



NOTICE OF ANNUAL GENERAL MEETING 2014

Notice is hereby given that the Annual General Meeting of PAYCE Consolidated Limited ABN 19 001 566 310 (the Company) will be held at Pulse, 9 The Crescent, Wentworth Point NSW, 2127 on Tuesday 11 November 2014 at 10am AEDT.

The business to be considered by the meeting is set out below:

AGENDA

Item 1 – Accounts and Reports

To receive and consider the financial statements of the Company and its controlled entities for the year ended 30 June 2014 together with the related Directors' Report, Directors' Declaration and Auditor's Report.

Item 2 – Remuneration Report

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

"That the Remuneration Report as set out in the Directors' Report for the year ended 30 June 2014 be adopted."

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company, and is subject to voting exclusions as outlined in the notes accompanying this Notice of Meeting.

Item 3 – Election of Director Mr Roger Short

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

"That Mr Roger Short who retires in accordance with Rule 65 of the Company's Constitution and being eligible and having offered himself for re-election, be re-elected as a Director of the Company."

Item 4 – Adoption of New Constitution

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

"That the new constitution tabled at the meeting, and signed by the Chairman of the meeting for the purposes of identification, be adopted as the constitution of the Company in place of the current constitution, with effect from the close of the meeting."

Item 5 –Renewal of Non-Marketable Parcels Rule

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

"That the authorisation contained in Rule 12A of the Company's current Constitution for the sale of security holdings of less than a marketable parcel be re-adopted for a period of 12 months."

VOTING RIGHTS AND PROXIES

Determination of Entitlement

For the purposes of determining a person's entitlement to vote at the Annual General Meeting, all shares will be taken to be held by those persons who are registered as the holders of those securities at 7.00 pm AEDT on 9 November 2014.

Voting Rights

A shareholder entitled to attend and vote at the meeting is entitled to appoint a person (who may be an individual or a body corporate) as the member's proxy to attend and vote instead of the member at the meeting. A proxy need not be a member of the Company. A shareholder who is 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. If the shareholder appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes.

On a show of hands, every person present and qualified to vote has one vote and if one proxy has been appointed, that proxy will have one vote.

On a poll, each shareholder present has one vote for each share that they hold. Each person present as a proxy, attorney or duly appointed corporate representative of a shareholder has one vote for each share held by the shareholder that the person represents.

A shareholder can direct its proxy how to vote by following the instructions on the Proxy Form. Shareholders are encouraged to direct their proxy how to vote on each resolution (i.e. 'for', 'against' or 'abstain' by ticking the relevant box next to each item of business on the form).

Any directed proxies that are not voted on a poll at the meeting by a shareholder's appointed proxy will automatically default to the Chairman of the Meeting, who is required to vote proxies as directed on a poll.

For all resolutions that are directly or indirectly related to the remuneration of a member of the key management personnel (KMP) (which includes each of the Directors) (being the resolution in respect of Item 2), the Corporations Act 2001 (Cth) restricts KMP and their closely related parties (as defined in the Corporations Act 2001 (Cth)) from voting in some circumstances.

The Company will disregard any votes cast on Item 2 by or on behalf of a KMP named in the Company's Remuneration Report or that KMP's closely related parties, unless the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction on the proxy form or by the Chairman of the Meeting pursuant to an express authorisation to exercise the proxy.

The KMP and their closely related parties will not be able to vote as your proxy on Item 2 unless you direct them how to vote, or if the Chairman of the Meeting is your proxy, you expressly authorise him to vote as he sees fit on Item 2. If you intend to appoint a member of the KMP (other than the Chairman of the Meeting) or one of their closely related parties as your proxy, please ensure that you direct them how to vote on Item 2. If you appoint the Chairman of the Meeting as your proxy, or the Chairman of the Meeting is appointed your proxy by default, but you do not direct him how to vote on Item 2, you will be taken to have expressly authorised the Chairman of the Meeting to vote as he decides.

The Chairman intends to vote all available proxies in favour of the resolutions before the meeting.



For an appointment of a proxy to be effective, proxy forms and, if applicable, the power of attorney (or a certified copy of the power of attorney) under which they are signed must be lodged with Boardroom Pty Limited at:

Postal	GPO Box 3993	Street	Level 7, 207 Kent Street
Address:	Sydney NSW 2001	Address:	Sydney NSW 2000 Australia
	Australia		
Fax No:	+ 61 2 9290 9655	Online:	www.votingonline.com.au/payceagm2014

no later than 10:00am AEDT on 9 November 2014. A proxy form is enclosed with this notice.

