

2CheapCars Group

NOTICE OF 2023 ANNUAL SHAREHOLDERS' MEETING

Notice is hereby given that the 2023 Annual Shareholders' Meeting of 2 Cheap Cars Group Limited (2CC or the Company) will be held on 28th September 2023, commencing at 10:00 am

VENUE

Hunternville Room
Ellerslie Event Centre
100 Ascot Avenue
Remuera, Auckland 1051

ONLINE

<https://meetnow.global/nz>

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DEAR SHAREHOLDER

The 2 Cheap Cars Group Limited's Board invites you to participate in its 2023 Annual Shareholders' Meeting (ASM).

To ensure as many shareholders as possible can attend, we are holding a hybrid meeting on Thursday 28 September commencing at 10am (New Zealand time). You are welcome to attend either in person at Ellerslie Event Centre in Auckland or via an online platform.

It has been a year of progress and many exciting changes, not least the rebranding of NZAI as 2 Cheap Cars Group which better reflects the renewed focus on our core business.

The Board and Management team encourage you to join us and learn more about your Company's results, plans and ambitions.

The formal agenda for the meeting includes the approval by shareholders of the acquisition of the circa 30% shareholding held by Mr. Eugene Williams and his related parties, by Mr. David Sena and his related parties (Resolution 2).

If approved, this transaction would see Mr. Sena and related parties increase their shareholding in 2 Cheap Cars Group Limited to approximately 76%. The shareholding of all other shareholders will not be changed as a result of this transaction. Further, there is no current intention to change the Board, Management or operation of the business as a result of this transaction.

As many shareholders will know from the Company's announcements over the last year or so, there has been a relationship breakdown between Messrs. Sena and Williams. This has resulted in numerous disruptions to operations and governance, including change of the Board, management, auditors, bankers and so on.

To act in the best interests of all shareholders, it is imperative that the Company is not exposed to the potential for further disruption and distraction from operating the business.

The transaction meaningfully addresses this concern by removing the ongoing negative impact of that relationship breakdown. This is the key reason why your Independent Directors support the transaction.

Attached to this Notice of Meeting, as required by the Takeovers Code, you will find an Independent Adviser's Report (IAR) relating to the particulars and merits of the proposed transaction.

All shareholders are encouraged to read this Report carefully to be fully informed about the transaction prior to the ASM. Further, this Notice of Meeting also contains more detail on the transaction and disclosures required by the Takeovers Code, including full reasons for the Independent Directors' recommendation.

Having carefully reviewed the Report and its findings, your Independent Directors are recommending that you **vote to approve** the transaction.

We look forward to meeting with you.



Michael Stiasny Chair

ITEMS OF BUSINESS

1. Chairman's address to shareholders
2. CEO's presentation
3. Shareholder questions
4. Resolutions
5. General business

The formal resolutions of the meeting are to consider and, if thought fit, to pass the following Ordinary Resolutions:

RESOLUTION 1

That the Board be authorised to fix the auditor's remuneration.

RESOLUTION 2

That, for the purposes of rule 7(c) of the Takeovers Code, the acquisition of 13,679,934 Ordinary Shares in the Company by David (Yusuke) Sena and Tompkins Wake Trustees 2022 Limited (as trustees of the Sena Family Trust) from Eugene Hamilton Williams and TLR Williams Trustee Company Limited (as trustees of the E & Co Trust), pursuant to the Agreement for Sale and Purchase of Shares in 2 Cheap Cars Group Limited is approved.

VOTING PROHIBITION ON RESOLUTION 2

None of the following persons is entitled to vote, appoint a proxy or exercise discretionary proxies in respect of Resolution 2 (such proxies being invalid), in accordance with rule 17(1) of the Takeovers Code:

- David (Yusuke) Sena and Tompkins Wake Trustees 2022 Limited;
- Eugene Hamilton Williams and TLR Williams Trustee Company Limited; or
- any of their respective associates (as that term is defined in the Takeovers Code), being with respect to Mr. Sena, Humi Sena and Kosuke Sena.

EXPLANATORY NOTES

Further information relating to the resolutions is set out in the Explanatory Notes accompanying this Notice of Meeting. Please read and consider the resolutions together with the Explanatory Notes. Explanatory note 2 provides further information about Resolution 1 and explanatory note 3 provides further information about Resolution 2, together with the information required to be provided under the Takeovers Code.

By order of the Board.



