

RAKON LIMITED
Notice of Annual Meeting of Shareholders

Notice is hereby given that the Annual Meeting of Rakon Limited will be held on Friday 9 August 2019, commencing at 2pm in the Guineas 1 Room, at the Ellerslie Event Centre, 80 -100 Ascot Avenue, Greenlane, Auckland, New Zealand

Order of Business

A. Chair's Welcome and Address

B. Chief Executive's Review

C. Shareholders' Questions

D. Ordinary Resolutions

To consider and, if thought fit, to pass the following ordinary resolutions:

1. That Brent John Robinson, who retires by rotation and is eligible for re-election, be re-elected as a director of Rakon Limited.
2. That Robert Keith Hamilton Watson, who retires following appointment by the Board and is eligible for re-election, be re-elected as a director of Rakon Limited.
3. That the directors are authorised to fix the remuneration of Rakon Limited's auditor, PricewaterhouseCoopers, for the following year.

E. Special Resolution

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

4. That Rakon Limited amend its existing Constitution, in the manner and form signed by the Chair and tabled at the Annual Meeting for the purpose of identification.

Please read the Explanatory Notes and the Procedural Notes for further information in relation to Resolutions 1 to 4.

F. General Business

To consider such other business as may be lawfully raised at the meeting.

By Order of the Board



Maureen Shaddick
Company Secretary

12 July 2019



Explanatory Notes:

Rakon Limited ('Rakon') opted to comply with the new NZX Listing Rules with effect from 1 April 2019 as further explained in the Explanatory Notes for Resolution 4.

Resolution 1: Re-election of Brent John Robinson (Brent Robinson)

- NZX Listing Rule 2.7.1 provides that a director must not hold office (without re-election) past the third annual meeting following the director's appointment or three years, whichever is longer. This Rule applies equally to executive and non-executive directors including any director appointed to the position of Managing Director.
- Brent Robinson has been an executive director of Rakon since 1986 (including since 2006 when Rakon was listed on the NZX), and now retires by rotation and, being eligible, offers himself for re-election as a director of Rakon.
- Brent Robinson has been the Managing Director and Chief Executive of Rakon since 1986 and has 40 years' experience at Rakon. Under his leadership Rakon has established global operations and markets for Rakon's frequency control products for which Rakon is recognised as an industry leader. Brent is an Honorary Fellow of the Institution of Engineers New Zealand and was awarded the New Zealand Hi-Tech Trust - Flying Kiwi Award in 2011.
- The Board believes Brent has extensive technical, business and industry knowledge which is fundamental to the Board's role in governing and developing the strategic direction of Rakon.
- The Board (except Brent Robinson himself) unanimously recommends that you vote in favour of the re-election of Brent Robinson as a director.
- The Board has determined that, if re-elected, Brent Robinson will not be an independent director for the purposes of the NZX Listing Rules.

Resolution 2: Re-election of Robert Keith Hamilton Watson (Keith Watson)

- NZX Listing Rule 2.7.1 provides that a director who has been appointed by the Board must not hold office (without re-election) past the next annual meeting following the director's appointment.
- Keith Watson was appointed by the Board as a director of Rakon on 21 September 2018 and now retires and, being eligible, offers himself for re-election as a director of Rakon.
- Keith Watson is a professional director and Chartered Member of the Institute of Directors in New Zealand and has over 30 years' experience in governance, management and leadership roles in New Zealand and international technology and engineering businesses. Keith was Managing Director of Hewlett Packard New Zealand from 2004 to 2016 and was the chair of Opus International Consultants Limited and a past board member of the New Zealand Technology Industry Association. Among other current commitments, he is a director of New Zealand Institute of Economic Research.
- The Board believes Keith's substantial experience in the technology and engineering sectors in senior executive and governance roles complements the skills and experience of the other directors and is valuable to the Board's role in governing and developing the strategic direction of Rakon.
- The Board (except Keith Watson himself) unanimously recommends that you vote in favour of the re-election of Keith Watson as a director of Rakon.
- The Board has determined that, if re-elected, Keith Watson will be an independent director for the purposes of the NZX Listing Rules.



Resolution 3: Fixing remuneration of Auditor

- PricewaterhouseCoopers ('PwC') is automatically reappointed auditor for Rakon at the annual meeting pursuant to section 207T of the Companies Act 1993, unless the auditor gives notice that it does not wish to be reappointed. PwC has not given such notice.
- The resolution is proposed to authorise the directors of Rakon to fix the auditor's fees and expenses for the following year pursuant to section 207S of the Companies Act 1993.
- The Board unanimously recommends that you vote in favour of Resolution 3.

