

# **CARMANAH TECHNOLOGIES CORPORATION**

## **NOTICE OF SPECIAL MEETING**

**- AND -**

## **MANAGEMENT INFORMATION CIRCULAR**

### **FOR THE SPECIAL MEETING**

### **OF SHAREHOLDERS**

**To be held on**

**January 22, 2019  
At 250 Bay Street  
Victoria, BC  
V9A 3K5**

**8:30 AM (Pacific time)**

**Carmanah Technologies Corporation  
250 Bay Street  
Victoria, BC V9A 3K5**

Tel: (250) 380-0052, Fax: (250) 380-0062

[www.carmanah.com](http://www.carmanah.com)

**December 20, 2018**



## LETTER TO SHAREHOLDERS

December 20, 2018

Dear Fellow Shareholder:

You are invited to attend a special meeting of shareholders (“**Shareholders**”) of Carmanah Technologies Corporation (the “**Company**”) to be held on Tuesday, January 22, 2019 at 8:30 a.m. (Pacific time) at 250 Bay Street, Victoria, British Columbia, V9A 3K5 (the “**Meeting**”).

### THE ASSET SALE TRANSACTION

On December 12, 2018, the Company entered into the purchase and sale agreement (the “**Purchase Agreement**”) whereby SPX Corporation (“**SPX**”) agreed to purchase a significant portion of the assets of the Company, comprised of all of the issued and outstanding equity interests of each of Sabik Oy, a Finnish limited company, Sabik Oü, an Estonian private limited company, Sabik PTE Ltd., a Singaporean private limited company, and Sabik Ltd., an United Kingdom private limited company, and their respective assets, the business and assets of the Company’s Airfield Ground Lighting business and its Aviation Obstruction Lighting business as well as some miscellaneous business assets that support the businesses to be sold (the “**Asset Sale Transaction**”). In accordance with the *Business Corporations Act* (British Columbia), the Company will be seeking the approval of its shareholders to complete the Asset Sale Transaction.

Upon the completion of the Asset Sale Transaction, and after the effect of transaction costs and allowing for taxes arising from the Asset Sale Transaction, the Company will receive net proceeds of approximately US\$73.5 million. The net proceeds, together with forecasted cash reserves of US\$14 million on closing, will result in the Company having approximately US\$87.5 million on hand on closing (the “**Total Cash Reserves**”).

Subsequent to the Asset Sale Transaction, the Company will retain four operating businesses: (i) Carmanah Traffic, which develops and sells traffic signaling devices including crosswalk and school zone warning systems, LED enhanced traffic signs, radar speed signs and miscellaneous traffic warning products; (ii) Sol, Inc., which develops and sells solar powered outdoor lighting for streets, parking lots and pathways; (iii) Carmanah Telematics, which designs, builds and supplies solar powered, satellite connected asset tracking devices to its customer, a satellite operating company; and (iv) Sabik Offshore GmbH, which provides integrated safety and marking solutions from aids to navigation to aviation obstruction lighting for offshore wind farms (collectively the “**Retained Operating Businesses**”).

The Retained Operating Businesses remain profitable, having generated revenues in excess of US\$30 million in the last 12 months, and are expected to continue to generate similar revenues in the coming fiscal year. Despite the Asset Sale Transaction, the Retained Operating Businesses remain a substantial portion of the assets and operating businesses of the Company.

The management and the Board of Directors of the Company have yet to fully consider how the Company will use the Total Cash Reserves. Alternatives under consideration will include: investments to grow the Retained Operating Businesses (including research and development spending), acquisition of other businesses (which may include businesses that support the Retained Operating Businesses or businesses in new markets), and returning cash to Shareholders (by way of dividends or share buy-backs). These alternatives may be considered or utilized in whole or in part.

### SUPPORT AGREEMENT

SPX has entered into support agreements (the “**Support Agreements**”) with each of the directors of the Company (collectively, the “**Locked-up Shareholders**”), pursuant to which the Locked-up Shareholders have agreed, subject to the terms and conditions of the Support Agreements, to vote their common shares in the Company in favour of the Asset Sale Transaction Resolution (as defined below) to approve the Asset Sale Transaction. As of December 14, 2018, the record date of the Meeting, the Locked-up Shareholders collectively beneficially own or exercise control or

direction over 6,354,771 common shares in the Company, representing approximately 33.28% of the outstanding common shares in the Company.

The Locked-up Shareholders' obligations under the Support Agreements may be terminated at any time upon the written agreement of SPX and the Locked-up Shareholders, and will be terminated if the Purchase Agreement is terminated in accordance with its terms.

## **BOARD RECOMMENDATIONS**

After careful consideration, including thorough review of the Purchase Agreement, as well as extensive consultation with financial and legal advisors, including receipt of advice from Capital West Partners in respect of the fairness of the Asset Sale Transaction, from a financial point of view, the Board of Directors of the Company unanimously determined that the Asset Sale Transaction is in the best interest of the Company and recommends that Shareholders vote in favour of the Asset Sale Transaction Resolution.

<p><b>THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE ASSET SALE TRANSACTION RESOLUTION.</b></p>
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## **VOTING**

At the Meeting, you will be asked to consider and, if thought advisable, to pass, with or without variation, a special resolution authorizing the Asset Sale Transaction (the “**Asset Sale Transaction Resolution**”), the full text of which is set out in Schedule B to the accompanying notice of special meeting and management information circular (the “**Circular**”). To be effective, the Asset Sale Transaction Resolution must be approved by an affirmative vote of at least two-thirds ( $66\frac{2}{3}\%$ ) of the votes cast by the Shareholders at the Meeting in person or by proxy.

**Your vote is important.** The accompanying Circular provides a description of the Asset Sale Transaction and includes certain additional information to assist you in considering how to vote on the Asset Sale Transaction Resolution.

Accompanying the Circular are several documents requiring your attention. We encourage you to complete, sign, date and return the applicable form of proxy or voting instruction form, in accordance with the instructions set out therein and in the Circular, so that your common shares in the Company can be voted at the Meeting. In order to be effective, a proxy must be deposited with the Company's registrar and transfer agent, Computershare Investor Services Inc., Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 before 8:30 a.m. (Pacific time) on Friday, January 18, 2019, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment of the Meeting.

The Asset Sale Transaction is expected to close by the end of January 2019, subject to obtaining all required approvals and consents, as well as satisfying all required conditions.

Yours very truly,

*(signed) John Simmons*

John Simmons  
Chief Executive Officer

## NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that a special meeting (the “**Meeting**”) of the shareholders (the “**Shareholders**”) of Carmanah Technologies Corporation (“**Carmanah**” or the “**Company**”) will be held at 250 Bay Street, Victoria, British Columbia, V9A 3K5 at 8:30 a.m. (Pacific time), on January 22, 2019, for the following purposes:

1. to consider, and if thought advisable, to pass, with or without variation, a special resolution to approve a divestiture of a significant portion of the assets of the Company that, for corporate law purposes, constitutes the sale of all or substantially all of the assets of the Company to SPX Corporation (the “**Asset Sale Transaction Resolution**”). Such assets include all of the issued and outstanding equity interests of each of Sabik Oy, a Finnish limited company, Sabik Oü, an Estonian private limited company, Sabik PTE Ltd., a Singaporean private limited company and Sabik Ltd., an United Kingdom private limited company, and their respective assets, the business and assets of the Company’s Airfield Ground Lighting business and its Aviation Obstruction Lighting business as well as some miscellaneous business assets that support the businesses to be sold, in accordance with the *Business Corporations Act* (British Columbia) (“**BCBCA**”). The full text of the Asset Sale Transaction Resolution is set forth in Schedule B to the accompanying management information circular. (the “**Circular**”); and
2. to transact such other business as may properly come before the Meeting or any adjournment thereof.

The Circular includes more detailed information relating to the matters to be considered at the Meeting.

The record date for determining the Shareholders entitled to receive notice of and to vote at the Meeting is the close of business on December 14, 2018.

If you are a *registered shareholder* of the Company and are unable to attend the Meeting in person, please date and execute the accompanying form of proxy (the “**Form of Proxy**”) for the Meeting and deposit it with Computershare Investor Services Inc. (“**Computershare**”) at 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, before 8:30 a.m. (Pacific time), on January 18, 2019, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before to any adjournment of the Meeting.

If you are a *non-registered shareholder* of the Company and receive these materials through your broker or another intermediary, please complete and return the request for voting instructions in accordance with the instructions provided to you by your broker or such other intermediary. Non-registered shareholders may need to act well in advance to the applicable deadline in order to deliver the voting instructions to their intermediary by the deadline. ***Failure to do so will result in your common shares in the Company (“Carmanah Shares”) not being eligible to be voted by proxy at the Meeting.***

**Registered Shareholders have the right to dissent in respect of the Asset Sale Transaction Resolution and to be paid the fair value of their Carmanah Shares in accordance with the provisions in Sections 237 to 247 of the BCBCA. These rights are described in the accompanying Circular and the text of Sections 237 to 247 of the BCBCA is set forth in Schedule C to the Circular.**

Your vote is very important, regardless of the number of shares that you own. Whether or not you expect to attend the Meeting in person, we encourage you to vote your Form of Proxy or voting instruction forms, as applicable, as promptly as possible to ensure that your vote will be counted at the Meeting.

**The Board of Directors unanimously recommends that the Shareholders vote FOR the Asset Sale Transaction Resolution.**

DATED at Victoria, British Columbia as of the 20<sup>th</sup> day of December, 2018.

BY ORDER OF THE BOARD OF DIRECTORS

*(signed) John Simmons*

John Simmons  
Chief Executive Officer

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**CARMANAH TECHNOLOGIES CORPORATION**

250 Bay Street  
Victoria, BC V9A 3K5  
Tel: (250) 380-0052, Fax: (250) 380-0062

**MANAGEMENT INFORMATION CIRCULAR**

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## MANAGEMENT INFORMATION CIRCULAR

### INTRODUCTION

This management information circular (the “**Circular**”) accompanies the notice of special meeting (the “**Notice**”) and is being furnished to shareholders (the “**Shareholders**”) of common shares (the “**Carmanah Shares**”) in the capital of Carmanah Technologies Corporation (“**Carmanah**” or the “**Company**”) in connection with the solicitation of proxies by the management of the Company for use at the Company’s special meeting of Shareholders (the “**Meeting**”) to be held on January 22, 2019 at 8:30 a.m. (Pacific time) at 250 Bay Street, Victoria, British Columbia, V9A 3K5. Except as otherwise stated, the information contained herein is given as at December 20, 2018. The record date for the Meeting has been fixed at December 14, 2018 (the “**Record Date**”), and only Shareholders of record as of the Record Date are entitled to vote at the Meeting.

All summaries of, and references to, the Purchase Agreement are qualified in their entirety by reference to the complete text of the Purchase Agreement. A copy of the Purchase Agreement may be found under Carmanah’s profile on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at [www.sedar.com](http://www.sedar.com).

### Currencies

Unless stated otherwise or the context otherwise requires, all references to dollar amounts in this Circular are references to Canadian dollars. References to “**US\$**” are to U.S. dollars and references to “**\$**” are to Canadian dollars.

### GENERAL PROXY INFORMATION

#### Solicitation of Proxies

This solicitation is made on behalf of management of the Company. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by directors, officers or employees of the Company. Costs of the solicitation of proxies for the Meeting will be borne by the Company. In addition to the use of mail, proxies may be solicited by personal interviews, personal delivery, telephone or any form of electronic communication, or by directors, officers and employees of the Company who will not be directly compensated therefor. The Company has arranged for Intermediaries (as defined below) to forward the Notice, this Circular and the accompanying form of proxy (the “**Form of Proxy**”) (collectively, the “**Meeting Materials**”) to beneficial holders of Carmanah Shares held of record by those Intermediaries and the Company may reimburse the Intermediaries for their reasonable fees and disbursements in that regard.

#### Registered Shareholders

If you are a registered shareholder of Carmanah Shares (a “**Registered Shareholder**”), there are two ways in which you can vote your Carmanah Shares. You can either vote in person at the Meeting or you can vote by Form of Proxy.

#### *Voting by Proxy*

If you do not plan to come to the Meeting, you can have your vote counted by appointing someone who will attend at the Meeting as your proxyholder. In the Form of Proxy, you can either direct your proxyholder as to how you want your Carmanah Shares to be voted or you can let your proxyholder choose for you. If you appoint a proxyholder, you may revoke your Form of Proxy if you decide to attend the Meeting and wish to vote your Carmanah Shares in person (see *Revocation of Proxies* below).

#### *Voting in Person*

Registered Shareholders who wish to attend the Meeting and to vote their Carmanah Shares in person do not need to complete a Form of Proxy. Your vote will be taken and counted at the Meeting. Please register with the transfer agent, Computershare Investor Services Inc. (“**Computershare**”), upon your arrival at the Meeting.



## Non-Registered Shareholders

Only Registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most Shareholders are “non-registered” Shareholders because the Carmanah Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Carmanah Shares. More particularly, a person is not a Registered Shareholder in respect of Carmanah Shares which are held on behalf of the person (the “**Non-Registered Shareholder**”) but which are registered either: (a) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Shareholder deals with in respect of the Carmanah Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. There are two kinds of Non-Registered Shareholders: those who have objected to their name and contact information being made known to the Company (called “**OBOs**” for Objecting Beneficial Owners) and those who have not objected (called “**NOBOs**” for Non-Objecting Beneficial Owners).

The Company can request and obtain a list of their NOBOs from Intermediaries via its transfer agent and can use this NOBO list for distribution of proxy-related materials directly to NOBOs. The Company has decided to send proxy-related materials to its NOBOs. Your Intermediary will have provided to you a voting instruction form (“**VIF**”). Please return your voting instructions as specified in the request for voting instructions. NOBOs that wish to attend the Meeting and vote in person (or appoint someone else to attend the Meeting and vote on such NOBOs’ behalf) can appoint themselves (or someone else) as a proxyholder by following the applicable instructions on the VIF.

With respect to OBOs, the Company will pay for Intermediaries to deliver to OBOs Meeting Materials. Applicable securities regulatory policy requires Intermediaries to whom Meeting Materials have been sent to seek voting instructions from OBOs in advance of shareholders’ meetings. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by OBOs in order to ensure that their Carmanah Shares are voted at the Meeting. Often, the Form of Proxy supplied to an OBO by its broker is identical to that provided to Registered Shareholders. However, its purpose is limited to instructing the Registered Shareholder how to vote on behalf of the OBO. OBOs are requested to complete and return the VIF in accordance with the instructions set out on that form. The VIF must be returned as directed well in advance of the Meeting in order to have the Carmanah Shares voted. OBOs that wish to attend the Meeting and vote in person (or appoint someone else to attend the Meeting and vote on such OBOs’ behalf) can appoint themselves (or someone else) as proxyholder by following the applicable voting instructions.

