

2015

# NOTICE OF ANNUAL GENERAL MEETING

Pact Group Holdings Ltd  
ABN 55 145 989 644



19 October 2015

Dear Shareholder

It is with much pleasure that I invite you to the second Annual General Meeting (**AGM**) of Pact Group Holdings Ltd (**Company**) to be held on Wednesday, 18 November 2015 at 11.00am (Melbourne time). The AGM will be held at Encore St Kilda Beach, 10-18 Jacka Boulevard, St Kilda Sea Baths, St Kilda, Victoria. A venue location map is located on the back page. Registration will commence at 10.00am and light refreshments will be available at the conclusion of the meeting.

If you are not able to attend the AGM, you are encouraged to vote your shares:

- by lodging an electronic proxy online by visiting [www.investorvote.com.au](http://www.investorvote.com.au); or
- by completing the enclosed personalised shareholder proxy form and returning it in the envelope provided.

In order for your vote to count, you must lodge your completed proxy form no later than 48 hours before the meeting (ie. 11.00am (Melbourne time) Monday 16 November 2015) or any adjournment of the AGM.

Corporate shareholders wishing to appoint a representative to attend on their behalf will need to complete a 'Certificate of Appointment of Representative'. This can be obtained at [www.investorcentre.com](http://www.investorcentre.com) under the help tab 'Printable Forms' or by calling 1300 850 505 within Australia or +61 3 9415 4000 outside Australia.

Shareholders can submit AGM questions by lodging them online at [www.investorvote.com.au](http://www.investorvote.com.au). Alternatively, shareholders can ask questions by writing them on a separate sheet of paper and returning them with your proxy form in the enclosed reply paid envelope. We will endeavour to respond to the more frequently asked questions at the AGM.

The AGM will be webcast live for those shareholders unable to attend in person. A link to the webcast will be accessible via our website at [www.pactgroup.com.au/investors/investor-relations/agm](http://www.pactgroup.com.au/investors/investor-relations/agm). In addition, an electronic version of the Annual Report for the year ended 30 June 2015 is available on our website [www.pactgroup.com.au/investors/investor-relations/reports](http://www.pactgroup.com.au/investors/investor-relations/reports).

My fellow Directors and I look forward to seeing you at the AGM and welcome your participation.

Yours sincerely



**Raphael Geminder**  
Chairman

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2015 Annual General Meeting of shareholders of Pact Group Holdings Ltd will be held at Encore St Kilda Beach, 10-18 Jacka Boulevard, St Kilda Sea Baths, St Kilda, Victoria on Wednesday, 18 November 2015 at 11.00am (Melbourne time).

## Items of business

### 1. Financial Statements and Reports

To receive and consider the annual Financial Report, the Directors' Report and the Auditor's Report for the Company and its controlled entities for the financial year ended 30 June 2015.

### 2. Adoption of the Remuneration Report

To consider the Company's Remuneration Report as it appears in the 2015 Annual Report and, if thought fit, pass the following non-binding resolution as an ordinary resolution in accordance with section 250R(2) of the Corporations Act 2001 (Cth):

*"That the Company's Remuneration Report for the financial year ended 30 June 2015 be adopted."*

### Voting Exclusion

The Company will disregard votes cast on this resolution by certain persons. Details of the voting exclusions applicable to this resolution are set out in the "Voting Exclusions" on page 3 of this Notice.

### 3. Election of Director

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

*"That Mr Ray Horsburgh, who retires pursuant to Rule 8.1(c) of the Company's Constitution and being eligible for election, be elected as a Director of the Company."*

### 4. Re-election of Director

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

*"That Mr Peter Margin, who offers himself for re-election and being eligible, be re-elected as a Director of the Company."*

### 5. Financial Assistance

To consider and, if thought fit, pass the following resolution as a special resolution:

*"That the Company approve the transactions described in item 5 of the Explanatory Memorandum accompanying this resolution (which forms a part of this resolution) and all elements of those transactions that may constitute financial assistance by the following companies:*

*Sulo MGB Australia Pty Ltd (ABN 27 002 605 192)  
Jalco Group Pty Ltd (ABN 39 075 091 806)  
Jalco Automotive Pty Ltd (ABN 66 082 722 932)  
Jalco Powders Pty Ltd (ABN 59 092 756 888)  
Jalco Plastics Pty Ltd (ABN 61 080 120 725)  
Jalco Australia Pty Ltd (ABN 45 075 091 833)  
Jalco Care Products Pty Ltd (ABN 28 093 547 687)  
Packaging Employees Pty Ltd (ABN 82 075 176 671)  
Jalco Cosmetics Pty Ltd (ABN 53 084 809 450)  
Jalco Promotional Packaging Pty Ltd (ABN 85 084 894 708)*

*for the purposes of sections 260A and 260B(2) of the Corporations Act 2001 (Cth)."*

The Explanatory Memorandum and Important Notes attached to this Notice are incorporated into, and form part of, this Notice. A detailed explanation of the background and reasons for the proposed resolutions is set out in the Explanatory Memorandum.

