graeme also founded Keresia Mill Sdn. Bhd. in 2005, which has been a pioneer in the successful implementation of advanced milling technologies for FFB processing.

Graeme has been an executive director of Sarawakiana Realty Sdn. Bhd., a property company, since 1996, and Malesiana Tropicals Sdn. Bhd., a tissue culture company, since 2000 as well as being a director of several private companies, including Rajang Wood Sdn. Bhd., a plantation holding company, since 1996.

The Board considers that Mr Brown qualifies as an independent director.

c) **Simon John McArley** (LLB (Hons)) (Resolution 8)

Simon McArley is an independent director and a lawyer. He is a graduate of Victoria University Wellington where he obtained a Bachelor of Law, with Honours. He was a partner of a national law firm for 10 years before commencing a sole practice specialising in corporate and governance issues, 20 years ago. In that time he has spent time as acting head of regulation at NZX, acting director of primary markets at the Securities Commission (predecessor of the FMA) and acting Director and Chief Executive of the Serious Fraud Office. He has also provided governance advice to central government agencies and major Australasian financial services providers.

Simon has governance appointments with private companies and charitable trusts.

The Board considers that Mr McArley qualifies as an independent director.

5.8 **NZX Accepts No Responsibility:** NZ RegCo has confirmed that it does not object to this Notice of Meeting. However, NZ RegCo accepts no responsibility for any statement made in this Notice of Meeting.

## 6 Directors' Recommendation

6.1 The Directors unanimously recommend that you vote in favour of all the Resolutions.

6.2 Resolution 2: For the purposes of Rule 19 of the Takeovers Code the Directors' reasons for recommending that you vote in favour of Resolution 2 are:

- a) The Directors believe that the Company requires additional capital to fund its continued growth, in particular to enable GFL to continue to grow its borrowing and lending businesses while maintaining a prudent capital ratio.
- b) If Resolution 2 is not passed and the Company is not able to make the allotment to Borneo, the company will need to seek additional capital elsewhere. That capital may not be available at an advantageous price, increasing the relative cost to the Company and the capital may not be available at all, which will preclude the ability of the company and its subsidiaries to continue to grow their businesses.
- c) The Directors do not believe that allotment of the additional shares by Borneo will materially affect or alter the degree of effective control exercised by Borneo. Borneo already holds in excess of 25% of the voting rights in the Company and will not on completion of the Transitions hold or control in excess of 50% of the voting rights in the Company.
- d) The Directors note that the placements that have occurred over the last 12 months have been conducted at a share price of 6.25 cents per share. As at 23 July 2021 the Average Market Price of the Company's ordinary shares was 5.9 cents per share. Accordingly the Directors believe (and will resolve and certify as required by section 47 of the Companies Act 1993) that the issue price is in their opinion fair and reasonable to the company and to all existing shareholders.

6.3 Resolution 3: For the purposes of Rule 19 of the Takeovers Code the Director's reasons for recommending that you vote in favour of Resolution 3 are:

- a) Acquisition of Belian's shareholding by Borneo will provide stability of shareholding for the Company and enable Belian to dispose of its shareholding in an orderly manner.
- b) If Resolution 3 is not passed and Borneo is not able acquire the ordinary shares held by Belian, Belian may seek to dispose of those shares elsewhere resulting in liquidity exceeding demand and a resulting downward pressure of the Company's share price. That in turn may adversely affect the Company's ability to raise the additional capital required to enable the Company and its subsidiaries to continue to grow their businesses.
- c) The Directors do not believe that acquisition of the additional shares by Borneo will materially affect or alter the degree of effective control exercised by Borneo. Borneo already holds in excess of 25% of the voting rights in the Company and will not on completion of the Borneo Transitions hold or control in excess of 50% of the voting rights in the Company.
- d) The Directors note that the placements that have occurred over the last 12 months have been conducted at a share price of 6.25 cents per share. As at 23 July 2021 the Average Market Price of the Company's ordinary shares was 5.9 cents per share.

## 7 Voting Details

7.1 **Voting Entitlements:** The persons who will be entitled to vote on the resolutions at the Annual Meeting are those persons who are General Capital shareholders at 5:00pm on Thursday, 26 August 2021.

