

9 October 2020

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the 2020 Annual General Meeting of Shareholders of NAOS Small Cap Opportunities Company Limited (ACN 107 617 381) (the "Company") will be held as follows:

Date: 12 November 2020

Time: 12.00pm

Venue: State Library of NSW, Corner of Macquarie Street and Shakespeare Place, Sydney NSW 2000

ITEMS OF BUSINESS

1. Financial Statements and Reports

To receive the Financial Statements, Directors' Report and Auditor's Report for the Company for the year ended 30 June 2020.

2. Resolution 1: Remuneration Report

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

"That the Company adopt the Remuneration Report for the year ended 30 June 2020 in accordance with Section 250R(2) of the Corporations Act."

Note: This Resolution is advisory only and does not bind the Company or the Directors.

Voting Exclusion Statement:

In accordance with sections 250BD(1) and 250R(4) of the Corporations Act, no member of the Key Management Personnel (KMP) of the Company, details of whose remuneration are included in the Remuneration Report, or a member of the KMP of the Group at the date of the meeting acting as proxy or a Closely Related Party of any such member may vote on Resolution 1.

However, in accordance with the Corporations Act, a person described above may vote on Resolution 1 if:

- it is cast by such person as proxy for a person who is permitted to vote, in accordance with the direction specified on the Proxy Form how to vote; or*
- it is cast by the Chairman as proxy for a person who is permitted to vote, in accordance with an express direction specified on the Proxy Form to vote as the proxy decides even though the Resolution is connected directly or indirectly with the remuneration of a member of the KMP of the Company.*

If the Chairman is appointed as a proxy for a person who is permitted to vote on Resolution 1, the Chairman will vote any proxies which do not indicate on their Proxy Form the way the Chairman must vote, in favour of the Resolution.

3. Resolution 2: Re-election of Director – Mr Warwick Evans

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

"That Mr Warwick Evans, who retires in accordance with clause 57 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

4. Resolution 3: Replacement of Constitution

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

"That, for the purpose of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its Constitution and adopt a new constitution in its place in the form as signed by the Chairman of the meeting for identification purposes."

By order of the Board

A handwritten signature in black ink, appearing to read 'Trevor Carroll', written in a cursive style.

Trevor Carroll
Independent Chairman

NOTES

Explanatory Memorandum

The Explanatory Memorandum accompanying this Notice of Meeting are incorporated in and comprise part of this Notice of Meeting and should be read in conjunction with this Notice of Meeting.

Entitlement to Vote

In accordance with Regulation 7.11.37 of the Corporations Regulations, the Company (as convenor of the Meeting) has determined that a person's entitlement to attend and vote at the Meeting will be those persons set out in the register of Shareholders as at 7.00pm (AEDT) on 10 November 2020. Share transfers registered after that time will be disregarded in determining the Shareholders entitled to attend and vote at the Meeting.

Proxies

A Shareholder entitled to attend this Meeting and vote, is entitled to appoint a proxy to attend and vote on behalf of that Shareholder at the Meeting.

- (a) A proxy need not be a Shareholder.
- (b) If the Shareholder is entitled to cast two or more votes at the Meeting, the Shareholder may appoint two proxies and may specify the proportion or number of the votes which each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes held by that Shareholder.
- (c) Where two proxies are appointed, any fractions of votes resulting from the appointment of two proxies will be disregarded.
- (d) A Proxy Form accompanies this Notice.
- (e) Unless the Shareholder specifically directs the proxy how to vote, the proxy may vote as he or she thinks fit, or abstain from voting.
- (f) If a Shareholder wishes to appoint a proxy, the Shareholder should complete the Proxy Form and comply with the instructions set out in that form relating to lodgement of the form with the Company.
- (g) The completed Proxy Form must be either: lodged online; posted; delivered by hand or faxed in accordance with the below. The Proxy Form must also be received not later than 12.00pm (AEDT) on 10 November 2020.

Online: <https://www.votingonline.com.au/nscagm2020>

Address: Boardroom Pty Limited
Level 12
225 George Street
Sydney NSW 2000

Postal Address: Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Fax Number: +612 9290 9655

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority can be mailed or faxed to the Company at least 24 hours before the Meeting. Alternatively, this document can be lodged at the registration desk on the day of the Meeting.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of the Notice convening the Annual General Meeting of the Company to be held at 12.00pm (AEDT) on 12 November 2020 at State Library of NSW, Corner of Macquarie Street and Shakespeare Place, Sydney NSW 2000.

