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# CONNECTING YOU WITH PEOPLE AND PLACES

2016 Notice of Annual General Meeting  
Cabcharge Australia Limited  
ABN 99 001 958 390

○ Cabcharge



## CHAIRMAN'S LETTER

17 October 2016

Dear Shareholder,

On behalf of the Board of Cabcharge Australia Limited (**Company** or **Cabcharge**), I would like to invite you to attend the Annual General Meeting on Thursday, 24 November 2016 (**AGM** or **Meeting**).


The AGM will be held at The Westin Sydney, Heritage Ballroom, 1 Martin Place, Sydney NSW 2000. The AGM will commence at 11:00am (AEDST) with registration available from 10:00am (AEDST).

The Notice of Meeting for the AGM commences on page 2 and lists the items of business to be considered at the AGM. Background information on each of the items of business is contained in the Explanatory Notes.

A proxy form is included in this information pack. The proxy form contains a barcode to assist with the registration process at the Meeting and so you should bring this with you to facilitate registration on the day of the Meeting. If you are not attending the Meeting, we encourage you to participate in the AGM by returning your completed proxy form to Link Market Services no later than 11:00am (AEDST) on Tuesday, 22 November 2016. Please refer to the Notice of Meeting for further information.

I thank you for your support and look forward to seeing you at the AGM.

Yours sincerely,



**Russell Balding, AO**  
Chairman

**NOTICE IS GIVEN THAT THE ANNUAL GENERAL MEETING OF CABCHARGE AUSTRALIA LIMITED WILL BE HELD:**

**Date**

Thursday 24 November 2016

**Time**

11:00 (AEDST)

**Venue**

The Westin Sydney,  
Heritage Ballroom  
1 Martin Place  
Sydney NSW 2000

## ITEMS OF BUSINESS

### A. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Consolidated Financial Statements, the Directors' Report and the Auditor's Report for the Company and its controlled entities for the financial year ended 30 June 2016.

### B. ELECTION OF DIRECTORS

To consider and, if thought fit, pass the following Resolutions as ordinary resolutions:

#### Resolution 1: Re-election of Donald McMichael

"That Donald McMichael be re-elected as a Director of the Company."

### C. REMUNERATION REPORT

#### Resolution 2: Adoption of the Remuneration Report

To consider and, if thought fit, pass the following resolution as a non-binding ordinary resolution:

"That the Remuneration Report for the year ended 30 June 2016 be adopted."

*A voting exclusion applies in relation to this item of business.*

*The vote on this resolution is advisory only and does not bind the Directors or the Company.*

### D. LONG TERM INCENTIVE PLAN

#### Resolution 3: Approval of Grant of Rights to the Chief Executive Officer

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

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given for the issue of 124,611 Rights to Mr Andrew Skelton, the Managing Director and Chief Executive Officer, in accordance with the Company's Long Term Incentive Plan, on the terms summarised in the Explanatory Notes and Annexure A which form part of the Notice of Meeting."

*A voting exclusion applies in relation to this item of business.*

## VOTING EXCLUSION STATEMENTS

### REMUNERATION REPORT – ITEM C

The Company will disregard any votes cast on Resolution 2:

- by or on behalf of a member of the Company's key management personnel (KMP) named in the 2016 Remuneration Report or their closely related parties; or
- as a proxy by a member of the Company's KMP at the date of the Meeting or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on Resolution 2:

- in accordance with a direction in the proxy form; or
- by the Chairman of the Meeting pursuant to an express authorisation to exercise the proxy.

### LONG TERM INCENTIVE PLAN – ITEM D

The Company will disregard any votes cast on Resolution 3:

- by or on behalf of Mr Andrew Skelton or any of his associates (regardless of the capacity in which the vote is cast); or
- as a proxy by a member of the Company's KMP at the date of the Meeting or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on Resolution 3:

- in accordance with a direction in the proxy form; or
- by the Chairman of the Meeting pursuant to an express authorisation to exercise the proxy.

# ITEMS OF BUSINESS

## NOTES

### DETERMINATION OF SHAREHOLDERS' RIGHTS TO VOTE

For the purposes of the Meeting, the Directors have determined that those Shareholders holding shares at 7.00pm (AEDST) on Tuesday, 22 November 2016 will be voting members of the Meeting.

### EXPLANATORY NOTES AND ANNEXURE A

The Explanatory Notes section and Annexure A form part of this Notice of Meeting.