**In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the Form of Proxy or proxy authorization form is to be delivered.**

## Appointment of Proxies

The individuals named in the Form of Proxy are directors or officers of Carmanah. **A REGISTERED SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON OR COMPANY (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR THE REGISTERED SHAREHOLDER AND ON THE REGISTERED SHAREHOLDER’S BEHALF AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY INSERTING SUCH PERSON’S OR COMPANY’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND STRIKING OUT THE TWO PRINTED NAMES, OR BY COMPLETING ANOTHER FORM OF PROXY.** A Form of Proxy will not be valid unless it is completed, dated, signed and delivered to Computershare at 510 Burrard Street, 2<sup>nd</sup> Floor, Vancouver, BC V6C 3A8 not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting, or is delivered to the chair of the Meeting prior to the commencement of the Meeting.

## Revocation of Proxies

A Shareholder who has given a Form of Proxy may revoke it by an instrument in writing executed by the Shareholder or by the Shareholder’s attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to Computershare not less than 48 hours (excluding

Saturdays, Sundays and holidays) before the Meeting or any adjournment of it, or to the chair of the Meeting on the day of the Meeting or any adjournment of it. **Only Registered Shareholders have the right to revoke a Form of Proxy. Non-Registered Holders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective Intermediaries to revoke the Form of Proxy on their behalf. A revocation of a Form of Proxy does not affect any matter on which a vote has been taken prior to the revocation.**

#### **Exercise of Discretion**

The persons named in the Form of Proxy accompanying this Circular will vote or withhold from voting the Carmanah Shares in accordance with the instructions from the Shareholder, on any ballot that may be called for. If a choice is specified with respect to any matter to be acted upon, the Carmanah Shares will be voted accordingly.

**Where no choice has been specified by the Shareholder, or if both choices have been specified, such Carmanah Shares will be voted FOR of the matters identified in the Notice.**

The enclosed Form of Proxy, when properly completed and delivered and not revoked, confers discretionary authority upon the persons appointed proxyholders thereunder to vote with respect to any amendments or variations of matters identified in the Notice and with respect to other matters which may properly come before the Meeting. At the time of the printing of this Circular, management of Carmanah knows of no such amendment, variation or other matter which may be presented to the Meeting.

#### **Voting Securities and Principal Holders Thereof**

The board of directors (the “**Board**”) of the Company has fixed the closing of business (Pacific time) on December 14, 2018, the Record Date, for determining which Shareholders will be entitled to receive Notice of the Meeting. Only Shareholders of record as of the Record Date who either attend the Meeting personally or complete, sign and deliver a Form of Proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Carmanah Shares voted at the Meeting.

As at the Record Date, the Company has issued and outstanding 19,095,677 fully paid and non-assessable Carmanah Shares, each Carmanah Share carrying the right to one vote. The Company has only one class of voting securities.

To the knowledge of the directors and executive officers of the Company, as at the date Record Date, there are no persons who, or corporations which, beneficially own, directly or indirectly, or exercise control or direction over, Carmanah Shares carrying more than 10% of the voting rights attached to all issued and outstanding Carmanah Shares, other than:

<b>Name of Shareholder</b>	<b>Number and Percentage of Carmanah Shares</b>
James Meekison	4,217,104 (22.1%)
Michael Sonnenfeldt	2,148,040 (11.3%)

#### **Quorum**

Under the Company’s articles, quorum for the transaction of business at Meeting of the Shareholders is two individuals present in person or by proxy, each of whom is entitled to vote at the Meeting and who hold or represent by proxy in the aggregate no less than 5% of the Carmanah Shares to be voted at the Meeting.

## GENERAL INFORMATION

### Defined Terms

This Circular contains defined terms. For a list of the defined terms, please see the Glossary attached as Schedule A to this Circular.

### Cautionary Notice Regarding Forward-Looking Statements and Information

This Circular, and the documents incorporated by reference herein, may contain “forward-looking information” and “forward-looking statements” within the meaning of applicable Canadian securities legislation. All information contained herein that is not historical in nature may constitute forward-looking information. Often, but not always, forward-looking statements can be identified by the use of words such as “expects”, “estimates”, “could”, “will”, or variations of such words and phrases. Forward-looking statements herein include, but are not limited to:

- statements regarding the sale of all or substantially all of the Company’s assets;
- the Purchase Price (as defined herein) to be paid under the Purchase Agreement (as defined herein);
- the closing of the Asset Sale Transaction (as defined herein);
- calling of the Meeting;
- the contents and expected timing of mailing this Circular;
- the expected date of the Meeting;
- the exercise of Dissent Rights (as defined herein);
- the anticipated Closing Date (as defined herein) of the Asset Sale Transaction;
- the satisfaction of closing conditions, including obtaining the requisite regulatory and shareholder approvals;
- use of proceeds from the Asset Sale Transaction;
- estimated revenues for the Retained Subsidiaries (as defined herein) in the trailing 12-months;
- value and opportunities for the Company’s customers and employees; and
- product development and reach for marine, aviation and airfield ground lighting products

and are based on management’s current expectations and assumptions that, while considered reasonable by management, are inherently subject to business, market and economic risks, uncertainties, and contingencies which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements.

These forward-looking statements are based on management’s current expectations and beliefs but given the uncertainties, assumptions and risks, readers are cautioned not to place undue reliance on such forward-looking statements or information. The Company disclaims any obligation to update, or to publicly announce, any such statements, events or developments except as required by law. Risk factors include, among others:

- the Purchase Agreement may be terminated in certain circumstances;
- there can be no certainty that all conditions precedent to the Asset Sale Transaction will be satisfied;

- there can be no certainty that Shareholder Approval (as defined herein) will be obtained;
- the Company will incur costs and may have to make a termination or expense payment; and
- the Company may no longer meet the listing requirements of the Toronto Stock Exchange (“TSX”).

Except as otherwise indicated, forward-looking statements do not reflect the potential impact of any non-recurring or other unusual items or of any dispositions, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after the date hereof. The financial impact of these transactions and non-recurring and other unusual items can be complex and depends on the facts particular to each of them. We therefore, cannot describe the expected impact in a meaningful way or in the same way the Company presents known risks affecting its business.

For additional information on these risks and uncertainties, see the Company’s most recently filed Annual Information Form (“AIF”) and Annual MD&A (“MD&A”) for the year ended December 31, 2017, which are available on the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). The risk factors identified in the AIF and MD&A are not intended to represent a complete list of factors that could affect the Company. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not assume any obligation to update the forward-looking information contained in this Circular, unless required by law.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### Sale of a Significant Portion of the Assets

At the Meeting, Shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, a special resolution (the “**Asset Sale Transaction Resolution**”) to approve a divestiture of a significant portion of the assets of the Company which, for corporate law purposes constitutes the sale of all or substantially all of the assets of the Company, to SPX Corporation (“**SPX**”). Such assets include all of the issued and outstanding Equity Interests (as defined herein) of each of Sabik Oy, a Finnish limited company, Sabik Oü, an Estonian private limited company, Sabik PTE Ltd., a Singaporean private limited company and Sabik Ltd., an United Kingdom private limited company, and their respective assets, the assets of the Company’s Airfield Ground Lighting business and its Aviation Obstruction Lighting business as well as some miscellaneous business assets that support the businesses to be sold (the “**Purchased Subsidiaries**”), pursuant to a purchase and sale agreement dated December 12, 2018 (the “**Purchase Agreement**”) (the “**Asset Sale Transaction**”) in accordance with the *Business Corporations Act* (British Columbia) (“**BCBCA**”). A summary of the terms and conditions of the Purchase Agreement is provided below.

The full text of the Asset Sale Transaction Resolution to approve the Asset Sale Transaction is set out in Schedule B to this Circular.

**The Board unanimously determined that the Asset Sale Transaction is in the best interest of the Company and recommends that Shareholders vote in favour of the Asset Sale Transaction Resolution.**

**The Board unanimously recommends that Shareholders vote FOR the Asset Sale Transaction Resolution.**

For the Asset Sale Transaction to become effective, the Asset Sale Transaction Resolution must be approved by an affirmative vote of at least two-thirds ( $66\frac{2}{3}\%$ ) of the votes cast by Shareholders at the Meeting in person or by proxy.

### Background of the Asset Sale Transaction

Alexander Capital Group Inc. of Toronto, Canada (“**Alexander**”) was retained by the Company in June, 2015 to seek out acquisition opportunities for the Company. As part of this mandate Alexander approached SPX in January, 2016 to determine if SPX would be interested in divesting its aviation obstruction lighting business unit to the Company. After brief discussions, SPX concluded it was not interested in divesting its aviation obstruction lighting business unit.

Following these initial discussions, and in the fall of 2017, SPX approached Alexander and expressed an interest in acquiring the Company. Discussions in this respect were initiated and continued into early 2018 which led to an informal expression of interest by SPX to pursue acquisition negotiations. In February 2018, SPX and the Company entered into a confidentiality agreement to facilitate the provision of confidential information about the Company to SPX with a view that SPX would use such information to develop a proposal. Additional information was provided to SPX in March 2018 by way of meetings held at the Company's Victoria office involving senior executives of SPX and its aviation obstruction lighting subsidiary as well as senior management of the Company. Also in March 2018, Alexander was formally retained as the Company's financial advisor. Discussions continued into April and May of 2018, during which time informal negotiations took place regarding an acquisition of the Company.

In June 2018, the Company proposed a modified transaction structure wherein SPX would acquire each of Sabik Offshore GmbH, Sabik Oy, Sabik Oü, Sabik PTE Ltd. and Sabik Ltd. and their respective assets, the business and assets of the Airfield Ground Lighting business and the Aviation Obstruction Lighting business as well as some miscellaneous business assets that support the businesses to be sold but not the Company's Traffic, Illumination and Telematics businesses. This prompted further negotiations culminating in SPX presenting a non-binding proposal on this basis in July 2018. In furtherance of this proposal, SPX conducted detailed due diligence including site visits to the Company's European operations in early September and to its Victoria, British Columbia offices.

On completion of its initial due diligence, further negotiations ensued which adjusted the proposed transaction to include the Sabik Oy, Sabik Oü, Sabik PTE Ltd. and Sabik Ltd. and their respective assets, the business and assets of the Airfield Ground Lighting business and the Aviation Obstruction Lighting business as well as some miscellaneous business assets that support the businesses to be sold, but exclude Sabik Offshore GmbH and the Company's Traffic, Illumination and Telematics businesses. This led to a revised non-binding proposal dated October 19, 2018. This proposal was agreed in principle by the Company. During November and leading up to the December announcement of the Asset Sale Transaction, SPX conducted final due diligence. On December 12, 2018, SPX and the Company signed the Purchase Agreement and announced the Asset Sale Transaction.

#### **Net Proceeds of the Asset Sale Transaction**

Upon completion of the Asset Sale Transaction and after the effect of transaction costs and allowing for taxes arising from the Asset Sale Transaction, the Company will receive net proceeds of approximately US\$73.5 million. The net proceeds, together with forecasted cash reserves of US\$14 million on Closing (as defined herein), will result in the Company having approximately US\$87.5 million on hand on Closing.

Company management and the Board have yet to fully consider how the Company will use its total cash reserves (including the proceeds from the Asset Sale Transaction). Alternatives under consideration will include: investments to grow the residual businesses of the Company (including research and development spending), acquisitions of other businesses (which may include businesses that support the Company's residual business activities or businesses in new market spaces) and returning cash to Shareholders (by way of dividends or share buy-backs). These alternatives may be considered or utilized in whole or in part.

#### **Business Activities of the Company after the Asset Sale Transaction**

Subsequent to the Asset Sale Transaction, the Company will retain the following four operating entities (together, the **"Retained Operating Businesses"**):

- Carmanah Traffic – Carmanah Traffic develops and sells traffic signalling devices including crosswalk and school zone warning systems, LED enhanced traffic signs, radar speed signs and miscellaneous traffic warning products. This business is headquartered in Victoria, BC and, while some international sales are completed from time to time, the major market focus is the United States. Carmanah Traffic utilizes independent, regional distributors which contract with state and municipal end users as its channel to market.
- Sol, Inc. – Sol, Inc. develops and sells solar powered outdoor lighting for streets, parking lots and pathways. This business is headquartered in Victoria, British Columbia and is focused primarily on the southern United States. Sol, Inc. utilizes independent agents to connect with end users that include state and local governments as well as commercial and residential real estate owners and developers.

- Carmanah Telematics – Carmanah Telematics designs, builds and supplies solar powered, satellite connected asset tracking devices to its customer, a satellite operating company. This business is based in Victoria, British Columbia.
- Sabik Offshore GmbH – Sabik Offshore GmbH provides integrated safety and marking solutions for offshore wind farms. This business is based in Schwerin, Germany and Edinburgh, UK.

The Retained Operating Businesses remain profitable, having generated revenues in excess of US\$30 million in the last 12 months, and are expected to continue to generate similar revenues in the coming fiscal year. Despite the sale of the Purchased Subsidiaries, the Retained Operating Businesses remain a substantial portion of the assets of the Company and as such, the Company expects to continue to meet the minimum listing requirements of the TSX following the Asset Sale Transaction. Even if the Company is found not to meet the minimum listing requirements of the TSX, the Company may seek a listing on an alternative exchange, such as the TSX Venture Exchange (“**TSX-V**”), to ensure continued and seamless trading liquidity for the Shareholders and provide flexibility to the Company as it carries out its Retained Operating Businesses and other business strategies.

For additional information about the Retained Operating Businesses, see the Company’s most recent AIF, which is available on the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Recommendation of the Board**

The Board was fully informed of the discussions between Company management and SPX from inception and was involved in assessing the various proposals and considering the impact of the Asset Sale Transaction on all stakeholders. As part of these considerations, the Board received and reviewed analysis presented by Company management and completed individual and independent assessments of precedent transactions. After careful consideration, including thorough review of the Purchase Agreement, as well as extensive consultation with financial and legal advisors, including consultations with Capital West (as defined below) in respect of the fairness of the Purchase Price to be received pursuant to the Purchase Agreement, the Board unanimously determined that the Asset Sale Transaction is in the best interest of the Company and recommends that Shareholders vote in favour of the Asset Sale Transaction Resolution.

