



68 Moss Street  
Slacks Creek, QLD 4127

23 October 2017

The Manager  
Company Announcements Office  
Australian Securities Exchange  
20 Bridge Street  
Sydney NSW 2000

Dear Sir/ Madam

**MotorCycle Holdings Limited (ASX: MTO) – Notice of 2017 Annual General Meeting**

The 2017 Annual General Meeting for MotorCycle Holdings Limited will be held on Friday, 24 November 2017 at 11 am (Brisbane time) at the offices of Morgans, Level 29, Riverside Centre, 123 Eagle Street Brisbane, Queensland, 4000.

The attached Notice of Meeting, Explanatory Notes and Proxy Form have been mailed to shareholders today. These documents, together with the 2017 Annual Report (lodged with ASX on 30 August 2017) are also available on the Company's website: [www.mcholdings.com.au](http://www.mcholdings.com.au)

Yours faithfully  
**MotorCycle Holdings Limited**

A handwritten signature in blue ink that reads "Lisa Dalton".

Lisa Dalton  
Company Secretary



# MotorCycle Holdings Limited

ACN 150 386 995

## Notice of 2017 Annual General Meeting and Explanatory Notes

<b>Time of Meeting:</b>	11.00 am (Brisbane time)
<b>Date of Meeting:</b>	Friday, 24 November 2017
<b>Place of Meeting:</b>	Morgans Level 29, Riverside Centre 123 Eagle Street Brisbane Queensland 4000

## Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Shareholders of MotorCycle Holdings Limited, ACN 150 386 995, (the **Company**) will be held at **11am (Brisbane time) on Friday, 24 November 2017**, at Morgans, Level 29 Riverside Centre, 123 Eagle Street, Brisbane, Queensland, 4000

If you are unable to attend the meeting, we encourage you to complete and return the enclosed Proxy Form by no later than 11.00 am (Brisbane time) on Wednesday 22 November 2017. Information to assist Shareholders to complete the Proxy Form and details of where to send the completed Proxy Form can be found on page 4 of the Notice under the heading "How to Appoint a Proxy".

The accompanying Explanatory Notes provide information about the Resolutions, voting, a summary of important information and Defined Terms (page 19) and form part of this Notice and should be read in conjunction with it.

The Directors recommend that Shareholders read the Notice of Meeting and the Explanatory Notes in full before making any decision in relation to the Resolutions.

## PART A: Ordinary Business

### Annual Financial Report and Directors' and Auditor's Report

To receive and consider the Company's 2017 Annual Report comprising the Directors' Report and Auditor's Report, Directors' Declaration, Consolidated Statement of Profit and Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements for the Company and its controlled entities for the financial year ended 30 June 2017.

### Resolution 1: Remuneration Report

To consider and, if thought fit, pass the following as a resolution in accordance with Section 250R (2) Corporations Act:

*"That the Remuneration Report for the year ended 30 June 2017 (as set out in the Directors' Report), be adopted."*

### Resolution 2: Election of Peter Henley as a Director

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

*"That **Peter Henley**, having been appointed by the Board to fill a casual vacancy and who retires in accordance with Rule 10.7 of the Constitution, and being eligible, be elected as a Director of the Company"*

### Resolution 3: Election of Robert Cassen as a Director

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

*"That **Robert Cassen**, be elected as a Director of the Company from either the date of the Annual General Meeting or completion of the acquisition of Cassons Pty Limited ACN 000 651 525 (whichever occurs later)"*

## PART B: Long Term Incentive Plan Resolutions

### Resolution 4: Approval of Long Term Incentive Plan

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

*"That the Company's Long Term Incentive Plan (the terms of which are summarised in the Explanatory Notes accompanying this Notice of Annual General Meeting), the grant of Performance Rights under the Long Term Incentive Plan and the resulting issue of Shares under the Long Term Incentive Plan, be approved for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes."*

### Resolution 5: Approval of Potential Termination Benefits Under Long Term Incentive Plan

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

*"That approval be given for all purposes (including Part 2D.2 of the Corporations Act and ASX Listing Rule 10.19) for the giving of benefits to any current or future person holding a managerial or executive office in the Company or a related body corporate in connection with the person ceasing to hold that managerial or executive office."*

**Resolution 6: Approval of Participation of David Ahmet in Long Term Incentive Plan**

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

*“That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to grant 86,905 Performance Rights to Mr David Ahmet (or his nominee/s), and to issue or transfer ordinary shares in the Company to Mr Ahmet (or his nominee/s) on the terms and conditions set out in the Company’s Long Term Incentive Plan and the Explanatory Notes attached to this Notice of Annual General Meeting”.*

**PART C: Acquisition Resolutions****Resolution 7: Approval to issue shares under Sale and Purchase Deed**

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

*“That, for the purposes of ASX Listing Rule 7.1 or 7.4 (as relevant) and all other purposes, Shareholders approve or ratify the issue and allotment of 6,363,638 ordinary shares issued pursuant to ASX Listing Rule 7.1 on the terms and conditions set out in the Explanatory Notes attached to this Notice of Annual General Meeting.”*

**Resolution 8: Approval of financial assistance in connection with the acquisition of Cassons Pty Limited and subsidiary**

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

*“That for the purposes of section 260B(2) of the Corporations Act, the giving of financial assistance by Cassons Pty Limited ACN 000 651 525 (**Cassons**) and its wholly owned subsidiary Motor Cycle Accessories Supermarket Pty Limited ACN 001 291 096 in relation to the acquisition by Motorcycle Holdings Operations Pty Ltd ACN 150 970 344, a wholly owned subsidiary of the Company, of all of the shares in Cassons, be authorised and approved. “*

**PART D: General Business**

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

**Voting exclusion statement**

In accordance with the Listing Rules and the Corporations Act, the Company will disregard any votes cast on each resolution (as applicable) by certain persons identified as being excluded from voting on that resolution.

Terms used below are defined in the “Interpretation” section of the accompanying Explanatory Notes.

The Company will disregard any votes cast on:

- **Resolution 1: Adoption of Remuneration Report**, by any member of the Key Management Personnel or any Closely Related Party of such a member
- **Resolution 4: Approval of Long Term Incentive Plan and Resolution 6: Approval of Participation of David Ahmet in Long Term Incentive Plan**, by David Ahmet or any of his Associates and, if the vote is cast under an appointment as a proxy (subject to the exceptions below), any member of the Key Management Personnel or any Closely Related Party of such a member.
- **Resolution 5: Approval of Potential Termination Benefits under the Company’s Long Term Incentive Plan**, by shareholders who are officers or employees of the Company or any subsidiaries of the Company (except those who are ineligible to participate in the LTI Plan) and their associates; and by any person appointed as a proxy, (subject to the exceptions below), where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.
- **Resolution 7: Approval to issue shares under Sale and Purchase Deed**, by Freda Cassen or Blanche Cassen or any of their Associates, or any person who might obtain a benefit (except a benefit solely in the capacity as a holder of ordinary securities) if the resolution is passed.

