

# **Kresta Holdings Ltd**

ACN 008 675 803

## **Notice of 2020 Annual General Meeting and Explanatory Statement**

Date of Meeting

**Friday, 24 July 2020**

Time of Meeting

**11:00am (WST)**

Place of Meeting

**380 Victoria Road, Malaga  
Western Australia 6090**

This is an important document. Please read it carefully and in its entirety. If you do not understand it please consult with your professional advisers.

If you are unable to attend the Meeting, please complete the Proxy Form enclosed and return it in accordance with the instructions set out in that form.

**Notice of 2020 Annual General Meeting**  
**Kresta Holdings Limited**  
ACN 008 675 803

Notice is given that the Annual General Meeting of Kresta Holdings Limited ACN 008 675 803 (the **Company**) will be held at 380 Victoria Road, Malaga, Western Australia 6090 on Friday, 24 July 2020 commencing at 11:00am (WST).

The Explanatory Statement to this Notice of Meeting forms part of the Notice and provides additional information on matters to be considered at the Annual General Meeting.

Definitions of capitalised terms used in the Notice of Meeting and Explanatory Statement are set out in the Explanatory Statement.

**Business of the Meeting**

**1. FINANCIAL STATEMENTS AND REPORTS**

To receive and consider the Company's Financial Report, the Directors' Report and the Auditors' Report for the financial year ended 31 December 2019.

**2. RESOLUTION 1 – APPROVAL OF REMUNERATION REPORT**

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

*"The Remuneration Report for the financial year ended 31 December 2019, as set out in the 2019 Annual Report, be approved and adopted."*

**Note:** The vote on this Resolution is advisory only and does not bind the Company.

**Voting Exclusion Statement:** A vote on this Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member,

unless the vote is cast by a person as a proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chairman as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit, even though it is connected directly or indirectly with remuneration of the Key Management Personnel.

### 3. RESOLUTION 2 – RE-ELECTION OF MR MINGMING ZHANG AS A DIRECTOR

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

*“That Mr Mingming Zhang, who retires as a Director in accordance with clause 3.6 of the Constitution, and being eligible for election, be re-elected as a Director.”*

### 4. RESOLUTION 3 - SPILL RESOLUTION (CONTINGENT ITEM)

The following resolution is a contingent item, and will only be put to the meeting if at least 25% of the votes cast on Resolution 1 (Approval of Remuneration Report) are against the adoption of the Remuneration Report for the year ended 31 December 2019.

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*“That, subject to and conditional on at least 25% of the votes cast on Resolution 1 (Approval of Remuneration Report) in this Notice of Meeting against the adoption of the Remuneration Report for the year ended 31 December 2019, as required by section 250V(1) of the Corporations Act:*

- (a) *an extraordinary general meeting of the Company (**Spill Meeting**) be held within 90 days after the passing of this resolution;*
- (b) *all of the Directors of the Company in office at the time when the resolution to make the Directors' Report for the financial year ended 31 December 2019 was passed, other than the Managing Director, and who remain in office at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and*
- (c) *resolutions to appoint persons to offices that will vacated immediately before the end of the Spill Meeting be put to the vote at the Spill Meeting.”*

**Voting Exclusion Statement:** A vote must not be cast on Resolution 3 and the Company will disregard any votes cast on the resolution by or on behalf of:

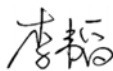
- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member,

unless the vote is cast by a person as a proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chairman as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit, even though it is connected directly or indirectly with remuneration of the Key Management Personnel.

By order of the Board:

Date: 15 June 2020

Signed:



Name:

Tao Li

Company Secretary

## VOTING INSTRUCTIONS

### Required Majorities

Resolutions 1 and 2 are ordinary resolutions and will be passed only if supported by a majority of the votes cast by Shareholders entitled to vote on the Resolutions in person, by proxy, or by an authorised representative.

Resolution 3 is a contingent ordinary resolution and will only be put to Shareholders if at least 25% of the votes cast on Resolution 1 are against the approval of the Remuneration Report for the year end 31 December 2019. If required to be put to the AGM, Resolution 3 will only be passed if it is supported by a majority of the votes cast by Shareholders entitled to vote on the resolution.

### Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice of Meeting and should be read in conjunction with it. Shareholders are specifically referred to Section 9 of the Explanatory Statement which contains definitions of capitalised terms used in this Notice of Meeting and the Explanatory Statement.

### Proxies

Please note that all Shareholders entitled to attend and vote at the Meeting are entitled to appoint a proxy. A proxy need not be a member of the Company. A Shareholder may appoint a body corporate or individual as its proxy. A body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy. Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that body corporate's representative. The authority may be sent to the Company or its share registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

To vote by proxy, the Proxy Form (together with the original of any power of attorney or other authority, if any, or certified copy of that power of attorney or other authority under which the Proxy Form is signed) must be received at the Company no later than 11:00am (WST) on Wednesday, 22 July 2020, which is no more than 48 hours before the date of the Meeting. Proxy Forms received after that time will be invalid.

Details for sending your proxy form are as follows.

Address: Kresta Holdings Limited  
Attn: Company Secretary  
PO Box 3036  
Malaga DC WA 6944

Email: [shareholder@khl.com.au](mailto:shareholder@khl.com.au)

### Voting Entitlements

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth), the Company has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the register of Shareholders as at 11:00am (WST) on Wednesday, 22 July 2020, which will be no more than 48 hours before the date of the Meeting. Accordingly, transactions registered after that time will be disregarded in determining Shareholders' entitlements to attend and vote at the Meeting.

# EXPLANATORY STATEMENT TO SHAREHOLDERS

## KRESTA HOLDINGS LIMITED

ACN 008 675 803

### IMPORTANT NOTICE

**Shareholders should read this Explanatory Statement in full and if they have any questions, obtain professional advice before making any decisions in relation to the Resolutions to be put to Shareholders at the Meeting.**

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### 1. INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Company's 2020 Annual General Meeting to be held at 380 Victoria Road, Malaga, Western Australia 6090 on Friday, 24 July 2020 at 11:00am (WST).

You should read this Explanatory Statement in full before making any decision in relation to the Resolutions. If Shareholders are in doubt about what to do in relation to the Resolutions, they should consult a financial or other professional adviser.

### 2. FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires the Company to lay before the Annual General Meeting the Company's Financial Report, Directors' Report (including the Remuneration Report) and the Auditor's Report for the last financial year that ended before the Annual General Meeting.

No resolution is required for this item, but Shareholders will be provided with a reasonable opportunity to ask questions or make comments in relation to these reports.

The Company's Auditor will also be present at the AGM and Shareholders will be given the opportunity to ask the Auditor questions about the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies adopted by the Company and the independence of the Auditor.

### 3. RESOLUTION 1 – APPROVAL OF REMUNERATION REPORT

The Remuneration Report is set out in the 2019 Annual Report. In summary, the Remuneration Report:

- (a) explains the Board's policies in relation to the nature and level of remuneration paid to Directors and specified executives of the Company;
- (b) deals with the link between the Board's policies and the Company's performance;
- (c) sets out remuneration details for each Director and specified executive of the Company; and
- (d) makes clear that the basis for remunerating non-executive Directors is distinct from the basis for remunerating executive Directors.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the AGM. Under section 250R(2) of the Corporations Act, a resolution that the

Remuneration Report be adopted must be put to the vote. This item is included for advisory purposes only and any vote taken at the AGM does not bind the Directors or the Company. The Board will nonetheless consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at this Meeting when reviewing the Company's remuneration policies.

Under the 'two strikes' rule in the Corporations Act, if at least 25% of the votes cast on the adoption of the remuneration report at two consecutive Annual General Meetings are cast against the adoption of the Remuneration Report, a 'spill resolution' must be put to Shareholders of the Company at the second Annual General Meeting.

At last year's annual general meeting, more than 25% of the votes cast on the resolution to adopt the Remuneration Report for the financial year ended 31 December 2018 were against the adoption of the report and the Company received a 'first strike'.

If 25% or more of the votes that are cast on Resolution 1 are cast against the adoption of the Remuneration Report for the financial year end 31 December 2019, the Company will receive a 'second strike' and will be required to put Resolution 3 to the Shareholders at this AGM,. Further information about Resolution 3 is set out below. In accordance with the Corporations Act, Shareholders will be given an opportunity to ask questions and make comments about the Remuneration Report for the year ended 31 December 2019.

