



# Wellard

## NOTICE OF ANNUAL GENERAL MEETING 2019

The annual general meeting of the Company will be held at

**QUEST APARTMENTS FREMANTLE**

**8 Pakenham Street, Fremantle, Western Australia**

on

**Friday, 22 November 2019 at 10.30am (WST).**

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on

**+61 8 9432 2800**

Shareholders are urged to attend or vote by lodging the proxy form attached to this Notice.

**WELLARD LIMITED**

ACN 607 708 190

---

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of Wellard Limited (**Company**) (**Shareholders**) will be held at Quest Apartments Fremantle, 8 Pakenham Street, Fremantle, Western Australia on Friday, 22 November 2019 at 10.30am (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 20 November 2019 at 4.00pm (WST).

Terms and abbreviations used in this Notice (including the Explanatory Memorandum) are defined in Schedule 1.

# AGENDA

## 1. ANNUAL REPORT

To consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2019, which includes the Financial Report, the Directors' Report and the Auditor's Report.

## 2. RESOLUTION 1 – REMUNERATION REPORT

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with section 250R(2) of the Corporations Act and for all other purposes, approval is given by the Shareholders for the adoption of the Remuneration Report on the terms and conditions in the Explanatory Memorandum."

### VOTING PROHIBITION

A vote on this Resolution must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

## 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR MR KANDA LU

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution, the following:

"That, pursuant to and in accordance with article 11.7(a) of the Constitution and Listing Rule 14.4 and for all other purposes, Mr. Kanda Lu who retires by rotation and being eligible, offers himself for re-election, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."

## 4. RESOLUTION 3 - SPILL RESOLUTION

(CONTINGENT UPON OUTCOME OF RESOLUTION 1)

Important note: The following Resolution will only be put to the Meeting if at least 25% of the votes cast on Resolution 1 (to adopt the Remuneration Report) are "Against that Resolution. If less than 25% of the votes cast on Resolution 1 are against that Resolution, then there will be no second strike and Resolution 3 will not be put to the Meeting.

Only if put, to consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That as required by Division 9 of Part 2G2 of the Corporations Act and for all other purposes:

## AGENDA

- (a) an extraordinary general meeting of the Shareholders be held within 90 days of the date of this meeting (Spill Meeting);
- (b) all of the Directors who held office when the Directors resolution to approve the Directors' Report for the year ended 30 June 2019 was passed, excluding Mr John Klepec, who as Executive Chairman is carrying out the role of Managing Director, cease to hold office immediately before the end of the Spill Meeting;
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting (Vacated Offices) be put to the vote on at the Spill Meeting; and
- (d) the persons appointed to Vacated Offices at the Spill Meeting may include Directors who hold office as at the date of this Meeting."

### VOTING PROHIBITION

A vote on this Resolution must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

Dated: 14 October 2019

By order of the Board



**Mr Michael Silbert**  
Company Secretary  
Wellard Limited  
ACN 607 708 190

# EXPLANATORY MEMORANDUM

## 1. INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Quest Apartments Fremantle, 8 Pakenham Street, Fremantle, Western Australia on Friday, 22 November 2019 at 10.30am (WST).

This Explanatory Memorandum forms part of the Notice which should be read in its entirety. This Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

A Proxy Form is located at the end of this Explanatory Memorandum.

## 2. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read the Notice including this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

You may vote by attending the AGM in person, by proxy, or by an authorised representative.

To vote in person, Shareholders should attend the AGM on the date and at the place set out above. Shareholders are asked to arrive at the venue 20 minutes prior to the time designated for the meeting, if possible, so that the Company may check their shareholding against the Company's share register and note attendances.

### 2.1 PROXIES

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Returning the Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company 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. Where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 10.30 am (WST) on 20 November 2019, being at least 48 hours before the Meeting.

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

## EXPLANATORY MEMORANDUM

### 2.2 VOTING PROHIBITION BY PROXY HOLDERS (REMUNERATION OF KEY MANAGEMENT PERSONNEL & SPILL RESOLUTION)

A vote on Resolutions 1 and 3 must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on Resolutions 1 and 3, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on those Resolutions; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on those Resolutions, but expressly authorises the Chairman to exercise the proxy even if those Resolutions is connected with the remuneration of a member of the Key Management Personnel.