<p><b>The Board unanimously recommends that Shareholders vote <u>FOR</u> the Asset Sale Transaction Resolution.</b></p>
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### **Reasons for the Recommendation**

In reaching its conclusion that the Asset Sale Transaction is in the best interest of the Company, and in making its recommendation to the Shareholders, the Board considered and relied upon a number of factors, including:

- the Board was convinced that it was in the best interests of the Company for the management of the Company to focus its efforts on the growth and development of the Retained Operating Businesses and its other businesses;
- the Board considered SPX to be a highly ethical and competent company which will continue to serve the Company’s customers by providing high quality products backed with high levels of service;
- the Board was convinced that its employees that will become part of SPX will be joining a highly professional company within which they can advance their careers; and
- the Board considered the valuation of the Business Assets (as defined herein) to be fair.

## **Support Agreements**

SPX has entered into support agreements (the “**Support Agreements**”) with each of the directors of the Company (collectively, the “**Locked-up Shareholders**”), pursuant to which the Locked-up Shareholders have agreed, subject to the terms and conditions of the Support Agreements, to vote their Carmanah Shares in favour of the Asset Sale Transaction Resolution. As of the Record Date, the Locked-up Shareholders collectively beneficially own or exercise control or direction over 6,354,771 Carmanah Shares, representing approximately 33.28% of the issued and outstanding Carmanah Shares.

Their respective obligations under the Support Agreements may be terminated at any time upon the written agreement of SPX and the Locked-up Shareholders, and will be terminated if the Purchase Agreement is terminated in accordance with its terms.

## **Fairness Opinion**

### ***Introduction***

Capital West Partners (“**Capital West**”) was retained to provide advice and assistance with respect to the Asset Sale Transaction, including to prepare and deliver to the Board its written opinion (“**Fairness Opinion**”) as to the fairness, from a financial point of view, of the Consideration (as defined in the Fairness Opinion) to be received by the Company, pursuant to the Purchase Agreement. Capital West was not engaged to prepare and has not prepared a formal valuation of the Company or any of the Company’s securities or assets and the Fairness Opinion should not be construed as a “formal valuation” (within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”)). Capital West confirmed in the Fairness Opinion, that based upon and subject to the assumptions, limitations, qualifications and other matters contained in the Fairness Opinion, as of December 5, 2018, the Consideration to be received by the Company pursuant to the Purchase Agreement was fair, from a financial point of view, to the Company.

The full text of the Fairness Opinion, dated as of December 5, 2018, which sets forth, among other things, the assumptions made, matters considered and the qualifications and limitations which the Fairness Opinion is subject to, is attached as Schedule D to this Circular. The description of the Fairness Opinion set forth below is qualified in its entirety by reference to the full text of the Fairness Opinion. Capital West provided its opinion solely for the information and assistance of the Board in connection with its consideration of the Asset Sale Transaction and such opinion is not to be used, circulated, quoted or otherwise referred to for any purpose, nor is it to be filed with, included in or referred to in whole or in part in any registration statement, information circular or any other document, except in accordance with Capital West’s prior written consent. The Fairness Opinion is not a recommendation to any Shareholder as to how to vote or act on any matter relating to the Asset Sale Transaction.

### ***Engagement of Capital West***

Capital West was formally engaged by the Company pursuant to an agreement dated November 6, 2018 (the “**Engagement Agreement**”). Under the terms of the Engagement Agreement, Capital West is entitled to receive fees for its services as financial advisor, including a fixed-fee from the Company upon delivery of its Fairness Opinion, which was neither contingent upon the conclusion reached by Capital West in their Fairness Opinion or the successful completion of the Asset Sale Transaction or any other transaction. In addition, Capital West is entitled to be reimbursed for its reasonable out-of-pocket expenses and the Company has agreed to indemnify Capital West in certain circumstances.

### ***Credentials of Capital West***

Capital West is an independent Canadian investment banking firm, based in Vancouver, British Columbia, specializing in corporate finance and advisory services to corporations and governments. Capital West and its principals have prepared numerous valuations and fairness opinions and have provided advisory services in a significant number of transactions involving Canadian private and publicly traded companies.

The Fairness Opinion represents the opinion of Capital West and the form and content of the Fairness Opinion has been reviewed and approved for release by senior investment banking professionals of Capital West. The individuals responsible for preparing the Fairness Opinion are experienced in merger, acquisition, divestiture and fairness opinion matters.

### ***Independence of Capital West***

None of Capital West, its associates or affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (British Columbia)) of the Company, SPX, or any of their respective associates or affiliates. Other than the services provided under the Engagement Agreement, Capital West has not provided any financial advisory services or participated in a financing involving the Company, SPX, or any of their respective associates or affiliates during the 24 months preceding the date Capital West was first contacted regarding the Asset Sale Transaction. Capital West has not entered into any other agreements or arrangements with the Company or SPX with respect to any future dealings.

### ***Prior Valuations***

The Company has represented to Capital West that, to the best of its knowledge, other than a calculation valuation report related to intangible assets of the Company's marine division effective as at January 5, 2018 and a purchase price allocation estimate valuation report of Vega Industries Ltd. effective as at February 2, 2018, there have been no other prior valuations (as defined in MI 61-101) of the Company nor any material property or asset valuations of the Company in the 24 months preceding the date of the Engagement Agreement.

### ***Scope of Review***

In connection with rendering the Fairness Opinion, Capital West has reviewed and relied upon, or carried out, among other things, the documentation and information set-out under the heading "Scope of Review" in the Fairness Opinion.

### ***Assumptions and Limitations***

For the purposes of Capital West's analysis and the Fairness Opinion, Capital West relied upon and assumed the completeness, accuracy and fair presentation of all of the financial information and other information, data, advice, opinions, and representations obtained by Capital West from public sources or provided to Capital West by the Company, or otherwise provided pursuant to the Engagement Agreement (collectively, the "**Information**"). The Fairness Opinion is conditional upon such completeness, accuracy and fair presentation of any such Information. Capital West has not been requested to, and has not assumed any obligation to, independently verify the accuracy or completeness of any such Information.

### ***Fairness Consideration & Conclusion***

**Capital West considered a number of quantitative and qualitative factors and, was of the opinion that, as of that date and based upon and subject to the matters described in the Fairness Opinion, the Consideration to be received by the Company pursuant to the Purchase Agreement was fair, from a financial point of view, to the Company.**

### ***The Purchase Agreement***

The description of the Purchase Agreement below is a summary only, is not exhaustive and is qualified in its entirety by reference to the terms of the Purchase Agreement, which may be found under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

On December 12, 2018, the Company entered into the Purchase Agreement with SPX. Pursuant to the Purchase Agreement, the Company has agreed, subject to receipt of all necessary approvals and satisfaction of other conditions, to sell the Business Assets for aggregate consideration of US\$77 million, subject to certain adjustments.



## ***Purchase Price***

The Purchase Price will be paid as follows:

- (a) on the Closing Date, upon the terms and subject to the conditions of the Purchase Agreement, SPX will pay the Company the Preliminary Purchase Price (as defined herein), subject to certain adjustments; and
- (b) subject to the determination of the Final Net Working Capital (as defined herein), determined pursuant to the Purchase Agreement, SPX or the Company, as the case may be, will, within five (5) business days after the determination of the Final Purchase Price (as defined herein), make a payment to the other of the amount of the difference between the Preliminary Purchase Price and the Final Purchase Price as determined pursuant to the Purchase Agreement.

## ***Representations and Warranties***

The Purchase Agreement contains representations and warranties made by the Company to SPX and representations and warranties made by SPX to the Company.

The representations and warranties provided by the Company in favour of SPX relate to, among other things: (a) the approval of the Purchase Agreement by the Board; (b) the due incorporation, existence, and power and authority of each Carmanah Entity (as defined herein) to own its assets and conduct its business; (c) the corporate power and authority of each Carmanah Entity to enter into the Purchase Agreement and to consummate the Asset Sale Transaction; (d) the execution and delivery of the Purchase Agreement, and the performance by each Carmanah Entity of its obligations thereunder not resulting in a violation, conflict, or default under its constating documents; (e) the Company's ownership of each Purchased Subsidiary; (f) each Carmanah Entity being in compliance with all laws it operates in; (g) the absence of any voting agreements or voting trusts, other than the Support Agreements, with respect to any of the Purchased Equity (as defined herein); (h) the Company's financial statements, internal controls, and financial reporting, and the Purchased Business (as defined herein) financial information; (i) the accuracy of the books and records of the Company; (j) the absence of certain changes, events, or developments; (k) the Purchased Business' compliance with applicable Law (as defined herein); (l) each Carmanah Entity owning or holding all material subsisting permits which are valid and subsisting; (m) the absence of undisclosed liabilities; (n) the absence of any claims or proceedings against any Carmanah Entity relating to the Purchased Business or affecting any Business Asset; (o) the absence of any outstanding injunction, writ, judgment, order, or decree relating to the Purchased Business; (p) tax-related matters; (q) the assumed employee benefit plan; (r) labor-related matters; (s) environmental matters; (t) the Carmanah Entities' Leased Real Property (as defined herein); (u) intellectual property matters; (v) the Carmanah Entities' compliance with all applicable Laws relating to data protection and information security; (w) the Carmanah Entities' Business Assets; (x) brokerage, finders', or similar fee; (y) each Carmanah Entity's performance of all obligations under its material contracts; (z) each Carmanah Entity's insurance matters; (aa) the Purchased Business' customers and suppliers; (bb) the Purchased Business' compliance with each Government Contract (as defined herein) and applicable Laws; (cc) the absence of any organizational conflict of interest within the Purchased Business that restricts the prospective conduct of the Purchased Business; (dd) the absence of any assertions against any Carmanah Entity by any Governmental Authority (as defined herein), prime contractor, or other third party; (ee) the inventory in respect of the Purchased Business; (ff) the Purchased Business' compliance with Anti-Bribery Laws (as defined herein) and all applicable United States, Canadian, or foreign import, export control, and sanctions laws and regulations; (gg) the business relationships of each Carmanah Entity, individually or together, with the Purchased Business; and (hh) compliance of the aggregate value of all Purchased Assets (as defined herein) with the *Competition Act* (Canada).

The representations and warranties provided by SPX in favour of the Company relate to, among other things: (a) the approval of the Purchase Agreement by the board of directors of SPX; (b) the due incorporation, existence, and power and authority of SPX to own its assets and conduct its business; (c) the corporate power and authority of SPX to enter into the Purchase Agreement, perform its obligations and consummate the Asset Sale Transaction or other material transactions contemplated thereunder; (d) the execution and delivery of the Purchase Agreement, and the performance by it of its obligations thereunder not resulting in a violation, conflict, or default under its constating documents; (e) fulfilling the requirements in connection with the Required Business Finland Approval (as defined herein) and

Laws regulating trade or exchange or currency controls; (f) matters relating to brokers and finders; and (g) SPX's ability to pay the Purchase Price.

### ***Conditions to the Asset Sale Transaction Becoming Effective***

#### **Mutual Conditions**

The obligations of the Company and SPX to complete the Asset Sale Transaction is subject to no statute, rule, regulation, executive order, decree, preliminary or permanent injunction or restraining order having been enacted, entered, promulgated or enforced by any Governmental Authority which prohibits or restricts the consummation of the Asset Sale Transaction.

#### **Carmanah Conditions**

The obligations of the Company to complete the Asset Sale Transaction are subject to customary conditions, including but not limited to: (a) Each of the representations and warranties of SPX are true and correct except when the failure would not have a Material Adverse Effect (as defined herein) on the ability of SPX to consummate the transactions under the Purchase Agreement; (b) SPX shall have performed and complied in all material respects with all obligations and covenants required by the Purchase Agreement; (c) SPX shall have furnished the Company with an officer's certificate confirming that certain conditions have been satisfied; and (d) The Company shall have received the prior approval of its shareholders pursuant to Section 301 of the BCBCA.

#### **SPX Conditions**

The obligations of SPX to complete the Asset Sale Transaction will be subject to the fulfillment, or written waiver by SPX, at or prior to the Closing Date of each of the following conditions: (a) Each of the representations and warranties of the Sellers (as defined herein) are true and correct except when the failure would not have a Material Adverse Effect; (b) The Company shall have performed and complied in all material respects with all obligations and covenants required by the Purchase Agreement; (c) The Company shall have received Shareholder Approval; (d) All required approvals, consents and waivers have been received; (e) The Company has notified the TSX; (f) The Required Business Finland Approval has been obtained, waived or made, as applicable; (g) No Material Adverse Effect has occurred and is continuing; (h) No Action (as defined herein) by any Governmental Authority is pending that seeks to prohibit or restrict the consummation of the Asset Sale Transaction; (i) All Lender Consents (as defined herein) have been obtained; (j) SPX shall have received file stamped copies of the Petition to Revive (as defined herein); and (k) The Company shall have furnished SPX with an officer's certificate confirming that certain conditions have been satisfied.

