

## **General Capital Limited Annual Meeting 28th September 2022**

Speech – Chairman of the Meeting, Simon McArley

### **1 Introduction**

Good afternoon everybody.

It is 3:00pm and it is time to start the Annual Meeting of Shareholders of General Capital Limited.

My name is Simon McArley, I am an independent director of General Capital and the Chair of the Audit Committee. The Board has asked me to chair the meeting today.

Unfortunately Rewi Bugo, the chair of the Board of General Capital is unable to be here in person today. Rewi is in Kuching, Malaysia. He will be back in New Zealand next week, but unfortunately wasn't able to get here today.

He apologises for not being here in person but he is listening to the meeting remotely.

I would also like to introduce the balance my fellow Directors.

- Paul Zingel;
- Ms. Lyn Lim;
- Mr. Brent King our Managing Director.

I am advised that:

- the notice of meeting has been in shareholders hands for the required period;
- the Annual Report has been available to Shareholders for the required period;
- we have a quorum of shareholders present;

and thus we have a correctly constituted meeting.

I declare the meeting open.

It is my pleasure to formally welcome you all here today to the Fourth Annual Meeting of General Capital Limited.

I am advised that we have received XX proxies representing [% of the votes.

## **2 Apologies**

We have Apologies from

- As noted previously, the Chairman of the Board of Directors Mr. Rewi Bugo. I also have an apology from Rob Hart, director of General Finance.
- Do we have any others?

## **3 Attendees**

We also have in attendance:

- Mr. Victor Pliev, the Chief Financial Officer of our Group;
- The Chair of General Finance Ltd, Mr Don Hattaway and General Finance Board member Greg Pearce;
- General Capital's auditors, Grant Thornton represented by Ryan Campbell;
- Daniel Wong from our lawyers Flacks & Wong; and
- Representatives from Covenant, the General Finance trustee; and
- Greg James, who has been nominated for election as a Director of General Capital.

We also welcome today General Finance deposit holders, who will help us celebrate 25 years of General Finance's operations following the meeting.

We are very pleased with the turnout, and we look forward to meeting with you all after the meeting. We hope to have a good chance to meet you all and discuss the progress of the group.

## **4 The Meeting**

In the interests of a full and open discussion, the Directors of General Capital have invited non-shareholders to attend this meeting.

- There is no automatic right for a non-shareholder to attend this meeting.
- There is no automatic right for non-shareholders to speak without the consent of the Chair.
- Please note if you would like to speak at any time
  - Please raise your hand; and

- Wait to be acknowledged by the Chair.
- Please give your name and advise whether you are a shareholder, a member of the media or a guest.

The Chair will retain the right to accept or reject the comments or questions on a case-by-case basis.

- I ask that all mobile phones be turned off or to silent
- Please also note the exits which we will need to use in the event of an emergency.

As regards voting, all shareholders registered on the share register as at 5pm on Monday are, subject to any specific voting restrictions, entitled to vote.

Rule 6.1 of the NZX Listing Rules requires all voting to be conducted by poll. Accordingly if you have not already appointed a proxy, you can vote by completing a voting form and providing it to the Computershare representatives at any time up to the conclusion of the formal meeting. All shareholders should have received a voting paper at the door but if you don't have one the Computershare representatives can sort that out for you.

Results of the voting will be available after the conclusion of the meeting and will be publicly notified by way of announcement to the NZX.

## **5 The Companies Interest Register**

I confirm that the company's Interest Register is also available for inspection.

## **6 Agenda**

I am sure you have all read the Notice of Meeting and the attachments, so we will take these as read.

We have already dealt with items 1 and 2 on the Agenda, which brings us to the Chairs address.

## **7 Chair's Address**

Rewi Bugo has asked me to make the following comments on his behalf.

