

FLIWAY SPECIAL SHAREHOLDER MEETING

Proposed Scheme of Arrangement

Chairman's Address and Summary of Proxies Received

CHAIRMAN'S ADDRESS:

CRAIG STOBO

Good afternoon everyone. My name is Craig Stobo and I am the Chairman of Fliway's Board of Directors. On behalf of the Directors and Executive Team, I would like to extend a very warm welcome to you all and thank you for your participation in this important point in the company's history.

Before we proceed with the meeting, I would like to cover a few points of house-keeping and safety. As a matter of courtesy please turn your mobile phones to silent. In the event of an emergency or if we need to evacuate the building, please follow the direction of our staff. The fire exits are located both behind you, back out the door and to the right, and in front of you and to the left. The assembly point is down in Fort Lane. Bathrooms are located behind you, out and to the right. In case of a medical emergency, our staff or a member of the team here are your first point of call.

As you will be aware, we are here today to consider the proposed Scheme of Arrangement through which all of the shares in Fliway would be acquired by Yang Kee.

By way of an order of events today, I propose to re-cap the events leading up to today and provide an overview of the proposed Scheme. This will include a summary of the reasons that your independent directors are recommending the Scheme, as well as an update on its status. There will then be an opportunity for shareholders to raise any questions you have about the proposed

Scheme before the resolution is put to the meeting. There is only one item of business for today's meeting, so I expect to close the meeting after the matter has been put to shareholders,

But first let me provide a few introductory comments about Yang Kee. Yang Kee is one of Singapore's largest privately owned Logistics companies that is looking to expand its presence in the region through acquisition of well run logistics providers in geographies it currently does not operate in. In March of 2017, Yang Kee acquired Australian firm Axima, which delivered expertise in the fast moving consumer goods sector, and Yang Kee wants to add Fliway to that acquisition to complete the Australasian platform and enlarge its presence in this growing region.

The discussions with Fliway originally started last year. They completed a thorough due diligence exercise and the discussions ultimately culminated with the parties signing a document called a "Scheme Implementation Agreement" in late October this year.

I think it is worth taking a moment to talk about what a Scheme of Arrangement is, as it is not a transaction structure that has been able to be used to effect takeover transactions until recently.

The Scheme

A Scheme is an arrangement primarily between a company and its shareholders that is approved by the High Court. Over time, a range of different types of commercial transactions have been approved by court-approved schemes of arrangement, such as returns of capital or the separation of Fletcher Challenge. Relatively recently the Takeovers Panel confirmed that they felt that schemes of arrangement are a useful mechanism through which takeover transactions can be implemented, and we saw the Nuplex takeover by Allnex completed earlier this year by way of scheme.

Because a scheme or arrangement relies on the target putting a proposed arrangement to its shareholders for approval, they require a more facilitative relationship between the bidder and target than

required for a conventional takeover offer. They also deliver greater levels of certainty for both parties in terms of timetable and transaction outcome. These benefits create the best opportunity to maximise price for all shareholders in addition to the process giving all shareholders the right to have their say and vote on the proposal.

As a result, once the commercial terms had been agreed, the transaction document signed was a Scheme Implementation Agreement – being an agreement pursuant to which Fliway would propose the Scheme to the High Court and its shareholders.

Today is the most important step in that process, where Fliway shareholders get to have their say and vote as to whether they support the merits of the Scheme.

The Scheme Booklet, issued with the Notice of Meeting for this meeting, contains a very comprehensive description of the scheme, the steps involved in implementing the scheme and shareholders rights through this process. I do not propose to recite those details for shareholders now. However, in essence, the proposed Scheme involves Yang Kee acquiring all of the shares in Fliway for consideration of \$1.22 per share. All shareholders will receive the same consideration on a per share basis.

It is an all or nothing arrangement. If approved, all shareholders will have their shares transferred to Yang Kee in exchange for the consideration, whether or not they vote for or against the Scheme today.

So the decision for shareholders as a group is whether or not they would prefer to receive a guaranteed \$1.22 for each share held now or continue to hold your investment in Fliway with a view that you may potentially receive higher returns in the future.

To approve the Scheme, shareholders who represent 75% or more of the votes cast today must vote in favour of the Scheme and those

votes in favour must also represent more than 50% of the total number of Fliway shares on issue.

Directors recommendation

As outlined in the Scheme Booklet, your Independent Directors both recommend that you vote in favour of the Scheme of Arrangement. We intend to vote all the Fliway shares that we own or control in favour of the Scheme, including any undirected proxies we hold.

Alan and I have not made this recommendation lightly. It was made after carefully considering our own views of the advantages and disadvantages of the Yang Kee proposal. In recommending the Scheme we have taken into account that whilst Fliway is well positioned to deliver growth in earnings, delivering this growth will not come without associated risk and is likely to take some time.

