

autosports group<sup>®</sup>

# AUTOSPORTS GROUP LIMITED

Notice of Meeting  
2019 Annual General Meeting

ACN 614 505 261

# Notice of Annual General Meeting

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Notice is given that the 2019 Annual General Meeting of Autosports Group Limited (**Company, Group** or **Autosports Group**) will be held at Autosports Group's Head Office at 565 Parramatta Road, Leichhardt NSW 2040 on Friday, 29 November 2019 at 11:00am (AEDT).

## Ordinary Business

### **1 2019 Financial Report, Directors' Report and Auditor's Report**

To receive and consider the Financial Report of the Company and its controlled entities and the Reports of the Directors and Auditor for the year ended 30 June 2019.

### **2 Re-election of Ian Pagent**

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

*That James Ian Pagent, being eligible, be re-elected as a director of the Company.*

### **3 Re-election of Marina Go**

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

*That Marina Go, being eligible, be re-elected as a director of the Company.*

### **4 Adoption of Remuneration Report**

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

*That the Remuneration Report for the year ended 30 June 2019 be adopted.*

***The vote on Resolution 4 is advisory only and does not bind the Directors or the Company.***

# Notice of Annual General Meeting (cont)

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## Special Business

### **5 Grant of performance rights to directors in relation to FY19 Short Term Incentive Plan**

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

*That for the purposes of ASX Listing Rule 10.14, and for all other purposes, shareholders approve the grant of:*

- (a) 40,189 performance rights to Nicholas Pagent as his annual deferred short-term incentive grant for the year ended 30 June 2019 on the terms described in the Explanatory Memorandum accompanying this Notice of Meeting; and*
- (b) 27,064 performance rights to Ian Pagent as his annual deferred short-term incentive grant for the year ended 30 June 2019 on the terms described in the Explanatory Memorandum accompanying this Notice of Meeting.*

### **6 Grant of performance rights to directors in relation to FY20 Long Term Incentive Plan**

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

*That for the purposes of ASX Listing Rule 10.14, and for all other purposes, shareholders approve the grant of:*

- (a) 304,465 performance rights to Nicholas Pagent as his annual long-term incentive grant for the FY20 financial year on the terms described in the Explanatory Memorandum accompanying this Notice of Meeting; and*
- (b) 202,977 performance rights to Ian Pagent as his annual long-term incentive grant for the FY20 financial year on the terms described in the Explanatory Memorandum accompanying this Notice of Meeting.*

### **7 Grant of FY19 long-term incentive performance rights to Ian Pagent**

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

*That the proportional takeover provisions previously contained in clause 6 of the Company's Constitution be reinstated for a period of three years, commencing on the date of this Annual General Meeting.*

The notes relating to voting and the Explanatory Memorandum form part of this Notice of Meeting.

#### **By Order of the Board**



**Caroline Raw**

Company Secretary and General Counsel

30 October 2019

# Notes relating to voting

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## 1 Entitlement to vote

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Board has determined that persons who are registered holders of shares in the Company as at 7:00pm AEDT on Wednesday 27 November 2019 will be entitled to attend and vote at the Annual General Meeting (**Meeting**) as a shareholder. Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

If more than one joint holder of shares is present at the Meeting (whether personally, by proxy, by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

Voting on procedural resolutions (Resolutions 2-4) will be voted on a show of hands. Resolutions 5(a) to 7 will be voted on a poll. Shareholders have one vote for every fully paid ordinary share held subject to the Voting Exclusions.

## 2 Voting exclusions

### Remuneration Resolutions

Resolutions 4, 5(a), 5(b), 6(a) and 6(b) relate to the remuneration of the Company's KMP. Accordingly, the Company will disregard votes cast on these resolutions by proxy if:

- the appointed proxy is a member of the Company's KMP or a Closely Related Party; and
- the appointment does not specify the way the proxy is to vote on the resolution,

unless the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

### Resolutions 5(a) and 6(a)

The Company will disregard any votes cast on Resolutions 5(a) and 6(a) by Nicholas Pagent and his Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### Resolutions 5(b) and 6(b)

The Company will disregard any votes cast on Resolutions 5(b) and 6(b) by Ian Pagent and his Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## 3 Proxies

### How to appoint a proxy

A shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the shareholder. A proxy need not be a shareholder and can be either an individual or a body corporate. A shareholder can appoint a proxy by completing and returning a signed proxy form.

A shareholder that 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 no proportion or number is specified, each proxy may exercise half of the shareholder's votes. If both proxies attend the meeting, then neither may vote on a show of hands.

