



# The Hydroponics Company Limited

(proposed to be renamed THC Global Group Limited)

ACN 614 508 039

Notice of  
Extraordinary General Meeting  
15 November 2018 at 3:00 pm

The Function Centre  
Level 4, 60 Carrington Street  
Sydney NSW 2000 Australia

**This is an important document. Please read it carefully.**

Please speak to your professional advisers if you have any questions about this document or how to vote at the Meeting.



## Notice of the Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting of The Hydroponics Company Limited (the **Company** or **THC**) called by the Board of Directors of THC in accordance with Article 42.2 of the Company's Constitution is to be held at 3:00 pm on 15 November 2018 at The Function Centre, Level 4, 60 Carrington Street, Sydney NSW 2000 Australia.

### Business of the Meeting

#### Change of Company Name

##### 1. Resolution 1: Special Resolution to Change the Company's Name to THC Global Group Limited

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

*"That, for the purposes of section 157(1) of the Corporations Act and for all other purposes, the name of the Company be changed from The Hydroponics Company Limited to THC Global Group Limited and that, for the purposes of section 136(2) and for all other purposes, all references to The Hydroponics Company Limited in the Constitution of the Company be replaced with references to THC Global Group Limited to reflect the change of the Company's name."*

Note: this resolution is a special resolution and can only be passed if at least 75% of the votes cast, in person or by proxy, by members who are entitled to vote on the resolution, vote in favour.

#### Adoption of Employee Incentive Scheme

##### 2. Resolution 2: Ordinary Resolution to Adopt Employee Option Plan

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

*"That, for the purposes of ASX Listing Rule 7.2, Exception 9, and for all other purposes, the Company adopts the THC Employee Option Plan and to approve the issue of securities under the Employee Option Plan in accordance with the terms and conditions set out in the Plan and summarised in the Explanatory Statement."*

#### Voting Exclusion Statement

A voting exclusion applies to this Resolution 2. The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- Any director of the Company, except one who is ineligible to participate in any employee incentive scheme in relation to the entity; or
- Any associate of those persons.

However, the entity need not disregard a vote if:

- It is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### Key Management Personnel Remuneration

##### 3. Resolution 3: Ordinary Resolution to Issue Securities to Ken Charteris

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

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given to grant Ken Charteris (or his nominee), the Chief Executive Officer of the Company, 1,500,000 Class A Performance Options and 2,500,000 Class B Performance Options on the terms outlined in the Explanatory Statement"*



#### **Voting Exclusion Statement**

A voting exclusion applies to this Resolution 3. The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- Mr Ken Charteris (or his nominees), or other person who is expected to participate in or who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) ; or
- Any associate of those persons.

However, the entity need not disregard a vote if:

- It is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **4. Resolution 4: Ordinary Resolution to Issue Securities to Jason Colquhoun**

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

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given to grant Jason Colquhoun (or his nominee), the Head of the Company’s Global Hydroponics Division, 2,000,000 Unlisted Options exercisable at \$0.40 expiring 31 December 2020 on the terms outlined in the Explanatory Statement”*

#### **Voting Exclusion Statement**

A voting exclusion applies to this Resolution 4. The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- Mr Jason Colquhoun (or his nominees), or other person who is expected to participate in or who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- Any associate of those persons.

However, the entity need not disregard a vote if:

- It is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **5. Resolution 5: Ordinary Resolution to Issue Securities to Steven Xu**

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

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given to grant Steven Xu (or his nominee), the Chairman of the Company, 190,000 Fully Paid Ordinary Shares on the terms outlined in the Explanatory Statement”*

#### **Voting Exclusion Statement**

A voting exclusion applies to this Resolution 5. The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- Mr Steven Xu (or his nominees), or other person who is expected to participate in or who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- Any associate of those persons.

However, the entity need not disregard a vote if:

- It is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.



## 6. Resolution 6: Ordinary Resolution to Issue Securities to Lou Cattelan

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

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given to grant Lou Cattelan (or his nominee), a non-executive director of the Company, 95,000 Fully Paid Ordinary Shares on the terms outlined in the Explanatory Statement”*

### **Voting Exclusion Statement**

A voting exclusion applies to this Resolution 6. The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- Mr Lou Cattelan (or his nominees), or other person who is expected to participate in or who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- Any associate of those persons.

