

3Q Holdings Limited  
ABN 42 089 058 293

Notice of Annual General Meeting  
and  
Explanatory Memorandum to Shareholders

Please read the Notice and Explanatory Memorandum carefully.



# Notice

## **3Q Holdings Limited ABN 42 089 058 293 (Company)**

### Notice of annual general meeting

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Notice is given that the 2016 annual general meeting of the Company will be held at Ground Floor, 35 Spring Street, Bondi Junction, NSW 2022, on Wednesday, 30 November 2016 at 10.00 am.

### Ordinary business

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#### **2016 Financial Statements and Reports**

To receive and consider the Financial Statements of the Company and its controlled entities and the Reports of the Directors and Auditor for the year ended 30 June 2016.

#### **Resolution 1 – approval to amend the 2009 Employee Share Ownership Plan (2009 ESOP)**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*“That the 2009 ESOP be amended as summarised in the Explanatory Memorandum, with such amendments to be effective retrospectively (as permitted by rule 13(d) of the 2009 ESOP) commencing on the date of first operation of the 2009 ESOP, and further that the amended 2009 ESOP be approved, and for all other purposes, including for the purposes of the Corporations Act 2001 to permit the Company taking security over Shares in itself, and to permit the Company to provide Financial Assistance to a person to acquire Shares (or rights and interests in Shares) in the Company under the 2009 ESOP.”*

#### **Resolution 2 - Cancellation of Forfeited Shares under the 2009 ESOP**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*“That for the purposes of section 258D of the Corporations Act 2001, 2,550,000 Shares issued pursuant to the 2009 ESOP be cancelled.*

### Further information

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#### **Explanatory Memorandum**

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice.

#### **Entitlement to attend and vote**

It has been determined under regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that, for the purposes of the annual general meeting, Shares will be taken to be held by the persons who are the registered holders at 10.00 am on Monday, 28 November 2016.

Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

## Proxies

A shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the shareholder. A proxy need not be a shareholder and can be either an individual or a body corporate.

If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the *Corporations Act 2001* (Cth); and
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

If such evidence is not received before the meeting, then the body corporate (through its representative) will not be permitted to act as a proxy.

A shareholder that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes.

To be effective, a proxy form must be received at the Company's office at:

Company Secretary  
Ground Floor, 35 Spring Street  
Bondi Junction, NSW 2022

OR by facsimile: (02) 9387 7110 (International +61 2 9387 7110)

OR by email to [alan@threeq.com.au](mailto:alan@threeq.com.au).

by no later than 10.00 am on Monday, 28 November 2016.

## Accessing your 2016 Annual Report online

The 2016 Annual Report is available for shareholders to access and download from <http://www.islandpacific.com/new/wp-content/uploads/2015/04/3Q-Annual-Report-2016.pdf>

If you would like to receive a hard copy of the 2016 annual report free of charge you can contact Alan Treisman, Company Secretary on 02 9369 8591.

Shareholders who have specifically requested a hard copy of the 2016 Annual Report will receive it together with this Notice or otherwise separately in the mail.

## By order of the Board

18 October 2016



Alan Treisman  
Company Secretary

## Explanatory Memorandum

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This Explanatory Memorandum has been prepared to assist shareholders to understand the business to be put to shareholders at the forthcoming annual general meeting.

All capitalised terms have the meaning given to that term in the Dictionary found at the back of this Notice.

## Ordinary business

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### **2016 Financial Statements and Reports**

The Corporations Act requires:

- the Reports of the Directors and Auditor; and
- the annual financial report, including the Financial Statements of the Company for the year ended 30 June 2016,

to be laid before the annual general meeting. The Corporations Act does not require a vote of shareholders on the reports or statements. However, shareholders will be given ample opportunity to raise questions or comments on the management of the Company.

Also, a reasonable opportunity will be given to shareholders as a whole at the meeting to ask the Company's Auditor questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the Financial Statements and the independence of the Auditor in relation to the conduct of the audit.