Corporate Representatives

A company shareholder may by resolution of its directors authorise a person to act as its representative to vote at the Annual General Meeting. A certificate of appointment of a corporate representative must be executed in accordance with the relevant company's constitution and must be available for inspection at the Annual General Meeting. Where the certificate of appointment is signed on behalf of the company by only one signatory and that signatory is not the sole director and sole company secretary, a certified copy of the company's constitution must also be available at the meeting.

By Order of the Board

A handwritten signature in blue ink, appearing to read "B. Bailison", with a long horizontal flourish extending to the right.

Brian Bailison
Company Secretary
8 October 2014



EXPLANATORY NOTES

These notes should be read in conjunction with the Notice of Annual General Meeting.

Item 1 – Accounts and Reports

The Corporations Act requires the Financial Statements and the reports of the Directors and Auditors of the Financial Statements to be laid before the AGM. There is no requirement for shareholders to approve the Financial Statements.

Item 2 – Remuneration Report

This item provides an opportunity for shareholders at the meeting to ask questions and comment on the Remuneration Report included in the Company's Annual Report 2014 on pages 10 to 14.

The Corporations Act 2001 (Cth) provides that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the vote. The vote on the proposed resolution is advisory only and will not bind the Directors or the Company.

The Directors unanimously recommend that you vote in favour of the resolution.

Voting exclusion

There is a voting exclusion applicable to this Item and is set out in detail in the Notice of Meeting.

Item 3 - Election of Director

Under rule 65 of the Company's Constitution, at the Annual General Meeting one-third of the directors shall retire from office and, being eligible, shall offer themselves for re-election. The directors to retire are those who have been longest in office since their last election.

Accordingly, Roger Short retires as director and being eligible offers himself for re-election. Details of Mr Short's experience and qualifications may be found on page 6 of the Company's Annual Report 2014.

The Directors (other than Mr Short) recommend you vote in favour of the resolution.

Item 4 – Adoption of New Constitution

Since the Company's Constitution was adopted, there have been a number of significant developments in law (both the Corporations Act and the ASX Listing Rules), corporate governance principles and general corporate and commercial practice for ASX listed companies.

Accordingly, the Company's current constitution requires substantial updating. The Board has determined that it is more appropriate to adopt a new constitution, which reflects these changes, rather than make each of the necessary amendments to the current constitution.

The proposed new constitution is drafted in a less complex "plain English" style and includes means of conducting meetings and voting which are more reflective of the electronic facilities now available.

Some of the key provisions of the proposed new constitution are outlined below:



Dividends and distributions

The new constitution includes a number of changes in relation to distributions by the Company to shareholders.

Following recent amendments to the Corporations Act, companies are no longer restricted to paying dividends out of profits. The proposed new constitution will give the Directors the flexibility to resolve to pay a dividend out of any available source permitted by law.

Separately, the proposed new constitution clarifies that where payment of a dividend via a transfer to an account of a shareholder is rejected or refunded, or the shareholder has not provided a valid nominated account or does not have a valid registered address to receive a payment, the Company may hold the amount payable in an account of the Company until the shareholder nominates a valid account or registered address (as applicable).

The proposed new constitution includes an express provision to the effect that an amount credited to an account of the Company in these circumstances is to be treated as having been paid to the shareholder at the time it is credited and the Company will not be a trustee of the money and no interest will accrue. Further, if amounts payable to a shareholder are held in an account referred to above, or a cheque is not presented for a period of at least 11 months, the Company may re-invest the distribution amount in shares in the Company on behalf of the relevant shareholder.

General meetings

The proposed new constitution incorporates a number of provisions to assist with the orderly and efficient conduct of general meetings of the Company.

The proposed new constitution affords protection to members who have relied upon a Notice of Meeting when deciding to appoint a proxy to vote on their behalf by preventing subsequent amendment to the terms of proposed resolutions during the course of general meetings, unless approved by the directors or the Chairperson.

In the proposed new constitution the Chairperson has the specific power to arrange for any person who the Chairperson considers cannot be seated in the main meeting room to observe or attend the general meeting in a separate room linked to the main meeting place by instantaneous audio visual communication. Persons in such separate place will be taken to be present at the general meeting and entitled to participate.