However, the entity need not disregard a vote if:

- It is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## 7. Resolution 7: Ordinary Resolution to Issue Securities to Gary Radcliff

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

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given to grant Gary Radcliff (or his nominee), a non-executive director of the Company, 95,000 Fully Paid Ordinary Shares on the terms outlined in the Explanatory Statement”*

### **Voting Exclusion Statement**

A voting exclusion applies to this Resolution 7. The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- Mr Gary Radcliff (or his nominees), or other person who is expected to participate in or who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity)
- Any associate of those persons.

However, the entity need not disregard a vote if:

- It is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## Share Capital

## 8. Resolution 8: Ordinary Resolution to Ratify December Placement Shares Issue

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

*“That, for the purposes of ASX Listing Rule 7.4, and for all other purposes, the shareholders of the Company approve and ratify the allotment and issue of 12,698,414 fully paid ordinary shares issued on 20 December 2017 as set out in the terms and conditions set out in the Explanatory Statement”*

### **Voting Exclusion Statement**

A voting exclusion applies to this Resolution 8. The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- A person who participated in the share issues; or
- Any associate of those persons.



However, the entity need not disregard a vote if:

- It is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## 9. Resolution 9: Ordinary Resolution to Ratify December Placement Options Issue

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

*“That, for the purposes of ASX Listing Rule 7.4, and for all other purposes, the shareholders of the Company approve and ratify the allotment and issue of 3,000,000 options exercisable at \$0.40 expiring 31 December 2019 issued on 20 December 2017 as set out in the terms and conditions set out in the Explanatory Statement”*

### **Voting Exclusion Statement**

A voting exclusion applies to this Resolution 9. The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- A person who participated in the share issue; or
- Any associate of those persons.

However, the entity need not disregard a vote if:

- It is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## 10. Resolution 10: Ordinary Resolution to Ratify July Share Issue

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

*“That, for the purposes of ASX Listing Rule 7.4, and for all other purposes, the shareholders of the Company approve and ratify the allotment and issue of 500,000 fully paid ordinary shares issued on 6 July 2018 as set out in the terms and conditions set out in the Explanatory Statement”*

### **Voting Exclusion Statement**

A voting exclusion applies to this Resolution 10. The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- A person who participated in the share issue; or
- Any associate of those persons.

However, the entity need not disregard a vote if:

- It is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## 11. Resolution 11: Ordinary Resolution to Ratify July Options Issue

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

*“That, for the purposes of ASX Listing Rule 7.4, and for all other purposes, the shareholders of the Company approve and ratify the allotment and issue of 1,500,000 options exercisable at \$0.40 expiring 31 December 2019 issued on 6 July 2018 as set out in the terms and conditions set out in the Explanatory Statement”*

**Voting Exclusion Statement**

A voting exclusion applies to this Resolution 11. The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- A person who participated in the share issue; or
- Any associate of those persons.

However, the entity need not disregard a vote if:

- It is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**12. Resolution 12: Ordinary Resolution to Ratify Second July Share Issue**

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

*“That, for the purposes of ASX Listing Rule 7.4, and for all other purposes, the shareholders of the Company approve and ratify the allotment and issue of 500,000 fully paid ordinary shares issued on 31 July 2018 as set out in the terms and conditions set out in the Explanatory Statement”*

**Voting Exclusion Statement**

A voting exclusion applies to this Resolution 12. The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- A person who participated in the share issue; or
- Any associate of those persons.

However, the entity need not disregard a vote if:

- It is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**13. Resolution 13: Ordinary Resolution to Ratify September Share Issue**

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

*“That, for the purposes of ASX Listing Rule 7.4, and for all other purposes, the shareholders of the Company approve and ratify the allotment and issue of 1,200,000 fully paid ordinary shares, issued on 13 September 2018 as set out in the terms and conditions set out in the Explanatory Statement”*

**Voting Exclusion Statement**

A voting exclusion applies to this Resolution 13. The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- A person who participated in the share issue; or
- Any associate of those persons.

However, the entity need not disregard a vote if:

- It is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.



## Other Business

### 14. Other Business

To transact any other business which may be legally brought before a General Meeting, in accordance with the Company's Constitution and the Corporations Act 2001 (Cth).

In accordance with Article 42.2 of the Company's Constitution.

A handwritten signature in blue ink, appearing to read 'Steven Xu', written over the printed name.

