

22 November 2018

Dear Shareholder

Please find **enclosed** notice of the Southern Charter Financial Group Limited (**Company**) special meeting of shareholders which will be held on Friday 7 December 2018 at Link Market Services Limited, Level 11, Deloitte Centre, 80 Queen Street, starting at 13.30pm. Shareholder registration opens at 13.00 pm.

The Special Meeting has been called at the request of the Company's largest shareholder to approve a transfer of shares under the Takeovers Code. All third party costs associated with this transaction will be paid by the new proposed shareholder.

The Company has not had day-to-day business operations since the major transaction in 2017 where Golden Tower NZ Limited (**GTNZ**) became the Company's majority shareholder. GTNZ has now decided to dispose of its shareholding in the Company and focus on its operations in Hong Kong.

The ordinary resolutions being put forward at the meeting is intended to approve a transaction whereby Mr Chang Ku EE (**Mr EE**) acquires the 86% holding in the Company currently held by GTNZ, being 442,809,270 ordinary shares (**GTNZ Shares**), for consideration of \$2,950,000 (**Transaction**).

The proposed Transaction is not a reserve listing or reverse takeover of a business. No assets are being acquired. Mr EE wishes to acquire a significant interest in the Company and then investigate investment opportunities and use the Company as a vehicle to acquire businesses either in New Zealand or offshore. No acquisitions are currently being negotiated and shareholders should note that it is highly likely that future acquisitions will require shareholder approval.

If approved, the Board of the Company considers the Transaction to be of significant benefit for the Company as it will:

1. introduce a new majority shareholder that wishes to use the Company as a platform for new business opportunities; and
2. allows its existing majority shareholder (that no longer has any interest in using the Company to pursue any business activity) to exit.

If not approved, GTNZ will need to find another buyer for the GTNZ Shares and the Company will remain a shell company until another buyer is found. Until then, the Company will need to continue to meet its ongoing compliance costs associated with being a publicly listed company, which it expects to be able to do on the basis of its current financial position. It is unlikely that Mr EE or any other buyer would make a full takeover offer for the Company given that the Company is a listed shell.

Shareholders may submit specific questions to the Board at any time in advance of the meeting by emailing Joseph van Wijk at [josephvanwijk@xtra.co.nz](mailto:josephvanwijk@xtra.co.nz).

The enclosed shareholder proxy form has detailed instructions on how shareholders may lodge their vote or appoint a proxy to vote on their behalf if they are unable to attend.

I look forward to seeing you at the meeting.

Yours faithfully

John Cilliers  
Independent Director

## NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

Notice is hereby given that a Special Meeting of shareholders of Southern Charter Financial Group Limited (**Company**) will be held on Friday 7 December 2018 at Link Market Services Limited, Level 11, Deloitte Centre, 80 Queen Street starting at 13.30pm. Shareholder registration opens at 13.00pm.

### AGENDA

- A. The Chairman's introduction.
- B. Presentation to shareholders.
- C. Shareholder discussion.
- D. Resolutions.

### RESOLUTIONS

To consider and, if thought fit, to pass the following Ordinary Resolutions:

1. **Share Acquisition:** That under Rule 7(c) of the Takeovers Code, Mr Chang Ku EE (**Mr EE**) is authorised to acquire the 86% holding in the Company currently held by Golden Tower NZ Limited (**GTNZ**), being 442,809,270 ordinary shares (**GTNZ Shares**), at a price of approximately \$0.0067 per share.
2. **Director Appointment:** That Mr EE in accordance with Listing Rule 3.2.4 and clause 5.1 of the Company's constitution, be appointed as a Director of the Company.

### Interdependence of Resolutions

All of the Resolutions contained in this Notice of Meeting are interdependent and must all be passed by shareholders in order for any one of those resolutions to be effective.

### PROCEDURAL NOTES

#### Other Business

To consider any other matter that may properly be brought before the meeting.

#### Proxies

Any shareholder of the Company who is entitled to attend and vote at the meeting may appoint a proxy to attend and vote on their behalf. A corporation which is a shareholder may appoint a representative to attend the meeting on its behalf in the same manner as it could appoint a proxy. A proxy does not need to be a shareholder of the Company. A Proxy Form can be returned by delivery, mail, email, fax, or online (as set out below).

The Chairman of the Meeting (Joseph van Wijk) can be appointed as a proxy. The Chairman intends to vote in favor of the Resolutions where he is a discretionary proxy.

The current directors, Mr Kawo Chan and Mr Chong Hoi Sze, can only be appointed as proxies where shareholders have directed the vote. For the avoidance of doubt Mr Chan and Mr Sze cannot be appointed as discretionary proxies.