**Board recommendation:** Noting each Director has a personal interest in their own remuneration from the Company (as described in the Remuneration Report), the Directors unanimously recommend that Shareholders vote in favour of the Resolution 1.

#### **4. RESOLUTION 2 – RE-ELECTION OF MR MINGMING ZHANG AS A DIRECTOR**

Clause 3.6 of the Constitution requires that one third of the Directors must retire from office at the Annual General Meeting each year and are eligible for re-election.

Accordingly, Mr Mingming Zhang, having been in office longest since his last election, retires and and being eligible, offers himself for re-election as a Director.

Mr Zhang has been with the Kresta business for 5 years. During this time, he has managed the procurement and distribution business.

#### **5. RESOLUTION 3 - SPILL RESOLUTION (CONTINGENT ITEM)**

The Corporations Act includes a 'two strikes' rule in relation to Remuneration Reports. The two strikes rule provides that, if at least 25% of the votes cast on the resolution to adopt the Remuneration Report at two consecutive Annual General Meetings are cast against adopting the Remuneration Report, a 'spill resolution' (as set out in Resolution 3) (**Spill Resolution**) must be put to Shareholders at the second Annual General Meeting.

At last year's annual general meeting, more than 25% of the votes cast on the resolution to adopt the Remuneration Report for the year end 31 December 2018 were against adopting the report. This is the 'first strike'.

If at least 25% of the votes cast on Resolution 1 are against adopting the Remuneration Report for the year ended 31 December 2019, then the Company will receive a 'second strike' and the Spill Resolution will be put to the meeting.

If the Spill Resolution is put to the meeting, it will be considered as an ordinary resolution, which means that, to be passed, the Resolution requires the approval of a simple majority of the votes cast by or on behalf of the Shareholders entitled to vote on the resolution.

If the Spill Resolution is passed, a further general meeting (**Spill Meeting**) must be held within 90 days after the passing of the Spill Resolution. Immediately before the end of the Spill Meeting, each of the Directors who were in office when the Board approved the last Directors' Report (other than the Managing Director) (**Relevant Directors**), will automatically cease to hold office, but may stand for re-election at the Spill Meeting and subject to the Company maintaining the minimum number of Directors required by the Corporations Act.

The Relevant Directors are:

- Mr Mingming Zhang;
- Ms Li Ding; and
- Mr Xueqiang Liu.

Each of the Relevant Directors would be eligible to seek re-election at the Spill Meeting, however, there is no assurance that any of them would do so.

The Board believes that the current Board has made significant progress in resolving the issues which Shareholders have raised in respect of the Company's market performance. The Board considers that convening a Spill Meeting would be extremely disruptive to the Company and it would be inappropriate to remove all of the Relevant Directors in the circumstances. However, the Board recognises that Shareholders can remove a Director by a majority Shareholder vote at any general meeting and for any reason.

Shareholder should note there are no voting exclusions applicable to resolutions appointing Directors at any subsequent meeting of Shareholders. This would mean there is no barrier to any of the Key Management Personnel who are Shareholders of the Company exercising their voting rights on the resolutions at the Spill Meeting.

**Board recommendation:** Noting that each Relevant Director would have a personal interest in any such resolution, the Board unanimously recommends that Shareholders vote against Resolution 3 if it is put to the meeting.

## 6. DEFINITIONS

In this Explanatory Statement and Notice:

**Annual General Meeting** or **AGM** mean the annual general meeting of the Shareholders of the Company convened by this Notice.

**2019 Annual Report** means the annual report of the Company for the financial year ended 31 December 2019.

**ASX** means ASX Limited ACN 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**Auditor** means the auditor of the Company.

**Board** means the board of Directors.

**Closely Related Party** of a member of Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;

- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

**Company** or **Kresta** means Kresta Holdings Limited ACN 008 675 803.

**Constitution** means the Constitution of the Company in effect immediately prior to and during the AGM.

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

**Director** means a director of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** means the key personnel as disclosed in the Remuneration Report.

