



WEST COAST
AQUACULTURE

WEST COAST AQUACULTURE GROUP LIMITED

ACN 637 883 848

NOTICE OF ANNUAL GENERAL MEETING EXPLANATORY STATEMENT AND PROXY FORM

Date

Friday, 17 September 2021

Time

2.00pm Australian Eastern Standard Time (AEST)

Venue

Safety of our shareholders and staff is our paramount concern, and therefore, in line with State Government regulations and ASIC recommendations during the ongoing COVID 19 pandemic, we will hold the 2021 AGM by way of live video conference. There will be no physical meeting.

Shareholders wishing to attend the online meeting need to email the Company to register. Your email must include your registered name and address: agm@wcoastfish.com

Your vote is important

The business of the Annual General Meeting affects your shareholding and your vote is important.

Voting in person

As the Meeting will be held online, voting in person will not apply, and you are encouraged to lodge a proxy vote beforehand.

We encourage shareholders to lodge their proxy vote beforehand given the COVID 19 restrictions.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of West Coast Aquaculture Group Limited will be held online at 2.00pm Australian Eastern Standard Time (AEST) on Friday, 17 September 2021.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Chairman will be voting all undirected proxies in favour of all resolutions.

AGENDA

Ordinary Business

Item 1 – Financial Statements and Directors’ and Auditor’s reports

To receive and consider the Financial Statements, and the Reports of the Directors’ and Auditor for the year ended 30 April 2021.

Item 2 – Resolution 1: Adoption of Remuneration Report (Non-binding advisory vote)

To consider and, if thought fit, to pass the following Resolution as a *non-binding advisory* ordinary resolution:

“That, the Remuneration Report that forms part of the Director’s report of the Company for the year ended 30 April 2021 is adopted.”

Voting Exclusion: The Company will, in accordance with the requirements of the Corporations Act, disregard any votes cast on Resolution 1 by or on behalf of a member of the Key Management Personnel (KMP’s) named in the Company’s Remuneration Report or that KMP’s Closely Related Parties, unless the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction on the Proxy Form.

Item 3 – Resolution 2: Election of Mr. James Barrie

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

“That Mr. James Barrie, who was elected to fill a casual vacancy by the Board since the last Annual General Meeting, retires in accordance with clause 48(d) of the Company’s Constitution and, being eligible offers himself for re-election, is appointed a Director of the Company.”

Item 4 – Resolution 3: Re-Election of Mr. Yaw Foi Chan

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

“That Mr. Yaw Foi Chan, who retires in accordance with clause 48(b) of the Company’s Constitution and, being eligible offers himself for re-election, is appointed a Director of the Company.”

Item 5 – Resolution 4: Re-Election of Mr. Teik Hon Chin

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

“That Tiek Hon Chin, who retires in accordance with clause 48(b) of the Company’s Constitution and, being eligible offers himself for re-election, is appointed a Director of the Company.”

Item 6 – Resolution 5: Related Party Transaction – Asset Purchase

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

“That WEST COAST AQUACULTURE (M) SDN BHD acquire the assets listed in Annexure A from North Island Fish Nursery SDN BHD for a total of RM 800,000.”

Voting Exclusion: The Company will, in accordance with the requirements of the Corporations Act, disregard any votes cast on Resolution 5 by or on behalf of Chin Koon Chia, unless the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction on the Proxy Form.

The directors unanimously recommend that shareholders vote in favour of each of the resolutions.

A Proxy Form is attached to this Notice.

To be valid, properly completed forms must be received by the Company no later than 2.00pm Australian Eastern Standard Time (AEST) on Wednesday, 15 September 2021.

By Order of the Board



James Barrie

Company Secretary

Entitlement to Vote

The Directors have determined that pursuant to Regulation 7.11.37 of the Corporations Regulation 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 7pm Australian Eastern Standard Time (AEST) on 15 September 2021.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted online on Friday, 17 September 2021 at 2.00pm Australian Eastern Standard Time (AEST).