To appoint a proxy you should complete and sign the enclosed Proxy Form and either return it by mail or fax to the share registrar of the Company:

#### By delivery:

Southern Charter Financial Group Limited  
C/- Link Market Services Limited  
Level 11, Deloitte House  
80 Queen Street  
Auckland 1010

#### By mail:

Southern Charter Financial Group Limited  
C/- Link Market Services Limited  
PO Box 91976  
Victoria Street West  
Auckland 1142

**By Fax:** +64 9 375 5990

**By Email:** [meetings@linkmarketservices.co.nz](mailto:meetings@linkmarketservices.co.nz) (please put "Southern Charter Financial Group Limited Proxy Form" as the subject of the email for easy identification)

Alternatively, to appoint your proxy and vote online please go to the Link Market Services website at <https://investorcentre.linkmarketservices.co.nz/voting/SNC> and follow the instructions. You will be required to enter your CSN/Holder Number and Authorisation Code (FIN) for security purposes. A shareholder will be taken to have signed the Proxy Form by lodging it in accordance with the instructions on the website.

The completed Proxy Form must be received by no later than 48 hours before the meeting, being 13.30pm on 5 December 2018. Online proxy appointments must also be completed by this time. Registered shareholders at that time will be the only persons entitled to vote at the meeting and only the shares registered in those holders' names at that time may be voted at the meeting.

### **Ordinary Resolution**

Resolutions 1 and 2 in this Notice of Meeting are ordinary resolutions. An ordinary resolution is a resolution passed by a simple majority of votes of those holders of securities of the Company which carry votes, are entitled to vote and are voting on the resolution in person or by proxy.

### **Voting Restrictions**

In relation to Resolution 1 and pursuant to Rule 17 of the Takeovers Code, GTNZ and its Associates are prohibited from voting any shares that they hold.

Under the Takeovers Code, a person is an "Associate" of another person if:

- (a) the persons are acting jointly or in concert;
- (b) the first person acts, or is accustomed to act, in accordance with the wishes of the other person;
- (c) the persons are related companies;
- (d) the persons have a business relationship, personal relationship or an ownership relationship such that they should, under the circumstances, be regarded as "Associates"; or
- (e) the first person is an associate of a third person who is an associate of the other person and the relationships between the first person, the third person and the other person (or any of them) is such that, under the circumstances, the first person should be regarded as an "Associate" of the other person.

The Company is not aware of any persons that hold shares in the Company that is an Associate of GTNZ.

The Company will disregard any votes cast on Resolution 1 by any persons to whom the foregoing applies. Any discretionary proxies given to persons disqualified from voting under the requirements set out above will not be valid. Proxies that give express voting instructions to such persons will however be accepted.

### **Independent Report**

Accompanying this Notice of Meeting is the Independent Report. The Independent Report has been prepared by Simmons Corporate Finance Limited and is a report from an independent adviser for the purposes of the Takeovers Code. Shareholders are urged to read the Independent Report in full.

### **Listing Rule References**

In this Notice of Meeting, references to the Listing Rules are references to the listing rules of the NZX Alternative Market.

## EXPLANATORY NOTES

These Explanatory Notes applies to the Resolutions in this Notice of Meeting. Later in this Notice of Meeting specific disclosures for each Resolution are included (where required by law).

### **Background**

In 2017, Southern Charter Financial Group Limited (**Company**) disposed all of its assets and liabilities to a private company, except for \$2.615million of cash. As part of that transaction, the Company gained a new majority shareholder, Golden Tower NZ Limited (**GTNZ**), and the Company also changed its essential nature to focus on developing new operations in the financial services sector. Since that transaction, the Company has yet to implement any new operations and remains a shell company with \$2,492,095 of cash & cash equivalents as shown in the audited financial statements as at 31 March 2018.

GTNZ has determined to focus on its operations in Hong Kong and dispose of its shareholding in the Company.

### **The Transaction**

On 7 November 2018, GTNZ entered into an Agreement for Sale and Purchase of Shares (**Sale and Purchase Agreement**) with Mr Chang Ku EE, of Kuala Lumpur, Malaysia (**Mr EE**), whereby GTNZ agreed to sell its entire shareholding in the Company, being 442,809,270 ordinary shares and equivalent to an 86% shareholding in the Company (**GTNZ Shares**), to Mr EE (**Transaction**).

The Transaction does not change the Company's position as a shell company but does in the opinion of the Board better position the Company to acquire new businesses in New Zealand or offshore and commence active trading.