Resolution 4: Amendment of Rakon Constitution

- The former NZX Listing Rules (dated 1 October 2017) have been replaced by updated NZX Listing Rules which took effect from 1 January 2019 ('New Rules'). In accordance with the transitional arrangements for the New Rules, Rakon transitioned to the New Rules with effect from 1 April. The New Rules include some particular requirements in relation to Issuers' Governing Documents. Accordingly, a number of changes are now proposed to be made to the Constitution to ensure that it meets the requirements of, and is consistent with, the New Rules (as required by New Rule 2.18.1). Rakon has also taken the opportunity to propose some further improvements to its Constitution to reflect recent amendments to the Companies Act 1993 and for consistency with market practice.
- The key changes proposed to the Constitution are set out in the table in these Explanatory Notes.
- A red line copy and a clean copy of the proposed changes to the Constitution are available on the Rakon website: <http://www.rakon.com> (Corporate/Governance) and can be viewed at the Annual Meeting. A red line copy of the proposed changes is also available upon request in writing to the Company Secretary at Private Bag 99943, Newmarket, Auckland 1149, New Zealand.
- Under the Companies Act 1993 the proposed amendments must be approved by a special resolution of shareholders. As the amendments to the Constitution do not impose or remove a restriction on the activities of Rakon or affect the rights attaching to shares, the shareholder minority buy-out rights under the Companies Act 1993 do not apply.
- As required by New Rule 2.19.1, Bell Gully has provided an opinion to NZX that these amendments comply with the New Rules.
- The Board unanimously recommends that you vote in favour of Resolution 4.



A summary of the significant changes to the Constitution is set out in the following table. Unless expressly stated otherwise, references to the clause numbers below are references to the clause numbers in the Constitution as proposed to be amended.

Clause reference	Topic	Summary of proposed changes to Constitution
1.1	<i>Definitions</i>	Several definitions in clause 1.1 are amended for consistency with the equivalent definitions under the New Rules including replacing defined term “Securities” with the new term “Financial Products” for consistency with the terminology under the Financial Markets Conduct Act 2013.
1.4	<i>Confirmation of Office</i>	Proposed new clause 1.4 clarifies and confirms that the adoption of a new constitution does not affect offices and appointments (including director appointments) and any acts of authority under any previous constitution, and replaces the wording in existing clause 20.2 and part of clause 22.1.
2.5	<i>NZX Rulings</i>	Clause 2.5 is updated simply to reflect minor changes to the language used in the New Rules, with no change in substance.
2.6	<i>Effect of failure to comply with the NZX Listing Rules</i>	Clause 2.6 is updated simply to reflect minor changes to the language used in the New Rules, with no change in substance.
7.1	<i>Lien on unpaid and partly paid shares</i>	Clause 7.1 is updated to reflect minor changes to the language used in the New Rules, with no change in substance.
8.2	<i>Forfeiture</i>	Clause 8.2 is updated to reflect current market practice.
9.2	<i>Right to transfer</i>	Clause 9.2 is updated to reflect the repeal of the Securities Transfer Act 1991 by the applicable provisions in the Financial Markets Conduct Act 2013 and the Reserve Bank of New Zealand Act 1989. There is no change to shareholders’ ability to transfer shares on the Main Board of NZX.
9.5	<i>Power to refuse to register</i>	Clause 9.5 is updated to reflect the list of permitted powers to refuse to register a transfer of financial products under New Rule 8.1.4, including minor changes to the language used in that Rule.
9.7	<i>Sale of less than Minimum Holding</i>	Clause 9.7 is updated to reflect current market practice. There is no change to the Company’s powers in respect of minimum holdings.
11.1	<i>Methods of holdings meetings</i>	Clause 11.1 is updated to provide more up-to-date wording in relation to holding meetings by electronic means (i.e., “hybrid meetings” or “virtual meetings”). The Company is not required to hold either “hybrid meetings” or “virtual meetings”, but this change provides flexibility for using technology as part of shareholder meetings.
Deletion of existing clause 12.2	<i>Rights of Equity Security Holders and Directors</i>	<p>Existing clause 12.2 was required to be included in the Constitution or incorporated by reference under former Listing Rule 6.3.1. The corresponding New Rule, Rule 2.14.1, is no longer required to be included in the Constitution or incorporated by reference. Accordingly, clause 12.2 has been deleted.</p> <p>Notwithstanding the deletion of this clause, New Rule 2.14.1 will still apply, meaning that equity security holders of all classes are still entitled to attend meetings of shareholders and receive copies (or have access to electronic copies) of all notices, reports and financial statements issued to holders of financial products carrying voting rights.</p>