### 2.3 VOTING BY CORPORATE REPRESENTATIVES

A body corporate may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company, before the AGM or at the registration desk on the day of the AGM. Certificates of appointment of corporate representatives are available on request by contacting the Company Secretary on telephone number (08) 9432.2800 or by contacting Link Market Services, whose details are included in your Proxy Form.

## 3. ANNUAL REPORT

In accordance with section 317(1) of the Corporations Act the Annual Report must be laid before the annual general meeting. There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online at [www.wellard.com.au](http://www.wellard.com.au);
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the

## EXPLANATORY MEMORANDUM

Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report;
  - (b) the conduct of the audit;
  - (c) accounting policies of the Company in relation to the preparation of the financial statements; and
  - (d) the independence of the auditor in relation to the conduct of the audit,
- may be submitted no later than five business days before the Meeting to the Company Secretary at the Company's registered office.

For those shareholders who did not elect to receive a printed copy, the 2019 Annual Report is published on the Wellard Group website at [www.wellard.com.au](http://www.wellard.com.au) → Investor Centre → ASX Announcements.

#### 4. RESOLUTION 1 – REMUNERATION REPORT

In accordance with section 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with section 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors of the Company. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

Shareholders will have the opportunity to remove the whole Board except the "Managing director" if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings. "Managing director" is not defined for the purposes of the Corporations Act (or the Listing Rules). The Board has confirmed that the role of Mr John Klepec, as the Company's Executive Chairman, incorporates all aspects of, and is equivalent to, the role of a managing director, and accordingly the Executive Chairman would not be subject to removal at any spill meeting held following receipt of a second Strike.

The Company's Remuneration Report received a first Strike at the 2018 annual general meeting. Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company must put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the Managing director (or, in the case of the Company the Executive Chairman for the reasons mentioned above)) who were in office on the date that the Directors' resolution to approve the applicable Directors' Report was passed must stand for re-election.

In response to the first Strike the Board has talked to Shareholders, and carefully reviewed all aspects of its remuneration expenses, including the pay structure and the demands the Company is putting on its staff as a result of the currently adverse trading conditions. The Company considered its contractual arrangements with staff and considered the fact that no short-term or long-term incentives were payable, and as a result of this review the Company opted to reduce its staff numbers and ancillary expenses, rather than attempt to reduce contracted rates and risk demotivating its hard-working staff.

## EXPLANATORY MEMORANDUM

The results of that review are more fully set out in the Remuneration Report.

As stated in the Company's recent Annual Report labour expenses recorded the single largest reduction in FY2019, decreasing by A\$3.2 million or 22% versus last year, given reduced staff numbers post restructuring. The ongoing restructure of the business has subsequently further reduced overall remuneration costs, as a result of significantly fewer people in trading operations and support roles, and in administration, corporate and finance roles.

If the Remuneration Report receives a Strike at this Meeting, Resolution 3 will be voted on at the Meeting. Accordingly, please note that a 'no' vote of 25% or more on Resolution 1 may result in the Board ultimately being reconstituted (but that would only occur if both: the contingent Resolution 3 is passed by the requisite majority of Shareholders; and the subsequent Spill Meeting (convened following the passing of Resolution 3 at this Meeting) ultimately resolves to remove existing Directors and appoint replacement ones).

The Chairman will allow reasonable opportunity for Shareholders to ask questions about or comment on the Remuneration Report.

Resolution 1 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 1.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

### 5. RESOLUTION 2 – RE-ELECTION OF KANDA LU AS DIRECTOR

#### 5.1 SUMMARY

Resolution 2 is an ordinary resolution that seeks Shareholder approval for the re-election of Mr. Kanda Lu to the Board of the Company.

#### 5.2 BACKGROUND TO RESOLUTION 2

Mr Kanda Lu was appointed as a Director by the Board on 12 May 2017 and confirmed as a Director at the Company's AGM on 29 November 2017. Resolution 2 provides that the Shareholders approve and confirm his appointment as Director.