### PROXIES

Please note that:

- a shareholder entitled to attend and vote is entitled to appoint not more than two proxies;
- if a shareholder appoints two proxies, they may specify the proportion or number of votes each proxy may exercise. If no proportion is specified, each of the proxies may exercise half the shareholder's votes;
- if a shareholder appoints two proxies, neither proxy may vote on a show of hands. However, both proxies will be entitled to vote on a poll (subject to voting exclusions);
- a proxy need not be a shareholder of the Company;
- a proxy can either be an individual or a body corporate. Should you appoint a body corporate as your proxy, that body corporate will need to ensure that it:
  - appoints an individual as its corporate representative to exercise its powers at meetings, in accordance with section 250D of the Act; and
  - provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting; and
- proxy forms must be received at least 48 hours prior to the Meeting.

A proxy form accompanies this Notice. If the proxy form is signed by a person as an attorney, the power of attorney (or a certified copy) under which the proxy was signed must be lodged with the proxy form.

Directed proxies (being those where the proxy has been directed to vote "for", "against" or to "abstain") which are not voted will default to the person chairing the Meeting who must exercise those proxies as directed.

### PROXY VOTING BY MEMBERS OF THE KMP

Unless the Chairman is your proxy, members of the Company's KMP (which includes each of the Directors), or their closely related parties, will not be able to vote as your proxy on Resolutions 2 or 3, unless you direct them how to vote. If you intend to appoint a member of the KMP as your proxy, you should ensure that you direct that person how to vote on Resolutions 2 and 3.

If you intend to appoint the Chairman as your proxy, you can direct the Chairman how to vote by marking the boxes for the relevant resolution (for example, if you wish to vote "for", "against" or to "abstain" from voting). However, if you do not mark a box next to Resolutions 2 or 3, then by completing and submitting the proxy form, you will be expressly authorising the Chairman to vote as he sees fit in respect of those resolutions even though they are connected with the remuneration of the Company's KMP.

The Chairman intends to vote any undirected proxy in favour of all resolutions.

### LODGEMENT OF PROXIES

To be valid, the proxy form (together with any power of attorney) must be received by the Company's Share Registry, Link Market Services Limited, **by 11:00am (AEDST) on Tuesday, 22 November 2016.**

- We request that you return the proxy form in the reply-paid envelope provided. Alternatively, please post the proxy form to Locked Bag A14, Sydney South, NSW 1235 in sufficient time so it reaches Link Market Services by the time and date specified above.
- The proxy form can also be sent via facsimile to Link Market Services on 02 9287 0309 in Australia or +61 2 9287 0309 if you are overseas.
- You may lodge your proxy online by logging on to:

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) (select 'Voting' and follow the prompts).

### CORPORATE REPRESENTATION

Any corporate member wishing to appoint a person to act as its representative at the Meeting may do so by providing that person with:

- a letter or certificate, executed in accordance with the corporate member's Constitution, authorising that person to act as the company's representative; or
- a copy of the resolution, certified by the secretary or director of the corporate members, appointing the representative.

By order of the Board



**Adrian Lucchese**  
Company Secretary  
17 October 2016

## EXPLANATORY NOTES

The Explanatory Notes have been prepared to assist Shareholders with their consideration of items of business proposed in the accompanying Notice of Meeting.

### A. FINANCIAL STATEMENTS AND REPORT

The *Corporations Act 2001 (Cth)* (Act) requires the Company's financial statements, Directors' Report and Auditor's Report for the last financial year to be received at the AGM. The financial statements and the reports are contained in the 2016 Annual Report, which is available on the Company's website at [www.cabcharge.com.au](http://www.cabcharge.com.au).

Whilst no resolution is required for this item, Shareholders will be given the opportunity to ask questions and make comments on the financial statements and reports and the management of the Company. The Company's Auditor will be present at the Meeting and Shareholders will have the opportunity to ask the Auditor questions in relation to the conduct of the audit, the Auditor's Report, the Company's accounting policies and the independence of the Auditor.

### B. ELECTION OF DIRECTORS

ASX Listing Rule 14.5 states that an election of directors must be held every year. Pursuant to Rule 6.1(f) of the Constitution of the Company, Donald McMichael will retire at the meeting and will offer himself for re-election.