Further, the Chairperson of a general meeting will be able to nominate an acting Chairperson to take the chair for specific items of business and proxies in the Chairperson's favour will be deemed to be in favour of the acting Chairperson. This confirms the usual common law position.

The proposed constitution also provides clarity in respect of the Chairperson's powers at general meetings, including, amongst other matters, adjournments, suspensions, dealing with questions from the floor and putting matters to the vote. The Chairperson may adjourn the meeting without member consent. Like the current Constitution, the proposed new constitution excludes the right of shareholders, by majority vote, to require the Chairperson to adjourn a general meeting.

Additionally, the proposed new constitution includes provisions to facilitate direct voting at general meetings.

The proposed new constitution gives the Directors the power, by notice to the ASX, to change the venue for, postpone or cancel a general meeting, if they consider that the meeting has become unnecessary, or the venue would be unreasonable or impractical or a change is necessary in the interests of conducting the meeting efficiently. However, Directors do not have this power in relation to a meeting that is requisitioned by members or a meeting that is not called by a Directors' resolution.

Proxies

The proposed new constitution expressly provides for the Company to complete or amend incomplete or unclear proxy appointments on the basis of shareholders' instructions.

Directors

The minimum number of directors will be 3 and the maximum 10. The Company in general meeting may change the maximum number of directors.

The proposed new constitution changes the time frame for the nomination of candidates for election to the Board. The current rules provide for a consent to act and nomination to be received by the Company from the proposing director up to 30 Business Days before the meeting at which the election is to take place. This time frame is difficult in the context of the Corporations Act requirement for 28 days clear notice of shareholder meetings. The proposed new constitution therefore requires that proposing directors who are members provide their nomination and consent to the Company at least 35 Business Days before the meeting and proposing directors who are non-members provide their nomination and consent at least 45 Business Days before the meeting. In both cases, however, the nomination and consent cannot be provided more than 90 Business Days before the meeting. These rules do not apply to persons nominated by the Directors or who are directors immediately before the meeting. In addition, if the meeting to elect directors has been called by the directors at the request of shareholders, the consent and nomination of proposing directors must be received no more than 90 Business Days and at least 30 Business Days before the meeting at which the election will take place.

Under the proposed new constitution, Directors will be required to retire no later than the third annual general meeting following the Director's last election or appointment. Under the current constitution, one third of the Directors are required to retire at each annual general meeting. The proposed new constitution reflects common director rotation provisions amongst listed companies and is in line with the relevant ASX Listing Rules. To the extent the ASX Listing Rules require the Company to hold an election of Directors at an annual general meeting, a Director election will be held, and the proposed new constitution provides the process for determining which Director will stand for re-election at that annual general meeting.

The proposed new constitution clarifies the circumstances in which directors will vacate their office, including where they are convicted of an indictable offence and where they are absent from Board meetings for more than six months (without approval). The Director retirement age of 72 has been deleted as it is no longer required by the Corporations Act.

Under the proposed new constitution, the aggregate annual fees of Directors (not including the salary of an executive director) can only be increased with the consent of the Company in general meeting.

In this regard, the proposed new constitution clarifies that:

- in calculating the maximum fees payable, superannuation contributions made to comply with superannuation guarantee legislation are included in the aggregate fee cap;
- in calculating the maximum fees payable, amounts paid for any insurance premium are excluded from the aggregate fee cap; and
- remuneration may be paid other than in cash (e.g. shares in the Company or superannuation contributions).

Further, Directors who fail to notify the Company of their interests in arrangements involving the Company may be liable to the Company for an account of profits received under the arrangement.



Directors may pass a resolution under the proposed new constitution if they all either sign or consent to the resolution. Consent may be given by telephoning the secretary or Chairperson of directors and signifying consent to the resolution and clearly identifying its items.

Proportional takeovers

The proposed new constitution does not include a proportional takeover bid approval process.

Share and dividend plans

Very detailed and specific provisions in the current constitution relating to dividend and investment share plans will be replaced in the proposed new constitution by more broadly worded and flexible powers in relation to such plans.

The new proposed new constitution does not provide for a special class of “B” shares to be issued to employees as is provided in the current constitution.

Definitions and interpretation

The proposed constitution updates the definitions to reflect current terminology and where possible relies on terms defined in the Corporations Act, ASX Listing Rules and ASX Settlement Operating Rules.

