

millennium

SERVICES GROUP LTD

ABN 11 607 926 787

NOTICE OF ANNUAL GENERAL MEETING 2019



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Notice is given that the 2019 Annual General Meeting ('AGM') of Millennium Services Group Limited ('MIL' or the 'Company') will be held at the Marriott Melbourne Hotel, corner Lonsdale and Exhibition Streets Melbourne, on Wednesday, 27 November 2019 at 11:00am (Melbourne time).

The Explanatory Notes to Shareholders that accompany and form part of this Notice of Meeting describe the matters to be considered at the Annual General Meeting.

ITEMS OF BUSINESS

Item 1: Consolidated Financial Statements, Directors' Report and Auditor's Report

To receive and consider the consolidated financial statements, directors' report and auditor's report for the period ended 30 June 2019.

Note: this item of business does not require Shareholders to vote on a resolution to adopt the received reports

Item 2: Re-election of Director

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

"That, in accordance clauses 62 and 63 of the Company's Constitution, Roger Smeed be re-elected as a Director of the Company."

Item 3: Adoption of the Remuneration Report

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

"That, for the purposes of section 250R(2) of the Corporations Act, the Company's Remuneration Report for the period ended 30 June 2019 is adopted."

Note: The Remuneration Report is set out on pages 18 to 24 of the Annual Report.

Under the Corporations Act, the vote on this resolution is advisory only and will not bind MIL or the directors. However, if 25% or more of the votes validly cast on this resolution are against the resolution, the conditional spill resolution in Item 6 will be put to the AGM.

Item 4: Approval of additional 10% Placement Capacity

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

'That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.'

Item 5: Spill resolution (conditional item only required if Item 3 fails to pass)

'That subject and conditional on at least 25% of the votes validly cast on the resolution to adopt the Remuneration Report for the year ended 30 June 2019 being cast against the adoption of the Report:

- a. *an extraordinary general meeting of Millennium Services Group Limited (the "spill meeting") be held within 90 days of the passing of this resolution'*
- b. *all of the directors who were directors of Millennium Services Group Limited when the resolution to adopt the Directors' Report for the year ended 30 June 2019 was passed (other than the Chief Executive Officer and Managing Director), and who remain in office at the time of the spill meeting, cease to hold office immediately before the end of the spill meeting and*
- c. *resolutions to appoint persons to offices that will be vacated immediately before the end of the spill meeting be put to the vote at the spill meeting.'*

The Spill resolution (Item 5) will only be put to the AGM if at least 25% of the votes are validly cast 'against' the Adoption of the Remuneration Report resolution proposed in Item 3.

If the Spill resolution (Item 5) is put to the AGM, and you do not support a spill meeting taking place, you should vote 'against' Item 5. If you do support a spill meeting taking place, you should vote 'for' Item 5.

By order of the Board



Jo-Anne Dal Santo
Company Secretary
24 October 2019

INFORMATION FOR SHAREHOLDERS

Voting Entitlement

The Board has determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that a shareholder's voting entitlement at the AGM will be taken to be the entitlement of that person shown in the register of members as at 11am (Melbourne time) on Monday, 25 November 2019.

Voting exclusion statement applicable to resolutions 3 and 5:

In accordance with the Corporations Act, no votes may be cast, and MIL will disregard any votes cast, on a resolution set out in Item 3 or Item 5:

- by or on behalf of any of the Company's key management personnel ("KMP") whose remuneration details are included in the Remuneration Report for the year ended 30 June 2019 or a closely related party of any such member of the KMP, in any capacity, or
- as a proxy by any other person who is a member of the KMP at the time of the AGM, or by a closely related party of any such member of the KMP,
- unless the vote is cast as proxy for a person who is entitled to vote on the relevant resolution and;
- the vote is cast in accordance with a direction on the proxy form specifying how the proxy is to vote on the resolution, or
- the vote is cast by the Chairman of the meeting and the proxy form expressly authorises the Chairman to exercise the proxy and vote as the Chairman decides even though the resolution is connected directly or indirectly with the remuneration of members of the KMP.