However, the Company may not disregard a vote cast if it is cast:

- By a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- By the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction of the proxy form to vote as the proxy decides, even if the resolution is connected directly or indirectly with the remuneration of Key Management Personnel.

## Important Information

### How to vote

You may vote at the meeting by attending the Meeting, by person or by proxy.

To vote in person you must attend the Meeting to be held at **Morgans, Level 29 Riverside Centre, 123 Eagle Street, Brisbane, Queensland, 4000, at 11am (Brisbane time) on Friday, 24 November 2017.**

- If you wish to vote by proxy, your proxy form must be received by the Company no later than 11.00 am **(Brisbane time)** on Wednesday 22 November 2017. Any proxy form received after that time will not be valid for the scheduled Meeting. Proxy forms can be lodged by:
  - Posting it to GPO Box 242, Melbourne VIC 3001 Australia
  - Lodging it online at Computershare's website **www.investorvote.com.au** and logging in using the control number found on the front of your accompanying proxy form, or scanning the QR code on the front of the accompanying Proxy Form with your mobile device and inserting your postcode: **Note: You will be taken to have signed your proxy form if you lodge it in accordance with the instructions on the website.**
  - Faxing it to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).
  - Intermediary Online subscribers (Institutions/Custodians) may lodge their proxy instruction online by visiting **www.intermediaryonline.com**

### Entitlement to vote

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of Shareholders as at 7.00pm **(Brisbane time)** on Wednesday, 22 November 2017. Accordingly, transactions registered after that time will be disregarded in determining a Shareholder's entitlement to attend and vote at the Meeting.

### How to Appoint a Proxy

The **enclosed** proxy form provides further details on appointing proxies and lodging proxy forms:

- (a) a Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a Shareholder of the Company;
- (c) a Shareholder may appoint a body corporate or an individual as its proxy;
- (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- (e) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, a certificate of the appointment of corporate representative should be completed and lodged in the manner specified below.

If proxy holders vote on a poll, they must vote all directed proxies as directed. Any directed proxies which are not voted on a poll will automatically default to the person chairing the Meeting, who must vote the proxies as directed

Proxy forms must be lodged by **11.00am (Brisbane time) on Wednesday 22 November 2017.** The Chair intends to vote all undirected proxies in favour of the resolutions.

#### **Important Information on appointing a Proxy for Resolution 1, 4, 5 & 6**

The Corporations Act places certain restrictions on the ability of KMP (including the person chairing the Meeting) and their CRP to vote on resolutions 1, 4, 5 & 6 including where they are voting as proxy for another Shareholder.

To ensure that your votes are counted, you are encouraged to direct your proxy as to how to vote on resolutions 1, 4, 5 & 6 by indicating your preference by completing any of the 'For', 'Against' or 'Abstain' boxes on the proxy form.

The Chair of the Meeting intends to vote all undirected proxies in favour of resolutions 1, 4, 5 & 6.

If you appoint the Chair of the Meeting as your proxy but you do not direct the Chair how to vote in respect of resolutions 1, 4, 5 & 6, you will be directing the Chair to vote in favour of the resolutions and the Chair will vote in this way, even though the resolution is in connection with the remuneration of KMP.

**Corporate representatives**

Any:

- a) corporate Shareholder; or
- b) corporate proxy appointed by a Shareholder,

that has appointed an individual to act as its corporate representative at the Annual General Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative.

The authority may be sent to the Company or its share registry, Computershare, in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative.

An Appointment of Corporate Representative form is available by contacting the Company's share registry:

**Computershare Investor Services Pty Limited**

Phone: 1800 850 505 (within Australia),

Phone: +61 3 9415 4000 (outside Australia).

**Questions on how to cast your votes**

If you have any queries on how to cast your votes, please call the Company's share registry:

**Computershare Investor Services Pty Limited**

Phone: 1800 850 505 (within Australia),

Phone: +61 3 9415 4000 (outside Australia).

**Questions about MotorCycle Holdings Limited**

Shareholders may direct questions during the meeting to the Chairman about the operations and management of MotorCycle Holdings Limited.

In addition, a question form has been included with this Notice of Meeting to make it easier for Shareholders to submit written questions. Please submit written questions by no later than **5pm (Brisbane time) on Friday, 17 November 2017** to the Company Secretary by post or email at the address below:

**Written Questions to the Company****To be submitted by:**

Time: 5.00 pm (Brisbane Time)

Date: Friday, 17 November 2017

**By Post:**

Ms Nicole Spink (Assistant Company Secretary)  
MotorCycle Holdings Limited  
68 Moss Street, Springwood  
Queensland 4127

**By Email:** [nicole@mcholdings.com.au](mailto:nicole@mcholdings.com.au)

**After the Meeting**

After the meeting, all Shareholders are invited to join the Directors and Management for light refreshments.

**By order of the Board**


**Lisa Dalton**

Company Secretary

18 October 2017

## Explanatory Notes

This Explanatory Notes are provided to Shareholders of the Company to explain the Resolutions to be put to Shareholders at the Annual General Meeting of MotorCycle Holdings Limited to be held at **Morgans, Level 29 Riverside Centre, 123 Eagle Street, Brisbane, Queensland, 4000 at 11am (Brisbane time) on Friday, 24 November 2017.**

The Directors recommend that Shareholders read the accompanying Notice of Meeting and this Explanatory Notes in full before making any decision in relation to the resolutions.

Terms used in this Explanatory Notes are defined on page 19 of this document.

### Information pertaining to the Items of Business

#### PART A: ORDINARY BUSINESS

#### ANNUAL FINANCIAL REPORT AND DIRECTORS' AND AUDITOR'S REPORT

The Company's Annual Report comprising the Directors' Report and Auditor's Report, Directors' Declaration, Consolidated Statement of Profit and Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial report for the Company and its controlled entities for the financial year ended 30 June 2017 were released to ASX Limited on 30 August 2017.

The Company's Annual Report is placed before the Shareholders for discussion.

No voting is required for this resolution.

#### If you have a question for the Company's Auditor Before the Annual General Meeting

As a Shareholder, you may submit a written question to the Auditor prior to the Meeting provided that the question relates to:

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

All questions must be sent to the Assistant Company Secretary and may not be sent to the Auditor. The Company will then forward all questions to the Auditor.