Michael Stiasny Chair

EXPLANATORY NOTES

Note 1. Shareholder questions

Shareholders may submit written questions to be considered at the ASM. Written questions should be sent to:

Angus Guerin
2 Cheap Cars Group Limited ASM
102 Mays Road
Onehunga
Auckland 1061

or by email to angus.guerin@2ccgroup.co.nz.

2CC reserves the right not to address any questions that, in the Board's opinion, are not reasonable to address in the context of the ASM, or any question received fewer than 5 working days prior to the ASM.

Note 2. Resolution 1 – Auditor's remuneration

UHY Haines Norton, Sydney is automatically reappointed as auditor under section 207T of the Companies Act 1993. The proposed resolution is to authorise the Board under section 207S of the Companies Act 1993 to fix the remuneration of the auditor.

As announced on 13 February 2023 UHY Haines Norton (UHY) is a Sydney-based firm with extensive experience in auditing ASX-listed companies. UHY were appointed following the resignation of the company's previous auditors, Grant Thornton.

➔ **The Board unanimously recommends that shareholders vote in favour of Resolution 1.**

Note 3. Resolution 2 – Share purchase

Significant Shareholders

1. As at the date of this Notice of Meeting:
 - (a) the Company's significant Shareholders are:
 - (i) David Sena and Tompkins Wake Trustees 2022 Limited (as trustees of the Sena Family Trust) (**Sena Trustees**), holding 20,906,993 or 45.894% of the ordinary shares in the Company. Mr. Sena's parents (Humi Sena and Kosuke Sena) are associates of the Sena Trustees. They collectively hold 270,000 ordinary shares (0.593%). The Sena Trustees, Humi Sena and Kosuke Sena are collectively referred to in this notice of meeting as the **Sena Associates** and together hold 21,176,993 ordinary shares or 46.487% of the ordinary shares in the Company; and
 - (ii) Eugene Hamilton Williams and TLR Williams Trustee Company Limited as trustees of the E & Co Trust (**Williams Trustees**), holding 13,679,934 or 30.030% of the ordinary shares in the Company.
 - (b) Company director David (Yusuke) Sena is a trustee and a beneficiary of Sena Family Trust.

Agreement for Sale and Purchase of Shares in 2 Cheap Cars Group Limited

2. On 28 July 2023, the Sena Trustees and the Williams Trustees entered into a conditional agreement for sale and purchase of shares (the **ASP**) for the Williams Trustees to sell to the Sena Trustees 13,679,934 ordinary shares (the **Acquisition Shares**).
3. The parties to the ASP acknowledge that the acquisition by the Sena Trustees of the Acquisition Shares pursuant to the ASP (the Acquisition) requires approval of the Shareholders by ordinary resolution, for the purposes of rule 7(c) of the Takeovers Code. Therefore, the ASP is conditional on that approval being obtained, which is the purpose of Resolution 2.
4. The Acquisition will result in the Williams Trustees' 30.030% shareholding being held by the Sena Trustees. The shareholdings in the Company of its Shareholders other than the Williams Trustees or the Sena Associates will not change as a result of the Acquisition. Those other Shareholders will collectively hold 23.483% of the ordinary shares before and after the Acquisition assuming, of course, that there is no sale of ordinary shares by the Sena Associates or other changes in share capital.

5. As announced to Shareholders on 28 July 2023, the Company has agreed to put this matter to the Shareholders for their consideration at this Annual Meeting, on the basis that the Sena Trustees have agreed to reimburse the Company's reasonable costs in doing so.
6. A copy of the ASP is available for viewing at: <https://www.nzx.com/companies/2CC/announcements>. In particular, the ASP is attached to the "SPH Notice – David Sena" on 28 July 2023.

Key terms of Acquisition

7. The following are the key terms of the Acquisition:
 - (a) provided that the Shareholders approve Resolution 2, the Williams Trustees will sell to the Sena Trustees legal and beneficial ownership (free of encumbrances) of the Acquisition Shares for NZ\$0.32 per Share (being NZ\$4,377,578.88 in aggregate);
 - (b) on the assumption that Resolution 2 is approved at the Annual Meeting, completion of the Acquisition is to occur 3 business days thereafter (or as otherwise agreed by the Sena Trustees and the Williams Trustees); and
 - (c) if Shareholder approval is not obtained at the Annual Meeting or such other date that the Sena Trustees and the Williams Trustees agree, then either party may terminate the ASP by notice in writing to the other.