Please read the information under the heading *Chairman of the meeting as proxy*, on page 4 which deals with the Chairman's voting of proxies on Items 3 and 5.

Voting exclusion statement applicable to resolution 4:

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of any 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 Company) and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Important note: The proposed allottees of any Equity Securities under the 10% Placement Capacity are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as in the case in respect of any Equity Securities issued under the 10% Placement Capacity the subject of this Resolution 4). Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

Voting by proxy

A shareholder, who is entitled to attend and vote at the AGM of the Company on 27 November 2019, may appoint a proxy to attend and vote for the shareholder at the meeting. A proxy need not be a shareholder of the Company and may be an individual or a body corporate.

If a shareholder is entitled to cast two or more votes, they may appoint up to two proxies and may specify the percentage or number of votes each proxy is appointed to exercise. If you require an additional proxy form, please contact Computershare on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia). If a shareholder does not specify the percentage or number of votes each proxy may exercise, then each proxy may exercise half the shareholder's votes. Fractions of votes will be disregarded.

If a shareholder wishes to appoint an individual or body corporate as a proxy, please complete and return the proxy form distributed with this Notice of Meeting. For an appointment of a proxy to be effective, the Company must receive the proxy form, duly completed and signed, by no later than 10:00am (Melbourne time) on Monday, 25 November 2019 and if signed by the shareholder's attorney, the authority under which the proxy form is signed or a certified copy of the authority.

A shareholder may lodge a proxy form with the Company by doing one of the following:

- faxing it to: 1800 783 447 (within Australia) or +61 3 9473 2555 (outside of Australia);
- posting it by using the reply paid envelope to: Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, 3001, Australia; or
- delivering it to: Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067, Australia.

INFORMATION FOR SHAREHOLDERS (continued)

A proxy may decide whether to vote on any motion, except where the proxy is required by law or the constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with the direction. If a proxy is not entitled to vote on an item of business, the proxy may vote as he or she thinks fit. If a shareholder appoints the Chairman of the meeting as the shareholder's proxy and does not specify how the Chairman is to vote on an item of business, the Chairman will vote, as proxy for that shareholder, in favour of that item on a poll.

Chairman of the meeting as proxy

If you appoint the Chairman of the meeting as your proxy or the Chairman is appointed by default and you do not direct your proxy how to vote on the proposed resolutions set out in this notice, then by completing and submitting the proxy form you will be expressly authorising the Chairman of the meeting to exercise the proxy and vote as the Chairman decides on the proposed resolutions (even though the resolutions proposed in Items 3 and 5 are connected directly or indirectly with the remuneration of members of the Key Management Personnel ("KMP") and the Chairman is a member of the KMP).

The Chairman of the meeting intends to vote, as your proxy, in favour of each item of business (where permissible), except in the conditional spill resolution in Item 5. If the spill resolution is put to the vote at the meeting, the Chairman of the meeting intends to vote against that resolution (where permissible). If:

- you appoint someone other than the Chairman of the meeting as your proxy and direct them how to vote on the proposed resolutions; and

- your nominated proxy does not attend the meeting, or does not vote on your behalf on the proposed resolutions, then the Chairman of the meeting will cast your votes on a poll as directed (where permissible).

Other key management personnel as proxy

If you appoint a director (other than the Chairman of the meeting) or another member of the KMP (or a closely related party of a member of the KMP) as your proxy, you should direct them how to vote on Items 3 and 5 by marking the appropriate boxes. If you do not do so, your proxy will not be permitted to vote on your behalf on Items 3 and 5.

Corporate representatives

A body corporate appointed as a proxy will need to appoint a representative to exercise the powers that body corporate may exercise as the member's proxy pursuant to section 250D of the Corporations Act. If a representative of a corporate member or proxy is to attend the meeting, a certificate of appointment of the representative must be produced prior to admission to the meeting.

The form of a certificate of appointment can be obtained from the Share Registry of the Company, Computershare Investor Services Pty Ltd by visiting www.investorcentre.com under the help tab, 'Printable Forms'.

Attendance at the Annual General Meeting

If you are attending the Annual General Meeting in person, please bring with you the proxy form enclosed with this Notice of Meeting as the bar code at the top of the proxy form will facilitate registration.