By Order of the Board



**Penny Grau**

Company Secretary

Dated 5 October 2015

# IMPORTANT NOTES

## Voting methods

Shareholders may vote by attending the AGM in person, by proxy or by appointing a power of attorney. A body corporate shareholder may appoint a corporate representative.

To vote in person, please attend the AGM on Wednesday, 18 November 2015 at 11.00am (Melbourne time) at Encore St Kilda Beach, 10-18 Jacka Boulevard, St Kilda Sea Baths, St Kilda, Victoria.

## Voting entitlement

For the purpose of the voting at the AGM, the Board has determined that persons holding fully paid ordinary shares in the capital of the Company at 7pm (Melbourne time) on Monday, 16 November 2015 will be treated as shareholders of the Company. This means that if you are not the registered holder of any shares in the Company at that time, you will not be entitled to vote.

## Voting exclusions

The Corporations Act requires that certain persons must not vote, and the Company must disregard votes cast by certain persons, on item 2 'Adoption of the Remuneration Report' to be considered at the AGM.

For the purpose of these voting exclusions:

- The **Key Management Personnel (KMP)** of the Company are those persons having authority and responsibility for planning, directing and controlling the activities of the Company's consolidated group either directly or indirectly. It includes all Directors (executive and non-executive) and the Chief Financial Officer. The KMPs are also listed in the Remuneration Report on page 45 of the Company's Annual Report.
- A **Closely Related Party (CRP)** of a member of the KMP means:
  - A spouse or child of the member;
  - A child of the member's spouse;
  - A dependant of the member or of the member's spouse;
  - Anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company's consolidated group; or
  - A company the member controls.

The voting exclusions for Item 2, 'the Adoption of the Remuneration Report' are described in the following table:

Item No	Resolution description	Who is excluded from voting on the resolution?		
		As a shareholder?	As holder of a directed proxy?	As holder of an undirected proxy?
2	Adoption of the Remuneration Report	KMP named in the Remuneration Report and their CRP.	Proxy holder for KMP named in the Remuneration Report or their CRP.	Proxy holder for KMP named in the Remuneration Report or their CRP.  Proxy holder who is a KMP named in the Remuneration Report or a KMP at the date of the meeting and their CRP <b>(subject to Note 1 below).</b>

**Note 1:** The chairman of the meeting (the **Chairman**) will be entitled to vote an undirected proxy if the proxy appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

## Proxies

A shareholder entitled to attend and vote at the AGM is entitled to appoint any person to attend the AGM and vote as the shareholder's proxy. A proxy can be an individual or a body corporate. A proxy need not be a shareholder.

A proxy form is enclosed with this Notice.

Unless the proxy is required by law to vote, the proxy may decide whether or not to vote on any particular item of business. If the appointment of a proxy directs the proxy to vote on an item of business in a particular way, the proxy may only vote on that item as directed. Any undirected proxies on a given resolution may be voted by the appointed proxy as they choose, subject to the voting exclusions described previously.

If a shareholder is entitled to cast two or more votes, they may appoint two proxies and specify the proportion or number of votes each proxy is appointed to exercise. If the shareholder appoints two proxies and the proportion or the number of the shareholder's votes each proxy may exercise is not specified, each proxy may exercise half the votes (disregarding fractions).

If more than one proxy for a shareholder is present at the meeting, neither may vote on a show of hands. A proxy need not vote on a show of hands nor a poll (except if the proxy is the chairman of the meeting) but if the proxy does so, the proxy must vote as directed. All directed proxies that are not voted on a poll at the meeting will automatically default to the Chairman, who is required to vote proxies as directed. If you require a second proxy form, please contact Computershare Investor Services Pty Limited from within Australia on 1300 850 505 and from outside Australia on +61 3 9415 4000.

## Completion of proxy form

A proxy form for appointment of a proxy must be signed by the shareholder or the shareholder's attorney. In the case of shares held jointly by two or more persons, any joint holder may sign the proxy form. Where a proxy is lodged by more than one of the joint holders in respect of the same shares, it will be the proxy of the holder first named in the Register that will be accepted. Electronic proxy forms do not need to be signed as they will be authenticated electronically. Where a paper proxy form is executed by an attorney the relevant power of attorney (or a certified copy of the power of attorney) must be received by the Company's Share Registry or the Company not less than 48 hours before the commencement of the meeting or any adjournment of the meeting. A proxy form cannot be completed online if it is completed under power of attorney or similar authority.