#### Written Questions to the Auditor

##### **To be submitted by:**

Time: 5pm Brisbane time

Date: Friday, 17<sup>th</sup> November, 2017

Ms Nicole Spinks (Assistant Company Secretary)

MotorCycle Holdings Limited

68 Moss Street, Springwood

Queensland 4127

**By Email:** [nicole@mcholdings.com.au](mailto:nicole@mcholdings.com.au)

#### If you have a question for the Company's Auditor at the Meeting

The Auditor will be attending the Annual General Meeting and will answer written questions submitted prior to the Meeting.

The Auditor will also be available to answer questions from Shareholders relevant to:

- the conduct of the audit;
- the preparation and content of the Auditor's Report;
- the accounting policies adopted by the Company in relation to the preparation of the Financial Statements; and
- the independence of the Auditor in relation to the conduct of the audit.

#### RESOLUTION 1: REMUNERATION REPORT

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding advisory resolution.

The Remuneration Report is in the Directors' Report and set out on pages 7-12 of the Annual Financial Report for the period ended 30 June 2017.

The 2017 Annual Report is available on the Company's website [www.mcholdings.com.au](http://www.mcholdings.com.au)

The Remuneration Report:

- Explains the Board's policy for determining the nature and amount of remuneration of executives of the Company including the Managing Director; and
- Sets out remuneration details for each Director and the other Key Management Personnel of the Company.

Shareholders will be given a reasonable opportunity at the Meeting to ask questions about, and make comments on, the Remuneration Report and the Company's remuneration arrangements.

The Board believes that the Company's remuneration arrangements, as set out in the Remuneration Report, are fair, reasonable and appropriate and support achievement of the strategic objectives of the Company.


**Directors' recommendation:**

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report.

*Note to Shareholders: A vote on this resolution is advisory only and does not bind the Directors.*

## RESOLUTION 2: ELECTION OF PETER HENLEY AS A DIRECTOR

Mr Peter Henley was appointed as a Director by the Board on 1 March 2017 In accordance with Rule 10.7 of the Company's Constitution, Mr Henley retires at the end of the Annual General Meeting and being eligible, presents himself for election by Shareholders.

<p><b>Peter Henley</b></p>  <p><i>Appointed 1 March 2017</i></p> <p><i>Member Audit and Risk Committee</i> <i>Member Nomination and Remuneration Committee</i></p>	<p>Peter Henley, FAIM, MAICD, has a long and distinguished career in financial services and in particular consumer and commercial finance. Mr. Henley previously held senior management positions at AGC Limited, CEO of Nissan Finance Corp Ltd and CEO of GE Money in Australia and in South East Asia. Since retiring from executive roles in October 2006, Mr. Henley has been an Independent Non-Executive Director of Adtrans Group Ltd, MTA Insurance Ltd, Thorn Group Ltd and more recently APEagers Ltd where he has served on the Audit and Risk committees since 2006.</p> <p>Mr. Henley is a Fellow of the Australian Institute of Management and a Member of the Australian Institute for Company Directors.</p>
Current directorships of other listed entities	Nil
Directorships of listed entities over last 3 years	AP Eagers Limited
Bankruptcy and Criminal History Search	Nil to Report

**Directors' recommendation:**


The Directors, with Peter Henley abstaining, recommend that you vote in favour of this ordinary resolution to elect Peter Henley as a Director.

## RESOLUTION 3: ELECTION OF ROBERT CASSEN AS A DIRECTOR

Mr Robert Cassen will be appointed as a Director by the Board on completion of the acquisition of Cassons Pty Ltd which is currently expected to be on or around 31 October 2017 (see the Explanatory Notes for Resolution 7 below for further information). Assuming he is appointed prior to the date of the Annual General Meeting, Mr Cassen will retire at the end of the Annual General Meeting in accordance with Rule 10.7 of the Company's Constitution and being eligible, will present himself for election by Shareholders.



It is possible that the Acquisition will not occur until after the date of the Annual General Meeting, in which case Mr Cassen will be appointed as a Director at that later date.

<p><b>Robert Cassen</b></p>  <p><i>Appointment expected 31 October 2017</i></p>	<p>Rob Cassen has 33 years' experience in the motorcycle industry. He successfully built one of Australia's largest motorcycle and bicycle clothing and accessory distribution companies. Mr. Cassen has developed strong supplier relationships with major international and world leading brands and manufacturers and has created one of the market leading private label brands in Australia.</p> <p>Mr. Cassen currently manages the sales, marketing, admin and logistics teams at Cassons.</p>
Current directorships of other listed entities	Nil
Directorships of listed entities over last 3 years	Nil
Bankruptcy and Criminal History Search	Nil to Report

**Directors' recommendation:**

The Directors' recommend that you vote in favour of this ordinary resolution to elect Robert Cassen as a Director. Assuming Mr Cassen is appointed by the date of the Annual General Meeting, he will make no recommendation in relation to this resolution.

## PART B: LONG TERM INCENTIVE PLAN RESOLUTIONS

### RESOLUTION 4: APPROVAL OF LONG TERM INCENTIVE PLAN

#### 1. Background

This Resolution seeks shareholder approval for the implementation of a Long Term Incentive Plan (LTI Plan) for the MTO Group.

The Board recognises the need to adequately incentivise and remunerate staff and believes that an appropriately designed Long Term Incentive Plan would align employees' interests with that of shareholders

The LTI Plan is designed to:

- (a) align employee incentives with Shareholders' interests;
- (b) encourage broad based share ownership by employees; and
- (c) assist employee attraction and retention.

Shareholder approval is sought under ASX Listing Rule 7.2 (Exception 9(b)) for the Company's LTI Plan and the issue of securities under the LTI Plan (and for all other purposes).

ASX Listing Rule 7.1 restricts (in certain circumstances) the issue of securities in any 12-month period to 15% of issued shares without shareholder approval. By obtaining approval of the LTI Plan and the issue of securities under that plan for the purposes of ASX Listing Rule 7.2 (Exception 9(b)), any securities issued under the LTI Plan will be excluded from the 15% limit in ASX Listing Rule 7.1. The benefits of this approval under ASX Listing Rule 7.2 (Exception 9(b)) survives for three years from the date that the resolution is passed.