Redundant provisions

A number of provisions in the Company’s current constitution duplicate existing Corporations Act or ASX Listing Rule requirements and, if the proposed new constitution is not adopted, would require amendment in the event of change to such requirements. Accordingly, such rules have been omitted from the proposed new constitution. The requirement of the current constitution for shareholder approval of the sale of the Company’s main undertaking will not be in the new constitution as the ASX Listing Rules provide for shareholder approval of a significant change to the nature or scale of the Company’s activities.

Directors’ recommendation

The Directors unanimously recommend that you vote in favour of the resolution. If this resolution is approved, the proposed new constitution will be adopted from the close of the meeting.

Other material information

You can request a copy of the Company’s current constitution and the proposed new constitution by emailing info@payce.com.au.

Item 5 – Renewal of Non-Marketable Parcels Rule

Item 5 is a special resolution to renew Rule 12A in the Company’s current Constitution for a further period of 12 months.

The Directors consider that it is appropriate to renew their ability to effect the sale of small holdings in the Company in accordance with, and subject to the protections afforded by, the ASX Listing Rules. The authorisation will expire after 12 months but it may be renewed by further special resolution of the Company.

The ASX Listing Rules define a “marketable parcel” as being a parcel of securities of not less than \$500 based on the closing price on the Australian Securities Exchange Trading Platform.



The Company's share register has a number of shareholders with holdings of less than a marketable parcel at the current quoted share price. If Rule 12A is renewed and the Directors proceed with a sale procedure under that Rule, shareholders with these small parcels will have an additional opportunity to dispose of their shares (but will not be required to dispose of their shares if they elect not to). Equally, if the Directors proceed with a sale procedure under Rule 12A, the Company will benefit from the reduced administrative costs on maintaining such holdings, including costs of despatching notices and reports. There is no current proposal for a sale of small shareholdings under the Rule.

Shareholders should note that the Company may invoke the procedure to sell the unmarketable parcels only once in every 12 month period and that the following conditions apply:

- The Directors must give shareholders notice in writing asking whether or not they wish their holding be sold in accordance with the terms of the Rule.
- Shareholders will have a period of at least six weeks from service of the appropriate notice from the Company in which they can decide whether they wish to retain their shareholding.
- If a shareholder does not want their non-marketable parcel sold, the shareholder must, on receiving a notice under the Rule, give notice in writing to the Company accordingly, or the shares may be sold by the Directors.
- Any shares sold under the Rule will be sold, at a time and on terms determined by the Directors. The Company will bear the costs of brokerage and stamp duty associated with the sale of the shares (subject to the Corporations Act 2001 (Cth)). The Directors anticipate that the costs will not be substantial compared with the administrative costs of maintaining records for the holders of non-marketable parcels.
- The consideration received by the Company for the sale of the shares will be paid into a bank account opened and maintained for that purpose and will be released to the shareholder on receipt by the Company of proper evidence of ownership.

The Directors unanimously recommend that you vote in favour of the resolution.

All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

Level 7, 207 Kent Street,
Sydney NSW 2000 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am AEDT on Sunday 9 November 2014.**

🖨 TO VOTE ONLINE

- STEP 1: VISIT www.votingonline.com.au/payceagm2014
- STEP 2: Enter your holding/investment type:
- STEP 3: Enter your Reference Number:
- STEP 4: Enter your Voting Access Code:

PLEASE NOTE: For security reasons it is important you keep the above information confidential.

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

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

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:00am AEDT on Sunday 9 November 2014.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

💻 **Online** www.votingonline.com.au/payceagm2014

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

👤 **In Person** Level 7, 207 Kent Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

☐

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **PAYCE Consolidated Limited** and entitled to attend and vote hereby appoint

☐

Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

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 at the Annual General Meeting of **PAYCE Consolidated Limited** to be held at **Pulse, 9 The Crescent, Wentworth Point NSW 2127 on Tuesday 11 November 2014 at 10:00am AEDT** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chairman authorised to exercise undirected proxies on remuneration related matters (Item 2): If I/we have appointed the Chairman of the Meeting as my/our proxy or the Chairman of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Item 2, I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy in respect of this resolution even though Item 2 is connected with the remuneration of a member of key management personnel for PAYCE Consolidated Limited.

The Chairman of the Meeting will vote all undirected proxies in favour of all Items of business (including Item 2). If you wish to appoint the Chairman of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Item 2	To Adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	To re-elect Mr Roger Short as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Adoption of New Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5	Renewal of Non-Marketable Parcels Rule	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SHAREHOLDER(S)

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2014