**Steven Xu**  
Chairman  
The Hydroponics Company Limited  
10 October 2018



## Explanatory Statement

This Explanatory Statement is intended to provide Shareholders of The Hydroponics Company Limited (**THC** or the **Company**) with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Extraordinary General Meeting of the Company.

The Directors recommend that shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

If you have any queries regarding the matters set out in this Explanatory Statement or the preceding Notice please contact THC or seek advice from your professional advisors.

### Change of Company Name

#### Resolution 1: Special Resolution to Change the Company's Name to THC Global Group Limited

Resolution 1 is a proposal for the Company's name to change from The Hydroponics Company Limited to THC Global Limited under Section 157(1) of the Corporations Act. The Company will remain trading on the ASX as ASX: THC. The Directors are of the view that this change to the Company's name reflects the Company's position as a global diversified cannabis company. The proposal will also require a corresponding change to the Company's Constitution. Shareholders can request a copy of the proposed revised Constitution by contacting the Company at [corporate@thcl.com.au](mailto:corporate@thcl.com.au). Other than the change to the Company's name, there are no other changes to the Constitution proposed.

The Corporations Act requires that this resolution be put to Shareholders as a Special Resolution, and accordingly the resolution will only be passed if at least 75% of the votes cast in person or by proxy by members entitled to vote on the resolution vote in favour of the change of name.

#### Directors Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 1 as the Directors consider that the Company's name should be changed to better reflect the Company's focus. The change in the name of the Company will reposition the Company with respect to market perception as to the core of its global business activities.

### Adoption of Employee Incentive Scheme

#### Resolution 2: Ordinary Resolution to Adopt Employee Option Plan

Resolution 2 is a proposal for the Company to establish an Employee Option Plan (the **EOP**) which will allow the Company to better align the interests of employees with the shareholders of the Company through the issuance of long term incentives. The securities issued under the EOP will be EOP Options. If Resolution 2 is passed by Shareholders, the Company will be able to issue EOP Options without seeking further shareholder approval for the next three years pursuant to Listing Rule 7.2 Exception 9(b).

Subject to the approval of Resolution 2, the proposed Employee Option Plan will be the first employee incentive scheme established by the Company. Accordingly, there have been no EOP Options issued by the Company in the past.





A summary of the terms of the Employee Option Plan are as follows:

Terms	Description
<b>Employee Option Plan Issued Options</b>	The Board may in its absolute discretion, without being bound to do so, at intervals determined by the Board, issue written invitations to apply for EOP Options to Eligible Persons selected by the Board.  Subject to the Listing Rules and the Corporations Act, unless the Eligible Person is a director or related party of the Company, shareholder approval is not required for the issuance of securities under the EOP.
<b>Eligible Persons</b>	Only an Eligible Person may participate in the EOP, being any person considered by the Board to be an employee, contractor, or director, or an associate of an employee, contractor, or director (including past or prospective employees, contractors, or directors) of the Company or a subsidiary of the Company.
<b>Restrictions on making an Offer</b>	No Offer will be made to the extent that any such Offer would contravene the Company's Constitution, the Listing Rules, the Corporations Act or any other applicable law or regulation.
<b>Rights attaching to Shares</b>	Upon conversion of any EOP Option, the Shares issued will be fully paid ordinary shares ( <b>Shares</b> ) and will rank pari passu with the Company's existing Shares.  The Company will apply for quotation of any Shares issued on conversion of the EOP Options, unless the Board agrees otherwise at the time of the issue of the EOP Options.
<b>Takeover</b>	In the event that a takeover or other similar corporate action is made, the Board may, in its absolute discretion, give notice to the holders of EOP Options allowing holders to convert their EOP Options irrespective of whether any vesting conditions have been met.
<b>Participation in New Issues</b>	A Participant may only participate in issues of securities by the Company if the Option has been exercised and a Share allotted in respect of the exercise of that Option before the record date for determining entitlements to the security issue.
<b>Plan Administration</b>	The Board will administer the EOP and may determine any appropriate documentation and procedures for administration of the Plan. The Board may delegate to any one person or persons (including a trustee) the exercise of the powers or discretion of the Board in administering the EOP. The Board has unfettered discretion subject only to the terms of the EOP and any statutory or regulatory restraints.
<b>Listing Rules</b>	In any event of inconsistency between the EOP and/or the terms of issue of any of the EOP Options and the Listing Rules, the Listing Rules prevail to the extent of any inconsistency and the terms of the EOP Options and/or the EOP will be deemed modified accordingly without further action by the Company, the Board, or the holder of the Option being required.
<b>Termination or Suspension of the Plan</b>	The Board may from time to time terminate or suspend the operation of the EOP and may, at any time, cancel the EOP. Any such suspension or termination will not prejudice the rights of holders of EOP Options who were granted those EOP Options prior to such termination or suspension.