Also, we think that \$1.22 represents a strong offer based on Fliway's recent trading performance. It is a 13% premium to the share price before the transaction was announced. Fliway's shares have never closed at or above \$1.22 since we listed in April 2015.

We were assisted in our analysis of the merits of the Scheme by KordaMentha's report, which concluded with a valuation range of \$1.04 - \$1.24. The offer price of \$1.22 sits at the upper end of that range. That report was provided to shareholders in the Scheme Booklet.

We reviewed the consideration offered by Yang Kee against that received in comparable change of control transactions. In that exercise we focussed on the ratio of enterprise value to underlying EBIT (or earnings before interest and tax). This analysis led us to the conclusion that \$1.22 per share compares favourably, and some of the details of that analysis are set out in the Scheme Booklet.

Finally, we consider that it is relevant that no superior proposal has emerged since the Scheme was announced in October. This coupled with the fact that Fliway has traded below its IPO price since April 2015 makes us think that an offer that is superior to the Scheme is unlikely to be forthcoming.

As a result of all of these factors, we felt that the better course for shareholders was to take the opportunity to realise some of the future value of their Fliway shares now, and at a premium to Fliway's share price prior to the proposal.

We are also conscious of the fact that Duncan Hawkesby, the Managing Director and majority shareholder of Fliway, via the D&G Hawkesby Trust, is supportive of the transaction, having entered into a Deal protection Deed with Yang Kee NZ which, among other things confirms its intention to vote in favour of the Scheme.

Process update

Before moving on to the formal item of business today, I thought it would be worthwhile updating shareholders on the status of our process with the High Court in respect of the Scheme. Fliway was granted initial orders in respect of the Scheme on 21 November 2017, a copy of which is included with the Scheme Booklet you will have received. The initial orders direct Fliway to call this meeting and impose certain other process requirements on Fliway in relation to the Scheme.

If shareholders approve the Scheme today, Fliway will apply to the High Court for final orders. The hearing for final orders is scheduled for 19 December 2017. We will announce the outcome of that hearing via NZX.

If approval is given at that final court hearing, Fliway shares will be suspended from trading on the NZX Main Board at the end of the day on the 21st of December 2017 and shareholders should expect to be paid NZ\$1.22 per share cash consideration on the 4th of January 2018.

Proxies

Before I open it up to shareholders for questions, I wanted to show the number of valid proxies received in advance of the meeting. These proxies are shown on this slide. It is worth noting that 68% of Fliway Shareholders have voted by proxy, and over 98% of those are FOR. The proxy votes include the vote of the majority shareholder. The Court has asked that the Company provides the breakdown of votes outside of the majority shareholder given the Deal Protection Deed – so if you set aside the proxy vote from the majority shareholder, then over 94% of the proxy votes are FOR.

Questions

Before I put the resolution to the meeting, I would like to offer shareholders the opportunity to ask any questions that they might have in relation to the Scheme. Please raise your hand if you have a question.

[take questions]

Resolution

Thank you for that discussion. If there are no further questions, I would now like to move to the formal resolution and requirement for calling this meeting today.

The resolution as per the Notice of Meeting is:

That the Scheme (the terms of which are described in the Scheme Booklet as sent to Shareholders dated 21 November 2017) be and is hereby approved.

I invite you to vote on this resolution now. Please mark your voting paper. A representative from Link will collect your papers once you have voted.

Concluding remarks

Ladies and gentleman, on behalf of all my fellow Directors I would like to recognise the effort of every Fliway employee. Through their skills and expertise they have built the company into one of the leading logistics companies in New Zealand that it is today and through their strategy and hard work have delivered value to our shareholders.

From the beginning, Yang Kee have made it clear that they respect and value the Fliway team and they are looking forward to seeing our people work and succeed alongside the wider Yang Kee team.

Importantly, thank you to our shareholders, being Chairman of Fliway has been a privilege and an honour. This has certainly been an historic meeting for the Company. I thank you for your attendance here today, but I also thank you for your support of Fliway. I know that some of you have been shareholders from the time we listed the company and your continued support of the company has been greatly appreciated.

Ends

Proxy Votes

67.7% of Securities on Issue voted by Proxy

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

That the Scheme (the terms of which are described in the Scheme Booklet as sent to Shareholders dated 21 November 2017) be and is hereby approved.

Summary of total proxies

For	Against	Discretionary	Total	Abstain
30,403,832	204,180	166,183	30,774,195	147,650

The following proxies are in favour of the Chairman of the meeting

For	Against	Discretionary	Total	Abstain
29,929,996	204,180	137,983	30,272,159	147,650