**Notice** or **Notice of Meeting** means this notice of Annual General Meeting.

**Proxy Form** means the proxy form attached to the Notice.

**Remuneration Report** means the remuneration report of the Company as set out in the relevant Annual Report.

**Resolution** means a resolution to be considered at the Meeting as contained in the Notice.

**Section** means a section of this Explanatory Statement.

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

**Shareholder** means a holder of Shares.

**WST** means Australian Western Standard Time.



**Kresta Holdings Limited**  
**ACN 008 675 803**  
**Proxy form**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

SRN / HIN: \_\_\_\_\_

**Appointment of Proxy**

I / We being a member(s) of Kresta Holdings Limited and entitled to attend and vote appoint:

\_\_\_\_\_  
(Write here the name of the person you are appointing)

or failing the attendance at the meeting of the person named, or if no person is named, the Chairman of the meeting, as my/our proxy to act generally at the meeting and to vote in accordance with the following directions on this proxy form (or if no directions have been given, to the extent permitted by law as the proxy sees fit) at the 2020 Annual General Meeting of Kresta Holdings Ltd to be held at 380 Victoria Road, Malaga, Western Australia 6090 at 11:00am (WST) on Friday, 24 July 2020 (**Meeting**) and at any adjournment or postponement of that Meeting.

The Chairman of the Meeting intends to vote all undirected proxies in favour of all resolutions. I/we direct the Chairman to vote in accordance with his voting intentions (as set out above) on Resolutions 1 and 3 (except where I/we have indicated a different voting intention above) and expressly authorise that the Chairman may exercise my/our proxy even though Resolutions 1 and 3 are connected directly or indirectly with the remuneration of Key Management Personnel and acknowledge that the Chairman may exercise my/our proxy even if the Chairman has an interest in the outcome of Resolutions 1 and 3 and that votes cast by the Chairman for Resolutions 1 and 3, other than as proxy holder, will be disregarded because of that interest.

**Votes on items of business** (please mark **X** to indicate your directions)

	FOR	AGAINST	ABSTAIN
<b>Resolution 1</b> Approval of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b> Re-election of Mr Mingming Zhang as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b> Spill Resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Appointment of second proxy**

If two proxies are being appointed, the proportion of voting rights this proxy represents is:  %

Authorised Signature(s) This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

\_\_\_\_\_  
Individual / Security holder 1  
Sole Director, Sole Co Secretary

\_\_\_\_\_  
Security Holder 2  
Director

\_\_\_\_\_  
Security Holder 3  
Director/Company Secretary

**Contact Details:**

Email Address: \_\_\_\_\_ Contact Telephone Number: \_\_\_\_\_

# Voting By Proxy – How to complete the Proxy Form

## Your name, Address and Shareholder Details

Please complete your name and address as it appears on the share register of Kresta Holdings Ltd and insert your SRN/HIN number.

## Appointment of a Proxy

Please write the name of that person you wish to appoint as proxy in the space indicated. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman will be your proxy and vote on your behalf. A proxy need not be a shareholder of Kresta Holdings Ltd.

## Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy will vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

## Appointment of a Second proxy

If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company, or you may copy this form. Where more than one proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes.

To appoint a second proxy you must state the percentage of your voting rights on each of the first Proxy Form and the second Proxy Form and return both forms together.

## Authorised Signature(s)

You must sign this form as follows in the spaces provided:

- Individual: in the case of one holder, the holder must sign.
- Joint Holding in the case of joint holders the Proxy Form must be signed by all holders.
- Power of attorney if signed under a power of Attorney, you must have already lodged it with the Company, or alternatively, attach a certified copy of the power of Attorney to this Proxy Form when you return it.
- Companies a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also the sole Secretary can also sign this. If the company (pursuant to section 204A of the Corporations Act 2001 (Cth)) does not have a company secretary, a sole director may sign alone. Please indicate the office held by signing in the appropriate space.

If a representative of a company Shareholder is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the Meeting or at the registration desk on the day of the Meeting. A form of the certificate may be obtained from the Company.

## Lodgement of Proxy Form

This Proxy Form and any Power of Attorney or other authority under which it is signed must be received no later than 11:00am (WST) on Wednesday, 22 July 2020. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

### Documents may be lodged by:

- Delivering it to Kresta Holdings Ltd at 380 Victoria Road, Malaga, Western Australia 6090
- Posting it to Kresta Holdings Ltd at PO Box 3036 Malaga DC WA 6944
- Emailing it to the Company at [shareholder@khl.com.au](mailto:shareholder@khl.com.au) (Important: Please include SRN/HIN if emailing Proxy)