## Lodgement

A proxy form for appointment of a proxy is enclosed. To be valid, your voting instructions must be received by one of the following methods not less than 48 hours before the commencement of the AGM or any adjournment of the AGM:

- (a) electronically, by visiting [www.investorvote.com.au](http://www.investorvote.com.au) and following the instructions provided;
- (b) by sending the proxy form by mail or lodging the proxy form in person at the registered office of the Company or to the Company's Share Registry, Computershare Investor Services Pty Limited at GPO Box 242, Melbourne, Victoria 3001, Australia;
- (c) by sending the proxy form by facsimile to the Company's Share Registry on 1800 783 447 within Australia or +61 3 9473 2555 from outside Australia; or
- (d) for certain intermediaries (such as custodians, nominees and broker participants) who subscribe to the intermediary online service – electronically, by visiting [www.intermediaryonline.com](http://www.intermediaryonline.com) and following the instructions provided.

## Bodies corporate

Body Corporate Shareholders and proxies entitled to attend and vote at the AGM may appoint a person to act as their representative at the AGM by providing that appointee with a 'Certificate of Appointment of Representative'.

A pro forma of this certificate may be obtained by calling 1300 850 505 (within Australia), +61 3 9415 4000 (outside Australia), or at [www.investorcentre.com](http://www.investorcentre.com) under the help tab 'Printable Forms'. A copy of the signed Certificate of Appointment of Representative, or other evidence satisfactory to the Chairman of the AGM, must be produced prior to admission to the AGM.

## Resolutions

All items of business involving a vote by shareholders other than item 5 are ordinary resolutions. To be passed, the items need approval of a simple majority of the votes cast by shareholders entitled to vote on the resolution. Item 5 is a special resolution requiring the approval of 75 percent of the votes cast by shareholders entitled to vote on the resolution.

# EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of the notice convening the AGM of the Company (Notice) to be held at Encore St Kilda Beach, 10-18 Jacka Boulevard, St Kilda Sea Baths, St Kilda, Victoria on Wednesday, 18 November 2015 at 11.00am (Melbourne time), 2015.

## Item 1 - Financial statements and reports

The Corporations Act requires the Financial Report, Directors' Report and Auditor's Report for the Company and its controlled entities for the financial year ended 30 June 2015 to be laid before the AGM.

There is no requirement in the Corporations Act or the Company's Constitution for shareholders to vote on, approve or adopt these reports. However, shareholders will have a reasonable opportunity at the AGM to ask questions and make comments on these reports and the management of the Company.

The auditor of the Company is required to attend the AGM and will be available to take shareholders' questions and comments about the conduct of the audit, the preparation and the 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. Shareholders may also submit questions (up to five business days before the AGM) to the auditor on the conduct of the audit and the content of the Auditor's Report. To lodge questions online, visit [www.investorvote.com.au](http://www.investorvote.com.au). Alternatively, shareholders may forward written questions with their completed proxy form which should be returned in the enclosed reply paid envelope.

The Company is required by law to forward all questions to the auditor and the auditor is required to prepare a list of questions that the auditor considers are relevant to the conduct of the audit and the content of the Auditor's Report. The auditor may omit questions that are the same in substance as other questions or are not received in a timely manner. At the AGM, the Chairman will give the auditor a reasonable opportunity to answer the questions on the question list. The list of questions prepared by the auditor will be available from the Company's website, [www.pactgroup.com.au/investors/investor-relations/aggm](http://www.pactgroup.com.au/investors/investor-relations/aggm), prior to the AGM. In addition, copies of the list of questions will be available at the AGM.

## Item 2 – Adoption of the Remuneration Report

The Corporations Act requires a resolution in relation to the Remuneration Report to be included in the business of the AGM. There will be an opportunity for shareholders at the AGM to comment on, and ask questions about, the 2015 Remuneration Report. The Remuneration Report can be found on pages 45 to 52 of the 2015 Annual Report and can also be accessed at [www.pactgroup.com.au/investors/investor-relations/reports](http://www.pactgroup.com.au/investors/investor-relations/reports).

The Corporations Act states that a vote on the Remuneration Report is advisory only and will not bind the Directors or the Company. The Board will, however, take the outcome of the vote and comments made by shareholders on the Remuneration Report into consideration when reviewing the Company's remuneration practices and policies.

Voting exclusions apply to this resolution as specified in the Notice of AGM.

**The Chairman of the Meeting intends to vote all valid undirected proxies received in favour of the adoption of the Remuneration Report.**

## Item 3 – Election of Ray Horsburgh as a Director

The Board is able to appoint any eligible person to be a Director as an addition to the existing Directors provided that the total number of Directors does not exceed the maximum number fixed under the Constitution, being seven. Any person appointed as an addition to the Board, who is not a managing director, holds office until the conclusion of the next AGM following his or her appointment. At that point, to continue as a Director that person must offer themselves for election.