*When the shareholders of Mykco meet, 4 years ago in this very room to consider the purchase of General Finance and Investment Research Group, we had plans and strategies but there was no certainty of achieving those targets.*

*They were ambitious and some of the shareholders were sceptical. They had a right to be so.*

*The market was difficult, and no-one had listed a company on NZX which owned a non-Bank Deposit taker for a long time. Our Managing Director Brent King convinced us that this was a good idea and we supported him.*

*Since that time we have seen the General Capital group go from strength to strength.*

*Even with a relatively small capital base at the start we have been able to grow all aspects of our business. Substantially.*

*We have been one of the fastest growing companies on the NZX. Our 60% pa compounded growth over those 4 years puts us at the top end of the market. This, by most measures, is outstanding growth particularly in a highly regulated and competitive sector.*

*We are also pleased to have been able to return a strong profit for the last year and also position ourselves very well for the future.*

*With the resolutions we have to consider later in the meeting I am sure we will continue the strong growth that we have shown in the past.*

*I want to personally thank you for your support of General Capital over the last 4 years.*

## **8 Resolutions**

I will now move to the Resolutions before the Meeting. For clarity I'd note that I will be exercising any discretionary proxies conferred on "the Chair". As noted in the Notice of Meeting, I will be voting any undirected proxies in favour of the resolutions, except in relation to resolution 7, where I am ineligible to vote, and will accordingly abstain in relation to any undirected proxies.

All resolutions are ordinary resolutions, requiring a 50% majority of those entitled to vote and voting to be carried.

The Board has unanimously recommended that you vote in favour of all today's resolutions.

### **8.1 Extraordinary Business**

#### **Resolution 1**

Starting with the Extraordinary Business, we have a resolution relating to the issue of further capital.

*“That, the shareholders approve (for the purposes of NZX Listing Rule 4.2.1) the issue of up to \$5,000,000 of new Shares to such persons (not being Related Parties of the Company) and in such numbers and proportions as determined by the Board in its absolute discretion and at such price and on such terms as the Board of the Company believe is fair and reasonable to the Company and to all existing shareholders but at not less than 5.75 cents per share.”*

This is identical to a similar resolution presented to and adopted at the 2021 meeting. Of that \$5 million, \$2.4 million was raised. The remainder of that approval has expired. This resolution effectively renews and resets that previous approval.

We have developed the General Capital group significantly since the business was listed four years ago. We have grown substantially, and we of course need to ensure that the capital ratio of our subsidiary, General Finance Limited, remains in order. We still have capacity for growth, but with the strong balance sheet growth over the last year we are considering what we will need for the future. We have set the following resolution so that we have room to continue on our strong growth path.

The notice of meeting sets out in some detail the background to the resolution and the reason the Board believe they are in the best interests of the company.

I move the resolution as presented.

Do I have a seconder?

Thankyou \_\_\_\_\_.

I note that all shareholders are entitled to vote on this resolution.

Do we have any questions or discussion from shareholders on Resolution 1?

{ Allow 30 seconds for first question to be asked }

As there are no [further] questions, I remind you to cast your vote on Resolution 1 now or prior to the close of the meeting if you haven't done so already.

## 8.2 Regular Business

Moving on to the Regular Business.

Firstly I turn to considerations and discussion on the Annual Report.

I now ask our Managing Director to speak to the report.

Over to you Brent.

[BK Presentation]

Thank you, Brent - very informative.

Do we have any questions for Brent on the Annual Report, financial statements or other matters discussed by Mr King?

{Allow 30 seconds for first question}

### Resolution 2

Thanks Everyone. Moving on to Resolution 2.

And here we have a small update to the notice of meeting. Since printing and distribution of the notice of meeting, the Board has received Baker Tilly Staples Rodway's resignation as auditors and have, in accordance with section 207R of the Companies Act, appointed Grant Thornton in their place. Notice of this was given to shareholders via NZX on the 9<sup>th</sup> September.

I would like to take this opportunity to thank Baker Tilly for all their hard work and support over the past 4 years. Their contribution to our growth as a listed and regulated entity is appreciated.

I would also welcome Grant Thornton to our Group. We look forward to working with you.