Takeovers Code application to the Acquisition

8. As at the date of this Notice of Meeting, the Sena Associates hold 46.487% of voting rights in the Company (i.e. the ordinary shares).
9. Following completion of the Acquisition, the Sena Associates will become the holders and controllers of 34,856,927 ordinary shares, representing 76.517% of the voting rights in the Company.
10. Pursuant to rules 6 and 7(c) of the Takeovers Code, the Sena Associates (who currently hold 46.487% of voting rights in the Company) and may not acquire ordinary shares pursuant to the Acquisition, unless the Acquisition has been approved by an ordinary resolution of the Company in accordance with the Takeovers Code. The Acquisition is, accordingly, conditional on Shareholder approval of Resolution 2.

Takeovers Code

11. The Takeovers Code applies to the Company as it is a code company because it is a company which is a listed issuer that has financial products that confer voting rights quoted on a licensed market (i.e., the NZX Main Board).
12. Under rule 6 of the Takeovers Code, a person who holds or controls:
 - (a) no voting rights, or less than 20% of the voting rights, in a code company may not become the holder or controller of an increased percentage of the voting rights in the code company unless, after that event, that person and that person's associates hold or control in total not more than 20% of the voting rights in the code company; or
 - (b) 20% or more of the voting rights in a code company may not become the holder or controller of an increased percentage of the voting rights in the code company.
13. There are a number of exceptions to this rule. These include where a person becomes the holder or controller of voting rights in a code company by an acquisition of shares where that acquisition has been approved by an ordinary resolution pursuant to rule 7(c) of the Takeovers Code.
14. Following completion of the Acquisition, the Sena Associates (who currently hold 46.487% of voting rights in the Company) will increase their holding of voting rights in the Company. The increase in voting rights that would result from the Acquisition would, if approved, be permitted under rule 7(c) of the Takeovers Code as an exception to rule 6 of the Takeovers Code.
15. In respect of the Acquisition, the information required under rule 15 of the Takeovers Code is set out in paragraph 20 of this Notice of Meeting.

Independent Adviser's Report

16. As required by rule 18 of the Takeovers Code, the Company has commissioned an independent adviser's report on the Acquisition (the IAR).
17. The Takeovers Code requires that, where shareholders are being asked to give their approval under rule 7(c) of the Takeovers Code, the directors must obtain a report from an independent adviser on the merits of the proposed acquisition under rule 7(c) having regard to the interests of those persons who may vote to approve the acquisition.
18. Simmons Corporate Finance Limited has prepared the IAR and a copy of the IAR is attached to this Notice of Meeting.
19. Section 1.6 of the IAR contains the following summary of Simmons Corporate Finance Limited's evaluation of the merits of the Acquisition under the Takeovers Code:

"In our opinion, after having regard to all relevant factors, the positive aspects of the [Acquisition] outweigh the negative aspects from the perspective of the [Shareholders other than the Sena Trustees and the Williams Trustees (and their respective associates)]"

→ We encourage all Shareholders to read the entire IAR that accompanies this Notice of Meeting.

Information required by rule 15 of the Takeovers Code in respect of the Acquisition

20. Pursuant to rule 15 of the Takeovers Code (with the sub-paragraphs below corresponding to the sub-paragraphs in rule 15), the Company advises as follows:
 - (a) the Sena Trustees are the persons acquiring the voting securities (and are also the persons who will become controllers of an increased percentage of voting securities in the Company as a result of the Acquisition) and the Williams Trustees are the persons disposing of the voting securities;
 - (b) the voting securities to be acquired by Sena Trustees are ordinary shares (Shares). In particular:
 - (i) the number of Shares being acquired is 13,679,934 (i.e., the Acquisition Shares);
 - (ii) the Acquisition Shares represent 30.030% of all voting securities;
 - (iii) following completion of the Acquisition, the Sena Trustees will hold or control 75.924% of all voting securities; and
 - (iv) following completion of the Acquisition, the Sena Associates will hold or control, in total, 76.517% of all voting securities;
 - (c) not applicable;
 - (d) the consideration payable by the Sena Trustees is NZ\$0.32 per Share (being NZ\$4,377,578.88 in aggregate) and is payable on the completion date for the Acquisition, being 3 business days after the date of the Annual Meeting (or such other date as the Sena Trustees and the Williams Trustees may agree);
 - (e) as communicated to the market in the Company's announcement of 19 July 2022, there was a breakdown in the relationship between Messrs. Sena and Williams, with Mr. Williams resigning from the Board. As noted in section 2.3 of the IAR and the Company's announcements since then, there were various resulting disruptions to operations and governance, including the change of the Board, management, auditors, and bankers. Mr. Williams has been looking to exit his position, held by Williams Trustees, in the Company. The Sena Trustees have agreed to purchase the Acquisition Shares which means that the relationship breakdown between Mr. Sena and a significant shareholder does not have the potential to affect 2CC's ongoing operation by reason of that significant shareholding. This was also practical, given the illiquidity of the Company's shares relative to the size of this shareholding.
 - (f) the Acquisition, if approved, will be permitted under rule 7(c) of the Takeovers Code as an exception to rule 6 of the Takeovers Code;
 - (g) The Sena Trustees have confirmed that there is no agreement or arrangement (whether legally enforceable or not) that has been, or is intended to be, entered into between them and any other person (other than between them and the Williams Trustees in respect of the matters referred to in paragraphs (a) to (e)) relating to the acquisition, holding, or control of the voting securities to be acquired, or to the exercise of voting rights in the Company;
 - (h) attached to this Notice of Meeting is a report from an independent adviser in compliance with rule 18 of the Takeovers Code; and
 - (i) the directors of the Company (other than Mr. Sena) make the following statement for the purposes of rule 19 of the Takeovers Code:

"Further to the Company's governance arrangements and also the requirements of the NZX Listing Rules, only the Company's Independent Directors have been involved in dealing with any matters involving the Acquisition and the Company, given Mr. Sena's conflict of interest. Mr. Sena has not attended the part of a Board meeting dealing with any matter relating to the Acquisition, nor has he formed part of the quorum for or voted on any such matter".

→ Each Independent Director recommends that those Shareholders entitled to vote on Resolution 2, vote to approve the Acquisition.

The reasons for this recommendation are that:

- there has been a breakdown in the relationship between Messrs. Sena and Williams, which if left unresolved has the potential to be a significant distraction to the operation and governance of the Company, given the size of Williams Trustees' shareholding;
- the Sena Trustees and the Williams Trustees have agreed to move forward by undertaking the Acquisition;
- if Resolution 2 is not approved, the potential for adverse effect on the Company by reason of the relationship breakdown with a significant shareholder is not resolved, as the Williams Trustees would remain a shareholder;
- while the price of the Acquisition is below the current market price, the Independent Directors note that the share price remains above this price as at the date of this notice and also the benefits noted above. The IAR also notes that "in our view, the [Acquisition] is unlikely to have any significant impact on 2CC's current share price"; and
- the IAR prepared by Simmons Corporate Finance Limited on the merits of the Acquisition states that: "In our opinion, after having regard to all relevant factors, the positive aspects of the [Acquisition] outweigh the negative aspects from the perspective of the [Shareholders other than the Sena Trustees and the Williams Trustees (and their respective associates)]".

David (Yusuke) Sena, being a director of the Company, has a potential conflict of interest in respect of the Acquisition due to his position as a trustee and as a beneficiary of the Sena Family Trust. Mr. Sena has therefore abstained from making any recommendation to approve or disapprove the Acquisition.

FURTHER INFORMATION

Entitlement to vote

Resolution 1:

All persons on 2CC's register of shareholders as the holders of shares at 5pm on 26 September 2023 will be entitled to vote on Resolution 1 at this Annual Meeting.

Resolution 2:

All persons on 2CC's register of shareholders as the holders of shares at 5 pm on 26 September 2023 will be entitled to vote on Resolution 2 at this Annual Meeting, **excluding each of the following persons further to rule 17(1) of the Takeovers Code:**

- Sena Trustees;
- Williams Trustees; and
- any of their respective associates (as that term is defined in the Takeovers Code), being with respect to Mr. Sena, Humi Sena and Kosuke Sena,

none of whom may appoint a proxy or exercise discretionary proxies in respect of Resolution 2 (such proxies being invalid). If any of these persons is appointed as a discretionary proxy, they will be ineligible to vote on motions from the floor as the discretionary proxies are not valid in this respect.

Voting threshold

All resolutions must be passed by Ordinary Resolution, which is a simple majority of the votes of those shareholders entitled to vote and voting on the resolution in person, electronically, or by proxy.