#### 2. Summary of the key terms of the Company's LTI Plan

The key terms of the Company's LTI Plan are set out below:

- (a) **Eligibility:** The Board may from time to time, invite eligible employees, Directors or contractors of the Company (or its subsidiaries), to participate in the LTI Plan (**Eligible Participants**).
- (b) **Instruments:** The Company may issue performance rights and/or options (each an **Award**) to one or more Eligible Participants under the LTI Plan. A performance right is a conditional right which, upon the satisfaction or waiver of the relevant vesting conditions and exercise conditions and, if required by the Company, the exercise of that right, entitles its holder to receive one ordinary share in the Company. An option is a right which, upon the satisfaction or waiver of the relevant vesting conditions and exercise conditions and the exercise of that option, entitles its holder to receive one ordinary share in the Company.
- (c) **Offers:** The Board may, from time to time, at its absolute discretion, determine the number and value of any Awards to be granted under the LTI Plan. Without limiting its discretion, the Board may also determine the vesting conditions, exercise conditions and any other terms applicable to a particular grant of Awards (for example, for an option, the exercise price (if any), the exercise conditions and the exercise period) in an invitation to an Eligible Participant.

Notwithstanding the foregoing, it is the intention of the Board that all issues of shares under the LTI Plan will be in accordance with the issue limits set out in ASIC Class Order 14/1000.

- (d) **Vesting Conditions:** The Awards will be subject to the vesting conditions as determined by the Board at the time of offer. The Board may in its discretion determine that any unvested Awards will become vested and may be exercised in any period, whether or not any or all of the applicable vesting conditions (and exercise conditions if any) have been satisfied, including if an Eligible Participant becomes a leaver in certain circumstances (for example, ceases to be an Eligible Participant due to death or incapacity) or there is a change of control of the Company.
- (d) **Exercise Conditions:** The Awards may be subject to exercise conditions as determined by the Board at the time of offer. The Board may in its discretion waive any or all of the applicable exercise conditions notwithstanding that those exercise conditions may not have been (or are not capable of being) satisfied.
- (e) **Fulfilment of vested Awards:** The Company will fulfil vested Awards by issuing, allocating or causing to be transferred to the Eligible Participant the number of ordinary shares in the Company to which they are entitled. The Board retains a discretion to fulfil vested Awards by paying an Eligible Participant a cash amount equal to the then value of the shares that the Eligible Participant is otherwise entitled to. Where considered appropriate by the Board, the Company may offer to the holders of Awards a cashless exercise mechanism.
- (f) **Disposal restrictions:** An Award cannot be transferred, disposed of or dealt with by an Eligible Participant, without the prior approval of the Board or the relevant dealing is effected by force of law on death or legal incapacity of the Eligible Participant. In addition, shares delivered under the LTI Plan may be subject to disposal restrictions determined by the Board. For the avoidance of doubt, the Eligible Participant must comply with the Company's securities trading policy at all times.
- (g) **Forfeiture:** Unless otherwise determined by the Board, a participant's Awards will be forfeited in the circumstances set out in the rules of the LTI Plan, including where:
  - (i) in relation to unvested Awards:
    - (A) where a participant is a 'Good Leaver' (ie a participant that has died, or may no longer be able to perform their duties under their engagement arrangement due to poor health, injury or disability) – the amount of unvested Awards forfeited will be determined having regard to the proportion of the performance period remaining at the time the participant became a Good Leaver; and
    - (B) where a participant is a 'Bad Leaver' (ie where the participant has ceased to be an Eligible Participant, but is not otherwise considered a 'Good Leaver');
  - (ii) the relevant vesting condition(s) and/or exercise condition(s) are not satisfied or cannot be satisfied by the relevant expiry date of the Awards;
  - (iii) a participant acts fraudulently or dishonestly or in breach of his or her obligations to the Company (or its subsidiaries); or
  - (iv) a participant becomes insolvent.
- (h) **Trust:** The Board may elect to use, on such terms and conditions as determined by the Board, an employee share trust for the purpose of holding shares before or after the vesting of an Eligible Participant's Awards or delivering any shares to that Eligible Participant upon the vesting of an Award.

For the avoidance of doubt, the Board may do all things necessary for the establishment, administration, operation and funding of an employee share trust.

- (i) **Change of control:** If a change of control event occurs, which is defined in the rules of the LTI Plan and includes a takeover of the Company, the Board may in its absolute discretion determine (having regard to, amongst other factors, the performance of the Company at that time against targets set out in the vesting conditions, the period of time that has elapsed between the date of grant of the relevant Awards and the date of the change of control event, and the circumstances of the change of control event) the manner in which all or a specified number of outstanding Awards will be dealt with (including without limitation in a manner that allows the Eligible Participant to benefit from the change of control event on any terms the Board deems fit including determining that some or all of a Eligible Participant's unvested Awards are deemed to have vested).
- (j) **Amendment:** The Board has the ability to amend the rules of the LTI Plan at any time, including with retrospective effect, except if the amendment materially adversely effects the rights of a participant as they existed before the date of the amendment, other than:
  - (i) an amendment which is primarily necessitated to ensure compliance with the Company's constitution or laws;
  - (ii) to correct manifest errors;
  - (iii) to take into consideration possible adverse taxation implications in respect of the LTI Plan; or
  - (iv) to allow the implementation of an employee share trust.

To implement an amendment that materially adversely effects the rights of a participant as they existed before the date of the amendment, at least 75% of the participants affected by that amendment must first agree to that amendment in writing.

If the ASX or the ASX Listing Rules require that Shareholder approval be obtained to amend the rules of the LTI Plan, Shareholder approval will be sought at the relevant time.

A copy of the Company's LTI Plan may be obtained by Shareholders by writing to: Assistant Company Secretary Motorcycle Holdings Limited, 68 Moss Street, Springwood, Queensland, 4127 or Email: Nicole@mcholdings.com.au

In addition to the above, and for the purpose of ASX Listing Rule 7.2 (Exception 9(b)):

- no Awards or shares in the Company have previously been issued under the LTI Plan; and
- a voting exclusion statement in relation to this resolution is set out in the Notice of Annual General Meeting.

#### **Directors' recommendation**

Each of the Directors (other than Mr Ahmet who is a potential participant under the Company's LTI Plan) recommends that shareholders vote in favour of this resolution. Mr Ahmet makes no recommendation in relation to this resolution.

The Chairman intends to vote all available proxies in favour of this Resolution 4.

## **RESOLUTION 5: APPROVAL OF POTENTIAL TERMINATION BENEFITS UNDER LONG TERM INCENTIVE PLAN**

### **1. Background**

Part 2D.2 of the Corporations Act restricts the benefits that can be given to persons who hold a "managerial or executive office" (as defined in the Corporations Act) on leaving their employment with the Company or any of its related bodies corporate, unless an exception applies.

Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a managerial or executive office if the benefit is approved by shareholders or an exemption applies.

Provided Shareholder approval is given, the value of the termination benefits may be disregarded when applying section 200F(2)(b) or section 200G(1)(c) of the Corporations Act (i.e. the approved benefit will not count towards the statutory cap under the legislation).