This Explanatory Memorandum is to assist the Shareholders in understanding the background to, and the legal and other implications of, the Notice and the reasons for the proposed Resolutions. Both documents should be read in their entirety and in conjunction with each other.

Financial Statements and Reports

This item allows members the opportunity to consider the Financial Statements, Directors' Report and Auditor's Report of the Company. Section 317 of the Corporations Act requires each of the Financial Report (which includes the Financial Statements and Directors' Declaration), the Directors' Report and the Auditor's Report for the last financial year to be laid before the Meeting.

There is no requirement for these reports to be formally approved by Shareholders.

The reports referred to in Item 1 of the Notice are included in the Annual Report sent to Shareholders who have requested to receive a copy. If you have not elected to receive a hard copy of the Company's 2020 Annual Report, it can be accessed on the Company's website as <http://www.naos.com.au>

Shareholders will be given a reasonable opportunity at the Meeting to ask questions and comment on these reports and on the business, operations and management of the Company.

Resolution 1: Remuneration Report

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the Shareholders. However, such a resolution is advisory only and does not bind the Directors of the Company.

The Remuneration Report sets out the Company's remuneration arrangements for Key Management Personnel. The Remuneration Report is part of the Directors' Report contained in the annual financial report of the Company for the financial year ending 30 June 2020.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

Voting consequences

Under the Corporations Act, if at least 25% of the votes cast on a remuneration report resolution are voted against in two consecutive annual general meetings, the Company will be required, at the second annual general meeting, to put to Shareholders a resolution proposing the calling of an extraordinary general meeting at which all Directors of the Company who were in office at the date of approval of the applicable Directors' Report must stand for re-election ("**Spill Resolution**").

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting ("**Spill Meeting**") within 90 days of the second annual general meeting.

At the 2019 annual general meeting, the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Meeting.

Resolution 2: e-election of Director – Mr Warwick Evans

The Constitution requires one third of the Company's Directors or the number nearest to one third, to retire at every annual general meeting. It also requires that the Company's longest serving Directors since the last election or re-election, retire at that meeting. The Constitution also provides that a retiring Director is eligible for re-election as a Director, so long as they satisfy the eligibility requirements to serve in that office.

Resolution 2 provides for the re-election of Mr Warwick Evans as a Director of the Company in accordance with the Constitution.

At this Meeting, Mr Warwick Evans is retiring from office in accordance with clause 6.7 of the Constitution. Mr Warwick Evans is eligible to stand for election as a Director and is seeking re-election. Details of Mr Warwick Evans' qualifications and experience are outlined as follows:

Warwick Evans has been a Director of the Company since inception. Warwick is also a Director of NAOS Emerging Opportunities Company Limited (ASX: NCC), NAOS Ex-50 Opportunities Company Limited (ASX: NAC) and NAOS Asset Management Limited, the Investment Manager.

Warwick has over 35 years of equity markets experience, most notably as Managing Director for Macquarie Equities (globally) from 1991 to 2001 as well as being an Executive Director for Macquarie Group. He was the founding Chairman and CEO of the Newcastle Stock Exchange (NSX) and was also the Chairman of the Australian Stockbrokers Association. Prior to these positions he was an Executive Director at County NatWest. Warwick holds a Bachelor's degree in Commerce majoring in Economics from the University of New South Wales.

The Directors (excluding Mr Warwick Evans) unanimously recommend that Shareholders vote in favour of Resolution 2.

Resolution 3: Replacement of Constitution

A company may modify or repeal its constitution or a provision of its constitution by special resolution of its shareholders.

This Resolution is a special resolution which seeks to repeal the Company's existing Constitution and adopt a new constitution (**Proposed Constitution**).

The Company's current Constitution was adopted in 2004 and has not been updated since.