Registration will be open from 10:00am (Melbourne time) on the day of the meeting.

EXPLANATORY NOTES TO SHAREHOLDERS

These Explanatory Notes have been prepared with a view to providing the shareholders of MIL with material information to enable them to make an informed decision on the business to be conducted at the Annual General Meeting of the Company to be held on 27 November 2019.

All shareholders should read this explanatory statement carefully and in its entirety. Shareholders who are in doubt regarding any part of the business of the Annual General Meeting should consult their financial or legal adviser for assistance.

Item 1 – Consolidated Financial Statements and Results

The Corporations Act 2001 (Cth) ('Corporations Act') requires the financial report (which includes financial statements, notes to the financial statements and directors' declaration), the directors' report and the auditor's report to be laid before the AGM.

There is no requirement either in the Corporations Act or the Constitution of the Company for shareholders to approve the financial report, the directors' report or the auditor's report. Shareholders will, however, be given a reasonable opportunity to ask questions and make comments on these reports, and on the operations and management of MIL.

Shareholders will have a reasonable opportunity at the AGM to ask questions about or make comments on the reports and on the business, operations and management of the Company.

By law, the Auditor (Moore Stephens) is required to attend the AGM. Prior to the AGM, Shareholders who are entitled to cast a vote at the AGM may forward written questions to the Auditor for response by the Auditor at the AGM if such questions are relevant to:

- the content of the Auditor's Report; or
- the conduct of the audit of the Financial Report.

All such written questions for the Auditor must be submitted to the Company by no later than **5:00pm on 20 November 2019** (pursuant to section 250PA of the Corporations Act).

The Company is required by section 250PA(3) of the Corporations Act to forward all such written questions to the Auditor, and the Auditor will prepare a list of questions that the Auditor considers to be relevant to the content of the Auditor's Report and the conduct of the audit of the Financial Report. The Auditor may omit questions that are the same in substance as other questions and questions that are not received in a timely manner. At the AGM, the Chairman will give the Auditor a reasonable opportunity to answer the questions on the question list. At the AGM, the Auditor will be available to take Shareholders' questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation.

Item 2 – Re-election of Director

The Directors have nominated Roger Smeed for re-election as director of the Company under clauses 62 and 63 of the Company's Constitution.

Roger Smeed was appointed to the Board as a non-executive director in September 2018 and currently serves as the Chairman of the Board of Directors.

Mr Smeed has extensive experience at Board level, including with companies that specialise in large scale retail and commercial cleaning, security and facilities management. He is an experienced director with both ASX listed and private companies and is Chairman of a successful consultancy practice that provides corporate and commercial advice.

Mr Smeed is a Fellow of the Australian Institute of Company Directors [FAICD] and a Fellow of the Australian Institute of Management [FAIM] each for over 25 years.

The Board recommends you vote in favour of the re-election of Mr Smeed.

Item 3 – Remuneration Report

Shareholders will be given the opportunity to comment on and ask questions about the Remuneration Report, which is included in MIL's Annual Report 2019.

The 2019 Remuneration Report highlights the remuneration policy and structure adopted by the Board and discloses the elements of remuneration of the non-executive Directors and those senior executives required to be disclosed for the period ended 30 June 2019.

The vote on this item is advisory only and will not bind the Directors of MIL. However, the Board will take into account the feedback from shareholders in relation to remuneration strategy, including the discussion and vote on this resolution, when considering the future remuneration arrangements of the Company.

Under the Corporations Act, if at least 25% of the votes validly cast on the resolution to adopt the Remuneration Report at two consecutive annual general meetings are against the resolution, shareholders must be given the opportunity to vote on a "spill resolution" (as set out in Item 5) at the second meeting. This is known as the "two strikes" rule.

Due to the two strikes rule, votes against the resolution proposed in Item 3 may lead to a further meeting to elect directors.