ASX Listing Rule 10.19 provides that, without the approval of ordinary shareholders, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that are or may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the ASX Listing Rules.

Depending upon the value of the termination benefits (see above), and the equity interests of the Company at the time such benefits may crystallise, it is uncertain if such payment would exceed this 5% threshold. Accordingly, Shareholder approval is being sought in case the value of the termination benefits exceeds this 5% threshold.

Accordingly Shareholder approval is also sought for all purposes including Part 2D.2 of the Corporations Act and ASX Listing Rule 10.19 to approve the giving of benefits under the Company's LTI Plan to a person by the Company in connection with that person ceasing to be an officer of, or ceasing to hold a managerial or executive office in, the Company (or subsidiary of the Company) on the terms and conditions in this Explanatory Notes.

## **2. Requirements of Part 2D.2 of the Corporations Act and ASX Listing Rule 10.19**

Under the terms of the LTI Plan, the Board possesses the discretion to determine, in the event that a participant ceases employment, office or engagement with the Company (or a subsidiary) before the vesting of their Awards, that some or all of their Awards will not lapse.

The Board's current intention is to only exercise this discretion in favour of a 'Good Leaver' under the LTI Plan and only to the extent necessary to vest the relevant participant's unvested awards on a pro-rata time basis having regard to the proportion of the performance period elapsed when the relevant participant becomes a 'Good Leaver'.

Exercising discretion in this manner may constitute a "benefit" for the purposes of section 200B of the Corporations Act and ASX Listing Rule 10.19. The Company is therefore seeking Shareholder approval for the exercise of the Board's discretion in respect of any current or future participant in the LTI Plan who holds:

- a managerial or executive office in, or is an officer of, the Company (or subsidiary of the Company) at the time of their leaving or at any time in the three years prior to their leaving; and
- Awards under the LTI Plan at the time of their leaving.

The value of the termination benefits that the Directors may give under the LTI Plan cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Company's share price at the time of vesting and the number of Awards that will vest. The following additional factors may also affect the benefit's value:

- the circumstances in which the Participant ceases employment or office;
- the Participant's length of service and the status of the vesting conditions attaching to the relevant Awards at the time the participant's employment, office or contractual arrangement ceases;
- the Participant's base salary at the time the relevant Awards or underlying Shares were granted to the Participant and the time they cease employment or office;
  - the number of unvested Awards that the Participant holds at the time they cease employment, office or contractual arrangement; and
  - any other factors that the Board considers relevant when exercising its discretion.

If approval is obtained, it will be effective for three years from the date that the resolution is passed.

### ***Directors' recommendation***

Each of the Directors (other than Mr Ahmet who is a potential participant under the Company's LTI Plan) recommends that shareholders vote in favour of this resolution. Mr Ahmet makes no recommendation in relation to this resolution.

The Chairman intends to vote all available proxies in favour of this resolution 5.

## **RESOLUTION 6 - APPROVAL FOR THE COMPANY TO ISSUE PERFORMANCE RIGHTS TO MANAGING DIRECTOR – MR DAVID AHMET**

### **1. Background**

ASX Listing Rule 10.14 states that a listed company must not permit a Director to acquire securities under an employee incentive scheme without the prior approval of shareholders by an ordinary resolution.

As the Company's Managing Director, the purpose of this resolution 6 is for Shareholders to approve the proposed grant of Performance Rights under the Company's LTI Plan to Mr Ahmet.

The Board believes that part of the rewards for Mr Ahmet's services to the Company should be performance-based and at risk and should involve equity interests in the Company. This approach is consistent with best practice in executive remuneration and corporate governance. In structuring the terms of the long term incentives to Mr Ahmet, the Board has considered market practice among comparable companies listed on the ASX.

The Board has considered the application of Chapter 2E of the Corporations Act to the issue of Performance Rights to Mr Ahmet and considers that the financial benefit given by such grant of Performance Rights constitutes reasonable remuneration to Mr Ahmet given (i) the circumstances of the Company and (ii) Mr Ahmet's role and responsibilities at the Company, for the purposes of the exception contained in section 211(1) of the Corporation Act. Therefore, the Company is not seeking shareholder approval pursuant to section 208 of the Corporations Act in addition to the approval being sought under the ASX Listing Rules.

## 2. Requirements of ASX Listing Rules 10.14 and 10.15

The following information is provided to shareholders for the purposes of ASX Listing Rule 10.15:

- **Number of securities:** The number of Performance Rights that may be granted to Mr Ahmet 86,905 [calculated by dividing \$328,500 (50% of Mr Ahmet's fixed remuneration) by the volume weighted average price (**VWAP**) of the shares of the Company over the 30 calendar days up to and including the 30 June before the commencement of the relevant Performance Period. Subject to shareholder approval, it is proposed that the grant to Mr Ahmet be made as soon as practicable after the Annual General Meeting for the Performance Period 1 July 2017 to 30 June 2020. The VWAP at 30 June 2017 was \$3.78.

Each Performance Right entitles Mr Ahmet to receive, upon vesting and exercise, one fully paid ordinary share in the Company. Details of the relevant vesting conditions for Mr Ahmet are summarised below.

- **Price of securities:** The Performance Rights will be granted for no consideration. Furthermore, no fee is payable upon exercise of the Performance Rights.
- **Securities granted under the LTI Plan since the last approval:** The Company has not previously sought Shareholder approval under ASX Listing Rule 10.14 for the grant of Performance Rights.

**Eligible participants:** Mr Ahmet is the only Director, who is entitled to participate in the Company's LTI Plan. No Other Director or associate of a Director is entitled to participate

- **No loans given to acquire securities:** No loan will be provided by the Company in connection with the grant of the Performance Rights to Mr Ahmet.

**Voting exclusion statement:** A voting exclusion statement in relation to this resolution is set out above in the Notice of Annual General Meeting.

- **Issue of Performance Rights:** Following approval, the Company will issue the Performance Rights to Mr Ahmet as soon as practicable and in any event within 12 months after the date of this Annual General Meeting.

Mr Ahmet's Performance Rights will be divided into two tranches. Each tranche will be subject to separate vesting conditions, as set out below.