7.2 **Casting Your Vote:** You may cast your vote by either:

- a) **Personal attendance:** If you wish, you can attend the Annual Meeting and vote. Voting will be by way of poll. You must bring the Proxy/Voting Form with you to vote.
- b) **Appoint a proxy to vote:** You may appoint a proxy or corporate representative (if the shareholder is a body corporate) to attend the Annual Meeting to act generally at the meeting and to vote on your behalf. Your proxy does not need to be a General Capital shareholder. To do this, you should complete the Proxy/Voting Form. It must be returned to the share registrar by 11:00am on Wednesday, 25 August 2021. You may return your Proxy/Voting Form by:
- Completing the Proxy/Voting Form and either posting it or faxing it to the share registrar; or
  - Completing the Proxy/Voting Form online at [www.investorvote.co.nz](http://www.investorvote.co.nz)
- c) **Voting Restrictions:** Rule 17 of the Takeovers Code prohibits either:
- i) in the case of a resolution to approve allotment of voting securities (such as resolution 2), the person receiving the allotment and its associated persons; or
  - ii) in the case of a resolution to approve acquisition of voting securities (such as resolution 3), the persons acquiring and disposing of the voting securities and its associated persons

from voting on that resolution. In addition, NZX Listing Rule 6.3 prohibits the person receiving an allotment and its associated persons from voting on a resolution required to approve that allotment. The identity of the persons (if any) restricted from voting in relation to each resolution are identified in the explanatory note relating to each resolution in 5 above and on the proxy/voting form itself.

- d) **Proxy/Voting Forms:** The Proxy/Voting Form allows you to vote (or direct your proxy to vote) either for or against, or abstain from, each resolution notified in the Notice of Meeting. You may also allow your proxy to vote at their discretion (ie “undirected”). However, an undirected proxy cannot exercise discretion and vote on a resolution if they are restricted from voting on that resolution. They can only cast a vote if an express direction is expressed in the proxy.
- e) The Chair of the meeting or any other Director is willing to act as proxy for any shareholder who wishes to appoint them for that purpose. If you appoint the Chair of the meeting or any other General Capital director as your proxy to vote on your behalf, then any undirected proxies granted to them will be voted in favour of the relevant resolution, unless that director is restricted from voting on the resolution, in which case your vote will not be cast. If, in appointing a proxy, you have inadvertently not named someone to be your proxy, or your named proxy does not attend the Annual Meeting, the Chair of the meeting will be your proxy and will vote in accordance with your express direction. Again, if the Chair is restricted from voting on a resolution and you have not directed how to cast your vote, your vote will not be cast. General Capital directors are not prepared to speak at the Annual Meeting on behalf of a shareholder who appoints them as their proxy. If you wish to be heard at the meeting you should either attend in person or appoint a proxy other than a General Capital director.
- f) To assist shareholders wishing to exercise their voting rights at the Annual Meeting (whether in person or by proxy), the Proxy/ Voting Form accompanying this Notice of Meeting has been personalised with individual shareholder details. The Proxy/ Voting

Form shows your current shareholding. If, at 5:00pm on Thursday, 26 August 202, your shareholding is different from that shown on the Proxy/Voting Form, you can update the entitlement on arrival at the meeting.

- g) **Method of Voting:** Voting on the resolution put before the Annual Meeting will be by poll. Results of the voting will be available after the conclusion of the meeting and will be notified on the NZX.
- h) **Voting Thresholds:** All Resolutions 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.

## 8 GLOSSARY

Terms defined in the Takeovers Code and the NZX Listing Rules have the same meaning when used in this notice and:

*Average Market Price* means the amount calculated in the manner described in the definition of that term in the NZX Listing Rules on the date stated in this notice.

*Belian* means Belian Holdings Limited, a company controlled by Graeme Brown a director of the Company.

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

*Borneo* means Borneo Capital Limited, a company controlled by Rewi Bugo a Director of the Company and Chair of the Board.

*Borneo Acquisition* means the acquisition of ordinary shares by Borneo proposed by resolution 4 (see 5.5 above)

*Borneo Allotment* means the allotment of ordinary shares to Borneo proposed by resolution 2 (see 5.3 above)

*Borneo Transactions* means the Borneo Allotment and the Borneo Acquisition taken together.

*Companies Act* means the Companies Act 1993.

*Company or General Capital* means General Capital Limited.

*Directors* means the directors of the Company.

*GFL* means General Finance Limited

*NZ RegCo* means NZX Regulation Limited

*NZSX* means NZX's Main Board.

*NZX Listing Rules* means NZX's listing rules for the NZSX.

*NZX* means NZX Limited.

*NZX Listing Rules* means the listing rules for listing on the NZX markets.

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

*Resolutions* means Resolutions 1 to 8 and *Resolution* means any of them.

*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 entitled to vote and voting on the resolution in person or by proxy.

*Takeovers Code* means the takeovers code approved by the Takeovers Regulations 2000.

**By order of the Board**

A handwritten signature in black ink, appearing to read 'Rewi H Bugo', with a small flourish at the end.

Rewi H Bugo  
**Chairman**