#### Resolution 1: Re-election of Donald McMichael

Donald McMichael is CEO of Noah's Ark Foundation and was the former Chairman of Aerial Taxi Co-Op Society Limited, and former director of Yellow Cabs (Canberra) Pty Ltd and the Fundraising Institute of Australia (ACT). Mr McMichael is a member of the Australian Institute of Management and Australian Society of Association Executives, and an Associate of the Australian Institute of Company Directors.

Mr McMichael was appointed as a director on 25 June 1996 and is the longest serving member of the Board.

After 20 years of service, Mr McMichael had given notice to the Company that he intends to retire as a director. However, having regard to Mr McMichael's deep operational experience in the personal transport industry (particularly in the taxi and hire car sectors) and the retirement of the Chairman at the conclusion of the meeting, Mr McMichael proposes to continue in his role so as to solidify the stability of a Board where the average tenure for the remaining non-executive directors is less than 2 years and to facilitate the orderly transition of important industry knowledge and contacts.

Mr McMichael does not intend to serve a full 3-year term if re-elected at the meeting and the Board expects that the process of an orderly transition of knowledge and Board refreshment will take approximately 12 months.

The Board considers Mr McMichael to be an independent Non-Executive Director.

#### Recommendation

The Board recommends that Shareholders vote in favour of Resolution 1.

### C. REMUNERATION REPORT

#### Resolution 2: Adoption of the Remuneration Report

Section 250R(2) of the Act requires that a listed company put to Shareholders at its AGM the Remuneration Report contained in the Directors' Report for adoption by way of a non-binding vote.

The Remuneration Report is set out on pages 44–58 of the 2016 Annual Report, which can be found on the Company's website at [www.cabcharge.com.au](http://www.cabcharge.com.au).

The Remuneration Report details:

- the Board's policies and strategy in relation to the nature and value of remuneration paid to KMP;
- the relationship between remuneration outcomes and Company performance; and
- a discussion of how the Company's remuneration strategy aligns with the strategic direction of the Company.

During the financial year, Cabcharge continued to build upon its remuneration framework, which rewards our people for achieving short-term and long-term goals and enhances alignment of executive interests with the creation of shareholder value. The Board is looking forward to receiving Shareholders' feedback on the Remuneration Report, and a reasonable opportunity will be provided for discussion at the Meeting.

The Board will take into account the outcome of the vote on this Resolution and discussion at the Meeting as it continues to develop and refine the Company's remuneration arrangements going forward.

Resolution 2 is an advisory resolution only and does not bind the Directors or the Company. A voting exclusion applies in relation to this Resolution, as set out in the Notice of Meeting.

#### Recommendation

The Board recommends that Shareholders vote in favour of Resolution 2.

### D. LONG TERM INCENTIVE PLAN

#### Resolution 3: Approval of Grant of Rights to the Chief Executive Officer

Shareholder approval is being sought in accordance with ASX Listing Rule 10.14 for the proposed grant of Rights to Mr Andrew Skelton, Managing Director and CEO of the Company under the Company's Long Term Incentive (LTI) Plan (Plan). The Plan was approved at the 2014 AGM.

Mr Skelton will be granted 124,611 Rights as his LTI award for the financial year ended 30 June 2017 (FY2017). An overview of the key terms of this proposed grant is set out in Annexure A.

The Plan is the Company's principal vehicle to grant long term incentive awards and forms what the Board considers to be a key element of the Company's total remuneration strategy for the Executive Team, including the Managing Director and CEO.

The Board has determined that the equity incentives to be granted to Mr Skelton will be in the form of Rights, which will only vest on the satisfaction of appropriate performance conditions, as detailed in Annexure A. The grant of Rights is designed to reward Mr Skelton for his performance and assist the Company in retaining him as a suitably qualified and experienced executive. The performance conditions attaching to the Rights have been set to reward achievement which results in real Shareholder value creation.

Further details of the Managing Director and CEO's executive remuneration package can be found in the Remuneration Report.

#### ASX Listing Rule 10.14

ASX Listing Rule 10.14 requires the approval of ordinary Shareholders for a Director of the Company to acquire securities under an employee incentive scheme. Mr Skelton was appointed a Director of the Company on 10 December 2014. Accordingly, approval for the grant of the Rights to Mr Skelton is required. Under ASX Listing Rule 7.1, every listed entity has the ability to issue 15% of its issued capital without security holder approval in a 12 month period. Pursuant to ASX Listing Rule 7.2, the issue of securities to Mr Skelton under the Plan will not use up part of the 15% available under ASX Listing Rule 7.1 as the Plan was approved by Shareholders at the 2014 AGM. Additionally, if approval is obtained under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1. The issue of shares on the exercise of the Rights will similarly be excluded from ASX Listing Rule 7.1.