**Relative TSR Vesting Condition:** 50% of Mr Ahmet's Performance Rights will be subject to a vesting condition relating to the Company's total shareholder return (**TSR**) in respect of the period from 1 July 2017 to 30 June 2020 (**Performance Period**), when ranked against all the following companies\* (**Peer Group**):

Company Name	3M average Market Capitalisation as at 31-Dec- 2016 (AUD '000)	Primary Industry	Industry Sector
AP Eagers Limited	1,815.44	Automotive Retail	Consumer Discretionary
Bapcor Limited	1,497.14	Distributors	Consumer Discretionary
Super Retail Group Limited	1,935.17	Automotive Retail	Consumer Discretionary
Thorn Group Limited	274.74	Computer and Electronics Retail	Consumer Discretionary
ARB Corporation Limited	1,367.34	Auto Parts and Equipment	Consumer Discretionary
AMA Group Limited	498.08	Automotive Retail	Consumer Discretionary
Autosports Group Limited	486.03	Automotive Retail	Consumer Discretionary
Apollo Tourism & Leisure Ltd.	189.38	Automobile Manufacturers	Consumer Discretionary
Automotive Solutions Group Ltd	47.74	Auto Parts and Equipment	Consumer Discretionary
Fleetwood Corporation Limited	120.61	Homebuilding	Consumer Discretionary
PWR Holdings Limited	279.02	Auto Parts and Equipment	Consumer Discretionary
Schaffer Corporation Limited	74.53	Auto Parts and Equipment	Consumer Discretionary
Sprintex Limited	25.11	Auto Components	Consumer Discretionary

*\*If any of these companies de-list from the ASX, de-merge, merge with, or are taken over by, another Company during or before the end of the Performance Period, they will be excluded from the TSR calculation.*

TSR will be determined by reference to:

- the changes in volume weighted average share price (**VWAP**) of the Shares on the ASX in the 5 trading days up to and including the first trading day of the Performance Period to the VWAP of the Shares on the ASX in the 5 trading days up to and including the last trading day of the Performance Period; and
- the value (on a basis determined by the Board from time to time) of any shareholder benefits (including dividends or any other benefits that the Board determines from time to time are to be taken into account) paid or otherwise made available generally to shareholders in the Company during the Performance Period.

The Board will determine at the end of the Performance Period what proportion (if any) of the Performance Rights that are subject to the Relative TSR Vesting Condition will vest (subject to the service vesting condition as detailed below) as follows:

The Company's relative TSR percentile ranking across the TSR Performance Period against the Peer Group	Proportion of the relevant Performance Rights that satisfy the Relative TSR Vesting Condition
Less than 50th percentile	0%
At the 50th percentile	50%
Between the 50th percentile and the 75th percentile	Between 50% and 100%, as determined on a straight line basis
At or above 75th percentile	100%

In addition to satisfying the Relative TSR Vesting Condition above, this tranche of Mr Ahmet's Performance Rights will also be subject to him being continuously engaged by a member of the Group (and not have resigned or his engagement arrangement has not been terminated) up to and including the end of the Performance Period.

**EPS Vesting Condition:** The remaining 50 % of Mr Ahmet's Performance Rights will be subject to a vesting condition relating to the growth in the Company's earnings per share (**EPS**) over the Performance Period, compounded annually.

EPS will be determined by reference to the underlying net profit attributable to the Company for the Performance Period, divided by the weighted average number of Shares on issue across the Performance Period. Unless otherwise determined by the Board, business acquisitions by the Group are to be included in the EPS calculation (and not excluded), and the Board may otherwise from time to time adjust the EPS to exclude the effects of other certain one-off costs.

The starting EPS for the EPS calculation will be 30 June 2017 which is the EPS calculated in accordance with the above principles for FY2017 having regard to the audited consolidated accounts for FY2017.

The Board will determine at the end of the Performance Period the proportion of the Performance Rights that are subject to this EPS Vesting Condition that will vest as follows:

The Company's EPS compound annual growth rate (CAGR) over the Performance Period	Proportion of the relevant Performance Rights that satisfy the EPS Vesting Condition
EPS CAGR is less than or equal to 10%	0%
EPS CAGR is greater than 10% and less than or equal to 12%	50%
EPS CAGR is equal to or greater than 12%	100%

In addition to satisfying the EPS Vesting Condition above, this tranche of Mr Ahmet's Performance Rights will also be subject to him being continuously engaged by a member of the Group (and not have resigned or his employment arrangement has not been terminated) up to and including the end of the Performance Period.

If approval is given for the abovementioned issue of the Performance Rights to Mr Ahmet under ASX Listing Rule 10.14, further approval is not required (and will not be sought) under ASX Listing Rule 7.1 for this issue of the *Performance Rights* or the underlying Shares.

#### **Directors' recommendation**

Each of the Directors (other than Mr Ahmet who is a potential participant under the Company's LTI Plan) recommends that shareholders vote in favour of this resolution. Mr Ahmet makes no recommendation in relation to this resolution.

The Chairman intends to vote all available proxies in favour of this resolution 6.

## **PART C: ACQUISITION RESOLUTIONS**

### **RESOLUTION 7: APPROVAL TO ISSUE SHARES UNDER SALE AND PURCHASE DEED**

#### **1. Background**

On 4 October 2017, the Company announced that it and its wholly owned subsidiary Motorcycle Holdings Operations Pty Ltd (**Purchaser**) had entered into a binding sale and purchase deed (**Sale Deed**) to acquire 100% of the shares in Cassons Pty Limited (**Cassons**), a leading, successful wholesaler and retailer of motorcycle accessories and parts (**Acquisition**). The Acquisition is expected to complete on 31 October 2017.

The Company will acquire the business from the Cassen family for \$123.2 million, with consideration of \$98.7 million paid in cash and \$24.5 million paid by the issue of ordinary shares in the Company (**Consideration Shares**). The Consideration Shares will be placed into voluntary escrow for 2 years. The Company will fund the cash component of the consideration through debt (\$35 million) and from the proceeds of the fully underwritten entitlement offer (also announced on 4 October 2017) to raise \$67 million at \$3.85 per share (**Rights Issue**).

The principals of Cassons (Rob Cassen and John Cassen) will take up senior executive positions within the MotorCycle Holdings group and Rob Cassen will join the Company's Board at completion of the Acquisition. Shareholder approval is being sought at the general meeting to approve Rob Cassen's election as a director of the Company (see Resolution 4).

The Acquisition is expected to increase the Company's annual revenues by approximately 30% to \$310 million, with EBITDA expected to double to approximately \$30 million, before synergies.

## 2. Ability to issue the Consideration Shares

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or *agree to issue* more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period (**Annual 15% Capacity**).

At the time of entry into the Sale Deed (being prior to the completion of the Rights Issue), the number of Consideration Shares would exceed the Company's Annual 15% Capacity. The Company sought, and was granted, a waiver by ASX to permit the Company to calculate the number of Consideration Shares it could agree to issue under the Sale Deed without shareholder approval on the basis the number of ordinary shares in the Company included the ordinary shares that will be issued under the Rights Issue.

As a consequence, the Company did not require shareholder approval under ASX Listing Rule 7.1 to agree to issue, and will not require shareholder approval to issue, the Consideration Shares under the Sale Deed.