If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the Corporations Act; and
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

If you wish to indicate how your proxy should vote, please mark the appropriate boxes on the proxy form. If you do not direct your proxy how to vote on a particular item of business, you are authorising your proxy to vote as they decide, subject to any applicable voting exclusions.

# Notes relating to voting (cont)

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## Appointing proxies for Remuneration Resolutions

Members of Autosports Group's KMP (which includes each of the Directors and the Chief Financial Officer) and their Closely Related Parties will not be able to vote as your proxy on Resolutions 4, 5(a), 5(b), 6(a) or 6(b) unless you direct them how to vote by marking a voting box for those items, or the Chair of the meeting is your proxy. Closely Related Parties include the KMP's spouse, dependants and certain other close family members, as well as any companies controlled by the KMP.

If you intend to appoint a member of the KMP or a Closely Related Party as your proxy, please ensure that you direct them how to vote on Resolutions 4, 5(a), 5(b), 6(a) or 6(b). If you appoint the Chair of the meeting as your proxy or he becomes your proxy by default, and you do not provide any voting directions on your proxy form, by signing and returning the proxy form, you will be expressly authorising the Chair of the meeting to cast your vote on Resolutions 4, 5(a), 5(b), 6(a) or 6(b) as he sees fit. This applies even if the resolution is connected with the remuneration of Autosports Group's KMP. The Chair of the meeting intends to vote all available proxies in favour of each resolution.

## Appointing proxies for Remuneration Resolutions

For proxies without voting instructions that are exercisable by the Chair of the meeting, the Chair intends to vote all available proxies in favour of each resolution.

## 4 Proxy form

If you wish to appoint a proxy to act on your behalf, please complete the accompanying proxy form. To be effective the proxy form must be received no later than 11:00am (AEDT) Wednesday 27 November 2019 at:

Online: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

By mail: Autosports Group Limited  
c/- Link Market Services Limited  
Locked Bag A14  
**Sydney South NSW 1235**

By fax: +61 2 9287 0309

By hand: *During business hours to:*

|  |    |  |
|--|----|--|
| Link Market Services Limited<br>Level 12<br>680 George Street<br>Sydney NSW 2000 | or | Link Market Services Limited<br>1A Homebush Bay Drive<br>Rhodes NSW 2138 |
|--|----|--|

## 5 Corporate representatives

A body corporate that is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it has been signed, unless it has previously been given to the Company.

## 6 Voting by attorney

A shareholder entitled to attend and vote may appoint an attorney to act on his or her behalf at the meeting. An attorney is not required to be a member of the Company. An attorney may not vote at the meeting unless the instrument appointing the attorney, and the authority under which the instrument is signed or a certified copy of the authority, are received by the Company in the same manner, and by the same time, as outlined above for proxy forms.

## 7 Questions for the Auditor

Shareholders may submit written questions to the Company's Auditor, Deloitte Touche Tohmatsu, if the question is relevant to the content of Deloitte Touche Tohmatsu's Audit Report for the year ended 30 June 2019 or the conduct of its audit of the Company's Financial Report for the year ended 30 June 2019.

# Explanatory Memorandum

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Relevant written questions for the Auditor must be received by the Company by no later than 5:00pm (AEDT), Friday 22 November 2019. Please send any written questions to:

***investor@autosportsgroup.com.au***

A list of written questions will be made available to shareholders attending the meeting. If written answers are tabled at the meeting, they will be made available to shareholders as soon as practicable after the meeting.

This Explanatory Memorandum has been prepared to help shareholders understand the items of business at the forthcoming Annual General Meeting.

## **Item 1 | 2019 Annual Financial Report, Directors' Report and Auditor's Report**

The Corporations Act requires the reports of the Directors and Auditors of the annual Financial Report, including the Financial Statements of the Company for the year ended 30 June 2019 to be laid before the meeting. Neither the Corporations Act nor the Company's Constitution requires a vote of shareholders on the reports or statements. However, shareholders will be given an opportunity to raise questions or comments on the management of the Company.

Also, a reasonable opportunity will be given to shareholders as a whole at the meeting to ask the Company's Auditor questions 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 2 | Re-election of Ian Pagent**

**Name:** James Ian ('Ian') Pagent  
**Title:** Executive Director  
**Qualifications:** Fellow of the Institute of Chartered Accountants Australia and New Zealand and a Bachelor of Commerce from the University of New South Wales.  
**Experience and expertise:** Ian has over 50 years' experience in the motor vehicle industry across Australia, Asia and the United States.

### **Recommendation**

The Board (with Ian Pagent abstaining) recommends that shareholders vote **in favour** of the re-election of Ian Pagent.