Mr. Lu has been an Executive Director of Wellard since his appointment and has been responsible for the management of Wellard's business presence and development in the Chinese livestock and associated ship chartering market. Prior to it being sold as part of Wellard's overall restructure, Mr Lu. was Managing Director of Wellard Chinese feedlot and Pre-Export Quarantine facility project 's owned Wellao business. Mr Lu oversaw the buyback of the Wellao Feedlot land by the Nandang government, which was completed in March 2019.

Mr. Lu's former positions include Head of Sales of Morgan Stanley Huaxin, Vice President (Institutional Clients) of Ping An Securities, Senior Manager (Institutional Asset Management) of Dacheng Fund, and Business Development Associate (NSW Branch) of Australian Finance Group. Mr. Lu is also the Assistant to the Chairman of major Wellard shareholder, Fulida, and possess considerable expertise in Chinese commerce, distribution and marketing.



## EXPLANATORY MEMORANDUM

Further details of Mr Kanda Lu's background and experience are set out in the Annual Report.

Resolution 2 seeks approval from Shareholders for the re-election of Mr. Kanda Lu.

### 5.3 CONSTITUTION

The Constitution provides that the director who has been in office longest since his or her last election or appointment must retire, and that Director is eligible for re-election. at the Company's annual general meeting.

Wellard has identified Mr. Kanda Lu as being the Director who must retire from office pursuant to the Constitution.

Article 11.7(a) of the Constitution provides that the Directors who retire from office are eligible for re-election.

### 5.4 PROXIES AND DIRECTORS' RECOMMENDATION

The Chairman intends to exercise all available proxies IN FAVOUR of Resolution 2.

As part of its ongoing performance review process, the Board has considered the contribution of Mr. Kanda Lu to the Board and its committees. The Board (excluding Mr. Lu, who abstains because of his interest in the outcome of the Resolution) supports the re-election of Mr. Lu and recommends that Shareholders vote IN FAVOUR of Resolution 2.

## 6. RESOLUTION 3 – SPILL RESOLUTION

### (CONTINGENT UPON OUTCOME OF RESOLUTION 1)

Resolution 3 (the Spill Resolution) is a contingent resolution and will only be put to the Meeting if at least 25% of the votes cast on Resolution 1 are cast against the adoption of the Remuneration Report. If less than 25% of votes cast are against the adoption of the Remuneration Report at the Meeting, then there will be no "second Strike" and Resolution 3 will not be put to the Meeting.

If put, the Spill Resolution will be considered as an ordinary resolution.

If the Spill Resolution is put to the Meeting and passed, it will have the effect outlined below.

- (a) The Company will be required to hold an extraordinary special general meeting of Shareholders within 90 days (this is known as the Spill Meeting).
- (b) The following Directors will automatically cease to hold office at the end of the Spill Meeting, unless they are willing to stand for re-election and are re-elected at that meeting:
  - Mr Philip Clausius;
  - Mr Kanda Lu (if re-elected at the Meeting); and
  - Mr John Stevenson,

(Relevant Directors).

Even if Mr Lu is re-elected at this Meeting, he would still need to be re-elected at the Spill Meeting to remain in office.

The Directors listed above are those who held office when the Board resolution to approve the Directors' Report for the financial year ended 30 June 2019 was passed,

## EXPLANATORY MEMORANDUM

other than Mr John Klepec, the Company's Executive Chairman (whose role incorporates all aspects of, and is equivalent to, the role of a managing director, therefore exempting him from being required to seek re-election at the Spill Meeting).

- (c) Resolutions to appoint individuals to the offices that will be vacated immediately before the end of the Spill Meeting will be put to the vote at the Spill Meeting. Shareholders will be able to put forward their own nominees for consideration and potential appointment at the Spill Meeting.

No voting exclusions will apply to any resolutions proposing the appointment of Directors at the Spill Meeting, and Shareholders can exercise their voting rights to support the re-election of the Relevant Directors. If the Spill Resolution is passed, each of the Relevant Directors intends to stand for re-election at the Spill Meeting and may vote their own Shares in support of their re-election.