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether to vote for or against the Resolutions in the Notice of Meeting.

Terms used in this Explanatory Statement will, unless the context otherwise requires, have the same meaning as given to them in the Glossary as contained in this Explanatory Statement.

Item 1 – Financial statements and reports

Under the Corporations Act, the Directors of a publicly listed Company are required to hold an Annual General Meeting and must table the financial report (which includes the financial statements and Directors' declaration), the Directors' report and Auditor's report for the previous year before members of the Company at each Annual General Meeting.

All relevant information concerning the Company's financial report, Directors' report and Auditor's report for the year ended 30 April 2021 is contained in the Company's Annual Report for 2021. If you have elected to receive a copy of the Company's Annual Report, one has been forwarded to each such Shareholder. It is also available on request to the Company Secretary. A copy of the financial report, Directors' report and Auditor's report will also be tabled at the Annual General Meeting.

The Company's auditors will be present at the Meeting and be available to answer questions as to the conduct of the Company's audit, the independence of the auditor and the Auditor's report.

Shareholders should note that the sole purpose of tabling the financial report, Directors' report and Auditor's report of the Company at the Annual General Meeting is to provide Shareholders with the opportunity to ask questions or discuss matters arising from them. It is not the purpose of the Meeting that the financial report, Directors' report and Auditor's report be accepted, rejected or modified in any way. Accordingly, as it is not required by the Corporations Act, no Resolution to adopt, receive or consider the Company's financial report, Directors' report and Auditor's report will be put to the Shareholders at the Meeting.

Item 2 – Resolution 1: Adoption of Remuneration Report (Non-binding Advisory Vote)

The Corporations Act requires that a resolution that the remuneration report be adopted must be put to vote by the shareholders at a listed company's Annual General Meeting. However, such a vote on this resolution is advisory only and does not bind the directors of the company.

The Remuneration Report sets out the Company's remuneration policy and remuneration arrangements in place for directors and Key Management Personnel of the Company. The Remuneration Report is part of the Directors' Report contained in pages 6 to 11 of the annual financial report of the Company for the financial year ending 30 April 2021. A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

Voting consequences

Under the Corporations Act, a "two-strikes and re-election" process has been introduced for the non-binding Shareholder vote on the Remuneration report of listed companies and operates as follows:

If at least 25% of the non-binding shareholders' votes cast on a remuneration report resolution are voted against the adoption of the remuneration report in two consecutive annual general meetings, the company will be required to put to shareholders a resolution proposing the calling of an extraordinary general meeting to consider and determine whether the directors of the company will need to stand for re-election at the second annual general meeting (Spill Resolution). Notice of the "spill resolution" must be included with the notice of AGM to ensure that notice is given if the "second strike" is triggered;

If more than 50% of non-binding shareholders' vote are cast in favour of the Spill Resolution, the company must convene the Extraordinary General Meeting (Spill Meeting) within 90 days from that second annual general meeting. All of the directors of the company who were in office when the Directors' Report (as included in the Company's annual financial report for the financial year ended immediately before the second annual general meeting) will be required to stand for re-election, other than the managing director of the company, who is permitted to hold office without being re-elected under the ASX Listing Rules.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved by the shareholders will be the directors of the company.

As less than 25% of non-binding shareholders' votes cast on the Remuneration Report at the 2020 AGM were against the adoption of the Remuneration Report, a Spill Resolution is not relevant for this meeting.

Voting Restrictions

Members of the Key Management Personnel and their proxies and Closely Related Parties are restricted from voting on a resolution put to Shareholders that the Remuneration Report of the Company be adopted. Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

The voting restriction does not apply where:

- (a) The Chairman or any other member of the Key Management Personnel is appointed in writing (by a Shareholder who is not a member of the Key Management Personnel or a Closely Related Party of Key Management Personnel) as a proxy with specific instructions on how to vote on a resolution to adopt the Remuneration Report of the Company; or
- (b) the Chairman is appointed in writing (by a Shareholder who is not Key Management Personnel or a Closely Related Party of Key Management Personnel) as a proxy with no specific instructions on how to vote on a non-binding shareholder vote on remuneration, where the Shareholder provides express authorisation for the Chairman to do so.