Shareholders may request a copy of the full THC Employee Option Plan by contacting the Company.

### Directors Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 2 as the ability to issue EOP Options under the Employee Option Plan will allow the Company to attract and retain industry leading talent across its global operations by being able to remunerate in line with market expectations, and align key performance indicators of employees to shareholder wealth.





## Key Management Personnel Remuneration

### Resolution 3: Ordinary Resolution to Issue Securities to Ken Charteris

Resolution 3 is to approve the issue of securities to Ken Charteris, the Chief Executive Officer of the Company. On 11 July 2018, the Company advised shareholders that the Company had appointed Ken Charteris as CEO, and agreed to issue him, subject to shareholder approval, 1,500,000 Class A Performance Options and 2,500,000 Class B Performance Options.

Summary of the Class A and Class B Performance Options:

The Class A Performance Options are options exercisable at \$0.75 per share expiring 11 July 2021 which vest upon THC achieving a two-week Volume Weighted Average Price of \$0.75 per share on or before 11 July 2020.

The Class B Performance Options are options exercisable at \$1.20 per share expiring 11 July 2021 which vest upon THC achieving a two-week Volume Weighted Average Price of \$1.20 per share on or before 11 July 2020.

In the event of a party or a party and their associates successfully acquiring at least 50% of the issued capital of the Company (a Change of Control), any unvested Options will immediately vest, and become capable of exercise.

In the event that a Change of Control occurs at a price lower than the share price milestones of the Class A or Class B Performance Options, the Company is required to fund the difference between the exercise price of the Class A or Class B Performance Options and the price of the Change of Control event, to allow Ken Charteris to exercise the Class A and Class B Performance Options.

Unvested Options are not capable of being exercised. If the vesting conditions are not met by 11 July 2020, the Class A and Class B Performance Options will lapse.

Shareholders may request a full copy of the terms of the Class A and Class B Performance Options from the Company Secretary.

The Class A and will be issued within one month of approval by Shareholders, being on or before 5 December 2018.

The Class A and Class B Performance Options will be issued at no cash consideration to Ken Charteris as they form part of his remuneration as the Global Chief Executive Officer of the Company. On full exercise of the Class A and Class B Performance Options by Ken Charteris, the Company will raise \$1.375 million which will be applied towards working capital of the Company.

In the event that Resolution 2 and Resolution 3 are passed by Shareholders, the Company will issue the Class A and Class B Performance Options under the Employee Option Plan as EOP Options, and accordingly, the Class A and Class B Performance Options will be subject to the terms of the EOP described in this Explanatory Statement. If Resolution 2 is not passed by Shareholders but Resolution 3 is, the Class A and Class B Performance Options will be issued as Performance Options outside any formal Employee Option Plan, but on the same terms as described in this Explanatory Statement.



#### **Resolution 4: Ordinary Resolution to Issue Securities to Jason Colquhoun**

Resolution 4 is to approve the issue of securities to Jason Colquhoun, the head of the Company's global hydroponic equipment and manufacture business, based in Vancouver, Canada. On 6 July 2018, the Company advised shareholders that the Company had agreed, subject to shareholder approval, to issue Jason Colquhoun 2,000,000 Unlisted Options exercisable at \$0.40 expiring 31 December 2020. The Options issued to Jason Colquhoun will not be quoted on the ASX.

Summary of the terms of the 2,000,000 Unlisted Options:

The 2,000,000 Options will be subject to a 12-month vesting period commencing January 2019, whereby 166,667 Options will vest on 1 January 2019, with 166,666 Options vesting on the first of every month to 1 December 2019.

If Jason Colquhoun's employment agreement is terminated prior to 1 December 2019, any unvested Options will lapse.

Unvested Options are not capable of being exercised.

Shareholders may request a full copy of the terms of the Unlisted Options exercisable at \$0.40 expiring 31 December 2020 from the Company Secretary.

The Unlisted Options will be issued within one month of approval by Shareholders, being on or before 5 December 2018.