Mr Ray Horsburgh, who was appointed by the Board as an additional Director on 5 October 2015, holds office until the conclusion of the AGM and therefore, pursuant to Rule 8.1(c) of the Company's Constitution, offers himself for election.

Mr Horsburgh is a member of the Audit, Business Risk and Compliance Committee. The Board considers Mr Horsburgh to be an independent Director.

Mr Horsburgh has extensive management experience in the glass and steel manufacturing sectors and in mergers and acquisitions. This experience was gained from having been Managing Director and Chief Executive Officer of Smorgon Steel Group Ltd (1993–2007) and from senior roles in packaging company ACI Ltd including Chief Executive Officer of ACI Glass Group.

Mr Horsburgh currently is Chairman of Toll Holdings Ltd (since 2007) and an independent Non-executive Director since 2004. He is also Chairman of Calibre Global Ltd and AFL Victoria and a Director of the Ricky Ponting Foundation.

Mr Horsburgh has also been a Non-executive Director of CSR Ltd (2004–2013), and Chairman and Non-executive Director of National CAN Industries Ltd (2005–2012).

Mr Horsburgh has a Bachelor of Chemical Engineering, Hon DUniv, is a fellow of the Australian Institute of Company Directors and a fellow of the Institute of Engineers Australia.

#### Recommendation

The Directors unanimously recommend that shareholders vote in favour of Item 3.

**The Chairman of the Meeting intends to vote all valid undirected proxies received in favour of the election of Mr Horsburgh.**

#### Item 4 – Re-election of Peter Margin as a Director

Although the ASX Listing Rules do not require any of the incumbent Directors to offer themselves for re-election at the AGM, in order to facilitate the orderly rotation of Directors, Mr Peter Margin, being eligible, has offered himself for re-election.

Mr Margin was appointed to the Board on 26 November 2013 and is Chairman of the Audit, Business Risk and Compliance committee and a member of the Nomination and Remuneration committee. The Board considers Mr Margin to be an independent Director.

Mr Margin has many years of leadership experience in major Australian and international food companies. His most recent role was Chief Executive Officer of Goodman Fielder Limited. Prior to that Mr Margin was Chief Executive Officer and Chief Operating Officer of National Foods Limited. Mr Margin has also held senior management roles in Simplot Australia Limited, Pacific Brands Limited (formerly known as Pacific Dunlop Limited), East Asiatic Company and HJ Heinz Company Australia Limited.

Mr Margin is currently Non-executive Director of Bega Cheese Limited, PMP Limited, Nufarm Limited, Huon Aquaculture Ltd and Costa Group Holdings Limited.

Mr Margin holds a Bachelor of Science from the University of New South Wales and a Master of Business Administration from Monash University.

#### Recommendation

A review of Mr Margin's performance during his directorship has been undertaken by the other Directors. As a result, the Directors (with Mr Margin abstaining) recommend that shareholders vote in favour of item 4.

**The Chairman of the Meeting intends to vote all valid undirected proxies received in favour of the re-election of Mr Margin.**

## Item 5 – Financial Assistance

### 1. Introduction

- 1.1. This section of the Explanatory Memorandum relating to proposed Item 5 ("Financial Assistance") (the Resolution) contained in the accompanying Notice is given to shareholders of the Company for the purpose of section 260B(4) of the Corporations Act.
- 1.2. It contains all of the information known to the Company or the Directors of the Company that is material to deciding how to vote on the proposed resolution contained in the accompanying Notice. The proposed Resolution approves the giving of financial assistance by companies that are subsidiaries of the Company pursuant to section 260B(2) of the Corporations Act.
- 1.3. Certain terms and expressions used in this section of the Explanatory Memorandum relating to item 5 are defined in paragraph 14 of this item.

### 2. The share acquisitions

- 2.1. Pact Group Holdings (Australia) Pty Ltd ACN 107 959 900 (Purchaser) has acquired the entire issued ordinary share capital of:
  - (a) Sulo MGB Australia Pty Ltd (ABN 27 002 605 192), pursuant to the Sulo Share Sale Agreement; and
  - (b) Jalco Group Pty Ltd (ABN 39 075 091 806), pursuant to the Jalco Share Sale Agreement.
- 2.2. The Purchaser is a wholly owned subsidiary of the Company.
- 2.3. The companies listed in this table are subsidiaries of Jalco Group Pty Ltd (ABN 39 075 091 806).