Shareholders should be aware that **any undirected proxies given to the Chairman will be cast by the Chairman and counted in favour of the Resolutions of this Meeting, including this Resolution 1**, subject to compliance with the Corporations Act.

Item 3 – Resolution 2: Election of Mr. James Barrie

Mr. James Barrie was appointed as a Non-Executive Director on 17 November 2020 to fill a casual vacancy and was recently appointed as Company Secretary. A professional Director and Company Secretary, James has significant commercial experience in all facets of company corporate endeavours. A graduate of the Australian Institute of Company Directors, he holds a Diploma of Investor Relations from AIRA and a business degree. Key skills include corporate governance, company secretarial, share registry, employee plans, treasury, capital management, accounting, commercial analysis, stakeholder relations, sales, business development, IPO's and mergers & acquisitions. James has more than 20 years' experience across a diverse range of industries and is currently a Non-Executive Director of two other Malaysia-based companies.

Item 4 – Resolution 3: Election of Mr. Yaw Foi Chan

Mr. Yaw Foi Chan is a qualified Management Accountant with the Chartered Institute of Management Accountant (CIMA) and has over 20 years' experience in accounting and finance. An Executive Director, he serves as Chief Financial Officer. His role includes setting up West Coast Group departments and establishing costing standards, setting up and monitoring inventory control systems, budget preparation and variance analysis, setting products selling price, maintaining financial books, liaising with external auditors and tax advisors, deal with banks on facilities and trade instruments, evaluate capital expenditures and monitoring returns, as well as guide and advise management on decisions to achieve set targets.

Item 5 – Resolution 4: Election of Mr. Teik Hon Chin

Mr. Teik Hon Chin is an Executive Director and Chief Operations Officer of the Company. He is a co-Founder of West Coast Group with 12 years' experience in fish farming operations and was appointed to the Board of Directors of West Coast Aquaculture (M) Sdn Bhd on 30 May 2016. Chin's role extends to the marine environment and fish performance from fingerlings to harvest. He has been responsible for West Coast Group's production increases and improved fish production. Chin is well recognized for farming innovation in Langkawi and his extensive knowledge of aquaculture is the foundation on which WCA's success is built on.

Item 6 – Resolution 5: Related Party Transaction – Asset Purchase

Summary

In line with the Company's stated vision to expand its in-house operational supply chain, the Company is proposing to purchase the Fish Nursery related assets of North Island Fish Nursery SDN BHD ("Nursery Assets"). The Nursery Assets are listed in Annexure A and are conveniently located at the Company's mainland site at Langkawi, meaning the acquisition will not result in any disruption to nursery activities.

Purpose

The purpose of this acquisition is to allow the Company to engage in Fish Nursery related operations.

A Fish Nursery operation is where fish are cultivated from hatchlings to fingerlings (juvenile fish) Fingerlings are then placed in open water cages until they reach saleable size and quality.

Effect

The effect of the purchase will enable the Company to conduct Nursery operations in-house, thereby removing reliance on third parties. Purchasing hatchlings as opposed to fingerlings provides for greater control and flexibility of stock levels, has a material benefit to operational expenses, and allows the Company to conduct research and development of different breeds.

Terms

The following details a list of the material terms of this agreement:

- a) Purchase price of RM 800,000¹.
- b) The Nursery Assets being valued by an independent expert valuer.
- c) The purchase price of the assets being lower than the valuation provided by the expert valuer.
- d) The Company obtaining any relevant shareholder approvals.
- e) A key employee of North Island with skills and expertise in fish Nursery Operations is successfully retained as a Westcoast Aquaculture employee.
- f) The Assets are fit for their intended use.
- g) Assets are free and clear of any and all encumbrances.