Clause reference	Topic	Summary of proposed changes to Constitution
14.2	<i>Size of quorum</i>	Clause 14.2 sets the minimum number of shareholders that must be present at a shareholders' meeting in order for the meeting to be validly convened. Under the existing Constitution this was set to the number of shareholders able to exercise a majority of the votes cast. It is now proposed that this requirement be set to five shareholders present in person or by Representative to align the quorum requirements of the Company with market practice for listed issuers. This change is intended to avoid the inconvenience and expense of calling a shareholders' meeting where a quorum is not present.
15.2	<i>Audio-visual meetings</i>	Clause 15.2 is updated to reflect changes made to the Companies Act in 2012 to provide greater flexibility in relation to the permitted methods for holding meetings.
15.3	<i>Voting by electronic means</i>	Proposed new clause 15.3 is added to reflect the permitted methods for voting at meetings by electronic means.
15.13	<i>Declaration of result</i>	Clause 15.13 is simplified to enable the chairperson to declare the result of a poll as soon as it is known and to remove requirements for auditor's and scrutineer's certificates to be provided before the result is declared.
15.17	<i>Shareholder participation in meetings by electronic means</i>	Proposed new clause 15.17 is added to align the Constitution with changes made to the Companies Act in 2012 in relation to shareholder participation in meetings by electronic means.
16.2	<i>Form of proxy</i>	Clause 16.2 is amended to reflect current market practice in relation to the appointment of proxies by electronic means and to reflect changes to the language used in the New Rules as well as remove content no longer required to be repeated in the Constitution. The changes do not affect the right to appoint a proxy. The New Rules still provide that the proxy form must enable the shareholder to instruct the proxy to vote for or against all resolutions and that it may not include any name or office (e.g., chairperson) filled in as proxy holder.
16.3	<i>Lodging proxy</i>	Clause 16.3 is updated to reflect changes to the Companies Act in 2017 relating to lodging proxies. The amendment clarifies that a notice of meeting may provide for different matters for different kinds of proxies (e.g., a different specified time for receipt of a proxy electronically).
20.2	<i>Composition of the Board</i>	New clause 20.2 is added to incorporate by reference the requirements of the New Rules relating to Board composition, rather than restate the requirements in full as the requirements may change over time.
20.3	<i>Appointment of directors</i>	New clause 20.3 reflects New Rule 2.2.1 concisely setting out the methods by which directors may be appointed. New Rule 2.2.1 must be included in the Constitution or incorporated by reference. There is no change to the manner in which directors may be appointed.



Clause reference	Topic	Summary of proposed changes to Constitution
20.6	<i>Rotation of directors</i>	Clause 20.6 is amended to incorporate the rotation requirements under the New Rules by reference. Under the New Rules, a director must not hold office (without re-election) past the third annual meeting or three years, whichever is longer. This rotation requirement applies to non-executive and executive directors including any managing director. The former Listing Rules required one third of directors (or the number nearest to one third) to retire from office at the annual meeting each year, who were then eligible for re-election.
Deletion of existing clause 20.5	<i>Appointment of directors to be voted on individually</i>	Existing clause 20.5 is no longer required to be included in the Constitution or incorporated by reference. Notwithstanding the deletion of this clause, the Company remains subject to the requirements in New Rule 2.2.3.
22.1	<i>Managing director</i>	Existing clause 22.1 reflected the requirement under the former Listing Rules that that the term of appointment of a managing director must not exceed five years. This has been removed from clause 22.1 because this restriction no longer applies under the New Rules.
23.7	<i>Insufficient number of directors</i>	Clause 23.7 is updated to reflect the language used in the New Rules. There is no change in substance to this clause.
23.14	<i>Interested directors</i>	New clause 23.14 is added to reflect the requirements in New Rules 2.10.1 and 2.10.2 relating to interested directors. These requirements must be included in the Constitution or incorporated by reference.
26.1	<i>Method of payment</i>	Clause 26.1 is updated to reflect current market practice in relation to the method of distribution payments.
26.3	<i>Deductions</i>	Clause 26.3 is updated to reflect current market practice in relation to deductions from dividends or other distributions.
Deletion of existing clause 27.2	<i>Service of notices outside of New Zealand</i>	Existing clause 27.2 was included to comply with the requirements of the former Listing Rules. The New Rules do not require this provision to be included in the Constitution or incorporated by reference however, the requirements of New Rule 2.14.2 apply.
Deletion of existing clause 30.2	<i>Company may appoint attorneys</i>	Existing clause 30.2 repeated the requirements of section 181 of the Companies Act relating to the appointment of attorneys. Clause 30.1 of the Constitution is now amended to refer to that section directly and, as a result, clause 30.2 is no longer required.