A voting exclusion applies in relation to this Resolution, as set out in the Notice of Meeting.

#### Recommendation

The Board recommends that Shareholders vote in favour of Resolution 3.

## ITEMS OF BUSINESS

### ANNEXURE A

Annexure A has been prepared to assist Shareholders with their consideration of items of business proposed in the Notice of Meeting and forms part of the Notice of Meeting.

#### ANNEXURE A: OVERVIEW OF THE KEY TERMS OF PROPOSED GRANT TO THE MANAGING DIRECTOR AND CEO

Term	Detail
<b>Details of the proposed FY2017 grant</b>	<p>Mr Andrew Skelton is the Managing Director and CEO of the Company (hereafter, the CEO).</p> <p>The proposed grant to the CEO is for 124,611 Rights.</p> <p>The grant represents the LTI component of the CEO's remuneration package.</p> <p>The maximum number of Rights has been calculated by taking the maximum grant value of \$400,000 and dividing it by the volume weighted average market price (VWAMP) of the Company's shares over the 5 day period immediately preceding the performance period (\$3.21). The maximum grant value was set by the Board having regard to Mr Skelton's overall remuneration package, performance, experience and independent advice received regarding current market practice.</p>
<b>Entitlements</b>	<p>Each Right is a right to acquire one ordinary share in the Company, subject to the achievement of the performance conditions set out below.</p> <p>The Rights do not carry any dividend or voting rights prior to vesting.</p> <p>The Rights are non-transferable, except in limited circumstances or with the consent of the Board.</p>
<b>Participation and previous approvals</b>	<p>Mr Skelton was granted 78,624 Rights for nil consideration under the Plan for FY2016, following shareholder approval at the 2015 AGM.</p> <p>No other persons identified in ASX Listing Rule 10.14 are entitled to participate in the Plan or have received Rights under the Plan.</p>
<b>Date of grant</b>	<p>If shareholder approval is obtained, the Rights will be granted to Mr Skelton as soon as practicable after the 2016 AGM, but in any event, within 12 months of the 2016 AGM.</p>
<b>Loan Terms</b>	<p>There is no loan scheme in relation to the grant of Rights.</p>

Term	Detail																				
<b>Performance hurdles</b>	<p>The Rights are subject to two performance hurdles which are independent and will be tested separately.</p> <p><b>(1) TSR performance</b></p> <p>50% of the Rights will vest subject to the Company's absolute total shareholder return (TSR) performance over the performance period (TSR Hurdle). The TSR Hurdle requires minimum threshold performance of at least 9% annual effective TSR per Cabcharge share before any vesting will occur.</p> <p>The percentage of Rights subject to the TSR Hurdle that vest, if any, will be determined in accordance with the following vesting schedule.</p> <table border="1"> <thead> <tr> <th>Cabcharge TSR Performance</th> <th>Rights subject to TSR Hurdle that vest (%)</th> </tr> </thead> <tbody> <tr> <td>Less than 9% return p.a.</td> <td>0%</td> </tr> <tr> <td>At 9% return p.a. (threshold performance)</td> <td>30%</td> </tr> <tr> <td>Above 9% return p.a. but less than 11% return p.a.</td> <td>Straight-line vesting between 30% and 100% of the award</td> </tr> <tr> <td>11% return p.a. or more</td> <td>100%</td> </tr> </tbody> </table> <p><b>(2) Return on Equity (ROE)</b></p> <p>50% of the Rights will vest subject to the achievement of a return on equity (ROE) multiple of the Company's weighted average cost of capital (WACC) over the performance period (ROE Hurdle). ROE is based on statutory net profit after tax divided by average equity. WACC will be independently determined by a board approved adviser. The ROE Hurdle requires minimum threshold performance of ROE being at least 1.1 times WACC before any vesting will occur.</p> <p>The percentage of Rights subject to the ROE Hurdle that vest, if any, will be determined in accordance with the following schedule.</p> <table border="1"> <thead> <tr> <th>Cabcharge ROE Performance</th> <th>Rights subject to ROE Hurdle that vest (%)</th> </tr> </thead> <tbody> <tr> <td>Below ROE of 1.1 times WACC</td> <td>0%</td> </tr> <tr> <td>ROE of 1.1 times WACC (threshold performance)</td> <td>35%</td> </tr> <tr> <td>ROE between 1.1 times and 1.3 times WACC</td> <td>Straight-line vesting between 35% and 100% of the award</td> </tr> <tr> <td>ROE of 1.3 times WACC or higher</td> <td>100%</td> </tr> </tbody> </table> <p><b>Testing and vesting outcomes</b></p> <p>Decisions regarding the level of performance achieved and relevant remuneration outcomes will be made by the Board according to the above vesting schedules at the end of the performance period, with the outcomes communicated to Shareholders in the Remuneration Report.</p> <p>The Board retains discretion to adjust the performance hurdles in exceptional circumstances to ensure that the CEO (and other Plan participants, as appropriate) is neither advantaged nor disadvantaged by matters outside management's control. Where the Board exercises its discretion its rationale will be communicated to Shareholders in its Remuneration Report.</p>	Cabcharge TSR Performance	Rights subject to TSR Hurdle that vest (%)	Less than 9% return p.a.	0%	At 9% return p.a. (threshold performance)	30%	Above 9% return p.a. but less than 11% return p.a.	Straight-line vesting between 30% and 100% of the award	11% return p.a. or more	100%	Cabcharge ROE Performance	Rights subject to ROE Hurdle that vest (%)	Below ROE of 1.1 times WACC	0%	ROE of 1.1 times WACC (threshold performance)	35%	ROE between 1.1 times and 1.3 times WACC	Straight-line vesting between 35% and 100% of the award	ROE of 1.3 times WACC or higher	100%
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## ANNEXURE A