The 2,000,000 Unlisted Options will be issued at no cash consideration to Jason Colquhoun as they form part of his remuneration as the Divisional Head of the Company's Global Hydroponics Division. On full exercise of the 2,000,000 Unlisted Options by Jason Colquhoun, the Company will raise \$800,000 which will be applied towards working capital of the Company.

In the event that Resolution 2 and Resolution 4 are passed by Shareholders, the Company will issue the 2,000,000 Options to Jason Colquhoun under the Employee Option Plan as EOP Options, and accordingly, the 2,000,000 Options to Jason Colquhoun will be subject to the terms of the EOP described in this Explanatory Statement. If Resolution 2 is not passed by Shareholders but Resolution 4 is, the 2,000,000 Options to Jason Colquhoun will be issued as Options outside any formal Employee Option Plan, but on the same terms as described in this Explanatory Statement.

#### **Resolutions 5 ,6, and 7: Ordinary Resolutions to Issue Securities to Directors**

Resolutions 5,6, and 7 are to approve the issue of securities to the directors of the Company, being Chairman Steven Xu, and Non-Executive Directors Lou Cattelan and Gary Radcliff. Subject to Shareholder approval, each director will receive 95,000 Shares, with the Chairman, Steven Xu receiving an additional 95,000 Shares in recognition of his services as Chairman of the Board.

##### **(a) Regulatory Framework**

**Corporations Act:** Chapter 2E of the Corporations Act requires that for a public company to give a financial benefit to a related party (including directors of the Company), the company must obtain approval of 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. Having considered the circumstances of the Company and the Directors as required by section 211 of the Corporations Act, the Directors rely on section 211 and confirm that, in their opinion, the granting of the Shares to Directors represents reasonable remuneration to the Directors, and accordingly, the Company does not seek shareholder approval pursuant to Chapter 2E of the Corporations Act.



**Listing Rules:** Listing Rule 10.11 requires that the Company seek shareholder approval to be obtained for the Company to issue securities to a related party of the Company (including directors of the Company). The Company accordingly seeks shareholder approval pursuant to Listing Rule 10.11 for Resolutions 5,6, and 7. Pursuant to Listing Rule 7.4 Exception 14, the passing of Resolutions 5,6, and 7 will not require separate shareholder approval pursuant to Listing Rule 7.1.

#### **(b) Compliance Information**

In compliance with Listing Rule 10.13, the Company provides the following information with respect to Resolutions 5,6, and 7.

- (i) The persons proposed to be issued securities and the maximum number of securities being issued are:
  - a. Steven Xu (or their nominee) – 190,000 Shares
  - b. Lou Cattelan (or their nominee) – 95,000 Shares
  - c. Gary Radcliff (or their nominee) – 95,000 Shares
- (ii) The maximum number of securities to be issued to the directors in aggregate under these Resolutions is 380,000 Shares.
- (iii) All the persons being issued securities pursuant to Resolutions 5,6, and 7 are directors of the Company.
- (iv) The Company will issue the securities within one month of approval by Shareholders, being on or before 15 December 2018.
- (v) The shares are being issued in lieu of cash consideration in the form of a sign on bonus in line with the entitlements of former non-executive directors from prior to listing. The number of shares to be issued has been calculated at \$0.5263 (being the 5-trading day Volume Weighted Average Price to the day before this notice), although no cash will be paid. Prior to listing the Company established a policy that directors received 250,000 shares, with an additional 250,000 shares to the Chairman. The current board has agreed to apply the same value of shares, being \$50,000 per non-executive director, and an additional \$50,000 to the Chairman.
- (vi) A voting exclusion statement applies to Resolutions 5,6 and 7 to prevent the Directors or their associates from voting on the respective resolutions where they or their associates have a relevant interest.
- (vii) No funds will be raised as a result of the issue of these Shares as the purpose of the issue is remuneration to the directors, reflecting an entitlement to a sign-on bonus issue of shares, subject to shareholder approval, in line with Company policy from prior to listing.

#### **Directors Recommendation**

The Directors recommend that Shareholders vote in favour of Resolutions 3 and 4, being the issue of securities to the CEO Ken Charteris, and the Hydroponics Divisional Head, Jason Colquhoun, as the Directors are of the view that the Company's senior management should be remunerated for achieving increases in shareholder wealth.

The Directors do not make any recommendation to shareholders on Resolutions 5 to 7 as a result of their material personal interest in the matters considered.