### **Resolution 1 – approval to amend the 2009 ESOP**

#### **Background and summary of key terms**

A copy of the existing 2009 ESOP may be inspected at the Company's office at Ground Floor, 35 Spring Street, Bondi Junction NSW. Please contact the company secretary if you have any questions or wish to make arrangements to inspect the plan.

A number of changes have been proposed to the 2009 ESOP as detailed below. The Directors note that rule 13 of the 2009 ESOP provides that the Board may implement amendments to the 2009 ESOP from time to time, however, in the interests of transparency and as required for the purposes of the US Sub-Plan referred to below, the Directors seek an ordinary resolution of the shareholders:

- (a) For administrative convenience, the proposed amendments to the 2009 ESOP are given retrospective application to apply from the time which it was first approved as permitted by rule 13(d) of the 2009 ESOP and as per proposed new rule 2(i);
- (b) Rule 4(d) of the 2009 ESOP is proposed to be amended to permit the Board to provide an Eligible Employee an Invitation to participate in the 2009 ESOP without specifying:
  - (1) any time period in which to accept the Invitation; or
  - (2) the date on which the Shares are allotted to the Participant;
- (c) Rules 6(b), 7(a), 7(c), 11(a) and the definition of "Trustee" of the 2009 ESOP are proposed to be amended to permit Shares acquired by Participants to be registered in the name of the Participant directly or in the name of the Trustee (being 3Q Holdings ESOP Pty Limited, or any replacement entity from time to time) and to allow the rights under those Shares to be exercised by the Participant where held directly;
- (d) It is proposed that rule 8(e) be amended so that a Participant may forfeit their Shares which are still subject to a Holding Lock, where the employee leaves employment other than as a result of the Participant's permanent incapacity, death or retirement, in addition to the existing criteria of dismissal for cause and where the employee commits and act of misappropriation or fraud in relation the affairs of a Group Company;

- (e) The proposed changes to rule 8(g) clarify the Board may do anything that it considers appropriate to give effect to the provisions of rule 9, and provide that this includes authorising the Board to act as attorney for the Participant to Deal with the Shares on the Participant's behalf;
- (f) As the Company is not currently listed on ASX, it is proposed that:
  - (1) the definition of "Applicable Law" be amended to exclude the ASX Listing Rules;
  - (2) rule 7(d) be deleted so that the Company is not required to make an application for the Shares to be listed on ASX or another stock exchange; and
  - (3) rule 9(e) be amended so that the price at which Shares may be sold by the Company or the Trustee under rule 9 is the actual price if sold on market, or as otherwise determined by the Board where required, and not by reference to the volume weighted average price of the Shares traded on ASX;
- (g) It is proposed that rule 10(d)(1) be amended so that Financial Assistance is repayable by the Participant in full within ten years (and not three years as provided under the existing 2009 ESOP) after the date on which the Financial Assistance was granted or such other period as may be specified in the Invitation, unless it is required to be repaid at an earlier date owing to the operation of the plan rules;
- (h) It is proposed that a sub-plan be appended to the 2009 ESOP to apply to Shares issued under the plan to employees resident in the USA (**US Sub-Plan**), so that the plan complies with relevant US laws, in particular those of the State of California. The US Sub-Plan therefore provides in particular that:
  - (1) the total number of Shares that may be issued to US employees under the US Sub-Plan is 10% of the total number of Shares issued in the capital of the Company from time to time;
  - (2) in the event of a stock split, reverse split, stock dividend, recapitalisation, combination, reclassification or other distribution of the Company's Shares without receipt of consideration, that the Shares purchased or to be purchased pursuant to the US Sub-Plan and the 2009 ESOP shall be adjusted accordingly;
  - (3) it must be approved by a majority of the outstanding Shares entitled to vote by the later of:
    - (A) within 12 months after the US Sub-Plan is adopted by the Board; or
    - (B) prior to or within 12 months of the issuance of any Shares under the US Sub-Plan in California;
  - (4) no Shares may be issued under the US Sub Plan later than 10 years from the date the US Sub-Plan is approved by the Company's shareholders; and
  - (5) the rights to acquire Shares by US employees are non-transferable, except as set out in the 2009 ESOP;
- (i) Incidental changes are proposed to ensure the 2009 ESOP best accommodates the amendments detailed above and to make the 2009 ESOP easier to interpret.