Company	ABN
Jalco Automotive Pty Ltd	66 082 722 932
Jalco Powders Pty Ltd	59 092 756 888
Jalco Plastics Pty Ltd	61 080 120 725
Jalco Australia Pty Ltd	45 075 091 833
Jalco Care Products Pty Ltd	28 093 547 687
Packaging Employees Pty Ltd	82 075 176 671
Jalco Cosmetics Pty Ltd	53 084 809 450
Jalco Promotional Packaging Pty Ltd	85 084 894 708

- 2.4. The Target Group Companies are subsidiaries of the Company.

# EXPLANATORY MEMORANDUM (CONT.)

## 3. Requirement for Shareholder approval

- 3.1. Under section 260A of the Corporations Act, a company may financially assist a person to acquire shares (or units of shares) in the company or a holding company of the company if the assistance is approved by the shareholders of the company pursuant to section 260B of the Corporations Act.
- 3.2. Approval of this financial assistance has or will be given by the shareholders of each of the Target Group Companies. Additionally, under section 260B of the Corporations Act, if immediately after the acquisition, the company will have an Australian listed holding company, the financial assistance must also be approved by a special resolution of the shareholders of that listed holding company. Because the Company is the listed holding company of the Target Group Companies, shareholders of the Company are asked to approve the financial assistance.
- 3.3. A company may be regarded as giving financial assistance if it gives something needed in order that a transaction be carried out or something in the nature of aid or help. Common examples of financial assistance include issuing a debenture, giving security over the company's assets and giving a guarantee or indemnity in respect of another person's liability.

## 4. Particulars of the financial assistance

- 4.1. As part of the arrangements to finance the Sulo Acquisition and the Jalco Acquisition, the Company funded part of the purchase price for those acquisitions by drawing down on its existing debt facilities, which are provided pursuant to the Facilities Agreement.
- 4.2. Under the terms of the Facilities Agreement, the Company is required to ensure that each Target Group Company:
- (a) accedes to the Facilities Agreement by entering into an accession letter to become an "Additional Guarantor" and an "Obligor" (each as defined in the Facilities Agreement);
  - (b) give an interlocking guarantee and indemnity (which is contained in the Facilities Agreement) for the repayment of money that may become owing, and to secure (among other things) each other Obligor's obligations, under the Facilities Agreement and any related document; and

- (c) execute, or accede to, any document ancillary to, or in connection with, the Facilities Agreement and any guarantee, indemnity or security interest given in connection with, or ancillary to, the Facilities Agreement and any related document.
- 4.3. The Company may also from time to time arrange refinancing and additional financing facilities (including working capital facilities) of an amount to be determined in the future. In order to secure and regulate the obligations of the Company and any applicable subsidiary or related entity of it in relation to new financing facilities, each Target Group Company may, from time to time:
- (a) execute, or accede to, a new facilities agreement as an obligor:
    - (i) on substantially the same terms as the Facilities Agreement; or
    - (ii) on terms approved by the Board or shareholders (or both) at the relevant time;
  - (b) give one or more of a guarantee, indemnity or security interest over its assets (whether by way of mortgage, general security agreement (however described), specific security agreement (however described) or otherwise) to secure each obligor's obligations under any new facilities agreement and any related document; and
  - (c) execute, or accede to, any document in connection with, or ancillary to, any new facilities agreement or guarantee, indemnity or security interest given in connection with any new facilities agreement and any related document.
- 4.4. Each Target Group Company's obligations under each Finance Document are significant. Those obligations include:
- (a) unconditionally and irrevocably guaranteeing the performance of the obligations (including payment obligations) of the Company and any applicable subsidiary or related entity of it under the Finance Documents from time to time; and
  - (b) indemnifying each Finance Party and other parties against any liability, loss or cost incurred by them under, or in connection with, the Finance Documents.



4.5. Entering into, and performing obligations under, the Finance Documents will constitute or involve the Target Group Companies giving financial assistance in connection with the Sulo Acquisition and the Jalco Acquisition for the purposes of section 260A of the Corporations Act and therefore requires the prior approval of shareholders under section 260B of the Corporations Act.

### **5. Approval of financial assistance**

Under section 260B(2) of the Corporations Act, shareholder approval for financial assistance by the Target Group Companies must be approved by special resolution passed at a general meeting of the Company. In accordance with the Corporations Act and the Company's constitution, a special resolution must be passed by at least 75% of the total votes cast by shareholders entitled to vote on the resolution (whether in person or by proxy, attorney or representative).