CONTINUED

Term	Detail
<b>Performance period and vesting</b>	<p>The performance period is four years, commencing 1 July 2016 and ending on 30 June 2020. However, as the Company's full-year results will not be announced to the market until after the end of the performance period, Rights will not vest until after the release of the results for the relevant financial year.</p> <p>Any Rights that do not vest following testing of the performance hurdles at the end of the performance period will lapse.</p>
<b>Allocation of shares upon vesting</b>	<p>On vesting, each Right will convert into one ordinary share in the Company or, at the Board's discretion (and in exceptional circumstances), a cash-equivalent payment.</p> <p>The allocation of shares on vesting may be satisfied by issuing new shares, acquiring shares on market or transferring shares from an employee share trust.</p>
<b>Trading restrictions</b>	<p>Shares allocated on vesting of Rights will not be subject to any further trading restrictions, subject to complying with the Company's Share Trading Policy.</p>
<b>Price payable for securities</b>	<p>No amount will be payable in respect of the allocation of Rights, nor in respect of any shares granted upon vesting of the Rights.</p>
<b>Cessation of employment</b>	<p>If the CEO ceases employment with the Company before the end of the performance period, the treatment of his Rights will depend on the circumstances of cessation.</p> <p>Where the CEO ceases employment due to resignation, termination for cause or poor performance, all unvested Rights will lapse at cessation.</p> <p>Where the CEO ceases employment for any other reason prior to vesting, unvested Rights will generally continue on-foot and be tested at the end of the original performance period against the relevant performance conditions. However, the Board has discretion to apply another treatment that it deems appropriate in the circumstances in accordance with the Plan Rules. Where the Board exercises its discretion its rationale will be communicated to Shareholders in its Remuneration Report.</p>
<b>Change of control and other variations in vesting</b>	<p>In addition to the circumstances described above, the Board may exercise its discretion to vary vesting on a change of control or in light of other external factors. For example, the Board may in some circumstances permit full or partial early vesting on a change of control as a result of a takeover or scheme of arrangement. Similarly, the Board may determine that there should be a reduction (or increase) in a participant's vesting outcome to account for factors outside of the control of the participant.</p> <p>The Board in all circumstances will ensure any variation takes into account achievement against the relevant performance conditions up until the relevant time, and does not unfairly advantage or disadvantage participants in the Plan, including the CEO. Any such variations will be fully disclosed in the Remuneration Report.</p>
<b>Other information</b>	<p>The CEO is prohibited from hedging the share price exposure in respect of Rights during the performance period applicable to those Rights.</p> <p>If shareholder approval is obtained, details of the Rights granted to the CEO under the LTI Plan in FY2017 will be detailed in future Remuneration Reports.</p>