Attendance and voting

Your rights to vote may be exercised by:

- Attending and voting in person;
- Attending and voting online via the Computershare Meeting Platform <https://meetnow.global/nz>. Full details are included in the Online Meeting Guide on page 11.
- Appointing a proxy (or representative) to attend and vote in your place. The proxy need not be a shareholder of 2CC and a shareholder who wishes to do so may appoint the chair of the Annual Meeting to act as proxy. A body corporate which is a shareholder may appoint a representative to attend the Annual Meeting on its behalf in the same manner as that in which it could appoint a proxy. The form of appointment of proxy and voting instructions accompany this Notice of Meeting.

Proxy forms

You can appoint a proxy online [www.investorvote.co.nz] or complete and send the Proxy Voting Form (enclosed with this Notice of Meeting) by post to Computershare Investor Services Limited, Private Bag 92119, Auckland 1142, New Zealand or email (as a scanned attachment) to corporateactions@computershare.co.nz so that it is received by Computershare Investor Services Limited by no later than 48 hours before the time for holding the ASM.

A proxy will vote as directed in the proxy form or, if voting is left to the proxy's discretion, then the proxy will decide how to vote on the resolutions. If the chair of the meeting is appointed as proxy and voting is left to his discretion, the chair will vote in favour of all Resolutions.

If your named proxy does not attend the ASM or you have not named a proxy but have otherwise completed the Proxy Voting Form in full, the chair of the ASM will act as your proxy in accordance with your express voting directions. The chair may only vote in accordance with these express directions (and must not vote on a resolution if expressly granted a discretion on how to vote on a resolution and such resolution is subject to a voting restriction that applies to the proxy under NZX Listing Rule 6.3.1). The chair's voting intentions are set out in the paragraph above.

A Proxy Voting Form is enclosed and, if used, must be lodged with the share registrar, Computershare Investor Services Limited, in accordance with the instructions set out on the form not less than 48 hours before the time of the holding of the meeting (**being 10:00am on Tuesday, 26 September 2023**).

Results

Following the Annual Meeting, the results will be posted at <https://www.2cheapcars.co.nz/investors/announcements> and on www.nzx.com.

VENUE INFORMATION



★ **THE HUNTERVILLE ROOM
ELLERSLIE EVENT CENTRE**
100 Ascot Avenue
Remuera, Auckland 1051

Ellerslie Racecourse is less than 7km from Auckland's Queen Street, close to motorway on and off ramps, train stations and major bus routes. Auckland airport is a 20 minute drive away.

Once inside the Ellerslie Event Centre please follow the signs to the Hunterville Room on **level 2**.

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HOW TO PARTICIPATE IN VIRTUAL/HYBRID MEETINGS

Attending the meeting online

Our Hybrid meeting provides you the opportunity to participate online using your smartphone, tablet or computer.

If you choose to attend online you will be able to view a live webcast of the meeting, ask questions and submit your votes in real time.

You will need the latest version of Chrome, Safari or Edge. Please ensure your browser is compatible.

★ Visit <https://meetnow.global/nz>

Access

Access the online meeting at <https://meetnow.global/nz>, and select the required meeting. Click **'JOIN MEETING NOW'**.

If you are a shareholder:

Select **'Shareholder'** on the login screen and enter your CSN/Holder Number and Post Code. If you are outside New Zealand, simply select your country of residence from the drop down box instead of the post code. Accept the **Terms and Conditions** and click **Continue**.

If you are a guest:

Select **'Guest'** on the login screen. As a guest, you will be prompted to complete all the relevant fields including title, first name, last name and email address. Please note, guests will not be able to ask questions or vote at the meeting.

If you are a proxy holder:

You will receive an email invitation the day before the meeting to access the online meeting. Click on the link in the invitation to access the meeting.

Navigation

When successfully authenticated, the home screen will be displayed. You can watch the webcast, vote, ask questions, and view meeting materials in the documents folder. The image highlighted blue indicates the page you have active. The webcast will appear and begin automatically once the meeting has started.

Voting

Resolutions will be put forward once voting is declared open by the Chair. Once the voting has opened, the resolution and voting options will appear. To vote, simply select your voting direction from the options shown on screen. You can vote for all resolutions at once or by each resolution. Your vote has been cast when the green tick appears. To change your vote, select **'Change Your Vote'**.

Q&A

Any eligible shareholder/proxy attending the meeting remotely is eligible to ask a question. Select the Q&A tab and type your question into the box at the bottom of the screen and press **'Send'**.

NEED ASSISTANCE?

If you have any issues accessing the website please call

+64 9 488 8700

2CheapCars Group

2 Cheap Cars Group Limited

102 Mays Road
Onehunga
Auckland 1061
Ph: 09 869 3330