## Share Capital

### Resolutions 8 to 13: Ordinary Resolutions to Ratify Prior Issues of Securities

Resolutions 8 to 13 seek to ratify prior issues of securities by the Company where the securities were issued without shareholder approval under the Company's capacity to issue securities which amount to no more than 15% of the Company's issued capital in any 12 month period per Listing Rule 7.1. The effect of the ratification proposed by Resolutions 8 to 13 is to provide subsequent approval for those issues of securities under Listing Rule 7.4 which 'refreshes' the Company's 15% placement capacity.

The Company seeks this approval to allow the Company to have the flexibility to issue further securities in the Company should the need arise such as for the Company to undertake an acquisition using its securities as consideration, to conduct a capital raising, or for other purposes.

The Company provides the following information with respect to each of Resolutions 8 to 13 pursuant to Listing Rule 7.5:

#### (a) Resolution 8: Ordinary Resolution to Ratify December Placement Share Issue

Number of Securities	12,698,414 Shares in December 2017
Price	\$0.63
Terms of Securities	Fully Paid Ordinary Shares
Persons Issued To	Investors exempt from disclosure in accordance with section 708 of the Corporations Act issued in a placement to raise \$8,000,000 (there were some 50 participants).
Use of Funds	Working capital – accelerated development of medicinal cannabis business and investment in Canadian operations
Voting Exclusion	A voting exclusion statement applies to this Resolution.

#### (b) Resolution 9: Ordinary Resolution to Ratify December Broker Options Issue

Number of Securities	3,000,000 THCO Listed Options exercisable at \$0.40 expiring 31 December 2019
Price	Nil cash consideration
Terms of Securities	Options exercisable at \$0.40 expiring 31 December 2019.
Persons Issued To	Hunter Capital Advisors Pty Ltd (or their nominees) as Lead Manager engaged to conduct the December Placement Share Issue.
Use of Funds	No funds raised from issue of securities – issued in accordance with Lead Manager mandate
Voting Exclusion	A voting exclusion statement applies to this Resolution.

#### (c) Resolution 10: Ordinary Resolution to Ratify July Share Issue

Number of Securities	500,000 Shares
Price	In lieu of remuneration however issue price \$0.51 based on market value of Shares
Terms of Securities	Fully Paid Ordinary Shares.
Persons Issued To	Jason Colquhoun, Divisional Head of Global Hydroponics Division (or his nominee) Issued under consultancy agreement in addition to the Unlisted securities proposed to be issued in Resolutions 4.
Use of Funds	No funds raised from issue of securities
Voting Exclusion	A voting exclusion statement applies to this Resolution.



**(d) Resolution 11: Ordinary Resolution to Ratify July Option Issue**

Number of Securities	1,500,000 Unlisted Options exercisable at \$0.40 expiring 31 December 2019
Price	In lieu of remuneration – nil issue price and no market value as options issued are not the listed THCO class
Terms of Securities	Unlisted Options vesting equally over an 8 month period commencing 1 April 2018. In the event that Jason Colquhoun’s employment is terminated prior to the vesting of the Options, any Unvested Options will lapse.
Persons Issued To	Jason Colquhoun, Divisional Head of Global Hydroponics Division (or his nominee). Issued under consultancy agreement in addition to Unlisted securities proposed to be issued in Resolutions 4.
Use of Funds	No funds raised from issue of securities
Voting Exclusion	A voting exclusion statement applies to this Resolution.

**(e) Resolution 12: Ordinary Resolution to Ratify Second July Share Issue**

Number of Securities	500,000 Shares
Price	In lieu of remuneration however issue price \$0.51 based on market value of Shares at time of issue
Terms of Securities	Fully Paid Ordinary Shares
Persons Issued To	Ken Charteris (or his nominee) under consultancy agreement as Group Chief Executive Officer.
Use of Funds	No funds raised from issue of securities
Voting Exclusion	A voting exclusion statement applies to this Resolution.

**(f) Resolution 13: Ordinary Resolution to Ratify September Share issue**

Number of Securities	1,200,000 Shares
Price	In lieu of remuneration – issue price calculated using 14 day VWAP to date of issue being \$0.5029
Terms of Securities	Fully Paid Ordinary Shares
Persons Issued To	16 consultants and employees recommended by the Chief Executive Officer and the Board for their services to the Company or the Company’s subsidiaries including THC Pharma Pty Ltd, Canndeo Limited, and Crystal Mountain Manufacturing Inc. Includes consultants and employees who achieved various key performance indicators to date or are in lieu of cash bonuses or remuneration.
Use of Funds	No funds raised from issue of securities
Voting Exclusion	A voting exclusion statement applies to this Resolution.