Procedural Notes:

Voting

- Voting on all resolutions will be by way of poll, meaning that each Rakon shareholder has one vote for each ordinary share held in Rakon by that shareholder.
- Voting entitlements will be determined at the close of trading on 7 August 2019. Registered shareholders at that time will be the only persons entitled to vote in person or by proxy at the Annual Meeting and only the shares registered in those shareholders' names at that time may be voted at that meeting.
- Resolutions 1, 2 and 3 are ordinary resolutions and, in particular, each resolution to elect a director is a separate ordinary resolution. To be passed, each of Resolutions 1, 2 and 3 requires a simple majority of the votes of those shareholders who are entitled to vote and voting on the resolutions in person or by proxy.
- Resolution 4 is a special resolution and is required to be passed by a majority of 75% of the votes of those shareholders who are entitled to vote and voting on the resolution in person or by proxy.

Proxies and Corporate Representatives

- A shareholder may attend the Annual Meeting and vote or may appoint a proxy (who need not be a shareholder), or in the case of a corporate shareholder a representative, to attend the meeting and vote in place of the shareholder. A Proxy/Voting Form is enclosed with this Notice of Meeting.
- If you return a Proxy/Voting Form without directing the proxy how to vote on any particular matter, the proxy may vote as he/she thinks fit, or abstain from voting, provided the proxy is eligible to vote on that matter.
- As indicated in the enclosed Proxy/Voting Form, the Chair of the Annual Meeting, or any other director of Rakon, is willing to act as a proxy for any shareholders who wish to appoint him or her for that purpose.
- If, in appointing a proxy, a shareholder completes the Proxy/Voting Form in full but does not name a person as their proxy; or a shareholder's named proxy does not attend the meeting, the Chair of the Board will act as that shareholder's proxy and only vote in accordance with their express directions and not vote, if expressly granted a discretion, on a resolution which is subject to a voting restriction which applies to the proxy under the NZX Listing Rules.
- A shareholder wishing to appoint a proxy should complete the enclosed Proxy/Voting Form and return the form to Rakon's share registrar, Computershare Investor Services Limited, so as to be received no later than 2pm on Wednesday 7 August 2019:
 - **online** at www.investorvote.co.nz,
 - **by mail** to Private Bag 92119, Auckland Mail Centre, Auckland 1142, New Zealand, or
 - **by fax** to +64 9 488 8787.

Quorum

- No business may be transacted at the Annual Meeting if a quorum is not present. A quorum will be present if shareholders or their proxies or their representatives are present who between them are able to exercise a majority of the votes cast on the business to be transacted by the Annual Meeting.
- If you are attending the Annual Meeting in person, please bring the enclosed Proxy/Voting Form to the meeting to assist with your registration.



Directions for Ellerslie Event Centre

Getting there

By car:

- Ellerslie Event Centre is located at 100 Ascot Avenue, Remuera (Auckland) which runs off Greenlane East or Ellerslie Racecourse Drive.
- Vehicle access is through Gate 3 on Ascot Avenue
- Once through Gate 3, you'll drive along the Avenue of Palms into the main carpark which runs adjacent to the Southern Motorway
- Parking is free for Event Centre guests (otherwise it is pay & display)
- Please note there is NO VEHICULAR THROUGH ROAD from Mitchelson Street (Gate 5), from 25 June 2018. From that date, access through Gate 5 is for pedestrians only.
- If travelling from the motorway use the Greenlane exit. If you are coming:
 - o From the south: Take the third exit (i.e. turn right) at the Greenlane roundabout onto Greenlane East, towards the direction of Remuera
 - o From the north: Take the first exit (i.e. turn left) Greenlane roundabout onto Greenlane East, towards the direction of Remuera
- Then turn right at the first set of lights immediately thereafter into Ellerslie Racecourse Drive before taking the third exit (i.e. turn right) at the first roundabout onto Ascot Avenue & then heading up to the second roundabout where Gate 3 is located

By train:

If you are coming by train alight at Greenlane Station. When you exit the station turn right and follow the path and signage to Ellerslie Racecourse.

By bus:

For details of your closest bus stop visit <https://at.govt.nz/bus-train-ferry/>

On foot:

You can enter grounds on foot or bicycle through either Gate 3 or Gate 5

Map:

<https://www.eventcentre.ellerslie.co.nz>

Access to the Guineas 1 Room will be available from 1.30 pm on 9 August 2019.