As previously noted, MIL received a first strike at the 2018 AGM against its Remuneration Report for the year ended 30 June 2018 (with approximately 26.1% of the votes cast on the resolution to adopt that report cast against the resolution). As a result, if at least 25% of the votes validly cast on the resolution to adopt the Remuneration Report for the year ended 30 June 2019 are cast against that report's adoption, MIL would receive a "second strike" for the purposes of the Corporations Act and section 250V(1) of that Act would apply. In these circumstances, MIL would be required to put the conditional spill resolution in Item 5 to the vote of the shareholders at the 2019 AGM. For details of the effect of the spill resolution, please read the explanatory notes for Item 5 (on page 7).

If you intend to appoint a proxy to vote on your behalf on the resolution for adoption of the Remuneration Report, please read the information on page 4 under the heading Chairman of the meeting as proxy.

The Board recommends you vote in favour of this non-binding ordinary resolution.

EXPLANATORY NOTES TO SHAREHOLDERS (continued)

Item 4 – Approval of Additional 10% Placement Capacity

ASX Listing Rule 7.1A enables an eligible entity to seek the approval of holders of its ordinary securities by special resolution at its annual general meeting to issue ordinary securities up to 10% of its issued capital through placements over a 12-month period after the date of the annual general meeting (10% Placement Capacity). The **10% Placement Capacity** is in addition to the entity's 15% placement capacity without member approval under ASX Listing Rule 7.1.

An 'eligible entity' for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. As at the date of this Notice of Meeting, Millennium Services Group Limited is an eligible entity.

The Company previously obtained shareholder approval at the 2018 AGM to make issues under ASX Listing Rule 7.1A, but no shares were issued under ASX Listing Rule 7.1A as a result of this approval.

Formula for calculating 10% Placement Capacity: Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12-month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of fully paid ordinary shares on issues 12 months before the date of the issue or agreement:

1. plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;
2. plus the number of partly paid ordinary shares that became fully paid in the 12 months;

3. plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 or 7.4;
4. less the number of fully paid ordinary shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculation an entity's 15% placement capacity.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

i. **Minimum price:** The minimum price at which the Shares may be issued is 75% of the volume weighted average price of Shares, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- the date on which the price of the shares are to be issued is agreed; or
- if the shares are not issued within 5 ASX trading days of that date, the date on which the shares are issued.

ii. **Risk of dilution:** Economic and voting dilution risk to existing shareholders may result from an issue of securities under the 10% Placement Capacity including the risk that:

- the market price for equity securities in that class may be significantly lower on the issue date than on the date of the approval under ASX Listing Rule 7.1A; and
- the equity securities may be issued at a price that is at a discount to the market price for those equity securities on the issue date.

The table below illustrates the impact of dilution in various scenarios.

Number of shares on issue (variable 'A' in formula) *	Dilution variable	DILUTION		
		\$0.15 (50% decrease in market price)	\$0.30 (Market price on 10/10/19)	\$0.60 (100% increase in market price)
45,928,259 (Current)	Additional 10% shares issued	4,592,826	4,592,826	4,592,826
	Funds Raised	\$688,923	\$1,377,847	\$2,755,695
68,892,389 (50% increase)	Additional 10% shares issued	6,889,239	6,889,239	6,889,239
	Funds Raised	\$1,033,385	\$2,066,771	\$4,133,543
91,856,518 (100% increase)	Additional 10% shares issued	9,185,652	9,185,652	9,185,652
	Funds Raised	\$1,377,847	\$2,755,695	\$5,511,391

EXPLANATORY NOTES TO SHAREHOLDERS (continued)

The table on page 6 uses the following assumptions:

- The current number of shares on issue is the Shares on issue as at 10 October 2019.
- The current issue price is the closing price of the Shares on the ASX on 10 October 2019.
- The Company issues the maximum possible number of Shares under the 10% Placement Capacity.
- The table shows only the effect of issues of Shares under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1 or under an exception under ASX Listing Rule 7.2
- The calculations above do not show the dilution that any one particular Shareholder will be subject to. All shareholders should consider the dilution caused to their own Shareholding depending on their specific circumstances.
- The table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

iii. **Date of issue:** The Shares may be issued under the 10% Placement Capacity commencing on the date of this Meeting and expiring on the first to occur of the following:

- the date that is 12 months after the date of this Meeting; and
- the date of approval by Shareholders of any transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) or such longer period if allowed by the ASX.