To review the changes to the 2009 ESOP, these may be inspected at the Company's office at Ground Floor, 35 Spring Street, Bondi Junction NSW. Please contact the company secretary if you have any questions or wish to make arrangements to inspect the plan.

### **Approval for all other purposes**

Subject to certain exceptions, the Corporations Act prohibits a company from financially assisting a person to acquire shares in that company, including without limitation, making loans regarding the acquisition of, or taking security over, shares in itself, with such assistance being considered Financial Assistance pursuant to section 260A of the Corporations Act. However, section 260C(4) provides exceptions to that prohibition. For instance, a company is able to make loans for, or take security over, shares in itself under an employee share scheme (such as the 2009 ESOP) that have been approved by an ordinary resolution of shareholders.

Accordingly, while the original 2009 ESOP has already been approved for such purposes on 30 November 2009, for the avoidance of doubt, if the 2009 ESOP amendments are approved by shareholders, as a result of passing Resolution 1 the Company notes that it will still be able to provide Financial Assistance by way of making loans regarding the acquisition of, or taking security over, shares in itself where those Shares (or rights or interests in them) are acquired by Eligible Employees under the amended 2009 ESOP as those amendments will also have been approved by a resolution of the shareholders.

**Directors' recommendation**

The Directors recommend that shareholders vote in favour of Resolution 1.

**Resolution 2 – Cancellation of Forfeited Shares under the 2009 ESOP**

2,550,000 fully paid ordinary shares previously issued to former employees under the 2009 ESOP have been forfeited in accordance with the terms of the 2009 ESOP, as those employees left the Company prior to the vesting of the shares. In order to give effect to the forfeiture, these shares must be cancelled by an ordinary resolution of shareholders under Section 258D of the Corporations Act.

**Directors' recommendation**

The Directors recommend that shareholders vote in favour of Resolution 2.

## Dictionary

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<b>Term</b>	<b>Meaning</b>
<b>Application Form</b>	a completed and signed form of acceptance by an Eligible Employee of an offer in a form approved by the Board.
<b>Associates</b>	has the meaning given in section 12 of the Corporations Act.
<b>ASX</b>	Australian Securities Exchange.
<b>Auditor</b>	BDO East Coast Partnership ABN 83 236 985 726, being the auditor of the Company.
<b>Board</b>	the board of Directors of the Company.
<b>Company</b>	3Q Holdings Limited (ABN 42 089 058 293).
<b>Constitution</b>	the constitution of the Company.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Deal</b>	mortgage, charge pledge, lien, encumber or otherwise dispose of or deal, and <b>Dealing</b> has a corresponding meaning.
<b>Director</b>	the directors of the Company.
<b>Disposal Request</b>	a request from a Participant for disposal of Shares under the 2009 ESOP.
<b>Eligible Employee</b>	an Employee whom the Board decides is to receive an Invitation.
<b>Explanatory Memorandum</b>	this explanatory memorandum, prepared by the Company and sent to shareholders of the Company with the Notice.
<b>2009 ESOP</b>	the Employee Share Ownership Plan adopted by the Company on 30 November 2009, and as proposed to be amended pursuant to Resolution 1.