The resolution we have before us is

*"That the Board be authorised to fix the fees and expenses of the auditors of the Company for the financial year ending 31 March 2023."*

I move the motion

Do we have a seconder? Thank you \_\_\_\_\_

I now open the matter for discussion. Are there any questions from Shareholders?

{Allow 30 seconds for first question}

As there are no [further] questions, I remind you to cast your vote on Resolution 2 now or prior to the close of the meeting if you haven't done so already.

I note that all shareholders are entitled to vote on this resolution.

### **Resolution 3**

Moving on to Resolution 3.

“That Paul Zingel be elected as a director of the Company”

Paul was appointed by the Board on 1 March 2022, and in accordance with listing rule 2.7.1 Paul is required to present himself for re-election at the Annual Meeting. Paul's profile is included in section 4.15 of the explanatory notes to the Notice of Meeting. On his initial appointment the Board determined that Paul was an independent director for the purposes of the NZX Listing Rules and Governance Code.

Paul do you briefly want to introduce yourself and speak to the resolution.

[Paul to speak]

Thankyou Paul

I will now move the resolution; do I have a seconder?

Thankyou \_\_\_\_\_.

Do we have any questions or comments from shareholders?

{Allow 30 seconds for first question}

As there are no [further] questions, I remind you to cast your vote on Resolution 3 now or prior to the close of the meeting if you haven't done so already.

Again I note that all shareholders are entitled to vote on this resolution.

#### **Resolution 4**

Moving on to Resolution 4.

“That Greg James be elected as a director of the Company.”

Greg has been nominated by Mr King for election. Having considered the qualifications, skills and experience needs in accordance with the company’s nominations and appointment procedure, the Board believes Greg will enhance the Board’s ability operate efficiently and effectively. In particular we believe that he will address our weakness in accounting and tax knowledge. Greg’s profile is included in section 4.17 of the Notice of Meeting explanatory notes.

As also noted in the explanatory notes to the notice of meeting, the Board has conducted the required background checks on Greg and having found the results to be satisfactory, unanimously supports Greg’s election. The Board considers that if elected he will be an independent director for the purposes of the NZX Listing Rules and Governance Code.

Greg do you briefly want to introduce yourself and speak to the resolution.

[Greg to speak]

Thankyou Greg

I will now move the resolution; do I have a seconder?

Thankyou \_\_\_\_\_.

Do we have any questions or comments from shareholders?

{Allow 30 seconds for first question}

As there are no [further questions], I remind you to cast your vote on Resolution 4 now or prior to the close of the meeting if you haven’t done so already.

I note that all shareholders are entitled to vote on this resolution.

#### **Resolution 5**



Moving on to Resolution 5.

“That Huei Min Lim be re-elected as a director of the Company.”

Lyn has been an Independent non-executive director of the company since 2011 and continued on the Board after the creation of General Capital by reverse listing in 2018. Lyn was last re-elected in 2019, and accordingly required to retire by rotation at this meeting. She is eligible for and offers herself for re-election. Lyn’s profile is included in section 4.18 of the Notice of Meeting explanatory notes.

Lyn do you briefly want to introduce yourself and speak to the resolution.

[Lyn to speak]

Thankyou Lyn

I will now move the resolution, do I have a seconder?

Thankyou \_\_\_\_\_.

Do we have any questions or comments from shareholders?

{Allow 30 seconds for first question}

As there are no [further questions], I remind you to cast your vote on Resolution 5 now or prior to the close of the meeting if you haven’t done so already.

All shareholders are entitled to vote on this resolution.

## **Resolution 6**

Moving on to Resolution 6.

“That Rewi Hamid Bugo be re-elected as a director of the Company.”

Rewi has been a non-executive director of the company since 2017. He was last re-elected in 2019, and accordingly required to retire by rotation at this meeting. He is eligible for and offers himself for re-election. Rewi’s profile is included in section 4.19 of the Notice of Meeting explanatory notes.

I will now move the resolution, do I have a seconder?

Thankyou \_\_\_\_\_.

Do we have any questions or comments from shareholders?