## **Resolution 3 | Re-election of Marina Go**

**Name:** Marina Go  
**Title:** Independent Non-Executive Director  
**Qualifications:** Fellow of the Institute of Chartered Accountants Australia and New Zealand and a Bachelor of Commerce from the University of New South Wales.  
**Experience and expertise:** Marina Go is Chair of Suncorp Super Netball and Ovarian Cancer Australia, a non-executive director of Energy Australia, 7-Eleven, Pro-Pac, and The Walkley Foundation, Chair of the Advisory Board for the Centre For Media Transition at the University of Technology Sydney, a director of PWC's Diversity Advisory Board, and author of the business book for women, Break Through: 20 Success Strategies for Female Leaders.  
Marina has over 25 years of leadership experience in the media industry, having started her career as a journalist. Marina is the former Chair of the Wests Tigers NRL Club and Private Media CEO. She is a member of the Australian Institute of Company Directors.

### **Recommendation**

The Board (with Marina Go abstaining) recommends that shareholders vote **in favour** of the re-election of Marina Go.

# Explanatory Memorandum (cont)

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## **Resolution 4 | Adoption of Remuneration Report**

The Remuneration Report in the Company's 2019 Financial Report sets out the remuneration policies of the Company and reports on the remuneration arrangements in place for the Company's KMP during the year ended 30 June 2019. Shareholders will have a reasonable opportunity at the meeting to ask questions about or make comments on the Remuneration Report.

As prescribed by the Corporations Act, the vote on the adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote and discussion at the meeting into account in setting remuneration policy for future years.

### **Recommendation**

Noting that each Director has a personal interest in their own remuneration as described in the 2019 Remuneration Report, each Director recommends that shareholders vote in favour of adopting the 2019 Remuneration Report.

## **Resolutions 5(a) & 5(b) | Grant of performance rights to directors in relation to FY19 Short Term Incentive Plan**

Pursuant to ASX Listing Rule 10.14, the Company is seeking shareholder approval for the grant of performance rights to Nicholas Pagent (Chief Executive Officer) and Ian Pagent (Executive Director), in respect of their deferred Short Term Incentive (STI) award for the year ended 30 June 2019.

Subject to shareholder approval, the STI performance rights will be granted under the Company's Equity Incentive Plan shortly after, and in any case by no later than 12 months after the meeting.

### **Key terms of the FY19 STI award**

The STI plan (including its performance conditions) is designed to provide increased focus on, and reward for, performance against those areas that most significantly drive the delivery of the Company's strategic initiatives. The amount of the STI award that each participant is entitled to each year (if any) is determined by the Board based on achievement against set performance targets.

For FY19, Nicholas Pagent was eligible to receive an STI award of 33% of his base salary at target performance, and a maximum STI award of up to 75% of his base salary if stretch performance targets were met.

For FY19, Ian Pagent was eligible to receive an STI award of 20% of his base salary at target performance, and a maximum STI award of up to 45% of his base salary if stretch performance targets were met.

Performance conditions include:

- a "gateway hurdle" of upholding the Company's culture and values;
- financial hurdles primarily focusing on the financial objectives of the Group and include targets measured against revenue, earnings before interest, tax, depreciation and amortisation (EBITDA), net profit before tax (NPBT) and net profit after tax (NPAT); and
- non-financial performance hurdles aligned to the executive director's role and included growth, stakeholder relationships, risk and corporate governance to ensure the business continued to be well managed.

As disclosed in the FY19 Remuneration Report:

- Nicholas Pagent was awarded a total STI of \$59,400 for FY19. This award equates to an achievement of 13% of the maximum STI opportunity (or 30% of the target STI opportunity). 100% of this award is to be delivered in the form of STI performance rights.
- Ian Pagent was awarded a total STI of \$40,000 for FY19. This award equates to an achievement of 22% of the maximum STI opportunity (or 50% of the target STI opportunity). 100% of this award is to be delivered in the form of STI performance rights.

The number of STI performance rights to be granted to each of Nicholas Pagent and Ian Pagent was determined by dividing the total value of their STI award for FY19 by the 10-day VWAP from release of the Group's 2019 full year audited financial results rounded to the nearest whole number of performance rights.

# Explanatory Memorandum (cont)

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The 10-day VWAP was calculated as \$1.478. Accordingly:

- Nicholas Pagent is entitled to 40,189 performance rights in respect his FY19 Short Term Incentive Plan achievement; and
- Ian Pagent is entitled to 27,064 performance rights in respect his FY19 Short Term Incentive Plan achievement; and

As the STI performance rights will form part of Nicholas Pagent and Ian Pagent's remuneration for FY19, they will be granted at no cost and there will be no amount payable on vesting. Each performance right entitles the holder to one ordinary share in the Company on vesting. The Board retains the discretion to make a cash equivalent payment in lieu of an allocation of shares. Prior to vesting, performance rights do not carry any dividend or voting rights.