There have been a number of changes to the Corporations Act and Listing Rules since the Constitution was first adopted. There have also been significant developments in corporate governance principles and general corporate and commercial practice for ASX listed entities. As a result, the Board proposes that the Company adopt the Proposed Constitution which reflects these changes to legislation and current market practice. The Proposed Constitution is aligned with those of NAOS Emerging Opportunities Company Limited (ASX: NCC) and NAOS Ex-50 Opportunities Company Limited (ASX: NAC), both of which are managed by NAOS Asset Management Ltd.

In addition, changes to the Listing Rules and Guidance Notes came into effect from 1 December 2019 which require a listed entity's constitution to contain certain provisions regarding restricted securities and off market transfer fees.

The Directors believe it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Memorandum, however, a summary of the proposed material changes are set out below.

A copy of the Proposed Constitution is available upon request from the Company Secretary at company.secretary@boardroomlimited.com.au.

Summary of material proposed changes

Restricted Securities

The amendments to Listing Rule 9.1(a) require an ASX listed entity to include in its constitution the provisions set out in Listing Rule 15.12. Listing Rule 15.12 prescribes the required clause for the Constitution on Restricted Securities. Listing Rule 15.12 has also been amended. Certain changes are required to the customary provisions of constitutions of ASX-listed entities regarding restricted securities. These changes require that:

- a holder of restricted securities must not dispose of, or agree or offer to dispose of, the securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;
- if the securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the restricted securities are to be kept on the entity's issuer sponsored sub register and are to have a holding lock applied for the duration of the escrow period applicable to those securities;
- the Company will refuse to acknowledge any disposal (including, without limitation, to register any transfer) of restricted securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;
- a holder of restricted securities will not be entitled to participate in any return of capital on those securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX; and
- if a holder of restricted securities breaches a restriction deed or a provision of the Company's Constitution restricting a disposal of those securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those securities for so long as the breach continues.

Reasonable fee for the registration of transfers

ASX Listing Rule 8.14.1 permits a reasonable fee to be charged for registering a paper-based share transfer, commonly known as an "off market transfer". These fees are intended to cover the costs associated with processing such off market transfers, reducing the risks of errors and enhancing fraud detection practices. The Proposed Constitution expressly enables the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders.

This Resolution is a special resolution. Accordingly, at least 75% of votes cast by Shareholders entitled to vote and voting on this Resolution must be in favour of this Resolution for it to be passed.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

GLOSSARY

Throughout this Explanatory Memorandum the following various words and phrases are capitalised and the definitions of these capitalised words and phrases are set out below:

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

"**ASX**" means ASX Limited (ACN 008 624 691);

"**ASX Listing Rules**" or "**Listing Rules**" means the Official Listing Rules of the ASX;

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

"**Chairman**" means the chairman of the Annual General Meeting;

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

- (a) A spouse or child of the member;
- (b) A child of the member's spouse;
- (c) A dependant of the member or the member's spouse;
- (d) 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;
- (e) A company the member controls; or
- (f) A person prescribed by the Corporation Regulations;

"**Company**" means NAOS Small Cap Opportunities Company Limited (ACN 107 617 381);

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

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

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

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

"**Key Management Personnel**" or "**KMP**" 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;

"**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 12 November 2020 which accompanies this Explanatory Memorandum;

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

"**Remuneration Report**" means the remuneration report set out in the Directors' Report section of the Company's Annual Financial Report for the year ended 30 June 2020;

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

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

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

All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 12:00pm (AEDT) on Tuesday, 10 November 2020.**

🖥 TO VOTE ONLINE

📱 BY SMARTPHONE

STEP 1: VISIT <https://www.votingonline.com.au/nscagm2020>

STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC):



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

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

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the 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.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

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

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **12:00pm (AEDT) on Tuesday, 10 November 2020.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

🖥 **Online** <https://www.votingonline.com.au/nscagm2020>

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

NAOS Small Cap Opportunities Company Limited

ABN 47 107 617 381

☐

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **NAOS Small Cap Opportunities Company Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **State Library of NSW, Corner of Macquarie Street and Shakespeare Place, Sydney NSW 2000 on Thursday, 12 November 2020 at 12:00pm (AEDT)** and at any adjournment of that meeting, to act 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.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution 1, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution even though Resolution 1 is connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolution 1). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Mr Warwick Evans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2020