<b>Term</b>	<b>Meaning</b>
<b>Financial Assistance</b>	a loan made to a Participant on the terms and conditions of these Rules to enable the Participant to acquire Shares.
<b>Group Company</b>	the Company, any holding company of the Company, any subsidiary of the Company or a subsidiary of a holding company of the Company, where holding company and subsidiary have the same meaning as in the Corporations Act.
<b>Holding Lock</b>	a mechanism to prevent a Participant Dealing with Shares during the Holding Lock Period.
<b>Holding Lock Period</b>	the period from the date that the Shares are allocated to a Participant under the 2009 ESOP until the earliest of: <ol style="list-style-type: none"> <li>1 the tenth anniversary of that date;</li> <li>2 the date the Employee ceases to be employed by any Group Company;</li> <li>3 the receipt of written consent of the Board following a Disposal Request in respect of those Shares;</li> <li>4 all Financial Assistance being repaid; and</li> <li>5 when the 2009 ESOP is terminated.</li> </ol>
<b>Invitation</b>	an offer in writing to acquire Shares under the 2009 ESOP.
<b>Notice</b>	the notice of meeting accompanying this Explanatory Memorandum.
<b>Participant</b>	an Eligible Employee whose Application Form is accepted by the Board and who agrees to be bound by the 2009 ESOP rules (as amended, including the US Sub-Plan as applicable) and the Constitution, and who acquires Shares in accordance with the 2009 ESOP.
<b>Resolution</b>	a resolution in the Notice.
<b>Shares</b>	fully paid ordinary shares in the capital of the Company.
<b>Trustee</b>	3Q Holdings ESOP Pty Limited, or any replacement entity from time to time.
<b>US Sub-Plan</b>	the proposed sub-plan to the 2009 ESOP to apply to Shares issued under the 2009 ESOP to employees resident in the USA.



**3Q Holdings Limited**  
 ABN 42 089 058 293

# Proxy Form



**All correspondence to:**  
 3Q Holdings Limited  
 Ground Floor, 35 Spring Street  
 Bondi Junction  
 NSW 2022

Australia  
 Enquiries (within Australia) (02) 9369 8500  
 (outside Australia) +61 2 9369 8500  
 alan@threeq.com.au

Mark this box with an 'X' if you have made any changes to your address details (see next page)

## Appointment of Proxy

I/We

being a member/s of 3Q Holdings Limited and entitled to attend and vote hereby appoint

the Chairman of  
 the Meeting  
 (mark with an 'X')

OR

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered shareholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of 3Q Holdings Limited to be held at Ground Floor, 35 Spring Street, Bondi Junction NSW 2022 on Wednesday, 30 November 2016 at 10.00 am and at any adjournment of that Meeting.

Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes my/our proxy by default) but have **not** marked any of the boxes opposite the Resolution in the voting directions below, I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy.

The Chairman of the Meeting intends to vote undirected proxies in favour of all of the Resolutions below.

## Voting directions to your proxy – please mark to indicate your directions

		For	Against	Abstain*
Resolution 1.	Approval to amend the 2009 ESOP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2.	Approval of cancellation of forfeited shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\*If you mark the Abstain box for a particular resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

## PLEASE SIGN HERE

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Shareholder 1

Sole Director and  
 Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

.....  
 Contact Name

.....  
 Contact Daytime Telephone

/ /  
 Date

# How to complete the Proxy Form

## 1 Your Address

This is your address as it appears on the Company's share register. If this information is incorrect, please mark the box and make the correction on the form. Shareholders sponsored by a broker (in which case your reference number overleaf will commence with an 'x') should advise your broker of any changes. Please note, you cannot change ownership of your securities using this form.

## 2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company. Do not write the name of the issuer company or the registered security holder in the space. For undirected proxies the Chairman intends to vote in favour of the resolutions and, if you appoint the Chairman your proxy and do not direct him how to vote, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

## 3 Votes on Resolutions

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each Resolution. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any resolution by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given resolution, your proxy may vote as he or she chooses. If you mark more than one box for a resolution your vote on that resolution will be invalid.

## 4 Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's office or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

## 5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the shareholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate Shareholder or proxy is to attend the meeting the appropriate 'Certificate of Appointment of Corporate Representative' should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

## Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 10 am on 28 November 2016. Any Proxy Form received after that time will not be valid for the scheduled meeting.

### Documents may be lodged using the reply paid envelope or:

IN PERSON	Company's Office – Ground Floor, 35 Spring Street, Bondi Junction NSW 2022
BY MAIL	Company's Office – Ground Floor, 35 Spring Street, Bondi Junction NSW 2022
BY FAX	(02) 9387 7110 (International +61 2 9387 7110)
BY EMAIL	alan@threeq.com.au.