**Directors Recommendation**

The Directors recommend that Shareholders vote in favour of Resolutions 8 to 13 as the ratification of these issues of securities pursuant to Listing Rule 7.4 will allow the Company to have the flexibility to issue new capital without needing to seek shareholder approval for the purposes of undertaking new transactions, including conducting acquisitions, or undertaking capital raisings. Without these Resolutions being passed, the Company’s ability to issue capital and respond to opportunities in a timely manner to the benefit of all Shareholders is significantly limited.





## Glossary

General terms and abbreviations in this Notice of Meeting and Explanatory Statement have the following meanings unless contrary intention appears or the context requires otherwise:

<b>ASX</b>	Australian Securities Exchange
<b>Class A Performance Options</b>	Options exercisable at \$0.75 per share expiring 11 July 2021 which vest upon THC achieving a two-week Volume Weighted Average Price of \$0.75 per share on or before 11 July 2020 proposed to be issued pursuant to Resolution 3
<b>Class B Performance Options</b>	Options exercisable at \$1.20 per share expiring 11 July 2021 which vest upon THC achieving a two-week Volume Weighted Average Price of \$1.20 per share on or before 11 July 2020 proposed to be issued pursuant to Resolution 3
<b>Company or THC</b>	The Hydroponics Company Limited (ACN 614 508 039)
<b>Constitution</b>	The constitution of the Company
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth)
<b>Directors Fees</b>	All fees payable by the Company or any of its subsidiaries to a non-executive director for acting as a director of the Company or any subsidiary (including attending and participating in any board committee meetings) and includes superannuation contributions for the benefit of a non-executive director and any fees which a non-executive director agrees to sacrifice for other benefits, not including reimbursement of genuine out-of-pocket expenses, or genuine special remuneration payable under the Constitution
<b>Employee Option Plan or EOP</b>	The employee option plan proposed to be adopted by the Company pursuant to Resolution 2
<b>EOP Option</b>	An Option issued under the proposed EOP
<b>Eligible Person</b>	A person who is eligible to be invited to participate in the EOP being any person considered by the Board to be an employee, contractor, or director, or an associate of an employee, contractor, or director (including past or prospective employees, contractors, or directors) of the Company or a subsidiary of the Company.
<b>Explanatory Statement</b>	The explanatory statement enclosed with the Notice set out in this document
<b>Listing Rules or ASX Listing Rules</b>	The rules of the ASX that govern the admission, quotation and removal of securities from the Official List, as amended from time to time
<b>Meeting or General Meeting</b>	The extraordinary general meeting of the Company to be held at The Function Centre, Level 4, 60 Carrington Street, Sydney NSW 2000, Australia on 15 November 2018 at 3:00 pm (Sydney Time)
<b>Notice of Meeting or Notice</b>	The notice of extraordinary general meeting set out in this document
<b>Official List</b>	The official list of entities that ASX has admitted and not removed
<b>Option</b>	An option to acquire Shares
<b>Ordinary Resolution</b>	A resolution which requires only a majority of the votes cast in person or by proxy by members entitled to vote on the resolution to vote in favour to be passed
<b>Key Management Personnel</b>	Has the meaning given to the term by section 9 of the Corporations Act
<b>Closely Related Party</b>	Has the meaning given to the term by section 9 of the Corporations Act
<b>Resolutions</b>	The resolutions set out in the Notice or any one or group of them as the context requires
<b>Shareholder</b>	A holder of Shares
<b>Shares or Fully Paid Ordinary Shares</b>	Fully paid ordinary shares in the Company
<b>Special Resolution</b>	A resolution which requires at least 75% of the votes cast in person or by proxy by members entitled to vote on the resolution to vote in favour to be passed
<b>Unvested Option</b>	An Option that has been granted with vesting conditions that have been met, and accordingly the Option may be exercised until its lapse or expiry
<b>Vested Option</b>	An Option that has been granted but is incapable of being exercised until certain conditions (being the vesting conditions) are met



## Further Information

For further information, please contact the Company Secretary, Henry Kinstlinger, on +61 2 9251 7177 or by email at [corporate@thcl.com.au](mailto:corporate@thcl.com.au). You may also request a copy of the proposed Constitution (Resolution 1) or the proposed Employee Option Plan (Resolution 2) from the Company Secretary.