### **6. Reasons for the financial assistance**

- 6.1. The Purchaser used funds made available under the Facilities Agreement to finance part of the consideration payable for the Sulo Acquisition and Jalco Acquisition, to provide working capital for the business of the Target Group Companies and related companies and to pay certain transaction costs and fees associated with each acquisition.
- 6.2. The financiers' agreement to provide the finance made available to the Company and the Purchaser under the Facilities Agreement was conditional on the Company, the Purchaser and each of their subsidiaries which have acceded to the Facilities Agreement being bound by certain obligations included in the Facilities Agreement, including the obligation to ensure that:
  - (a) each of the Target Group Companies assumes the obligations and gives the guarantee and indemnity described in paragraph 4.2 above; and
  - (b) the Company's shareholders approve the financial assistance to be given by the Target Group Companies.
- 6.3. Accordingly, the reason for the giving by the Target Group Companies of the financial assistance described above is to enable the Company, the Purchaser and their applicable subsidiaries to comply with their obligations under the Facilities Agreement.

### **7. Effects of the financial assistance**

- 7.1. As the Company (and each of its subsidiaries which have acceded to the Facilities Agreement) is already liable for the amounts payable under the Facilities Agreement, the giving of the financial assistance described in this Explanatory Memorandum by each of the Target Group Companies is unlikely to have any adverse effect on the Company.
- 7.2. The substantial effect of the financial assistance on the Target Group Companies is that, following their respective accession under the Facilities Agreement, each Target Group Company will have:
  - (a) guaranteed all amounts payable under the Facilities Agreement and related finance documents; and
  - (b) indemnified each Finance Party and other parties against any liability, loss or cost incurred by them under, or in connection with, the Facilities Agreement and related finance documents.

The operations of the Target Group Companies will also be restricted by the representations and undertakings given by them when they accede to the Facilities Agreement. However, the Company is already required to procure that the Target Group Companies comply with most of these undertakings and the Company is required to provide such representations, even though the Target Group Companies have not yet acceded to the Facilities Agreement.

- 7.3. The Directors of the Company do not currently have any reason to believe that the Company or any of its subsidiaries which have acceded to the Facilities Agreement is likely to default in its obligations under the Finance Documents.
- 7.4. However, if the Company or any applicable subsidiary defaults under the Finance Documents, any one or more of the Finance Parties may decide to take enforcement action such as making a demand under the Finance Documents (including by a call on the guarantee and indemnity given by each Target Group Company). Accordingly, each Target Group Company will be liable for the default of the Company or any applicable subsidiary under the Finance Documents, with the result that all of the assets of each Target Group Company will be available to satisfy the claims of the Finance Parties.

# EXPLANATORY MEMORANDUM (CONT.)

On enforcement, among other rights, a Finance Party may become entitled to procure the sale of the assets of each Target Group Company or to cause the winding up of that company. The sale of assets on enforcement or winding up may yield a return to each Target Group Company (and ultimately its shareholders) significantly lower than could have been achieved by each Target Group Company had those assets been otherwise sold and may therefore have an adverse effect on the financial position of the Target Group Companies and their ability to pay creditors.

## 8. Advantages of approving the Resolution

8.1. The advantages to the Company of its shareholders approving the Resolution is that:

- (a) the Target Group Companies will be able to accede to the Facilities Agreement and so allow the Company to meet its obligations under the Facilities Agreement described in paragraph 4.2 above and avoid the occurrence of an event of default. If an event of default occurs, the financiers may require immediate repayment of the amounts due under the Facilities Agreement and related finance documents. The Directors of the Company believe that the utilisation of the existing facilities under the Facilities Agreement was the most efficient form of financing available to fund, in part, the Sulo Acquisition and the Jalco Acquisition; and
- (b) the Company will be able to benefit from synergies, cost savings and greater growth potential through the integration of the Target Group Companies.

8.2. The Directors of the Company believe that the principal advantage to the Target Group Companies of their respective shareholders approving the Resolution is that it enables the Company to comply with its obligations under the Finance Documents and avoids a default occurring under the Facilities Agreement. Any default under the Facilities Agreement would have a potentially destabilizing effect on the Company, which could in turn adversely affect the Target Group Companies. In addition, the continuation of the Facilities Agreement benefits the Target Group Companies because the Facilities Agreement will provide funds for the working capital and general corporate purposes of the Target Group Companies.

## 9. Disadvantages of approving the Resolution

As the Company (and each of its subsidiaries which have acceded to the Facilities Agreement) is already liable for the amounts payable under the Facilities Agreement and related finance documents, the Directors of the Company do not believe there are any disadvantages to the Company of its shareholders approving the Resolution.

