

24 May 2017

## Notice of Annual Meeting of Shareholders

Dear Shareholder

We invite you to join us for the Annual Meeting of the Shareholders of Scales Corporation Limited ("Scales"), to be held at:

**Where:** The Waimakariri Room, Novotel Christchurch Cathedral Square, 52 Cathedral Square, Christchurch

**When:** Wednesday 14 June 2017 at 4.30pm

After the business has concluded you are welcome to join members of the Board and Management for light refreshments.

Please bring the enclosed voting form and attendance slip to the meeting to assist with your registration.

If you cannot attend, I encourage you to complete and lodge the proxy form in accordance with the instructions on the back so that it reaches Computershare by 4.30pm (New Zealand time) on Monday 12 June 2017.

### Items of Business:

- A. Chairman's address
- B. Managing Director's address
- C. Ordinary resolutions
- D. General business

### Resolutions:

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

1. That the Board is authorised to fix the auditor's remuneration for the coming year.
2. Having retired by rotation (as determined by lot), that Nick Harris be re-elected as a Director.
3. Having been appointed during the year by the Board and holding office only until the Annual Meeting, that Weiyong Wang be elected as a Director.
4. That the maximum total pool of Directors' remuneration payable by Scales to Directors (in their capacity as Directors) be increased by \$60,000 per annum, from \$440,000 per annum to \$500,000 per annum.

Further information relating to these resolutions is set out in the Explanatory Notes accompanying this Notice of Meeting. Please read and consider the resolutions together with the notes.

By order of the Board.



Jon Mayson  
Chairman  
24 May 2017

## Explanatory Notes

These notes form part of the Notice of Annual Meeting

### Ordinary Resolution 1: Appointment and remuneration of auditor

Section 207T of the Companies Act 1993 provides that a company's auditor is automatically re-appointed unless there is a resolution or other reason for the auditor not to be re-appointed. The Company wishes Deloitte to continue as the Company's auditor, and Deloitte has indicated its willingness to do so.

Section 207S of the Companies Act 1993 provides that the fees and expenses of the auditor are to be fixed in such a manner as the Company determines at the Annual Meeting. The Board proposes that, consistent with past practice, the auditor's fees be fixed by the Directors. The Board unanimously recommends that shareholders vote in favour of Resolution 1.

### Ordinary Resolution 2: Re-election of Director

The NZX Main Board Listing Rules require that at least one third of the Directors or, if their number is not a multiple of three, then the number nearest to one third, shall retire from office at the Annual Meeting each year, but shall be eligible for re-election at that meeting. The Directors to retire are those who have been longest in office since their last election, with the exception of Andy Borland as an Executive Director nominated by the Board (pursuant to clause 27.1(c) of the Constitution).

Two Directors are required to retire at this meeting. Jon Mayson is the longest in office and wishes to retire at the conclusion of the Annual Meeting. Accordingly Jon does not offer himself for re-election. Nick Harris and Tim Goodacre are the Directors who have next been longest in office and it has been decided by lot that Nick Harris will retire at the Annual Meeting. Nick, being eligible, offers himself for re-election and the Board unanimously supports the re-election of Nick.

#### Nick Harris



Non-Executive Director

Independent

Term of Office: Appointed Director on 18 June 2014, re-appointed Director on 8 June 2015

Board Committees: Audit & Risk Management Committee, Health & Safety Sub-Committee

Prior to joining Scales' Board Nick was a Director of Scales' Storage & Logistics and Food Ingredients divisional companies. Nick was previously the Managing Director, and was one of the founding shareholders, of Hellers Limited.

### **Ordinary Resolution 3: Election of Director appointed since the last Annual Meeting**

Pursuant to clause 26.2 of the Constitution, Directors who have been appointed by the Board may hold office only until the next Annual Meeting, and be then eligible for election.

Weiyong Wang was appointed during the year by the Board and offers himself for election. The Board unanimously supports the election of Weiyong Wang.

#### **Weiyong Wang**



Non-Executive Director

Term of Office: Appointed Director on 23 June 2016

Weiyong Wang is CEO, and a Director of China Resources Ng Fung Limited and its holding company, China Resources Enterprise, Limited and is based in Hong Kong. He also has extensive experience in strategic planning and corporate management.