If you are unsure about any of the matters discussed above, the Directors encourage you to seek professional financial, legal, taxation, accounting, or other advice prior to making any decisions.

## Voting Information

Pursuant to Regulation 7.11.37 of the Corporations Regulation 2001 (Cth) the persons eligible to vote at the Meeting are those who are registered Shareholders at 3:00 pm (Sydney time) on 13 November 2018.

**Voting in person:** To vote in person, attend the Meeting at the time, date and place set out above.

**Voting by proxy:** To vote by proxy, please complete and sign the enclosed Proxy Form and return it in accordance with the instructions set out in the Voting form so it is received no later than 3:00 pm (Sydney time) on 13 November 2018.

Pursuant to section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, then in pursuant to section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

If a Proxy Form is signed by an attorney, the original or a certified copy of the power of attorney or other authority under which the Proxy Form is signed must be provided to the Company's share registry in the manner specified in the Proxy Form by no later than 3:00 pm (Sydney time) on 13 November 2018.

**Voting by corporate representative:** A Shareholder or proxy which is a corporation and entitled to attend and vote at the Meeting may appoint an individual to act as its corporate representative to vote at the Meeting. The appointment must comply with section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment and lodge it with the registration desk, unless it has been previously provided to the Company's share registry by the time and in the manner specified in the Proxy Form.

**Voting by attorney:** Pursuant to Article 54.1 of the Company's Constitution a Shareholder entitled to attend and vote at the Meeting is entitled to appoint an attorney to attend and vote at the Meeting on the Shareholder's behalf. An attorney does not need to be a Shareholder. The power of attorney appointing the attorney must be signed and specify the name of each of the Shareholder, the Company and the attorney, and also specify the meeting(s) at which the appointment may be used. The appointment may be a standing one. To be effective, the power of attorney (or certified copy) must also be returned in the same manner and time as specified for Proxy Form or otherwise lodged at the registration desk on the day of the Meeting.


**Key Management Personnel:** The Chair of the meeting may vote an undirected proxy (ie. a proxy that does not specify how it is to be voted), provided the shareholder who has lodged the proxy has given informed consent, in the form of an express voting direction to the chair to exercise the undirected proxy, even if the resolution is connected with the remuneration of a member of Key Management Personnel (**Informed Consent**).

The Company recommends that shareholders consider the following options to ensure the validity of their votes:

- that shareholders direct proxies on a remuneration related resolution instead of leaving them undirected; or
- that shareholders nominate a proxy who is not a member of Key Management Personnel or any of their Closely Related Parties to vote on a remuneration related resolution; or
- that shareholders who wish to vest their undirected proxies in the chair on a remuneration related resolution ensure that they follow instructions provided on the proxy form in order to provide Informed Consent.



**Lodge your vote:**

 **Online:**  
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

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

THC  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



**Proxy Form**

**XX**



**Vote and view the notice of meeting 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: 999999**

**SRN/HIN: I9999999999 PIN: 99999**

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 3:00pm (AEDT) Tuesday, 13 November 2018**

**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** →

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**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.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

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

XX

I/We being a member/s of The Hydroponics Company Limited 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 Extraordinary General Meeting of The Hydroponics Company Limited to be held at The Function Centre, Level 4, 60 Carrington Street, Sydney NSW 2000 Australia on Thursday, 15 November 2018 at 3:00pm (AEDT) and at any adjournment or postponement of that Meeting.

**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 Items 2, 3, 4, 5, 6 and 7 (except where I/we have indicated a different voting intention below) even though Items 2, 3, 4, 5, 6 and 7 are 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 Items 2, 3, 4, 5, 6 and 7 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			For	Against	Abstain
Resolution 1	Change Company Name to THC Global Group Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Ratify December Placement Options Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Adopt Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Ratify July Share Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue Securities to Ken Charteris	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 11	Ratify July Options Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue Securities to Jason Colquhoun	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 12	Ratify Second July Share Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue Securities to Steven Xu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 13	Ratify September Share Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue Securities to Lou Cattelan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 7	Issue Securities to Gary Radcliff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 8	Ratify December Placement Shares Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## 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

 /  / 

THC

999999A

Computershare