### ***Covenants***

#### **Pre-Closing Covenants**

The Company will, until the earlier of the completion of the Asset Sale Transaction or the termination of the Purchase Agreement, take actions including:

- (a) *Conduct of Business by Carmanah Entities.* The Company will conduct the Purchased Business in all material respects in the Ordinary Course of Business (as defined herein);
- (b) *Access to Information.* The Company will and will cause each other Carmanah Entity to, give SPX and its Representatives (as defined herein) reasonable access to all of the Business Assets, the Leased Real Property, the Transferred Books and Records (as defined herein) and to such personnel, offices and other facilities and properties of Carmanah Entities and to furnish such other information in respect of the operation of the Purchased Business as SPX may reasonably request;
- (c) *The Carmanah Meeting.* The Company shall convene and conduct the meeting of Shareholders and solicit proxies in favor of the approval of the Asset Sale Transaction Resolution and against any resolution submitted

by any Person (as defined herein) that is inconsistent with the Asset Sale Transaction Resolution and the completion of any of the Asset Sale Transaction;

- (d) *Certain Governmental and Other Approvals.* Each of the parties shall use its reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective the Asset Sale Transaction, including obtaining the Required Business Finland Approval;
- (e) *Intercompany Accounts and Arrangements and Release.* Except for the Transition Services Agreement (as defined herein) and the other Transaction Documents (as defined herein), all intercompany arrangements and agreements, whether written or oral, providing, leasing or licensing goods, services, tangible or intangible properties or joint activities between the Sellers or any of their respective Affiliates (as defined herein), on the one hand, and any of the Purchased Subsidiaries, on the other hand, shall be terminated and of no further force and effect effective as of the Closing. Further, effective as of the Closing, the Sellers shall, on behalf of itself and its Affiliates, release the Purchased Subsidiaries (and their respective officers, directors and employees, acting in their capacity as such) from any liability, obligation or responsibility to any of them for any and all past actions or failures to take action prior to the Closing, including any actions which may be deemed to have been negligent or grossly negligent, except for any obligation pursuant to the provisions of the Transaction Documents;
- (f) *Transfer of Retained Assets.* The Company shall take (or cause one or more of its Affiliates to take) such action as is necessary to transfer the Retained Liabilities (as defined herein) from the Purchased Subsidiaries to a Seller;
- (g) *Patent Revival.* Prior to Closing, the Company shall prepare and file a Petition to Revive U.S. Patent No. US 8425076 (“Solar powered airfield light”) (Application No. 13/259687; Publication No. US2012/0020058A1; Parent No. PCT/CA2009/000422) complying with all applicable requirements of the U.S. patent laws for such petitions (the “**Petition to Revive**”);
- (h) *Exclusivity.* Any Seller shall not (i) initiate, solicit, encourage or otherwise facilitate any inquiry, proposal, offer or discussion with any party concerning any Acquisition Transaction (as defined herein) with a Person other than SPX and its Affiliates, (ii) furnish any information concerning the Purchased Business (or any portion thereof) or the properties or assets of Sellers related to the Purchased Business to any Person for the purposes of soliciting an Acquisition Transaction with a Person other than SPX and its Affiliates or (iii) engage in discussions or negotiations with any party concerning any Acquisition Transaction with a Person other than SPX and its Affiliates; and
- (i) *Right to Accept a Superior Proposal and the Right to Match.* Nothing prevents the Company, prior to obtaining the Shareholder Approval, from: (i) considering, negotiating and providing information and disclosure in respect of an Acquisition Proposal (as defined herein) if the Board determines in good faith (after consultation with its financial advisors, after appropriately considering all relevant factors and after receiving the advice of outside counsel to the effect that the Board must do so in order to discharge properly its fiduciary duties) that an Acquisition Proposal is, or is reasonably likely to result in, a Superior Proposal (as defined herein), provided: (A) the Company has complied with and continues to comply with the Purchase Agreement; (B) the Company promptly notifies SPX orally and in writing of the identity of a party to whom it plans to provide information or with whom it plans to discuss or negotiate and the material terms and conditions of any actual or potential Acquisition Proposal or any amendments thereto; (C) the Company receives an executed confidentiality agreement; and (D) contemporaneously with furnishing any such nonpublic information to such person or group, the Company furnishes such nonpublic information to SPX; or (ii) accepting, approving, recommending to its shareholders or entering into an unsolicited bona fide agreement or arrangement regarding an Acquisition Proposal if the Board determines in good faith that such Acquisition Proposal would result in a Superior Proposal. While the Company is considering an Acquisition Proposal, SPX may amend the Asset Sale Transaction contemplated by the Purchase Agreement (an “**Amended Transaction**”) for the Board to consider whether the Amended Transaction, if consummated, is reasonably likely to result in a transaction which is as favorable from a financial point of view to the Company

or the holders of Carmanah Shares, as applicable, as the Superior Proposal (taking into account all of the terms, conditions and aspects of such Amended Transaction and Superior Proposal).

#### Post-Closing Covenants

Following the Closing Date, the Company shall:

- (a) *Provision of Corporate Records.* Deliver or cause to be delivered to SPX all Transferred Books and Records then in the possession of any Seller;
- (b) *Post-Closing Access to Information.* For a period of seven (7) years from the Closing Date, except as prohibited by applicable Law, the Company and SPX shall, afford to each other and to each other's Representatives reasonable access and duplicating rights (with copying costs to be borne by the requesting party) during normal business hours to all books and records, documents and other information within the knowledge, possession or control of the other party or its Affiliates solely to the extent relating to (i) in the case of requests by SPX, the Purchased Business, Purchased Subsidiaries, Business Assets, Business Liabilities (as defined herein) or Transferred Employees (as defined herein) and (ii) in the case of requests by Sellers, the Retained Businesses (as defined herein), the Retained Assets (as defined herein) or the Retained Liabilities;
- (c) *Retention of Records.* The Sellers and the Purchased Subsidiaries shall retain, in accordance with their respective records control schedule policy existing from time to time, all information relating to the Purchased Business and the Retained Businesses, respectively;
- (d) *Confidentiality.* For a period of five (5) years from the Closing Date, each of the Company and SPX shall hold and shall cause their respective Affiliates to hold, and shall each use their reasonable best efforts to cause their respective Representatives to hold, in strict confidence and not to disclose or release without the prior written consent of the other party, any and all confidential information;
- (e) *Non-Competition.* Commencing on and for a period of five (5) years following the Closing Date, the Sellers shall not, and shall cause their respective Subsidiaries (as defined herein) not to, directly or indirectly, either individually or acting in concert with another Person or Persons: own, manage, operate, control or participate in the ownership, management, operation or control of any business that, anywhere in the world, (i) engages in any aspect of the Purchased Business, (ii) competes or is preparing to compete with any aspect of the Purchased Business or (iii) engages in, the design, development, manufacturing, production, marketing, sale or servicing of any product, or the provision of any service, that provides the same or substantially similar principal functionality or services as the Protected Products (as defined herein). Notwithstanding the foregoing, nothing shall preclude or prevent the Company, either directly or indirectly through any Retained Subsidiary (as defined herein) or other wholly-owned subsidiary from time to time, from: (A) engaging in the business of manufacturing and selling marine aids-to-navigation for ports, harbors or inland waterways in Germany, Austria or Switzerland (which business may include the modification of products purchased from the Purchased Business after the Closing Date); (B) engaging in the business of designing, developing, manufacturing and selling specialty marine aid-to-navigation products not otherwise available for purchase or modification from the Purchased Business for ports, harbors or inland waterways in Germany, Austria or Switzerland; or (C) engaging in the business of manufacturing and selling marine aids-to-navigation or aviation obstruction aviation lighting for offshore wind installations anywhere in the world;
- (f) *Non-Solicitation.* Commencing on and for a period of five (5) years following the Closing Date, the Sellers shall not, and shall cause their respective Subsidiaries not to, directly or indirectly, either individually or acting in concert with another Person or Persons: (i) solicit for employment (whether as an employee, consultant or otherwise), offer to hire, hire or enter into any employment or consulting agreement or arrangement with any Transferred Employee or employee, contractor, subcontractor, consultant or sales representative of the Purchased Business; provided, that this prohibition shall not apply to (A) solicitation of any such individual who has been terminated by SPX or its Subsidiary more than six (6) months prior to such time, (B) solicitations made to the public or the industry generally through advertising or electronic listing which are not targeted at employees of SPX or its Subsidiary or (C) the hiring of persons either (x) in

connection with solicitations permitted under clause (A) or (B) or (y) who independently approach such party and, in each of subclauses (x) and (y), whom were not otherwise solicited in breach of Section 6.5(b) of the Purchase Agreement; or (ii) induce, solicit or cause, or attempt to induce, solicit or cause, any Material Customer (as defined herein) or Material Supplier (as defined herein) to terminate, reduce or adversely change its business with SPX or any of its Affiliates (including the Buyers (as defined herein) and the Purchased Subsidiaries) or the Purchased Business.

- (g) *Mail and Accounts.* (i) After the Closing Date, if the Sellers receive any mail, packages or other communications belonging to SPX or a Purchased Subsidiary or otherwise relating to the Purchased Business, the Sellers shall promptly forward all such communications to SPX; and (ii) all payments and reimbursements received by the Sellers in connection with or arising out of the Purchased Business, the Purchased Assets or the Business Liabilities after the Closing shall be held by such Person in trust for the benefit of SPX and such Person shall pay over to SPX the amount of such payment or reimbursement.
- (h) *Later Discovered Assets.* In the event that there are any contracts, agreements or other assets that are Purchased Assets and were not transferred to the Buyers as part of the Purchase Agreement because such contracts, agreements or other assets were not discovered or did not exist until after the Closing or inadvertently were not assigned (each, a “**Later Discovered Asset**”), the Company agrees, and shall cause the other Sellers to agree, at SPX’s request and expense to assign such Later Discovered Asset to the Buyers.
- (i) *Insurance.* From and after the Closing, the Sellers shall reasonably cooperate with SPX to afford to the Buyers, the Purchased Business and the Purchased Subsidiaries rights to seek insurance coverage under occurrence-based insurance policies covering pre-Closing occurrences, accidents, events, injuries and/or damages in respect of covered claims or Losses to the extent related to a Business Liability, so that the Buyers, the Purchased Business and the Purchased Subsidiaries may seek the benefit of such coverage and, to the extent applicable, the right to proceeds, under any such policies in respect of any such covered claim or Losses related to a Business Liability.

### ***Termination***

The Purchase Agreement may be terminated at any time prior to the Closing:

- (a) by mutual written consent of the Company and SPX;
- (b) by the Company or SPX if the Closing shall not have occurred by 11:59 p.m., New York City time, on February 28, 2019 (the “**Outside Date**”); provided, that if on the Outside Date the condition to receive Shareholder Approval of the Asset Sale Transaction shall not have been satisfied but all other conditions shall be satisfied or waived, then SPX shall have the right to extend the Outside Date to 11:50 p.m., New York City time, on March 29, 2019 by notifying Carmanah in writing of such election before the Outside Date;
- (c) by the Company or SPX if any Governmental Authority shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting any material portion of the Asset Sale Transaction and such order, decree, ruling or other action shall have become final and nonappealable;
- (d) by SPX if there shall have been a breach of any of the representations, warranties, agreements or covenants set forth in the Purchase Agreement on the part of any Seller that would cause certain conditions to not be fulfilled, such breach has not been waived by SPX, and, if capable of being cured by the Outside Date, the breach has not been cured within 30 days following SPX’s written notice of such breach;
- (e) by the Company if there shall have been a breach of any of the representations, warranties, agreements or covenants set forth in the Purchase Agreement on the part of SPX that would cause certain conditions to not be fulfilled, such breach has not been waived by the Company, and, if capable of being cured by the Outside Date, the breach has not been cured within 30 days following the Company’s written notice of such breach;  
or

- (f) by the Company in order enter into a Proposed Agreement (as defined herein) that constitutes a Superior Proposal.

### ***Effect of Termination***

- (a) In the event Carmanah shall terminate the Purchase Agreement, upon written notice to SPX, in order to enter into a Proposed Agreement that constitutes a Superior Proposal, Carmanah shall pay, or cause to be paid, to SPX an amount equal to \$3,000,000 (the “**Termination Fee**”).
- (b) In the event SPX shall terminate the Purchase Agreement, upon written notice to Carmanah, if any of the conditions of SPX (described under the heading “*Conditions of the Asset Sale Transaction Becoming Effective – SPX Conditions*” above) shall not have been satisfied by the Outside Date, unless such failure shall be due to the failure of SPX to perform or comply with any of the covenants, agreements or conditions in the Purchase Agreement to be performed or complied with by SPX prior to the Closing, Carmanah shall pay, or cause to be paid, to SPX an amount equal to \$2,000,000 (the “**Expense Reimbursement Fee**”).

### ***Indemnification***

- (a) *Survival of Representations, Warranties and Covenants.* The representations and warranties shall survive the Closing and terminate eighteen (18) months following the Closing Date; provided, that (i) the Seller Fundamental Representations (as defined herein) and the Buyer Fundamental Representations (as defined herein) shall survive the Closing for a period of five (5) years; and (ii) the representations and warranties set forth in Section 3.10 (Taxes) of the Purchase Agreement shall survive and remain in full force and effect until the later of (x) the period provided in (a)(i) above and (y) ninety (90) days following the expiration of the relevant statute of limitations (including all extensions or waivers thereof).
- (b) *Indemnification.* From and after Closing, the Sellers shall defend, indemnify and hold harmless SPX, each Buyer and their Affiliates and each of their respective officers, directors, employees, and agents (collectively, the “**Buyer Indemnified Parties**”) from and against and compensate and reimburse the Buyer Indemnified Parties for all Losses (as defined herein) (regardless of whether such Losses relate to any third party claim), that arise from or relate to customary actions further outlined in the Purchase Agreement.

From and after Closing, the Buyers shall defend, indemnify and hold harmless the Sellers and their Affiliates and each of their respective officers, directors, employees, and agents (collectively, the “**Seller Indemnified Parties**”) from and against and will compensate and reimburse the Seller Indemnified Parties for any Losses (regardless of whether such Losses relate to any third party claim) that arise from or relate to customary actions further outlined in the Purchase Agreement.

- (c) *Insurance.* An Indemnified Party (as defined herein) shall use commercially reasonable efforts to recover under any insurance policy for which coverage is or may be reasonably available in respect of such Loss.
- (d) *Limitations on Indemnification.* SPX’s indemnification obligations are subject to a monetary basket and certain monetary thresholds set out in the Purchase Agreement.
- (e) *Adjustment to Final Purchase Price.* Any payments made to a party pursuant to Article IX of the Purchase Agreement shall be treated as an adjustment to the Final Purchase Price for Tax (as defined herein) purposes to the extent permitted by Law.

### ***Shareholder Approval***

At the Meeting, Shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, the Asset Sale Transaction Resolution authorizing the Asset Sale Transaction, the full text of which is set out in Schedule B to this Circular. In order to become effective, the Asset Sale Transaction Resolution must be approved

by an affirmative vote of at least two-thirds ( $66\frac{2}{3}\%$ ) of the votes cast by the Shareholders at the Meeting in person or by proxy (the “**Shareholder Approval**”).

**It is the intention of the persons in the Form of Proxy enclosed with the Meeting Materials, if not expressly directed to the contrary in such Form of Proxy, to vote such Form of Proxy FOR the Asset Sale Transaction Resolution.**

## **RISK FACTORS**

In evaluating the Asset Sale Transaction, Shareholders should carefully consider the following risk factors relating to the Asset Sale Transaction. The following risk factors are not a definitive list of all risk factors associated with the Asset Sale Transaction. Additional risks and uncertainties, including those currently unknown or considered immaterial by the Company, may also adversely affect the Carmanah Shares. For a discussion of such additional risks, see the section titled “*Risk Factors*” in the Company’s most recent AIF, a copy of which is available on the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). The risk factors enumerated below should be considered in conjunction with the other information included in this Circular.

### ***The Purchase Agreement may be terminated in certain circumstances.***

Each of the Company and SPX has the right to terminate the Purchase Agreement in certain circumstances. Accordingly, there is no certainty, nor can the Company provide any assurance, that the Purchase Agreement will not be terminated by either the Company or SPX before the completion of the Asset Sale Transaction.