{Allow 30 seconds for first question}

As there are no [further] questions, I remind you to cast your vote on Resolution 6 now or prior to the close of the meeting if you haven't done so already.

Again all shareholders are entitled to vote on this resolution.

### **Resolution 7**

Moving on to the final resolution, Resolution 7.

“That the maximum aggregate amount of remuneration payable by the Company to the Directors (in their capacity as directors, as that term is defined in the NZX Listing Rules) be increased from \$300,000 to \$600,000 per annum, plus GST (if any), to be paid and allocated among the Directors as the Board from time to time deems appropriate and that any remuneration payable to such Directors may, at the Board's discretion, in whole or in part, be through an issue of Equity Securities (as that term is defined in the NZX Listing Rules) of the Company.”

The Directors remuneration was last fixed by shareholders in 2018, following the creation of General Capital by reverse listing. At that time the full amount of the annual pool was not paid and in fact is not yet being fully spent.

Over those 4 years the company has grown from a \$16 million dollar business to a business with over \$102 million of assets. The demands on Management and the respective boards have increased similarly.

The director's base annual remuneration was \$22,000 p.a. up to 1 April this year, when it was increased to approximately \$28,000. Premiums are paid for the board and audit committee chairs. The current pool is spread across 8 directors on the 2 boards. The election of a further director would bring this to 9.

The Board is proposing this resolution to position the company for its next period as growth. As with the previous increase in the pool 4 years ago, it is not intended to allocate the full pool immediately.

However having the pool available will enable us to attract new skills and expertise to the boards as the business continues to grow and evolve. We are doing this today with the proposed appointment of Greg, and will need to continue to do so to meet our skill and diversity requirements.

I'd make the following brief points:

- The pool has to cover both General Capital and General finance. Our NBDT registration requires us to maintain an independent board for General Finance which requires us to maintain more directors than a company of our size might otherwise require.
- The fee pool has not been increased since listing in 2018. I believe the current directors fees are extremely modest, based on the workloads and risk both boards carry.
- The business is approximately 10 times the size since listing with relatively modest increase in staffing and resources. This has placed more work and responsibility back on the Boards in an attempt to manage expenses.
- While we have not commissioned any formal benchmarking, the board believes that the fees currently paid are comparatively low compared to those paid for companies managing businesses with a similar quantum of assets and complexity.
- We have hopefully added an additional Director today.
- As we proceed with our continued wholesale capital raising to fund the growth of the business, we will need to be able to consider any additional board representation that may be required to secure substantial or cornerstone investors. This may be necessary to achieve \$5 million investment we addressed in resolution 1.
- Further if we add additional representative directors, we may need to add additional independent directors to address the Reserve Bank and NZX requirements and recommendations for a majority of independent directors.
- As I said previously the Board has never spent the full fee pool, and don't intend to do so now. However the proposal will give us the head room to address these challenges.

Further notes are included in sections 4.20 to 4.25 of the Notice of Meeting explanatory notes.

I will now move the resolution; do I have a seconder?

Thankyou \_\_\_\_\_.

Do we have any questions or comments from shareholders?

{Allow 30 seconds for first question}

As there are no [further] questions, I remind you to cast your vote on Resolution 7 now or prior to the close of the meeting if you haven't done so already.

The Directors of the company and any of their associated persons are ineligible to vote on this resolution. However they have unanimously recommended that you vote in support of the resolution.

All shareholders other than the Directors of the company and any of their associated persons entitled to vote on this resolution.

## **9 General Business**

That brings us to General Business.

Do we have any questions, comments, or items of general business from shareholders?

{Allow 30 seconds for any general business or questions}

## **10 Closing**

If there is nothing [more], that concludes the formalities of the meeting.

In a couple of minutes, we will close the voting system. Please ensure that you have cast your vote on all resolutions.

I wish to thank you all for your attendance. I ask you now to join the Directors for a piece of Birthday cake and a drink to celebrate our success and 25 years of successful operation by General Finance.

On behalf of the Directors, Management and staff thank you very much for your support and look forward to seeing you all next year.

**I declare the meeting closed.**