Nevertheless, the disadvantages to the Target Group Companies of their shareholders approving the Resolution may be considered to include the following:

- (a) the Target Group Companies will become liable for the amounts payable under the Facilities Agreement and related finance documents;
- (b) the operations of the Target Group Companies will be restricted by the representations and undertakings given by them by acceding to the Facilities Agreement. However, the Company is already required to procure that the Target Group Companies comply with most of these undertakings and the Company is required to provide such representations, even though the Target Group Companies have not yet acceded to the Facilities Agreement;
- (c) although the Directors consider this unlikely, the Company or any subsidiary may default under the Facilities Agreement. Following an event of default, the Finance Parties may make a demand under the guarantees provided by the Target Group Companies requiring immediate repayment of the amounts due under the Finance Documents, which may result (among other things) in the Finance Parties enforcing their rights to sell assets of the Target Group Companies to satisfy their claims or the winding up of an Target Group Company; and
- (d) the giving of the financial assistance may impact on each Target Group Company's ability to borrow money in the future. This is because a lender may be deterred by the existence of the Finance Documents from making finance facilities available to any Target Group Company. However, the Company is already required under the Facilities Agreement to procure that each Target Group Company does not borrow money other than in a manner permitted by the Facilities Agreement.

## 10. Approval and Recommendation

The Directors of the Company have unanimously approved this Item 5 of the Explanatory Memorandum and the Notice and recommend that the shareholders of the Company vote in favour of the Resolution to approve the giving of financial assistance as they believe that approval of the Resolution is in the best interests of the Company.

**The Chairman of the meeting intends to vote all valid undirected proxies received in favour of this Resolution.**

## 11. Notice to ASIC

Copies of the Notice to shareholders containing the proposed Resolution and this Explanatory Memorandum were lodged with the Australian Securities and Investments Commission before being sent to the shareholders, in accordance with section 260B(5) of the Corporations Act.

## 12. Disclosure of information

The Directors of the Company consider that the Notice and this Explanatory Memorandum contains all material information known to the Company that could reasonably be required by the shareholders of the Company in deciding how to vote on the proposed Resolution, other than information that it would be unreasonable to require the Company to disclose because the Company has previously disclosed the information to its shareholders.

## 13. Accompanying documents

The Notice accompanies this Explanatory Memorandum.

## 14. Defined terms and interpretation

14.1. In this Explanatory Memorandum relating to item 5:

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

**Facilities Agreement** means the syndicated facility agreement dated 27 November 2013 between, among others, the Company, the Purchaser and a syndicate of banks, as amended from time to time, including by an amendment and restatement deed dated 22 June 2015.

**Finance Documents** means the Facilities Agreement and each document referred to in, or contemplated by paragraph 4.2 and paragraph 4.3.

**Finance Party** means each financier, arranger, agent, hedging lender, trustee or security trustee under the Finance Documents.

**Jalco Acquisition** means the acquisition of the issued shares in Jalco Group Pty Ltd (ABN 39 075 091 806) pursuant to the Jalco Share Sale Agreement.

**Jalco Share Sale Agreement** means the share sale agreement between the Purchaser, Barry Smorgon and others, dated 17 June 2015.

**Purchaser** means Pact Group Holdings (Australia) Pty Ltd ACN 107 959 900.

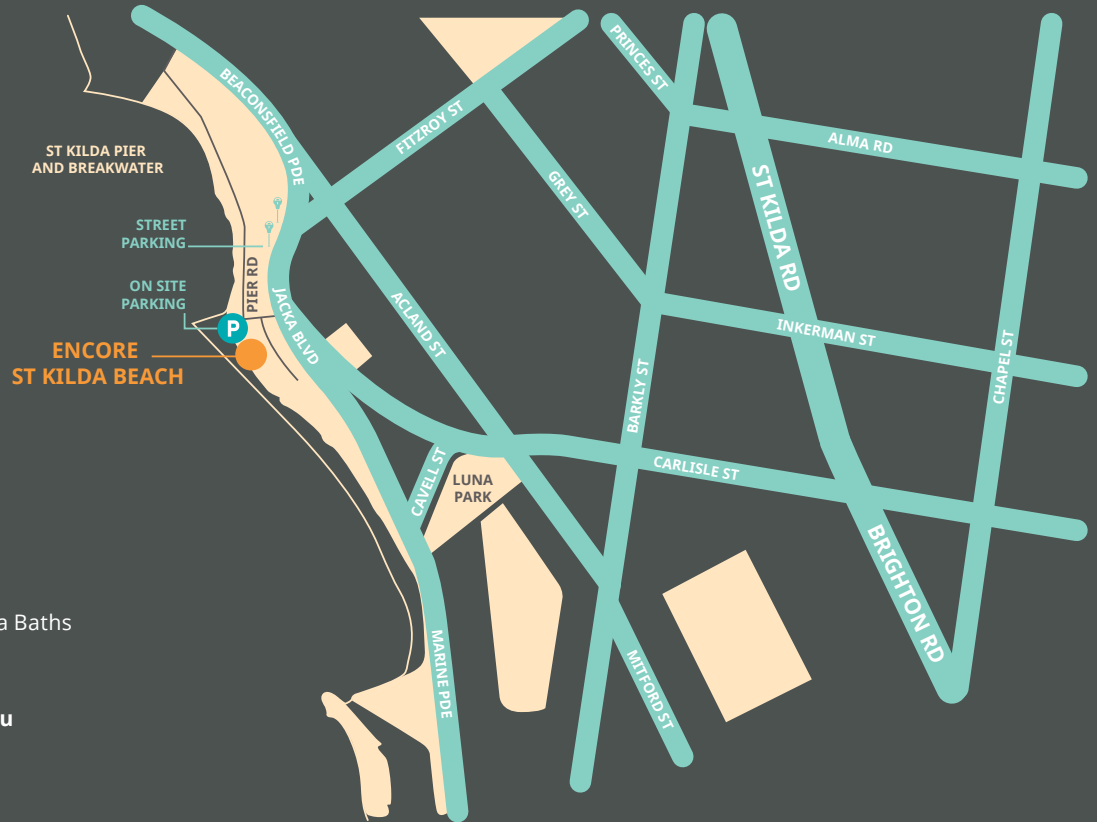
**Sulo Acquisition** means the acquisition of the issued shares in Sulo MGB Australia Pty Ltd (ABN 27 002 605 192) pursuant to the Sulo Share Sale Agreement.