### ***There can be no certainty that all conditions precedent to the Asset Sale Transaction will be satisfied.***

The completion of the Asset Sale Transaction is subject to a number of conditions precedent, certain of which are outside the control of the Company. There can be no certainty, nor can the Company provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied.

If the Asset Sale Transaction is not completed and the Board decides to seek another sale, merger or business transaction, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the total Purchase Price to be paid pursuant to the Asset Sale Transaction.

### ***There can be no certainty that Shareholder Approval will be obtained.***

If the Asset Sale Transaction Resolution is not approved by at least two-thirds ( $66\frac{2}{3}\%$ ) of Shareholders at the Meeting, voting in person or by proxy, the Asset Sale Transaction will not be completed. There can be no certainty, nor can the Company provide any assurance, that the requisite Shareholder Approval of the Asset Sale Transaction Resolution will be obtained. There is no assurance that there will not be Dissenting Shareholders (as defined below).

### ***The Company will incur costs and may have to make a termination or expense payment.***

If the Asset Sale Transaction is not completed, in certain circumstances the Company must pay a Termination Fee or an Expense Reimbursement Fee, as applicable, to SPX.

### ***The Company may no longer meet the listing requirements of the TSX.***

Upon Closing of the Asset Sale Transaction, the Company will have sold substantially all of its assets. While the Company plans to continue operations with the Retained Operating Businesses and may explore other opportunities with the Purchase Price paid to the Company, there is a risk that the Company will not be able to meet the minimum listing requirements of the TSX and may be required to commence a delisting review. It would be up to the Company to seek a listing on an alternative exchange, such as the TSX-V, if it does not meet the minimum listing requirements of the TSX. The Company may consider a voluntary delisting from the TSX and an application for a TSX-V listing in an effort to ensure continued and seamless trading liquidity for the Shareholders and provide flexibility to the Company as it carries out its Retained Operating Businesses and other business strategies.

## SECURITIES LAW CONSIDERATIONS

### Interest of Certain Persons or Companies in the Asset Sale Transaction

Except as otherwise disclosed herein, to the knowledge of the Company, none of the directors or executive officers of the Company since the beginning of the Company's last financial year, or any associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

### Interest of Certain Persons or Companies in Material Transactions

Except as otherwise disclosed herein, to the knowledge of the Company, as of the date hereof, no informed person (as defined below) of the Company or any associate or affiliate of an informed person, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

For the purpose of this Circular, an **"informed person"** means (a) a director or officer of the Company; (b) a director or officer of a person or company that is itself an informed person or subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of the Company carrying more than 10% of the issued and outstanding Carmanah Shares.

### Dissent Rights

Registered Shareholders will be entitled to exercise their right to dissent ("**Dissent Rights**") with respect to the Asset Sale Transaction Resolution in accordance with Sections 237 to 247 of the BCBCA. Shareholders who validly exercise their Dissent Rights and do not withdraw their dissent with respect to the Asset Sale Transaction Resolution ("**Dissenting Shareholders**") will be entitled to receive the "fair value" of their Carmanah Shares determined in accordance with Sections 237 to 247 of the BCBCA as at the day before the Asset Sale Transaction Resolution is adopted by Shareholders. **If you are a non-registered Shareholder, you can only exercise a Dissent Right by contacting your broker or other financial intermediaries and having them take the necessary steps to exercise dissent on your behalf.**

The following summary of the Dissent Rights is not a comprehensive description of the procedures to be followed in connection with the exercise of these Dissent Rights. The summary is qualified in its entirety by reference to the full text of Sections 237 to 247 of the BCBCA, which are set out in Schedule C to this Circular. Shareholders who intend to exercise their Dissent Rights should seek legal advice and carefully consider and comply with the provisions of the Dissent Rights. **Failure to comply with the applicable Dissent Rights provisions and to adhere to the procedures established therein may result in the loss of their Dissent Rights in respect of the Asset Sale Transaction Resolution.**

Dissenting Shareholders must send any written objections in respect of the Asset Sale Transaction Resolution pursuant to their Dissent Rights to the Company before 8:30 a.m. (Pacific time) on January 18, 2019, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before to any adjournment of the Meeting. Shareholders should be aware that simply voting against the Asset Sale Transaction Resolution at the Meeting does not constitute the exercise of their Dissent Rights.

Each Shareholder, the name of which appears on the central securities register of the Company, shall have the right to exercise their Dissent Rights in respect of the Asset Sale Transaction Resolution. The Dissent Rights are effected in accordance with Sections 237 to 247 of the BCBCA. In the event the Asset Sale Transaction is completed, any Dissenting Shareholder who dissents in the required manner from the Asset Sale Transaction Resolution will be entitled to be paid the fair value of their Carmanah Shares immediately before the approval by Shareholders of the Asset Sale Transaction Resolution.

A Shareholder intending to dissent in respect of the Asset Sale Transaction Resolution must send written notice of dissent to the Company at least two days before the Meeting and such written notice of dissent must otherwise strictly



comply with the requirements of section 242 of the BCBCA, including setting forth details of the ownership of Carmanah Shares. A Dissenting Shareholder may only dissent with respect to all of the Carmanah Shares held on behalf of any one beneficial owner and registered in the Dissenting Shareholder's name. Under the BCBCA there is no right of partial dissent.

A vote against the Asset Sale Transaction Resolution does not constitute notice of dissent under the BCBCA and a Shareholder who votes in favour of the Asset Sale Transaction Resolution will not be considered a Dissenting Shareholder.

Promptly after the approval of the Asset Sale Transaction Resolution and after the date on which the Company forms the intention to proceed with the Asset Sale Transaction, the Company must send notice of such fact to each Dissenting Shareholder who has not withdrawn their objection and who has not voted in favour of the Asset Sale Transaction Resolution. The Dissenting Shareholder has one month after receipt of such notice to send the Company or its transfer agent a written notice setting out such holder's name, address, the number of Carmanah Shares that are subject to the objection and a demand for payment of the fair value of such Carmanah Shares. The Dissenting Shareholder must send to the Company any certificates representing Carmanah Shares subject to the objection with the notice containing the demand for payment.

Upon the sending of the notice to the Company containing the demand for payment, the Dissenting Shareholder is deemed to have sold the Carmanah Shares to the Company and the Company is deemed to have purchased such Carmanah Shares. Accordingly, after the sending of such notice, the Dissenting Shareholder ceases to have any further rights as a Shareholder except the right to be paid the fair value for the Dissenting Shareholder's Carmanah Shares, unless (i) the Shareholder withdraws the notice before the Company makes the offer to pay for the Carmanah Shares, (ii) the Company fails to make the offer to pay for the Carmanah Shares and the Dissenting Shareholder withdraws the notice or (iii) the directors of the Company revoke the Asset Sale Transaction Resolution, in which case the Dissenting Shareholder will be reinstated as a Shareholder as of the date the notice was sent.

The Company and the Dissenting Shareholder may agree on the amount of the payout value on the Carmanah Shares and in that event, the Company must promptly pay the agreed amount to the Dissenting Shareholder. If the Company is not able to pay the Dissenting Shareholder because it has reasonable grounds to believe that the Company is insolvent or the payment would render the Company insolvent, then the Company must send notice to the Dissenting Shareholder that the Company is unable to lawfully pay the Dissenting Shareholder for its Carmanah Shares. The Company must make such payment promptly after the offer has been accepted. In the event that the Company fails to make an offer to a Dissenting Shareholder, or in the event that such offer is not accepted, the Company or the Dissenting Shareholder may apply to the court to fix a fair value for the Carmanah Shares of the Dissenting Shareholder. The BCBCA contains provisions governing such court application.

Subsection 244(4) and Section 246 of the BCBCA outline certain events when the Dissent Rights will cease to apply where such events occur before payment is made to the Dissenting Shareholder of the fair value of the shares (including if the Asset Sale Transaction Resolution does not pass or is otherwise not proceeded with). In such events, the Dissenting Shareholder will be entitled to the return of the applicable share certificate(s), if any, and rights as a Shareholder in respect of the applicable Carmanah Shares will be regained.

## **OTHER INFORMATION**

### **Management Contracts**

No management functions of the Company or any of its subsidiaries are performed to any substantial degree by a person other than the directors or executive officers of the Company or a subsidiary.

### **Other Matters**

Management of the Company knows of no other matters to come before the Meeting other than as referred to in the Notice. However, if any other matters which are not known to management of the Company will properly come before

the Meeting, the Form of Proxy given pursuant to the solicitation by management of the Company will be voted on such matters in accordance with the best judgement of the person voting the proxy.

**Additional Information**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company's comparative financial statements and management's discussion and analysis for its most recently completed financial year. Shareholders may obtain copies of the Company's financial statements and management's discussion and analysis on SEDAR or by contacting Carmanah by email at [investors@carmanah.com](mailto:investors@carmanah.com), or upon request made to the attention of Evan Brown, Chief Financial Officer of Carmanah at 250 Bay Street, Victoria, BC, Canada, V9A 3K5.

## **CARMANAH DIRECTORS' APPROVAL**

The contents of this Circular and the sending thereof to the shareholders of the Company has been approved by the Board.

**DATED** at Victoria, British Columbia this 20<sup>th</sup> day of December, 2018.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(signed) John Simmons*

John Simmons  
Chief Executive Officer

## CONSENT OF CAPITAL WEST PARTNERS

### Capital West Partners

To the Board of Directors (the “**Board**”) of Carmanah Technologies Corporation (the “**Company**”):

We refer to the written opinion of our firm dated December 5, 2018 (the “**Fairness Opinion**”), which was prepared in connection with the transaction involving the Company and SPX Corporation described in the management information circular of the Company dated December 20, 2018 (the “**Circular**”).

We hereby consent to the inclusion of the Fairness Opinion, reference to our firm name and a summary of the Fairness Opinion in the Circular. We confirm that we have read the Circular, and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the Fairness Opinion.

In providing our consent, we do not intend or permit that any person other than the Board shall rely on the Fairness Opinion which remains subject to the assumptions, limitations and qualifications contained therein.

*“Capital West Partners”*

Capital West Partners

Vancouver, Canada

December 20, 2018

## SCHEDULE A

### Glossary

All capitalized terms used herein but not otherwise defined have the meaning attributed to them in the Purchase Agreement, which has been incorporated by reference in the Circular.

**“Acquisition Proposal”** means an unsolicited bona fide written proposal not resulting from a breach of Section 5.9 pursuant to which: (a) all or substantially all of the outstanding shares of the Company would be transferred; (b) the holders of Carmanah Shares immediately prior to such transaction would, following such transaction, receive in exchange for such Carmanah Shares an amount of securities (if any) of the surviving or resulting entity (or its direct or indirect parent, as applicable) constituting less than 50% of the voting power of the surviving or resulting entity (or its direct or indirect parent, as applicable); or (c) all or substantially all of the assets of the Company on a consolidated basis (which is deemed to be the case if the Purchased Business would be transferred as part of such transaction) would be transferred;

**“Acquisition Transaction”** means any merger, liquidation, recapitalization, consolidation or other business combination relating to the Purchased Business, the Purchased Assets or any Purchased Subsidiaries or the direct acquisition of any capital stock or other securities of any Purchased Subsidiaries, or any material portion of the Purchased Assets, or any combination of the foregoing (excluding the Asset Sale Transaction);

**“Action”** means any action, claim, suit, arbitration, subpoena, discovery request, proceeding or investigation by or before any court or grand jury, any Governmental Authority or arbitration tribunal;

**“Affiliate”** means, with respect to any specified Person, a Person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified Person. For purposes of this definition, “control”, when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through ownership of voting securities, by Contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing. For purposes of this Agreement, (a) the Purchased Subsidiaries shall be deemed to be (i) Affiliates of the Company (but not SPX) with respect to the period prior to and as of the Closing and (ii) Affiliates of SPX (but not the Company) with respect to the period following the Closing, and (b) the Sellers, on the one hand, shall not be deemed to be Affiliates of Buyer or its Subsidiaries, on the other hand;

**“AIF”** means the most recently completed annual information form of the Company for the year ended December 31, 2017;

**“Alexander”** means Alexander Capital Group Inc.;

**“Amended Transaction”** has the meaning ascribed thereto under the heading *“The Purchase Agreement – Covenants”* in this Circular;

**“Anti-Bribery Laws”** has the meaning ascribed thereto in Section 3.24 of the Purchase Agreement;

**“Asset Sale Transaction”** has the meaning ascribed thereto under the heading *“Sale of a Significant Portion of the Assets”* in this Circular;

**“Asset Sale Transaction Resolution”** has the meaning ascribed thereto under the heading *“Sale of a Significant Portion of the Assets”* in this Circular;

**“Assets”** means, with respect to any Person, any and all of such Person’s right, title and ownership interest in and to all of the properties, assets, claims, Contracts (as defined in the Purchase Agreement) and businesses of every kind, character and description, whether real, personal or mixed, whether tangible or intangible, whether accrued, contingent or otherwise, and wherever located, including the following: (i) all real properties, including plants, buildings and other structures and improvements (including construction in progress) located thereon, fixtures contained therein and

appurtenances thereto; (ii) all leases and subleases; (iii) all machinery, Equipment (as defined in the Purchase Agreement) (including all transportation and office equipment), fixtures, trade fixtures and furniture; (iv) all office supplies, production supplies, spare parts, other miscellaneous supplies and other tangible property of any kind; (v) all capital stock, partnership interests and other equity or ownership interests or rights, directly or indirectly, in any Subsidiary or other entity; (vi) all raw materials, work-in-process, finished goods, consigned goods and other inventories; (vii) all Intellectual Property (as defined in the Purchase Agreement); (viii) all rights existing under all Contracts; (ix) all IT Assets (as defined in the Purchase Agreement), (x) all prepayments, deposits, performance bonds or prepaid expenses and, to the extent they constitute an asset and not a liability of such party, deferred tax accounts; (xi) all claims, causes of action, choses in action, rights of recovery and rights of set-off of any kind; (xii) all customer lists and records pertaining to customers and accounts, personnel records (except with respect to each Offer Employee), all lists and records pertaining to suppliers and agents, and all books, ledgers, files and business records of every kind; (xiii) all advertising materials and all other printed or written materials, including purchase orders, forms, labels, shipping materials, catalogues, sales brochures, operating manuals, and instructional documents; (xiv) all permits, licenses, approvals and authorizations, to the extent transferable, of Governmental Authorities or third parties relating to the ownership, possession or operation of the Assets; (xv) all goodwill as a going concern and all other general intangible properties; (xvi) all employee contracts, including the right thereunder to restrict an employee from competing in certain respects; and (xvii) all trucks, automobiles and other vehicles;

“**BCBCA**” means the *Business Corporations Act* (British Columbia);

“**Board**” means the board of directors of the Company;

“**Business Assets**” means all right, title and interest, as of immediately prior to Closing, of (a) each Seller in all Assets owned by such Seller to the extent used or held for use in connection with the Purchased Business, and (b) each Purchased Subsidiary in all Assets owned by such Purchased Subsidiary, including:

- (i) the Leased Real Property;
- (ii) Leases (as defined in the Purchase Agreement), including the right to prepaid rent and to all security deposits and other amounts and instruments deposited by, on behalf of, or for the benefit of, the applicable Carmanah Entity thereunder, to the extent not theretofore applied under the Leases;
- (iii) all Equipment (and leases thereof);
- (iv) the Purchased Inventories (as defined in the Purchase Agreement);
- (v) all Purchased IP (as defined in the Purchase Agreement), including all Software (as defined in the Purchase Agreement);
- (vi) all Contracts to which any Carmanah Entity is a party or by which any of the Purchased Assets is subject (other than (A) any of the foregoing constituting an IP Contract or relating to the Retained Assets, (B) the Leases and (C) leases with respect to the Equipment);
- (vii) all permits;
- (viii) all Transferred Books and Records;
- (ix) all Transferred IP Contracts (as defined in the Purchase Agreement);
- (x) the intercompany receivables, as of the Closing, for amounts due and owing solely among or between any of the Purchased Subsidiaries;
- (xi) all IT Assets;

- (xii) all Assets in respect of any assumed employee benefit plan, except for those Assets which are being retained by Seller pursuant to Article VI of the Purchase Agreement or by operation of Law;
- (xiii) any other Assets of the Retained Subsidiaries owned, leased or licensed and relating to or used in the Purchased Business, if and to the extent that such Assets are not referred to in the preceding paragraphs of this definition; and
- (xiv) cash to the extent taken into account in the calculation of the Closing Net Working Capital.