iv. **Purpose of issue under 10% Placement Capacity:**

The Company may issue Shares under the 10% Placement Capacity for various purposes, including the following:

- to raise cash as consideration for the acquisition of or investment in additional assets (including associated expenses), continued expenditure on the Company's current assets and general working capital; and
- as non-cash consideration for the acquisition of new assets and investments, and in such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

v. Allocation under the 10% Placement Capacity:

The allottees of the Shares to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of the Shares could consist of current Shareholders or new investors (or both). The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- the purpose of the issue;
- alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- the effect of the issue of the Shares on the control of the Company;
- the circumstances of the Company, including, but not limited to, the financial position of the Company;
- prevailing market conditions; and
- advice from corporate, financial and broking advisors (if applicable).

vi. **Voting exclusion:** A voting exclusion statement applies to this Resolution 4 and is set out in the Notice of Meeting. At the date of this Notice of Meeting, the Company has not invited any existing Shareholder to participate in the issue of Shares under ASX Listing Rule 7.1A. Therefore, no existing Shareholder's vote will be excluded under the voting exclusion in the Notice of Meeting.

The Board recommends that Shareholders vote in favour of Resolution 4.

Item 5 – Spill resolution (conditional item only required if Item 3 fails to pass)

This is a conditional item of business. In accordance with the Corporations Act, the resolution set out in Item 5 (called a 'spill resolution') will only be put to the AGM if MIL receives a "second strike" on its remuneration report because at least 25% of the votes validly cast on the resolution in Item 3 to adopt the 2019 remuneration report are cast against that resolution. If less than 25% of the votes validly cast on the resolution in Item 3 are against the resolution, the spill resolution will not be put to the AGM.

If the spill resolution is put to the vote and passed at the AGM, it will have the effect outlined below:

- MIL would be required to hold another meeting of shareholders (called a 'spill meeting') within 90 days after the spill resolution is passed, to consider the composition of the board. If a spill meeting is required, details of the meeting would be notified to shareholders in due course;
- If a spill meeting is held, the following directors would automatically cease to hold office at the end of the spill meeting unless they are willing to stand for re-election, and are re-elected, at that meeting:
 - Roger Smeed
 - Royce Galea

The directors listed above are those who held office on 27 November 2018 when the directors'

EXPLANATORY NOTES TO SHAREHOLDERS (continued)

report (including the remuneration report) for the year ended 30 June 2018 was approved.

Each of the listed directors would be eligible to seek re-election at any spill meeting. However, there is no assurance that any or all of them would do so.

In accordance with the Corporations Act, ASX Listing Rules and MIL's constitution, the MIL CEO, Darren Boyd, would not be required to stand for election as a director, and would continue to hold office, at any spill meeting.

- Resolutions to appoint individuals to the offices that would be vacated immediately before the end of the spill meeting would be put to the vote at that meeting. Eligibility for election as a director at any spill meeting would be determined in accordance with MIL's constitution.

For the spill resolution to be passed at the meeting, more than 50% of the votes validly cast on the resolution must be in favour of it. In deciding how to vote on Item 5, the Board suggests that shareholders take the following factors into account:

- In 2018, the new Board recognised that significant change was required to restore confidence in our business. The process of Board and corporate renewal commenced in late 2018 and is continuing.
- The new Board has ensured that there have been remuneration consequences for people at MIL as a result of the circumstances of 2018 and has reviewed MIL's remuneration arrangements.
- Substantial additional costs would be incurred if MIL is required to call and hold a spill meeting.
- Holding a spill meeting would create significant further disruption and uncertainty for MIL. The board considers that further uncertainty would not be in the best interests of MIL or its shareholders.

If you intend to appoint a proxy to vote on your behalf on any spill resolution put to the meeting, please read the information on page 4 under the heading Chairman of the meeting as proxy.

If you intend to appoint a proxy to vote on your behalf on any spill resolution put to the meeting, please read the information on page 4 under the heading Chairman of the meeting as proxy.

Board recommendation

*The Board recommends that shareholders **vote against** any spill resolution put to the vote at the AGM.*