China Resources Ng Fung is a leading importer of food products into China which provides significant local market knowledge of growth opportunities into Asian markets.

### **Ordinary Resolution 4: Increase in the Fee Pool of Directors' Fees**

This resolution seeks shareholder approval to increase the maximum aggregate amount of remuneration ("fee pool") that may be paid each year to the Directors of Scales for their services as Directors by \$60,000 per annum, from \$440,000 per annum to \$500,000 per annum, taken together. Shareholder approval is required under NZX Listing Rule 3.5.1.

The existing fee pool of \$440,000 was approved at the previous Annual Meeting on 8 June 2016. Actual Board fees paid during the 2016 financial year were \$434,179, including fees paid to Weiyong Wang which are not included in the fee pool calculation unless and until his appointment is approved at this Annual Meeting.

Director remuneration is reviewed annually and effective from January 1<sup>st</sup> of each financial year. As a result of the combined effect of a general 7.5% increase in fees from 1 January 2017 and the introduction of fees for two newly constituted Board sub-committees, the Board considers that an increase in the fee pool is now appropriate to provide scope for future review. Future reviews will also cover the expanded scope of Board committees.

The fee pool is to be divided amongst the Directors at the discretion of the Board. The current annual Directors' fees, set on 1 January 2017 are as follows:

- Chairman \$118,250 (including Committee responsibilities)
- Non-executive Directors \$63,560
- Chairman of the Audit Committee \$17,330
- Chairman of the Nominations Committee \$11,560
- Chairman of Sub-Committees \$2,890
- Committee members \$5,780

Scales will disregard any votes on Ordinary Resolution 4 by:

1. Any Director of Scales;
2. Any Associated Person of any Director of Scales.

Except where any such vote is cast by the Director or one of their associates as proxy for a person who is entitled to vote and the Director or that associate votes in accordance with express instructions to vote for or against a particular resolution on the proxy form.

## Attendance and voting

Your rights to vote may be exercised by:

- a) **Attending and voting in person;** or
- b) **Postal voting:** The Board has determined that postal voting is permitted. Postal voting instructions are included in the Voting Form which accompanies this Notice of Annual Meeting. You can cast a postal vote online, or complete and send the Voting Form by post or fax so that your vote is received by the share registrar no later than 4.30pm on Monday 12 June 2017.

The Chief Financial Officer, Steve Kennelly, has been authorised by the board to receive and count postal votes at the meeting.

- c) **Appointing a proxy (or representative) to attend and vote in your place:** The proxy need not be a shareholder of the Company. The form of appointment of a proxy and voting instructions accompany this Notice of Annual Meeting. You can appoint a proxy online or complete the Voting Form, including the proxy appointment and return the proxy Voting Form by post or fax so that it is received by the share registrar by no later than 4.30 pm on Monday 12 June 2017.

The address for the share registrar:

Computershare Investor Services Limited  
Private Bag 92119  
Auckland 1142, New Zealand  
Level 2, 159 Hurstmere Road  
Takapuna, Auckland 1142, New Zealand

### Eligibility to vote

Any shareholder whose name is recorded in the Scales Corporation Limited share register at 5pm on Monday 12 June 2017 is entitled to attend the Annual Meeting and vote either in person or by Proxy (subject to the time limits for returning Proxy Forms).

### Ordinary resolutions of shareholders

An ordinary resolution is a resolution approved by a majority of more than 50% of votes of those shareholders entitled to vote and voting on the resolution.

### RSVP and questions in advance of the meeting

Please fill out and return the RSVP form by 9 June 2017 by using the enclosed pre-paid envelope if you are planning to attend the Annual Meeting. To assist Scales Corporation Limited's Board to provide answers to questions from shareholders, Scales is offering a facility for shareholders to submit questions in advance of the Annual Meeting on the RSVP form. Questions should relate to matters that are relevant to the Annual Meeting including matters arising from the financial reports and any general questions regarding the performance of Scales. Individual responses to questions will not be provided, but the Chairman will, at the Annual Meeting, endeavour to address commonly raised questions. Alternatively, you can email your questions to: [info@scalescorporation.co.nz](mailto:info@scalescorporation.co.nz)