For greater certainty, where used in the Circular, the term “Business Assets” only includes Business Assets which relate to the Purchased Subsidiaries and do not include any assets owned by Carmanah or any subsidiaries which are not part of the Purchased Subsidiaries;

“**Business Liabilities**” means (a) any and all Liabilities of the Purchased Subsidiaries (other than any Retained Liabilities) and (b) the Assumed Liabilities;

“**Buyer Fundamental Representations**” means the representations and warranties in Section 4.1 (Corporate Organization and Standing), Section 4.2 (Authority Relative to this Agreement), Section 4.3(a) (Absence of Conflicts with Organizational Documents) and Section 4.4 (Brokers and Finders) of the Purchase Agreement;

“**Buyer**” and “**Buyers**” have the meaning ascribed thereto in the *Statement of Purpose* of the Purchase Agreement;

“**Buyer Indemnified Party**” has the meaning ascribed thereto in Section 9.2(a) of the Purchase Agreement;

“**Capital West**” means Capital West Partners;

“**Carmanah Entities**” means the Company, the Retained Subsidiaries and the Purchased Subsidiaries;

“**Carmanah Shares**” means common shares in the capital of the Company;

“**Carmanah**” or the “**Company**” means Carmanah Technologies Corporation;

“**Circular**” means the notice of the Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference therein, such management information circular, to be sent to shareholders in connection with the Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Purchase Agreement;

“**Closing**” has the meaning ascribed thereto in Section 2.2(a) of the Purchase Agreement;

“**Closing Date**” has the meaning ascribed thereto in Section 2.2(a) of the Purchase Agreement;

“**Computershare**” means Computershare Investor Services Inc.;

“**Dissent Rights**” means the rights of dissent exercisable by Shareholders in accordance with Sections 237 to 247 of the BCBCA;

“**Dissenting Shareholders**” means Shareholders who validly exercise their Dissent Rights and do not withdraw their dissent with respect to the Asset Sale Transaction Resolution;

“**Engagement Agreement**” means the meaning ascribed thereto under the heading “*Fairness Opinion – Engagement of Capital West*” in this Circular;

“**Equity Interests**” means (a) any and all shares, interests, participations or other equivalents of or interests in (however designated) corporate stock, including shares of preferred or preference stock, (b) all partnership interests (whether general or limited) in any Person that is a partnership, (c) all membership interests or limited liability

company interests in any limited liability company and (d) all equity or ownership interests in any Person of any other type;

**“Expense Reimbursement Fee”** has the meaning ascribed thereto under the heading *“The Purchase Agreement – Effects of Termination”* of this Circular;

**“Fairness Opinion”** has the meaning ascribed thereto under the heading *“Fairness Opinion – Introduction”* in this Circular;

**“Final Net Working Capital”** has the meaning ascribed thereto in Section 2.3(b)(v) of the Purchase Agreement;

**“Final Purchase Price”** has the meaning ascribed thereto in Section 2.3(c) of the Purchase Agreement;

**“Form of Proxy”** has the meaning ascribed thereto under the heading *“Solicitation of Proxies”* in this Circular;

**“Government Contract”** means any prime contract, subcontract, basic ordering agreement, letter contract, purchase order, delivery order, Bid (as defined in the Purchase Agreement), change order, arrangement or other commitment of any kind that is related to the Purchased Business and is between a Carmanah Entity, on the one hand, and any Governmental Authority or prime contractor or subcontractor to a Governmental Authority, on the other hand;

**“Governmental Authority”** means any nation or government, any federal, state, provincial, municipality or other political subdivision thereof and any entity, body, agency, commission or court, whether domestic, foreign or multinational, exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any executive official thereof;

**“Indemnified Party”** has the meaning ascribed thereto in Section 9.4(a) of the Purchase Agreement;

**“Information”** has the meaning ascribed thereto under the heading *“Fairness Opinion – Assumptions and Limitations”* in this Circular;

**“informed person”** means (a) a director or officer of the Company; (b) a director or officer of a person or company that is itself an informed person or subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of the Company carrying more than 10% of the issued and outstanding Carmanah Shares;

**“Intermediary”** has the meaning ascribed thereto under the heading *“General Proxy Information – Non-Registered Holders”* in this Circular;

**“Later Discovered Asset”** has the meaning ascribed thereto under the heading *“The Purchase Agreement – Covenants”* in this Circular;

**“Law”** means any law, statute (including the Code (as defined in the Purchase Agreement)), ordinance, rule, regulation, order, writ, judgment, injunction or decree of any Governmental Authority;

**“Leased Real Property”** means all real property used in the conduct of the Purchased Business that is leased or subleased by a Seller or one of its Affiliates, together with all fixtures, buildings, structures and improvements located thereon, other than the Company’s headquarters located at 250 Bay Street, Victoria, BC V9A 3K5, Canada;

**“Lender Consents”** means the Sabik Lender Consent (as defined in the Purchase Agreement), the Offshore Lender Consent (as defined in the Purchase Agreement), and the Carmanah Lender Consent (as defined in the Purchase Agreement);

**“Liabilities”** means any and all Indebtedness (as defined in the Purchase Agreement), transaction expenses, liabilities and obligations, whether accrued, fixed or contingent, mature or inchoate, known or unknown, reflected on a balance



sheet or otherwise, including, but not limited to, those arising under any Law or any judgment of any court of any kind or any award of any arbitrator of any kind, and those arising under any contract, commitment or undertaking;

**“Locked-up Shareholders”** has the meaning ascribed thereto under the heading *“Support Agreements”* in this Circular;

**“Losses”** means any and all damages, losses, liabilities, obligations, penalties, judgments, settlements, claims, payments, fines, interest, costs and expenses (including the reasonable costs and expenses of attorneys incurred in the defense thereof), but excluding (a) consequential damages, special damages, incidental damages, loss of profits, diminution in value, damages based on multiple of earnings, loss of business reputation and (b) punitive and exemplary damages (other than such damages awarded to any third party against an Indemnified Party);

**“Material Adverse Effect”** means any change, event, development or effect that, individually or in the aggregate, (a) has had or would reasonably be expected to have a material adverse effect on the business, assets, liabilities, results of operations or financial condition of the Purchased Business, taken as a whole, or (b) materially impairs or materially delays the ability of Carmanah Entities to consummate the Transactions (as defined in the Purchase Agreement), other than, solely for the foregoing clause (a), any change, event, development or effect that results from, arises out of or is related to (i) general economic conditions (including changes in (A) financial or market conditions, (B) currency exchange rates, (C) prevailing interest rates or credit markets or (D) the price of commodities or raw materials used in the Purchased Business) (except to the extent the Purchased Business is materially disproportionately adversely affected by such conditions relative to other participants in industries in which the Purchased Business operates (in respect of the business conducted by them in such industries)), (ii) local, regional, national or international conditions in any of the industries or markets in which the Purchased Business is conducted (except to the extent the Purchased Business is materially disproportionately adversely affected by such conditions relative to other participants in industries in which the Purchased Business operates (in respect of the business conducted by them in such industries)), (iii) changes in Law, IFRS or other applicable accounting standards or the interpretation thereof, (iv) acts of God or other calamities, national or international political or social conditions, including the engagement by any country in hostilities, whether commenced before or after the effective date of the Purchase Agreement, and whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack (except to the extent the Purchased Business is materially disproportionately adversely affected by such conditions relative to other participants in industries in which the Purchased Business operates (in respect of the business conducted by them in such industries)), or (v) any actions taken, or failures to take action, at the written request of SPX, (vi) any failure to meet internal projections relating to the Purchased Business or changes in credit ratings (it being understood that the underlying causes of the failure to meet such projections shall be taken into account in determining whether a Material Adverse Effect has occurred, unless such causes are otherwise excepted under this paragraph) or (vii) the announcement or pendency, or the taking of any action expressly required by the Purchase Agreement and the other agreements contemplated hereby, including by reason of the identity of SPX or any communication by SPX regarding the plans or intentions of SPX with respect to the Purchased Business and including the impact of any of the foregoing on relationships with customers, suppliers, lenders, officers, employees or regulators and any suit, action or proceeding arising therefrom or in connection therewith;

**“MD&A”** means management discussion and analysis of the Company for the year ended December 31, 2017;

**“Meeting”** means a special meeting of Shareholders to be held at 250 Bay Street, Victoria, British Columbia V9A 3K5 at 8:30 a.m. (Pacific time), on January 22, 2019 to approve the Asset Sale Transaction Resolution;

**“Meeting Materials”** means the Notice, this Circular and accompanying Form of Proxy;

**“MI 61-101”** means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

**“NOBOs”** means those Non-Registered Shareholders who have not objected to their name and contact information being made known to the Company;

**“Non-Registered Shareholder”** means a Shareholder whose Carmanah Shares are not registered in their own name;

“**Notice**” means the notice of Meeting which accompanies this Circular;

“**OBOs**” means those Non-Registered Shareholders who have objected to their name and contact information being made known to the Company;

“**Ordinary Course of Business**” means the ordinary course of the Purchased Subsidiaries consistent with the past customs and practices of Carmanah Entities (including with respect to quantity and frequency); provided, that in no event shall “Ordinary Course of Business” include any breach of any Law or contract, or violation of any permit;

“**Outside Date**” has the meaning ascribed thereto in Section 8.4(b) of the Purchase Agreement;

“**Permit**” means any governmental permits, licenses, certificates, qualifications, registrations, approvals for their products, other approvals and other similar authorizations;

“**Person**” means any individual, corporation, limited liability company, partnership, trust or other entity;

“**Petition to Revive**” has the meaning ascribed thereto under the heading “*The Purchase Agreement – Covenants*” in this Circular;

“**Preliminary Purchase Price**” has the meaning ascribed thereto in Section 2.3(a) of the Purchase Agreement;

“**Protected Products**” means marine lighting solutions, LED aviation lighting (including, without limitation, approach lighting and apron lighting (whether solar or hybrid powered)), LED obstruction lighting (including, without limitation, self-contained obstruction marking lights for marking towers and other obstructions to aerial and ground navigation), devices enabling the remote monitoring of assets (except to the extent such assets are sold in products marketed by the Retained Business, consistent with past practice), or any other products of the same or similar type as those developed, manufactured, marketed or sold by the Purchased Business;

“**Proposed Agreement**” has the meaning ascribed thereto in Section 5.9(b) of the Purchase Agreement;

“**Purchase Agreement**” means the arrangement agreement dated December 12, 2018, entered into by the Company and SPX, among others, pursuant to which SPX will purchase a significant value of the Company that constitutes the sale of all or substantially all of the assets of the Company, a copy of which is available for viewing under the Company’s public filings on SEDAR ([www.sedar.com](http://www.sedar.com)), as such agreement may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof;

“**Purchase Price**” means an amount equal to US\$77,000,000 plus, (i) the amount (if any) by which the Final Net Working Capital (as defined in the Purchase Agreement) exceeds Target Working Capital (as defined in the Purchase Agreement) plus US\$50,000, minus (ii) the amount (if any) by which the Final Net Working Capital is less than Target Working Capital minus US\$50,000;

“**Purchased Assets**” means all Business Assets (other than any Purchased Equity) not held by a Purchased Subsidiary as of the Closing;

“**Purchased Business**” means (a) the Signals Business (as defined in the Purchase Agreement) for the marine, airfield and obstruction markets, (b) the means the business of designing and manufacturing devices to enable remote monitoring of assets and (c) all of the former, present or future businesses of Carmanah Entities, other than the Retained Business;

“**Purchased Equity**” has the meaning ascribed thereto in the *Statement of Purpose* of the Purchase Agreement;

“**Purchased Subsidiaries**” has the meaning ascribed thereto in under the heading “*Sale of a Significant Portion of the Assets*” in this Circular;

“**Record Date**” means the close of business (Pacific time) on December 14, 2018;

**“Registered Shareholder”** means a Shareholder whose Carmanah Shares are registered in their own name;

**“Representative”** means, with respect to any Person, each of such Person’s directors, officers, employees, representatives, attorneys, accountants, advisors and agents;

**“Required Business Finland Approval”** means any filings, consents or approvals by Business Finland pursuant to the general financing conditions of the Tekes De Minimis funding decision 9951/31/2016;