### ***Sale and Purchase Agreement***

The material commercial terms of the Sale and Purchase Agreement are:

1. Mr EE will pay GTNZ a cash sum of \$2,950,000 as consideration for the GTNZ Shares (**Purchase Price**) on completion of the Sale and Purchase Agreement.
2. Completion of the Sale and Purchase Agreement is subject to the shareholders' approval of the Resolution.
3. Contemporaneously with the payment of the Purchase Price and completion of the Sale and Purchase Agreement:
  - a. two of the Company's existing Directors, Chong Hoi Sze and Ka Wo Chan, who is also the Company's Chairperson, will resign; and
  - b. Mr EE will be appointed as a new Director and Chairperson of the Company.
4. Mr EE will pay the Company's full third party costs associated with obtaining approval for the Transaction.

### ***Purchase Price***

The Purchase Price for the GTNZ Shares represents a price per share of approximately \$0.0067. This represents a discount of \$334,250 from the purchase price of \$3,284,250 that GTNZ paid for the GTNZ Shares.

The net tangible assets price per share based on the latest available audited financial statements as at 31 March 2018 was \$0.0048. The Board believe that the net tangible assets per share at the time the Transaction was announced to market would not be significantly different from the audited financial statements as at 31 March 2018.

### ***Completion***

The intended completion date for the Transaction is three business days following the shareholders meeting if the Resolutions are passed (**Completion**).

### Shareholding on Completion

The updated shareholding of the Company on Completion is illustrated in the table below:

| Shareholder        | No. of Shares | Percentage (%) |
|--------------------|---------------|----------------|
| Mr EE              | 442,809,270   | 86.00%         |
| Other shareholders | 72,085,230    | 14.00%         |

### Board Composition on Completion

At Completion, it is intended that current Directors Chong Hoi Sze and Kawo Chan, who is also the Company's current Chairperson, will resign and Mr EE be appointed as a new Director and replace Kawo Chan as Chairperson. The Company's other current Directors John Cilliers and Joseph van Wijk will remain in office as Directors of the Company.

In accordance with the Listing Rules, Mr EE would retire and stand for re-election as a director of the Company at the 2019 annual shareholders meeting.

A profile of Mr EE is included and set out below.

### Biography of Mr EE

|                        |  |
|------------------------|--|
| <b>Full Name:</b>      | Chang Ku EE  |
| <b>Qualifications:</b> | Bachelor of Engineering from University Putra Malaysia   |
| <b>Biography:</b>      | <p>Mr EE is a successful entrepreneur and has been involved in establishing and operating a range of companies.</p> <p>Mr EE has ownership interests and currently holds senior executive and company director roles in the following South East Asian based companies:</p> <ol style="list-style-type: none"><li>1. Elitesoft Asia Group – a company established in 2007 specialising in web development for corporate clients.</li><li>2. OD Group of companies – this group focuses on hospitality and the automotive industry. Its businesses include the Muzeum Restaurant and Bar, Royer Club Charter Yachts, OD Racing, ODR Lubricants and the provision of automotive services under the Touch Auto brand.</li><li>3. Youth Lite International – a company that develops and distributes natural health care and skin care products.</li></ol> <p>Mr EE's former directorships include Bionic Sciences and Big Spec Optometry.</p> <p>Mr EE has been conferred a Dato' Sri by the Sultan of Pahang. Dato' Sri is the highest state title conferred on individuals who have contributed greatly to the nation or state of Malaysia.</p> |

### Reason for the Acquisition

On Completion, Mr EE intends to use the Company as a vehicle to acquire businesses in either New Zealand or offshore. Mr EE positively views using a listed company as an acquisition vehicle. If the Transaction does not proceed, it is unlikely that Mr EE would make a full takeover offer for the Company as a full takeover would result in the Company being delisted.

The Company will likely need to revert to shareholders for the approval of any acquisitions under the Listing Rules. At such time full details of any proposed acquisitions will be disclosed for shareholder consideration. The purpose of the Transaction is to position Mr EE as the largest shareholder of the Company and appoint him to the Board.

## Effect of the Transaction

The effect of the Transaction is that following the completion of the Transaction, Mr EE will become the majority shareholder of the Company. The Company's existing shareholders will each retain their current shares in the Company in the same proportions with the result that there will be no dilutive effect on any shares. Mr EE will have the power (except where any voting restrictions apply) to pass or block any ordinary resolution or special resolution of shareholders. This includes the ability to control the composition of the Company's Board of directors.