The issue and allotment of the shares under the Rights Issue falls within another exemption to ASX Listing Rule 7.1 (ASX Listing Rule 7.2, Exception 1) and does not require a shareholder approval.

## 3. Timing

The Consideration Shares will be issued when the Acquisition completes. At this stage, the Acquisition is expected to complete on 31 October 2017 in which case the Consideration Shares will be issued before the date of the Annual General Meeting.

It is however possible that the Acquisition will not be completed until a later date, which may be after the date of the Annual General Meeting (for example if there is a delay in one of the conditions in the Sale Deed being met).

## 4. Ratification or approval sought

As noted above, ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue equity securities in excess of its Annual 15% Capacity without shareholder approval.

If the Consideration Shares are issued before the date of the Annual General Meeting, resolution 7 seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Consideration Shares under ASX Listing Rule 7.1. ASX Listing Rule 7.4 provides an exception to ASX Listing Rule 7.1 where a company in general meeting ratifies the previous issue of securities issued pursuant to ASX Listing Rule 7.1.

If the Consideration Shares are issued after the date of the Annual General Meeting, resolution 7 will take effect as approval for the issue of the Consideration Shares under ASX Listing Rule 7.1.

By ratifying or approving the issue of the Consideration Shares, the Company will retain the flexibility to issue equity securities in the future up to its 15% Annual Capacity calculated in accordance with ASX Listing Rule 7.1 without the requirement to obtain prior shareholder approval.

In the unlikely event that the Consideration Shares are not issued within three months of the date of the Annual General Meeting (for example if there is a delay in one of the conditions in the Sale Deed being met), the Consideration Shares will need to be included in the Company's Annual 15% Capacity (in the absence of an ASX waiver) unless shareholder approval of the issue is obtained at a subsequent general meeting of the Company.

## 5. Technical information required by ASX Listing Rules

The following information is provided pursuant to and in accordance with the ASX Listing Rules

**Number of Consideration Shares issued or to be issued** 6,363,638

**Issue date** The Consideration Shares will be issued when the Acquisition completes. This is expected to occur on 31 October 2017.

**Price at which the Consideration Shares were issued** \$3.85 per share

**Terms of the Consideration Shares** The Consideration Shares are fully paid ordinary shares in the capital of the Company issued or to be issued on the same terms and conditions as the



	Company's existing shares. The Consideration Shares will be subject to voluntary escrow arrangements for 2 years.
<b>Names of persons to whom the Company issued the Consideration Shares</b>	Freda Cassen and Blanche Cassen (who together own 100% of the issued share capital in Cassons)
<b>The use or intended use of the funds raised</b>	The Consideration Shares are being issued in partial satisfaction of the Company's obligation to pay the purchase price for the Acquisition under the Sale Deed.

#### **Directors' recommendation**

Each of the Directors recommends that shareholders vote in favour of this resolution. Assuming Mr Cassen is appointed as a Director by the date of the Annual General Meeting, he will make no recommendation in relation to this resolution.

The Chairman intends to vote all available proxies in favour of this resolution 7.

### **RESOLUTION 8: APPROVAL OF FINANCIAL ASSISTANCE**

#### **Background**

As set out above and as announced on 4 October 2017, the Purchaser, a wholly owned subsidiary of the Company, has agreed to acquire all of the shares in Cassons. The Acquisition will be funded in part by financing from Commonwealth Bank of Australia ABN 48 123 123 124 (**Financier**) provided under the Fifth Amendment and Restatement Deed: Facility Agreement to be entered into on or around 25<sup>th</sup> October 2017 between, among others, the Financier, the Company and the Purchaser (**Facility Agreement**).

The Acquisition is expected to be completed before the date of the AGM. Cassons and its subsidiary, Motor Cycle Accessories Supermarket Pty Limited ACN 001 291 096 (each a **Subsidiary**) will become wholly owned subsidiaries of the Purchaser and the Company as a result of the Acquisition.

As contemplated by the Facility Agreement, it is proposed that following completion of the Acquisition the Subsidiaries will provide a guarantee and security to the Financier, the details of which are described below. The fact that it is proposed that the Subsidiaries will provide security to the Financier will constitute 'financial assistance' in connection with the acquisition of shares under the Corporations Act.

#### **Why is approval required?**

Although the Corporations Act allows the Company to authorise the provision of the security and the giving of financial assistance by the Subsidiaries, the Financier requires that the Company seek the approval of shareholders for the transaction by special resolution (which is an alternative way to authorise the transaction under the Corporations Act).<sup>1</sup>

This section sets out all information known to the Company that is material to the decision on how to vote on resolution 8, other than information that would be unreasonable to require the Company to set out because the Company has previously disclosed that information to Members.

#### **Details of the financial assistance proposed to be provided**

It is a condition of the Facility Agreement that the Purchaser procure that the Subsidiaries each enter into:

- (a) a general security deed in favour of the Financier over all present and after acquired property of each Subsidiary;
- (b) a guarantee and indemnity in favour of the Financier;

<sup>1</sup> Under section 260B of the Corporations Act 2001 (Cth)

- (c) mortgages of leases to be entered in favour of the Financier over certain Cassons related party leases;
  - (d) right of entry agreements to be granted in favour of the Financier in respect of each Cassons related party lease.
  - (e) mortgages of leases in favour of the Financier over Cassons third party leased premises;
  - (f) right of entry agreements to be granted in favour of the Financier in respect of each Cassons third party lease.
- (together the **Finance Documents**).

As noted above, the granting of guarantee or indemnity or the granting of security over assets is considered to be a form of financial assistance.

By entering into the Finance Documents, the Subsidiaries will be financially assisting the Company to acquire shares in Cassons.

This is the case even though the Purchaser will have already acquired all of the shares in Cassons when the financial assistance is given.

The Subsidiaries may also enter into various documents in connection with the refinancing, renewal or variation of any of the debt facilities referred to in the Facility Agreement from time to time (**Refinanced Debt Facilities**).

If the resolutions are passed and the Subsidiaries provide the guarantees and security described above, they may also be required to provide similar guarantees and security in relation to the Refinanced Debt Facilities. Any such future guarantees and security may also constitute the giving of financial assistance in connection with the acquisition of the shares in Cassons.

#### **Reasons for the financial assistance**

The Directors consider that each Subsidiary will benefit from being a subsidiary of the Company, in that the Subsidiary may gain access to:

- working capital or inter-company loans at beneficial rates; or
- management expertise and business strategies developed for the group of companies of which the Company is part.