**“Retained Assets”** means (a) all Assets (other than IT Assets) constituting ownership interests in, or that are used or held for use in, the Retained Businesses but are not Assets used or held for use in the Purchased Business; (b) all cash (except to the extent taken into account in the calculation of the Closing Net Working Capital (as defined in the Purchase Agreement)); (c) all intercompany receivables, as of the Closing, for amounts due and owing solely from any Seller; (d) with respect to the Sellers, all Tax Losses (as defined in the Purchase Agreement) and Tax loss carry forwards and rights to receive refunds, credits and credit carry forwards with respect to any and all Taxes, to the extent attributable to a taxable period (or portion thereof) ending on or prior to the Closing Date, including interest thereon, whether or not the foregoing is derived from the Purchased Business; (e) any deposit or similar advance payment of the Sellers with respect to Taxes; (f) all current and prior insurance policies of the Sellers and all rights of any nature with respect thereto, including all insurance recoveries thereunder and rights to assert claims with respect to any such insurance recoveries; (g) all legal and beneficial interest in the share capital or equity interests of the Retained Subsidiaries; (h) all rights of the Sellers under the Purchase Agreement and any documents delivered or received in connection herewith; (i) all Retained IP; (j) all Assets in respect of any Retained Benefit Plan (as defined in the Purchase Agreement); and (k) all files (including all emails) relating to any Action included in the Retained Liabilities;

**“Retained Businesses”** means (a) the Signals Business for the traffic safety and offshore wind markets and (b) the Illumination Business;

**“Retained Liabilities”** means except in each case as otherwise expressly provided in this Agreement, any and all Liabilities, whether arising before, on or after the Closing Date, of the Sellers or its Affiliates or any of their respective predecessor companies or businesses, to the extent the same results from or arises out of the present, past or future operations or conduct of the Retained Businesses or the use or ownership by any Seller of the Retained Assets. “Retained Liabilities” shall also include the following: (i) all Liabilities assumed by, retained by or agreed to be performed by any Seller, including pursuant to the Transition Services Agreement; (ii) all Liabilities for Taxes for which any Seller is liable pursuant to applicable Law, except as provided otherwise in Article VII of the Purchase Agreement; (iii) all Liabilities in respect of Retained Benefit Plans (as defined in the Purchase Agreement); (iv) the Retained Environmental Liabilities (as defined in the Purchase Agreement); (v) all Liabilities of any Seller or any of its Affiliates for Indebtedness (as defined in the Purchase Agreement) or Transaction Expenses (as defined in the Purchase Agreement); (vi) all Liabilities with respect to equity or equity-based compensation issued by any Seller or its Affiliates or payments made in lieu of, or in satisfaction of, any such equity or equity-based compensation; (vii) all Liabilities related to Seller Transferred Employees (as defined in the Purchase Agreement); (viii) any Liabilities triggered in whole or in part by the termination of employment of any Employee or former Employee by any Seller prior to or upon Closing (including the employer portion of any related payroll Taxes and interest and penalties thereon); and (ix) except as included in Assumed Liabilities (as defined in the Purchase Agreement), any compensation owed to any Employee (as defined in the Purchase Agreement) or former Employee engaged in the Purchased Business pursuant to any severance, change of control, retention, bonus or similar arrangement (other than arrangements put in place by SPX or its Affiliates) payable in connection with the Asset Sale Transaction (including the employer portion of any related payroll Taxes and interest or penalties thereon);

**“Retained Operating Businesses”** has the meaning ascribed thereto under the heading “*Business Activities of the Company after the Asset Sale Transaction*” in this Circular;

**“Retained Subsidiaries”** has the meaning ascribed thereto in the *Statement of Purpose* in the Purchase Agreement;

**“SEDAR”** means the System for Electronic Document Analysis and Retrieval;

**“Seller”** and **“Sellers”** have the meaning set forth in the *Preamble* of the Purchase Agreement;

“**Seller Fundamental Representations**” means the representations and warranties in Section 3.1 (Organization), Section 3.2 (Authority Relative to this Agreement), Section 3.3 (Capitalization), Section 3.4(a) (Absence of Conflicts with Organizational Documents), Section 3.10 (Taxes), Section 3.17(a) (Title to Assets) and Section 3.18 (Brokers and Finders) of the Purchase Agreement;

“**Seller Indemnified Party**” has the meaning ascribed thereto in the *Preamble* of the Purchase Agreement;

“**Shareholder Approval**” means the prior approval of the Shareholders pursuant to Section 301 of the BCBCA;

“**Shareholders**” means holders of Carmanah Shares of the Company;

“**SPX**” means SPX Corporation;

“**Subsidiary**” of a Person means a corporation, partnership, joint venture, association, limited liability company or other entity of which such Person owns, directly or indirectly, more than 50% of the outstanding voting stock or other ownership interests. Unless otherwise specified herein, “Subsidiary” shall refer to a Subsidiary of Seller;

“**Superior Proposal**” means an Acquisition Proposal made after the date of the Purchase Agreement and prior to the date on which the Shareholder Approval has been obtained which is: (a) determined by the Board of the Company, acting in good faith, to be on terms which are more favorable from a financial point of view to the Company or the holders of Carmanah Shares, as the case may be, than the Transaction (taking into account all of the terms, conditions and aspects of such Acquisition Proposal and the Transaction, including any adjustment to the terms and conditions of the Transaction proposed by SPX pursuant to Section 5.9(d)); (b) not subject to any financing condition and which the funds or other consideration necessary for the consummation of the Acquisition Proposal have been demonstrated to be available to the satisfaction of the Board, acting in good faith (after having received the advice of its financial advisors in this regard) at the time and on the basis set out therein; (c) not subject to any due diligence and/or access condition; (d) determined by the Board, acting in good faith, is reasonably capable of completion without undue delay taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal and the Person making such Acquisition Proposal;

“**Support Agreements**” means the support agreements entered into between SPX and the Locked-up Shareholders;

“**Taxes**” or “**Tax**” means any taxes, charges, fees, levies, imposts, duties, or other assessments of a similar nature, including income, alternative or add-on minimum, gross receipts, profits, lease, service, service use, wage, wage withholding, employment, workers compensation, business occupation, occupation, premiums, environmental, estimated, excise, employment, sales, use, transfer, license, payroll, franchise, severance, stamp, occupation, windfall profits, withholding, social security, unemployment, disability, ad valorem, estimated, highway use, commercial rent, capital stock, paid up capital, recording, registration, property, real property gains, real estate, value added, business license, or custom duties, imposed or required to be withheld by any tax authority including Canada or British Columbia pension plan contributions, employment insurance premiums and all other taxes and similar governmental charges of any kind and any interest, additions to tax, or penalties applicable or related thereto;

“**Termination Fee**” has the meaning ascribed thereto under the heading “*The Purchase Agreement – Effects of Termination*” of this Circular;

“**Transaction Documents**” means the Purchase Agreement, the Local Purchase Agreements (as defined in the Purchase Agreement), the Transition Services Agreement, the Distribution Agreement (as defined in the Purchase Agreement), the Support Agreements and any other agreement, instrument or document executed and delivered pursuant to the Purchase Agreement;

“**Transferred Books and Records**” means the books and records of the Sellers or any of their respective Affiliates, including all computerized books and records, to the extent they relate to the Purchased Business, including (i) all such books and records to the extent relating to Transferred Employees (but excluding personnel records with respect to each Offer Employee), the purchase of materials, Taxes, supplies and services, the development, marketing, manufacture and sale of products by the Purchased Business or dealings with suppliers and customers of the Purchased

Business, (ii) all files relating to any Action included in the Assumed Liabilities and (iii) all emails relating to the Purchased Business and dated no earlier than the date that is one month prior to the date of the Purchase Agreement. Notwithstanding the foregoing, “Transferred Books and Records” shall not include information, documents or materials to the extent relating to or constituting any Retained Assets or Retained Liabilities;

“**Transferred Employee**” means all individuals employed by any Carmanah Entity who would have been within the definition of Employee but have ceased to be Employees and become employed by a Carmanah Entity in a capacity that is not as an Employee;

“**Transition Services Agreement**” means a Transition Services Agreement in substantially the form as attached to the Purchase Agreement as Exhibit E;

“**TSX**” means the Toronto Stock Exchange;

“**TSX-V**” means the TSX Venture Exchange; and

“**VIF**” means voting instruction form.

## SCHEDULE B

### ASSET SALE TRANSACTION RESOLUTION

#### RESOLUTION OF THE SHAREHOLDERS OF CARMANAH TECHNOLOGIES CORPORATION

##### BE IT RESOLVED THAT, BY SPECIAL RESOLUTION:

1. a divestiture of significant value that constitutes the sale (the “**Asset Sale Transaction**”) of all or substantially all of the assets of Carmanah Technologies Corporation (the “**Company**”), comprised of all of the issued and outstanding equity interests of each of Sabik Oy, a Finnish limited company, Sabik Oü, an Estonian private limited company, Sabik PTE Ltd., a Singaporean private limited company and Sabik Ltd., an United Kingdom private limited company, and their respective assets, the business and assets of the Company’s airfield ground lighting business and its aviation obstruction lighting business as well as some miscellaneous business assets that support the businesses to be sold (the “**Purchased Subsidiaries**”), pursuant to the purchase and sale agreement among the Company, SPX Corporation, the Purchased Subsidiaries and the Retained Subsidiaries (as defined in the Purchase Agreement) dated December 12, 2018 (the “**Purchase Agreement**”), all as more particularly described in the management information circular (the “**Circular**”) of the Company dated December 20, 2018, accompanying the notice of the meeting of shareholders of the Company, is hereby authorized, approved and adopted;
2. the Purchased Agreement, the actions of the directors of the Company in approving the Asset Sale Transaction and the actions of the officers of the Company in executing and delivering the Purchase Agreement and any amendments thereto are hereby ratified and approved;
3. notwithstanding that this resolution has been passed (and the Asset Sale Transaction adopted) by the shareholders of the Company, the directors of the Company are hereby authorized and empowered, without further notice to, or approval of, the shareholders of the Company:
  - (a) to amend the Purchase Agreement to the extent permitted by the Purchase Agreement; or
  - (b) subject to the terms of the Purchase Agreement, not to proceed with the Asset Sale Transaction;
4. any director or officer of the Company is hereby authorized and directed for and on behalf of the Company to execute and deliver any and all documents that are required to be filed under the *Business Corporations Act* (British Columbia) in connection with the Purchase Agreement;
5. any one or more directors or officers of the Company is hereby authorized, for and on behalf and in the name of the Company, to execute and deliver all such agreements, forms, waivers, notices, certificate, confirmations and other documents and instruments, and to do or cause to be done all such other acts and things, as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions and the Purchase Agreement in accordance with the terms of the Purchase Agreement, including:
  - (a) all actions required to be taken by or on behalf of the Company, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities;
  - (b) the signing of the certificates, consents and other documents or declarations required under the Purchase Agreement or otherwise to be entered into by the Company; and
  - (c) such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

## SCHEDULE C

### DISSENT RIGHTS AND PROCEDURES

Division 2 of Part 8 (sections 237 to 247) of the British Columbia *Business Corporations Act*, S.B.C. 2002, c.57

#### Definitions and application

**237 (1)** In this Division:

“**dissenter**” means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

“**notice shares**” means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

“**payout value**” means,

(a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,

(b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement,

(c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by a court order; or

(d) in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

(a) the court orders otherwise, or

(b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

#### Right to dissent

**238 (1)** A shareholder of a company, whether or not the shareholder’s shares carry the right to vote, is entitled to dissent as follows:

(a) under section 260, in respect of a resolution to alter the articles

(i) to alter restrictions on the powers of the company or on the business the company is permitted to carry on, or

(ii) without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company’s community purposes within the meaning of section 51.91;

- (b) under section 272, in respect of a resolution to adopt an amalgamation agreement;
- (c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;
- (d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- (e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;
- (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
- (g) in respect of any other resolution, if dissent is authorized by the resolution;
- (h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

- (a) prepare a separate notice of dissent under section 242 for
  - (i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and
  - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,
- (b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and
- (c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

- (a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and
- (b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

### **Waiver of right to dissent**

**239 (1)** A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

- (a) provide to the company a separate waiver for
  - (i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and
  - (ii) each other person who beneficially owns shares registered in the shareholder's name



and on whose behalf the shareholder is providing a waiver, and

(b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

(a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and

(b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

## **Notice of resolution**

**240 (1)** If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

(a) a copy of the resolution,

(b) a statement advising of the right to send a notice of dissent, and

- (c) if the resolution has passed, notification of that fact and the date on which it was passed.
- (4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

#### **Notice of court orders**

**241** If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

- (a) a copy of the entered order, and
- (b) a statement advising of the right to send a notice of dissent.

#### **Notice of dissent**

**242 (1)** A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,

- (a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,
- (b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or
- (c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of
  - (i) the date on which the shareholder learns that the resolution was passed, and
  - (ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company

- (a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or
- (b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company

- (a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or
- (b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

(a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;

(b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;

(c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and

(i) the name and address of the beneficial owner, and

(ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

### **Notice of intention to proceed**

**243 (1)** A company that receives a notice of dissent under section 242 from a dissenter must,

(a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of

(i) the date on which the company forms the intention to proceed, and

(ii) the date on which the notice of dissent was received, or

(b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

(2) A notice sent under subsection (1) (a) or (b) of this section must

(a) be dated not earlier than the date on which the notice is sent,

(b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and

(c) advise the dissenter of the manner in which dissent is to be completed under section 244.

### **Completion of dissent**

**244 (1)** A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the

dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,

- (a) a written statement that the dissenter requires the company to purchase all of the notice shares,
- (b) the certificates, if any, representing the notice shares, and
- (c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.

(2) The written statement referred to in subsection (1) (c) must

- (a) be signed by the beneficial owner on whose behalf dissent is being exercised, and
- (b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out
  - (i) the names of the registered owners of those other shares,
  - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
  - (iii) that dissent is being exercised in respect of all of those other shares.

(3) After the dissenter has complied with subsection (1),

- (a) the dissenter is deemed to have sold to the company the notice shares, and
- (b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.

(4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.

(5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

(6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

### **Payment for notice shares**

**245 (1)** A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

- (a) promptly pay that amount to the dissenter, or
- (b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company

may apply to the court and the court may

- (a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,

- (b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and

- (c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2)

(a) of this section, the company must

- (a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or

- (b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),

- (a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or

- (b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

- (a) the company is insolvent, or

- (b) the payment would render the company insolvent.

### **Loss of right to dissent**

**246** The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;

- (b) the resolution in respect of which the notice of dissent was sent does not pass;

- (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;

- (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement

and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;

(e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;

(f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;

(g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;

(h) the notice of dissent is withdrawn with the written consent of the company;

(i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

### **Shareholders entitled to return of shares and rights**

**247** If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

(a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,

(b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and

(c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

**SCHEDULE D**  
**FAIRNESS OPINION**  
**(See attached.)**

December 5, 2018

## Private and Confidential

Carmanah Technologies Corporation  
250 Bay Street  
Victoria, BC V9A 3K5

To the Board of Directors (the “Board”) of Carmanah Technologies Corporation (“Carmanah” or the “Company”):

Capital West Partners (“Capital West”) understands that Carmanah proposes to enter into a purchase agreement (the “Purchase Agreement”) with SPX Corporation (“SPX”) whereby SPX will agree to acquire certain assets of Carmanah and its subsidiaries (collectively, the “Purchased Assets”) (the “Proposed Transaction”).