**Sulo Share Sale Agreement** means the share sale agreement between the Purchaser, ACN 113 004 210 Pty Limited (ABN 60 113 004 210) (formerly Plastics Group Pty Ltd) and others, dated 31 July 2014.

**Target Group Company** means Sulo MGB Australia Pty Ltd (ABN 27 002 605 192), Jalco Group Pty Ltd (ABN 39 075 091 806) and each company listed in paragraph 2.3.

14.2. In this Explanatory Memorandum for the purposes of item 5, except where the context requires otherwise:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning; and
- (c) a reference to a document includes the document as novated, altered, restated or replaced from time to time.



## Location

### Encore

10-18 Jacka Blvd, St Kilda Sea Baths  
 St Kilda, VIC 3182  
 T: 03 8598 9055  
[www.encorestkilda.com.au](http://www.encorestkilda.com.au)

## Parking

There are 440 car parking spaces available within the St Kilda Sea Baths complex both above ground and undercover, simply enter from Jacka Boulevard.

Onsite parking charges are \$8.00 for early bird (in before 10am Monday to Friday), \$6.00 for 0 – 1 hour, \$11.00 for 1 – 2 hours, or \$14.00 for 2 – 12 hours. Ticket machines accept coins and credit cards. Alternatively, there are metered parking spaces on Jacka Boulevard at \$4.80 per hour or \$11.00 for all day parking. Ticket machines accept coins and credit cards.

## Tram Services to Fitzroy Street, St Kilda

- No. 3a** – East Malvern – St Kilda – Melb Uni
- No. 16** – Kew – St Kilda – Melb Uni
- No. 96** – East Brunswick – St Kilda

We suggest disembarking at tram stop 136, which is the stop closest to the venue.

## Access

Access is via the Jacka Boulevard entrance. Encore also has disabled access.



[www.pactgroup.com.au](http://www.pactgroup.com.au)

6/650 Church Street, Richmond VIC 3121 Australia  
 Telephone +61 3 8825 4100





**Pact Group Holdings Ltd**  
ABN 55 145 989 644

**Lodge your vote:**

**Online:**  
[www.investorvote.com.au](http://www.investorvote.com.au)

**By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**  
(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

**Proxy Form**



**Vote and view the annual report online**

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



**Your access information that you will need to vote:**

**Control Number:**

**SRN/HIN:**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

**For your vote to be effective it must be received by 11.00am (Melbourne time)  
Monday, 16 November 2015**

**How to Vote on Items of Business**

All your securities will be voted in accordance with your directions.

**Appointment of Proxy**

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

**Signing Instructions for Postal Forms**

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

**Attending the Meeting**

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** ➔

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Pact Group Holdings Ltd hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

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, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Pact Group Holdings Ltd to be held at Encore St Kilda Beach, 10-18 Jacka Boulevard, St Kilda Sea Baths, St Kilda, Victoria on Wednesday, 18 November 2015 at 11.00am (Melbourne time) and at any adjournment or postponement of that Meeting.

### Important for Item 2

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item 2 (except where I/we have indicated a different voting intention below) even though Item 2 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Item 2 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

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

	For	Against	Abstain
Item 2 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Election of Director - Ray Horsburgh	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Re-election of Director - Peter Margin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Approval of Financial Assistance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Board encourages all securityholders who submit proxies to direct their proxy how to vote on all items of business. The Chairman of the Meeting intends to vote all valid undirected proxies received in favour of each item of business.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / / \_\_\_\_\_