The Corporations Act requires the Company to have a minimum of three directors. If, following the Spill Meeting, the Company has fewer than three directors, then the persons with the highest percentage of votes in favour of their election (or re-election, as the case may be) at the Spill Meeting are taken to be appointed, even if less than half the votes cast on the resolution were in favour of their appointment. If two or more persons have the same percentage of votes in favour of their appointment, the other Directors will choose one of those persons as the appointed Director.

In deciding how to vote on Resolution 3, the Board suggests that Shareholders take into account the following:

- (a) the impact of the Spill Resolution on the future composition of the Board, as well as the potential detriment to the Company caused by the uncertainty arising from any such changes (in the composition of the Board);
- (b) that convening of the Spill Meeting may cause the Company to incur substantial additional expense in convening and conducting the meeting; and
- (c) the Spill Meeting is likely to significantly disrupt the focus of senior management (a number of whom are also Directors) on the Company's business operations, which may jeopardise the success of the Company's ongoing restructure, and potentially adversely affect discussions with its financiers and lenders with respect to the waiver of ongoing loan covenant breaches.

Shareholders should be aware that the convening of the Meeting may cause the Company to incur expense in conducting the meeting and is likely to significantly disrupt senior management's focus on the Company's business operations, including jeopardising the success of its ongoing restructure, and potentially affecting discussions with its financiers and lenders with respect to the waiver of ongoing loan covenant breaches. Shareholders should also note that there are no voting prohibitions applicable at the Spill Meeting. Accordingly, the Company's major shareholders may exercise their voting rights to reappoint the existing Directors without any changes to the composition of the Board.

### 6.1 DIRECTOR RECOMMENDATION

Should the resolution be put, the Directors recommend that Shareholders vote AGAINST Resolution 3.

## SCHEDULE 1: DEFINITIONS

In the Notice and this Explanatory Memorandum, words importing the singular include the plural and vice versa.

**\$** means Australian Dollars.

**Annual Report** means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2019.

**ASIC** means the Australian Securities and Investments Commission.

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

**Auditor's Report** means the auditor's report on the Financial Report.

**Board** means the board of Directors.

**Chairman** means the person appointed to chair the Meeting, or any part of the Meeting, convened by the Notice.

**Closely Related Party** means:

- a.) a spouse or child of the member; or
- b.) has the meaning given in section 9 of the Corporations Act.

**Company** means Wellard Limited (ACN 607 708 190).

**Constitution** means the constitution of the Company as at the commencement of the Meeting.

**Convertible Notes** means an unsecured convertible note issued by the Company.

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

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

**Directors' Report** means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

**Explanatory Memorandum** means the explanatory memorandum which forms part of the Notice.

**Financial Report** means the annual financial report prepared under chapter 2M of the Corporations Act of the Company and its controlled entities.

**Group** means the Company and its subsidiaries and Group Company means any one of them.

**Key Management Personnel** means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

**Listing Rules** means the listing rules of ASX.

**Managing Director** means the managing director of the Company, and at the time of this Notice means Mr. John Klepec, whose role as Executive Chairman includes all of the responsibilities of and is equivalent to a managing director.