The Directors have also formed the view that the giving of financial assistance and entering into the Finance Documents is in the best interests, and for the corporate benefit, of each Subsidiary, the Company and Shareholders because (among other things):

- the financing arrangements for the Company and the Subsidiaries will be more flexible and secured; and
- if a Subsidiary does not enter into the Finance Documents the Company will be in breach of the Facility Agreement. This would lead to a period of negotiation between the Company and the Financier, one outcome of which could be the Financier cancelling the Company's ability to draw down funds under the Facility Agreement and declaring any funds drawn down previously as immediately due and payable. In addition, the Company may have to negotiate alternative financing and would expect to incur additional costs and transaction fees.

#### **Timing of the financial assistance**

If shareholder approval for resolution 8 is obtained, the intention is that the Purchaser will procure that the Subsidiaries enter into the Finance Documents within 30 days after the date of the Annual General Meeting as required by the Facility Agreement, but no earlier than 14 days after the Meeting as required by the Corporations Act.

#### **Effects of the financial assistance**

The potential disadvantage of the Subsidiaries entering into the Finance Documents and providing the financial assistance noted above are that:

- (a) it may impact on the Subsidiaries ability to borrow money in the future because a financier may be deterred by the existence of any securities from making finance available to the Subsidiary;
- (b) if the Purchaser or other obligors fail to pay amounts due or perform obligations in accordance with the Facility Agreement then the Financier may enforce the Finance Documents against the Subsidiary having an adverse impact on the Subsidiary's financial position; and
- (c) in the event of the winding up of a Subsidiary, the Financier will rank ahead of the members of the Subsidiary with respect to the amounts payable in connection with the Finance Documents.

However, the directors of the Company have considered the Purchaser's balance sheet, future profits and cash flow and do not consider that the Purchaser will have any cause to default in any of its payments or obligations under the Facility Agreement.

***Directors' recommendation***

Each of the Directors recommends that shareholders vote in favour of resolution 8.

Defined Terms	Meaning
<b>Acquisition</b>	The acquisition of all of the issued share capital in Cassons by Motorcycle Holdings Operations Pty Ltd, a wholly owned subsidiary of the Company.
<b>Auditor</b>	KPMG
<b>Associate</b>	an associate as defined in sections 10-17 of the Corporations Act or, in relation to the Listing Rules, the meaning given in the Listing Rules.
<b>Annual General Meeting or AGM</b>	the annual meeting of Shareholders of MotorCycle Holdings Limited convened by this Notice of Meeting
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
<b>ASX Listing Rules</b>	means the official listing rules of the Australian Securities Exchange.
<b>Award</b>	means a Performance Right
<b>Board</b>	the board of Directors of the Company.
<b>Cassons</b>	Cassons Pty Ltd ACN 000 651 525
<b>Chair</b>	the person appointed to Chair the Meeting.
<b>Closely Related Party or CRP</b>	<p>(as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:</p> <ul style="list-style-type: none"> <li>a) a spouse or child of the member; or</li> <li>b) a child of the member's spouse; or</li> <li>c) a dependant of the member or the member's spouse; or</li> <li>d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or</li> <li>e) a company the member controls; or</li> <li>f) a person prescribed by the regulations for the purposes of this paragraph.</li> </ul>
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Company</b>	MotorCycle Holdings Limited, ACN 150 386 995
<b>Constitution</b>	the constitution of the Company, as amended from time to time, a copy of which is available on the Company's website <a href="http://www.mcholdings.com.au">www.mcholdings.com.au</a>
<b>Directors</b>	the directors of the Company.
<b>Earnings Per Share or EPS</b>	a performance measure which compares the Company's year on year growth in earnings per share during the Performance Period compared to the EPS at 30 June of the year immediately prior to the start of the Performance Period
<b>Explanatory Notes</b>	means the explanatory statement accompanying the Notice of Meeting.

Defined Terms	Meaning
<b>FY17</b>	the financial year ending on 30 June 2017.
<b>FY18</b>	the financial year ending on 30 June 2018.
<b>Group</b>	MotorCycle Holdings limited and its wholly owned subsidiaries.
<b>Key Management Personnel</b>	has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.
<b>Listing Rules</b>	the Listing Rules of the ASX.
<b>LTI Plan</b>	means the Company's Long Term Incentive Plan.
<b>Managing Director</b>	the managing director of the Company.
<b>Meeting</b>	this meeting.
<b>Non-Executive Directors</b>	the non-executive directors of the Company.
<b>Notice of Meeting or Notice</b>	the notice of meeting which accompanies the Explanatory Notes.
<b>Performance Right</b>	a conditional right which, upon satisfaction or waiver of the relevant vesting conditions and exercise conditions and the exercise of that right, entitles the holder to receive one ordinary share in the Company.
<b>Remuneration Report</b>	the section of the Directors' Report contained in the annual Financial Report of the Company for the year ended 30 June 2017 entitled 'Remuneration Report'.
<b>Shares</b>	fully paid ordinary shares in the issued capital of the Company.
<b>Shareholder</b>	a holder of Shares.
<b>Total Shareholder Return or TSR</b>	the percentage movement in shareholder value from an investment in the Company's shares over the Performance Period calculated by reference to the change in the share price and dividends assuming that dividends are immediately reinvested into the Company's shares.
<b>Volume Weighted Average Price or VWAP</b>	the ratio of the value of Shares traded to total volume of Shares traded

# MotorCycle Holdings

ABN 29 150 386 995

MTO

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

## Lodge your vote:



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Computershare Investor Services Pty Limited  
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Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
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## For all enquiries call:

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

## Proxy Form

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### Vote and view the annual report online

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

### Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I999999999

PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



For your vote to be effective it must be received by 11:00am (Brisbane time) Wednesday 22 November 2017

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** ➔

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



**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark ☒ to indicate your directions

### STEP 1

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

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I/We being a member/s of Motorcycle Holdings Limited hereby appoint

☐

the Chairman  
of the Meeting OR



**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Motorcycle Holdings Limited to be held at **Morgans Level 29, Riverside Centre, 123 Eagle Street, Brisbane Queensland 4000 on Friday, 24 November 2017 at 11:00am (Brisbane time)** and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items 1, 4, 5 & 6** (except where I/we have indicated a different voting intention below) even though **Items 1, 4, 5 & 6** are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items 1, 4, 5 & 6** by marking the appropriate box in step 2 below.

### STEP 2

#### Items of Business



**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Peter Henley as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Robert Cassen as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of Potential Termination Benefits Under Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval of Participation of David Ahmet in Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval to issue shares under Sale and Purchase Deed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Approval of financial assistance in connection with the acquisition of Cassons Pty Limited and subsidiary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

### SIGN

#### Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

\_\_\_\_\_

Contact  
Daytime  
Telephone

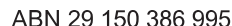
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