If the Transaction does not proceed, GTNZ will need to find another buyer for the GTNZ Shares and the Company will remain a shell company until GTNZ finds another buyer to acquire the GTNZ Shares and commence active trading. Until then, the Company will need to continue to meet its ongoing compliance costs associated with being a publicly listed company but will have no business operations.

As set out above, Mr EE is unlikely to make a full takeover offer for the Company and any other buyer that GTNZ may find is also highly unlikely to make a full takeover for the Company given the Company is a listed shell. As at the date of this Notice of Meeting, the Company has not received any indication that another party is interested in making a full takeover offer.

## INDEPENDENT REPORT

This Notice of Meeting should be read in conjunction with the Independent Report, which assesses the fairness of the Transaction.

## RESOLUTION 1 - TAKEOVERS CODE

The Company is a "Code Company" under the Takeovers Code meaning that there are restrictions on persons together with their associates acquiring voting rights (or the control of voting rights) above a 20% threshold. A permitted procedure under the Takeovers Code is that the Company's non-associated shareholders approve an acquisition of voting rights above this threshold. Resolution 1 seeks such approval.

The Transaction will allow Mr EE to acquire the GTNZ Shares, which will result in Mr EE holding over 20% of the shares in the Company

The table below sets out the specific disclosures required by Rule 15 of the Takeovers Code for the share acquisition being authorised by Resolution 1:

|     | Rule 15, Takeovers Code   | Compliance Information  |
|-----|---|-------------------------|
| (a) | the identity of the following:<br>(i) the person acquiring the voting securities; and   | Mr Chang Ku EE          |
|     | (ii) (if different from the person described in paragraph (i)), any person who will become a controller of an increased percentage of voting securities in the code company as a result of the acquisition; and | N/A                     |
|     | (iii) the person disposing of the voting securities.  | Golden Tower NZ Limited |
| (b) | particulars of the voting securities to be acquired, including:<br>(i) the number being acquired; and   | 442,809,270 shares      |
|     | (ii) the percentage of all voting securities that that number represents; and   | 86.00%                  |
|     | (iii) the percentage of all voting securities that will be held or controlled by the person acquiring the voting securities after completion of the acquisition; and  | 86.00%                  |

|     | Rule 15, Takeovers Code   | Compliance Information  |
|-----|---|---|
|     | (iv) the aggregate of the percentages of all voting securities that will be held or controlled by the person acquiring the voting securities and by that person's associates after completion of the acquisition; and   | 86.00%  |
| (c) | Not applicable  |   |
| (d) | the consideration for the acquisition or the manner in which the consideration will be determined and when the consideration is payable; and  | \$0.0067 per share is the consideration negotiated between GTNZ and Mr EE and is payable on Completion.   |
| (e) | the reasons for the transaction; and  | The reasons for the Transaction is set out on page 5 under heading 'Reason for the Acquisition'.  |
| (f) | a statement to the effect that 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; and   | The acquisition of ordinary shares under the Sale and Purchase Agreement, if approved, will be permitted under rule 7(c) of the Takeovers Code as an exception to rule 6 of the Takeovers Code.   |
| (g) | a statement by the person acquiring the voting securities setting out particulars of any agreement or arrangement (whether or not legally enforceable) that has been, or is intended to be, entered into between the person and any other person (other than between that person and the person disposing of the voting securities 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 code company; and | There is no agreement or arrangement (whether or not legally enforceable) that has been, or is intended to be, entered into between the person acquiring the voting securities and any other person 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) | the report from an independent adviser that complies with rule 18; and  | The Independent Report from Simmons Corporate Finance Limited accompanies this notice of meeting.   |
| (i) | the statement by the directors of the Code company referred to in rule 19.  | The directors of the Company unanimously recommend approval of the Resolutions for the reasons set out in the section entitled " <i>Directors Recommendation</i> " below.   |

#### Directors' Recommendation – Rule 19 of the Takeovers Code

The non-interested Directors of the Company, being John Cilliers and Joseph van Wijk, recommend that shareholders vote in favour of Resolution 1 for the purposes of the Takeovers Code.

The grounds supporting this recommendation are:

1. The Company is a listed shell with no business operations. The Transaction will be the first step to acquiring a business and commencing trading.
2. The existing majority shareholder no longer wishes to pursue any business operations using the Company. The Transaction introduces a new cornerstone shareholder that intends to utilise the Company as a vehicle for acquiring businesses.

The Company's two other Directors, Kawo Chan and Chong Hoi Sze, are not making a recommendation to shareholders as they are both interested in the Transaction. Mr Chan is an interested Director as he is the sole shareholder of GTNZ and Mr Sze is an interested Director as he is an Associate of GTNZ.