**Meeting** has the meaning in the introductory paragraph of the Notice.

**Notice** means the notice of meeting which comprises of the notice, agenda, Explanatory Memorandum and Proxy Form.

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

**Remuneration Report** means the remuneration report of the Company contained in the Directors' Report.

**Resolution** means a resolution contained in the Notice.

**Schedule** means a schedule to this Explanatory Memorandum.

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

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

**Shareholder** means a shareholder of the Company.

**Spill Meeting** has the meaning given in Resolution 3.

**Spill Resolution** has the meaning given in Section 6 of this Explanatory Memorandum.

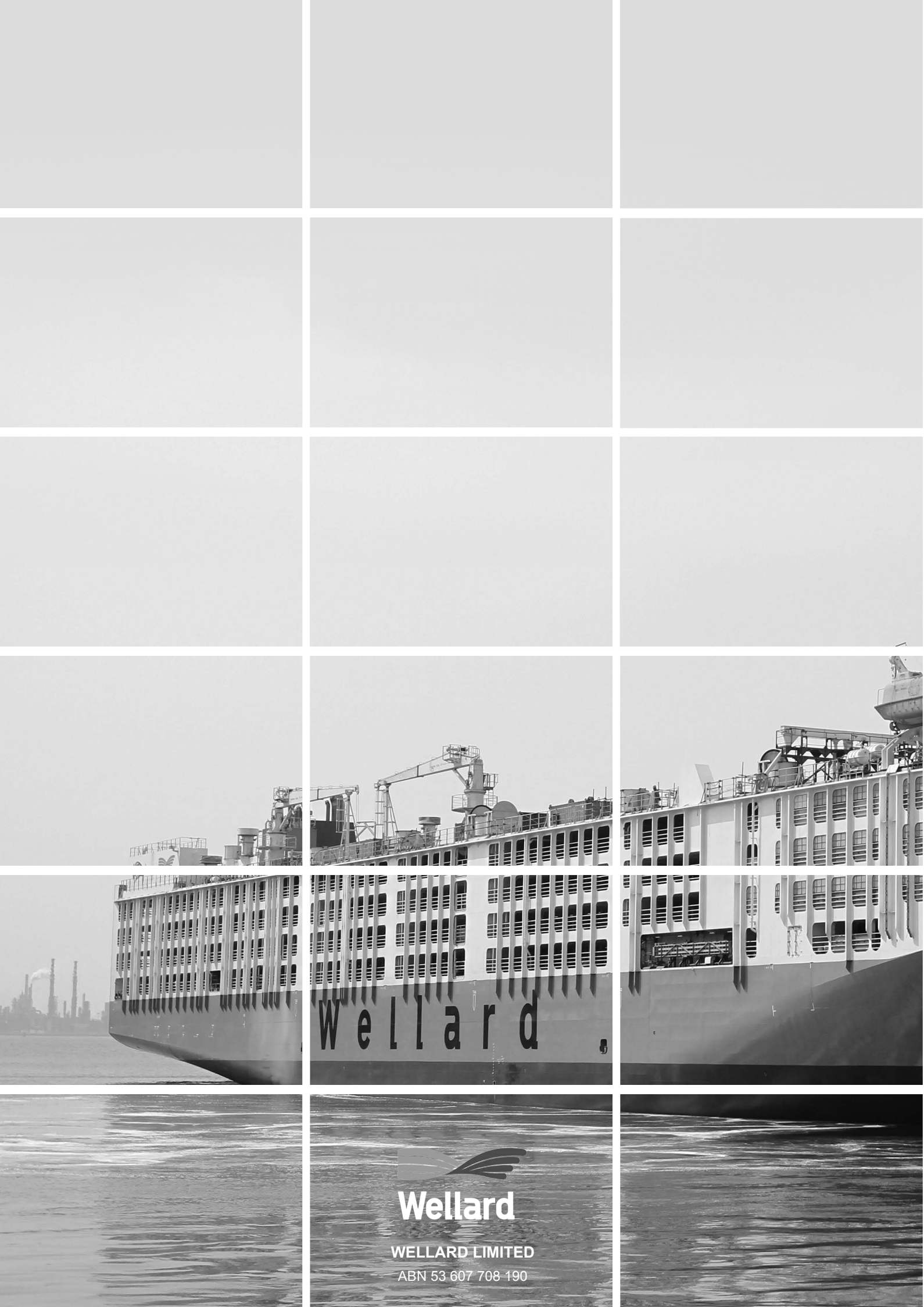
**Spilled Directors** has the meaning given in Section 6 of this Explanatory Memorandum.

**Strike** has the meaning given in Section 6 of this Explanatory Memorandum.

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules.

**Vacated Offices** has the meaning given in Resolution 3.

**WST** means Australian Western Standard Time, being the time in Perth, Western Australia.



  
**Wellard**  
WELLARD LIMITED  
ABN 53 607 708 190