Risks

The risks of this acquisition include:

- Asset utilisation – The Company not being able to fully utilise the assets to ensure efficient breeding.
- Skills and expertise – If the Company is unable to acquire and retain the key employees of North Island, this may have a temporary effect on the Westcoast supply chain as it will take time for new employees to learn the proper processes and requirements.

¹ Australian dollar equivalent of approximately A\$256,000 as at 4 August 2021

- Repairs – some of the assets that are being acquired are machinery related and are not of a brand-new nature. This means there is a risk that the machinery acquired will require repairs upon acquisition or at a later stage.

Related Party Transaction

Chin Koon Chia is the largest shareholder of the Company, and he is also the sole shareholder of North Island Fish Nursery SDN BHD.

Corporations Act

Under the Corporations Act, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Section 210 of the Corporations Act states that Member approval is not needed to give a financial benefit on terms that:

- would be reasonable in the circumstances if the public company or entity and the related party were dealing at arm's length; or
- are less favourable to the related party than the terms referred to in paragraph (a).

The Company retained the independent expert valuation services of Henry Butcher Malaysia ("HBM") to value the Nursery Assets, and a copy of their report is contained in Annexure B.

HBM has valued the Nursery Assets at RM 1,010,000, being RM 210,000 (26.25%) more than the proposed acquisition price of RM 800,000. As a result, the Board has identified this transaction as arm's length in nature.

SSX Listing Rules

SSX Listing Rule 17.6 requires holders of ordinary securities approve a listee acquiring a significant asset from a related party or substantial shareholder. Chin Koon Chia is the largest shareholder of the Company and is also the sole shareholder of North Island Fish Nursery SDN BHD.

SSX Listing Rule 17.13 requires that the Notice of Meeting seeking shareholder approval of the related party transaction must contain an independent expert report, a copy of which is attached in Annexure B, as well as a voting exclusion statement.

Voting Exclusion:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Chin Koon Chia, his proxies and Closely Related Parties. However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on that resolution, in accordance with directions given to the proxy or attorney to vote on the resolution that way;
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and

- b. the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Further Information

Further information is provided in Annexure C.

The directors unanimously recommend that shareholders vote in favour of all resolutions.

GLOSSARY

“**AS or AUD**” means Australian Dollar, the currency of Australia.

"**Annual General Meeting**" means the meeting convened by the Notice of Meeting;

"**ASIC**" means the Australian Securities & Investments Commission;

"**Board**" means the board of Directors of the Company;

"**Chairman**" means chairman of the general meeting;

"**Closely Related Party**" of a member of the Key Management Personnel means:

- A spouse or child of the member;
- A child of the member's spouse;
- A dependant of the member or 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 dealing with the entity;
- A company the member controls; or
- A person prescribed by the Corporation Regulations 2001 (Cth).

"**Company**" means West Coast Aquaculture Group Limited ACN 637 883 848;

"**Constitution**" means the Company's constitution;

"**Corporations Act**" means the *Corporations Act 2001 (Cth)*;

"**Directors**" mean the current Directors of the Company;

"**Explanatory Statement**" means this Explanatory Statement as modified or varied by any supplementary Statement issued by the Company from time to time;

"**Key Management Personnel**" has the same meaning as in the accounting standards and broadly includes those 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;

"**Management**" or "**Board**" means the management of the Company;

"**Meeting**" or "**Annual General Meeting**" means the annual general meeting convened by this Notice;

"**Notice**" or "**Notice of Meeting**" means the notice convening the annual general meeting of the Company to be held on 10 September 2021 which accompanies this Explanatory Memorandum;

"**Proxy Form**" means the proxy form that is enclosed with and forms part of this Notice;

"**Resolution**" means a resolution in the form proposed in the Notice of Meeting;

“**RM**” means Malaysian Ringgit, the currency of Malaysia;

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

"**Shareholder**" means a registered holder of a Share in the Company;

“**SSX**” means Sydney Stock Exchange Limited’ and

“**SSX Listing Rules**” means the Listing Rules of SSX.