We understand that pursuant to the Purchase Agreement:

- a) SPX will acquire the Purchased Assets from Carmanah for all-cash total consideration of US\$77,000,000 (the “Consideration”);
- b) The Purchased Assets include the following:
  - a. 100% of the issued and outstanding stock of the following entities within the Sabik Group of Companies (“Sabik”) that make up Carmanah’s marine division:
    - i. Sabik Oy;
    - ii. Sabik Ou;
    - iii. Sabik PTE Ltd;
    - iv. Sabik Ltd;but, excluding the issued and outstanding stock of Sabik Offshore GmbH and Sabik Offshore Ltd;
  - b. All operating assets of Carmanah’s airport ground lighting and obstruction businesses, including but not limited to intellectual property, customer contracts, inventory and accounts receivables;
  - c. All intellectual property related to Carmanah’s Lightguard operations; and
  - d. At least US\$1,000,000 worth of prepaid message credits from Globalstar.



- c) Concurrently with the execution and delivery of the Purchase Agreement, as a condition and inducement to the willingness of SPX to enter into the Purchase Agreement, certain shareholders of Carmanah will enter into voting and support agreements with SPX (**the “Voting Agreement”**) pursuant to which, among other things, such shareholders have agreed to vote their shares in favour of the Proposed Transaction;
- d) The completion of the Proposed Transaction will be conditional upon, among other things, approval by at least 66<sup>2</sup>/<sub>3</sub>% of the votes cast by the shareholders of Carmanah (**the “Shareholders”**) who are present in person or represented by proxy at the special meeting (**the “Special Meeting”**) of such Shareholders called to consider the Proposed Transaction pursuant to Section 301 of the *Business Corporations Act* (British Columbia); and
- e) The terms and conditions of the Proposed Transaction will be more fully described in a management information circular (**the “Circular”**) to be prepared by Carmanah and mailed to the Shareholders in connection with the Special Meeting.

The Board has retained Capital West to provide advice and assistance with respect to the Proposed Transaction, including the preparation and delivery by Capital West of an opinion (**the “Opinion”**) as to the fairness, from a financial point of view, of the Consideration to be received by Carmanah, pursuant to the Purchase Agreement.

Capital West has not been engaged to prepare and has not prepared a formal valuation of Carmanah or any of the securities or assets thereof and our Opinion should not be construed as a “formal valuation” (within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”)).

## CREDENTIALS OF CAPITAL WEST

Capital West is an independent Canadian investment banking firm specializing in corporate finance and advisory services to corporations and governments. Capital West and its principals have prepared numerous valuations and fairness opinions and have provided advisory services in a significant number of transactions involving Canadian private and publicly traded companies.

The Opinion expressed herein represents the opinion of Capital West and its form and content have been approved for release by senior investment banking professionals of Capital West, each of whom are experienced in merger, acquisition, divestiture and fairness opinion matters.

## ENGAGEMENT OF CAPITAL WEST

By letter agreement dated November 6, 2018 (**the “Engagement Agreement”**) the Company formally retained Capital West (**the “Engagement”**) to act as financial advisor to Carmanah and the Board in connection with the Proposed Transaction and, if requested, to provide the Opinion. Pursuant to the Engagement Agreement, and in connection with the Proposed Transaction, the Board has requested that Capital West prepare and deliver the Opinion.

The terms of the Engagement Agreement provide that Capital West be paid fees for its services as financial advisor, including a fixed fee upon delivery of the Opinion. There are no fees payable to Capital West under the Engagement Agreement that are contingent upon the conclusion reached by Capital West, or upon the successful completion of the Proposed Transaction or any other transaction. In addition, Capital West is to be reimbursed for its

reasonable out-of-pocket expenses and Carmanah has agreed to indemnify Capital West in certain circumstances.

Subject to the terms of the Engagement, Capital West consents to the inclusion of the Opinion, in its entirety, together with summaries thereof in a form acceptable to Capital West in the Circular and to the filing thereof, as necessary, by Carmanah with the Canadian securities regulatory authorities or similar regulatory authorities in each province of Canada. Capital West understands that the Circular will be available to the public through the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR") website. In addition, pursuant to applicable securities law, copies of the Opinion may be filed with the Canadian securities regulatory authorities.

## INDEPENDENCE OF CAPITAL WEST

None of Capital West, its associates or affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (British Columbia)) of Carmanah, SPX, or any of their respective associates or affiliates. Capital West has not provided any financial advisory services or participated in any financing involving Carmanah, SPX, or any of their respective associates or affiliates during the 24 months preceding the date Capital West was first contacted regarding the Proposed Transaction, other than the services provided under the Engagement.

There are no understandings, agreements or commitments between Capital West, Carmanah or SPX with respect to any future business dealings. Capital West may, in the future, in the ordinary course of its business, perform financial advisory or investment banking services for Carmanah or SPX.

## SCOPE OF REVIEW

In connection with this Opinion, Capital West has reviewed and relied upon (without verifying or attempting to verify independently the completeness or accuracy thereof) or carried out, among other things, the following:

1. A non-binding letter of intent between Carmanah and SPX dated October 19, 2018;
2. A draft of the Purchase Agreement provided to Capital West on November 29, 2018;
3. A draft of the Voting Agreement provided to Capital West on December 3, 2018;
4. The audited consolidated financial statements and management discussion and analysis of Carmanah for each of the fiscal years ended December 31, 2014 to 2017;
5. The unaudited, condensed interim consolidated financial statements and management discussion and analysis of Carmanah for each of the fiscal quarters ended September 30, 2018, June 30, 2018, March 31, 2018, September 30, 2017, June 30, 2017 and March 31, 2017;
6. Annual reports of Carmanah for the fiscal years ended December 31, 2014 to 2017;
7. The annual information form of Carmanah for the fiscal year ended December 31, 2017;
8. The notice of annual general meeting and management information circular of Carmanah for the fiscal year ended December 31, 2017;
9. Corporate presentation of Carmanah;
10. Press releases for Carmanah for the prior two years;

11. Certain internal financial, operational, corporate and other information concerning Carmanah and the Purchased Assets prepared or provided by management of Carmanah relating to the business, operations and financial condition of Carmanah and the Purchased Assets;
12. Analysis, financial and other information related to the Proposed Transaction prepared by management and Capital West;
13. Certain other publicly available information relating to the business, operations, financial performance, stock trading history and valuation multiples of Carmanah and other select public companies considered by Capital West to be relevant;
14. Public information with respect to select transactions of a comparable nature considered by Capital West to be relevant;
15. Selected reports published by equity research analysts and industry sources regarding Carmanah and other public companies to the extent considered by Capital West to be relevant;
16. Discussions and meetings with senior officers of Carmanah regarding among other things, the historical, current and future prospects of Carmanah;
17. Discussions with legal counsel to Carmanah with respect to various legal matters related to the Proposed Transaction and others matters considered by Capital West to be relevant;
18. Discussions and meetings with the Board of Carmanah; and
19. Representations contained in certificates addressed to Capital West, dated December 5, 2018 executed by senior officers of Carmanah, that, among other things, the information provided to us in respect of the Opinion is true, correct, and complete and that no material information has been withheld which might reasonably affect the Opinion.

Capital West also conducted such other analysis, investigations and research as we considered appropriate in the circumstances. Capital West has not, to the best of its knowledge, been denied access by Carmanah to any information that it requested.

## **PRIOR VALUATIONS**

Carmanah has represented to Capital West that, to the best of its knowledge, there have been no prior valuations (as defined by MI 61-101) of Carmanah nor any material property or asset valuations of Carmanah in the 24 months preceding the date of this letter except for a calculation valuation report related to the intangible assets of Carmanah's marine division dated January 5, 2018 and a purchase price allocation estimate valuation report of Vega Industries Limited dated February 2, 2018.

## **ASSUMPTIONS AND LIMITATIONS**

Capital West has relied upon and assumed the completeness, accuracy, and fair presentation of all of the financial and other information, data, advice, opinions, and representations obtained by it from public sources and provided to it by Carmanah, or otherwise pursuant to the Engagement. Subject to the exercise of professional judgement and except as expressly described herein, Capital West has not attempted to verify independently the accuracy or completeness of any such information, representations, or warranties. Carmanah represented to Capital West, as at the date hereof, among other things, that the information, data and other

material (financial or otherwise) (the “Information”) provided to Capital West by Carmanah for the purpose of the Engagement was, at the date the Information was provided to Capital West, complete, true and correct in all material respects and that, since the dates on which the Information was provided to Capital West, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Carmanah or any of its respective subsidiaries and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on Carmanah which has not been disclosed to Capital West.

In preparing the Opinion, Capital West has made several assumptions, including that all of the conditions required to implement the Proposed Transaction will be met and that the disclosure provided or incorporated by reference in any public filing in relation to the Proposed Transaction with respect to Carmanah or any of its affiliates will be accurate in all material respects as at the date of each filing.

In preparing the Opinion, Capital West has made several other assumptions, including that the Opinion is rendered on the basis of securities markets, economic and general business and financial conditions prevailing as at the date hereof, and the conditions and prospects, financial and otherwise, of Carmanah as they were reflected in the Information reviewed by Capital West and as they were represented to by senior management of Carmanah. The comments and conclusion of Capital West can only be taken in the context of the Proposed Transaction.

This Opinion has been prepared based upon approaches and assumptions that Capital West considers appropriate in the circumstances. The analyses of Capital West must be considered as a whole; selecting portions of the analyses and the factors considered by Capital West, without considering all factors and analyses in connection with the preparation of this Opinion, could create a misleading view of the process underlying this Opinion. The preparation of a fairness opinion is a complex process and is not amenable to partial analysis or summary description.

With respect to financial and operating forecasts, projections, estimates and/or budgets provided to Capital West and used in the analyses supporting the Opinion, Capital West has noted that projecting future results of any company is inherently subject to uncertainty. Capital West has assumed that such forecasts, projections, estimates and/or budgets were reasonably prepared consistent with industry practice on a basis reflecting the best currently available assumptions, estimates and judgments of senior management of Carmanah as to the future financial performance of Carmanah and the Purchased Assets, respectively, and are (or were at the time and continue to be) reasonable in the circumstances. In rendering the Opinion, Capital West expresses no view as to the reasonableness of such forecasts, projections, estimates and/or budgets or the assumptions on which they are based.

The Opinion is rendered as of the date hereof and is for the exclusive use of the Board in its consideration of the Proposed Transaction and may not be used by any other persons or for any other purpose without the prior written consent of Capital West. Notwithstanding the foregoing, Capital West has consented to the inclusion of the Opinion in the Circular. The Opinion is not meant to be and should not be construed as a recommendation to the Shareholders concerning the Proposed Transaction.

## FAIRNESS METHODOLOGIES

In support of this Opinion, Capital West has performed certain financial analyses with respect to the Purchased Assets and Carmanah, based on those methodologies and assumptions that Capital West considered appropriate in the circumstances for the purposes of providing this Opinion. In the context of this Opinion, Capital West has considered, among others, the following methodologies:

- a) Discounted cash flow approach, including sensitivity to selected assumptions;
- b) Comparable trading approach;
- c) Precedent transactions approach; and
- d) Other considerations, including but not limited to recent market prices and historical trading of Carmanah.

### Discounted Cash Flow (“DCF”) Approach

In valuing the Purchased Assets, Capital West utilized a DCF analysis whereby we discounted the future, unlevered after-tax free cash flows of the Purchased Assets at a prescribed discount rate to generate present values. A five-year projection of the free cash flows was utilized and included an assessment of a terminal value. All forecasts of free cash flow were based on operating estimates provided by both the Company or analyst estimates and Capital West’s assessment thereof in the exercise of professional judgement.

Use of a DCF analysis requires that certain assumptions be made in order to develop the projected free cash flows. Capital West performed a range of sensitivity analysis on a variety of the assumptions including, but not limited to: revenue growth rates, discount rates and terminal value multiples.

### Comparable Trading Approach

Capital West reviewed public market trading and other statistics of select public companies in the solar technology, LED lighting and industrial and capital goods sectors that we considered relevant. We considered implied valuation multiples based on Enterprise Value (as defined below) to EBITDA (earnings before interest, tax, depreciation and amortization) where available, with enterprise value being calculated as equity value plus debt, less cash and cash equivalents (“**Enterprise Value**”) for each of the selected companies. We also considered implied valuation multiples based on Enterprise Value to revenues, trading liquidity and research coverage for each of the selected companies, as appropriate.

Estimated financial data for the selected comparable companies was based on publicly available equity research analysts’ estimates and public disclosure by the selected companies. Capital West identified a range of select peer trading multiples for the factors identified above for comparison to the relevant multiples and metrics implied by the Consideration for the Purchased Assets, as applicable.

## Precedent Transactions Approach

Capital West reviewed publicly available information on merger and acquisition transactions for companies in the solar technology, LED lighting and industrial and capital goods sectors that we considered relevant. Capital West considered these transactions based upon the implied multiples of Enterprise Value to EBITDA and Enterprise Value to revenues and then applied a range of selected multiples based upon these transactions to the corresponding data of the Purchased Assets.

## FAIRNESS CONSIDERATIONS

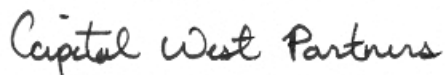
In assessing the fairness of the Consideration to be received by Carmanah pursuant to the Purchase Agreement, from a financial point of view, Capital West considered a number of quantitative and qualitative factors including, but not limited to:

- (a) The implied valuation of the Purchased Assets derived from the DCF analysis and associated sensitivity analysis as compared to the Consideration;
- (b) The implied valuation of the Purchased Assets as compared to a range of the implied valuations for select public companies;
- (c) The implied valuation of the Purchased Assets as compared to a range of the implied valuations for select precedent transactions;
- (d) Equity research and analyst estimates and target prices and the recent historical market trading prices and volume of Carmanah's shares; and
- (e) Other qualitative and quantitative factors, which we have judged, based on our experience in rendering such opinions, to be relevant.

## CONCLUSION

Based upon and subject to the foregoing and such other matters as we considered relevant, Capital West is of the opinion that, as of the date hereof, the Consideration to be received by Carmanah pursuant to the Purchase Agreement is fair, from a financial point of view, to Carmanah.

Yours truly,



CAPITAL WEST PARTNERS