## **Vesting condition**

STI performance rights will vest after the satisfaction of a one-year service period ending on 30 June 2020.

## **Cessation of employment**

Where employment is terminated for summary dismissal or ceases due to resignation, all unvested STI performance rights will automatically lapse. In all other circumstances, a pro rata portion (calculated by reference to the portion of the performance period elapsed) of unvested STI performance rights will remain on foot and will vest in the ordinary course, as though the employee had not ceased employment. The remainder of that employee's unvested STI performance rights will lapse. However, pursuant to the Equity Incentive Plan Rules, the Board retains discretion to vest or lapse some or all performance rights in all circumstances.

## **Change of control**

In the event of a takeover bid or other transaction, event or state of affairs that in the Board's opinion is likely to result in a change in control of the Company, the Board may decide that some or all of the STI performance rights will vest.

## **Clawback**

The Board has broad clawback powers to determine that STI performance rights lapse, any shares allocated on vesting are forfeited, or that amounts are to be repaid in certain circumstances (for example, in the case of serious misconduct).

## **Restrictions on dealing**

Employees must not sell, transfer, encumber, hedge or otherwise deal with STI performance rights. Employees will be free to deal with the shares allocated on vesting of the STI performance rights, subject to the requirements of the Company's Securities Dealing Policy.

## **Additional information provided in accordance with ASX Listing Rule 10.15**

- Nicholas Pagent and Ian Pagent are the only directors entitled to participate in, and receive performance rights under, the Equity Incentive Plan.
- No loan will be made by the Company in relation to the acquisition of STI performance rights or allocation to Nicholas Pagent or Ian Pagent of any shares on vesting of those rights.
- If approval is given under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1. This means that the STI performance rights granted to Nicholas Pagent and Ian Pagent, and any shares issued pursuant to this approval, will not count towards the 15% placement capacity available under ASX Listing Rule 7.1.
- As approved at the 2018 AGM, the following rights were granted on 23 November 2018:
  - Nicholas Pagent - 81,358 STI performance rights for nil consideration as part of his FY18 STI achievement; and
  - Ian Pagent – 57,767 STI performance rights for nil consideration as part of his FY18 STI achievement.
  - A voting exclusion statement applies to this resolution, as set out in the Notice of Meeting.

## **Recommendation**

The Non-Executive Directors recommend that shareholders vote **in favour** of the grant of STI performance rights to Nicholas Pagent and Ian Pagent under resolutions 5(a) and 5(b).



# Explanatory Memorandum (cont)

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## **Resolutions 6(a) & 6(b) | Grant of performance rights to directors in relation to FY20 Long Term Incentive Plan**

Pursuant to ASX Listing Rule 10.14, the Company is seeking shareholder approval for the grant of performance rights to Nicholas Pagent (Chief Executive Officer) and Ian Pagent (Executive Director), in respect of their Long Term Incentive (LTI) award for the 2020 financial year. Subject to shareholder approval, the LTI performance rights will be granted under the Company's Equity Incentive Plan within 12 months of the meeting.

### **Key terms of the FY20 LTI award**

The LTI plan is designed to align the interests of employees with the interests of shareholders by providing the opportunity to receive an equity interest in the Company through the granting of performance rights.

It is proposed that Nicholas Pagent will be granted 304,465 LTI performance rights based on dividing 75% of Nicholas Pagent's base salary by the 10-day VWAP of the Company shares since the release of the Group's 2019 full year audited financial results rounded to the nearest whole number.

Likewise, it is proposed that Ian will be granted 202,977 LTI performance rights based on dividing 75% of Ian Pagent's base salary by the 10-day VWAP of the Company shares since the release of the Group's 2019 full year audited financial results rounded to the nearest whole number.

As the LTI performance rights will form part of Nicholas Pagent's and Ian Pagent's remuneration, they will be granted at no cost and there will be no amount payable on vesting. Each performance right entitles the holder to one ordinary share in the Company on vesting. The Board retains a discretion to make a cash equivalent payment in lieu of an allocation of shares. Prior to vesting, performance rights do not carry any dividend or voting rights.

### **Performance conditions**

LTI performance rights will be tested against the Compound Annual Growth Rate (CAGR) of Autosports Group's underlying earnings per share (EPS). The EPS performance condition has been chosen as it provides evidence of the Company's growth in earnings and is directly linked to shareholder returns.

The percentage of LTI performance rights that vest, if any, will be determined by reference to the following vesting schedule, subject to any adjustments for abnormal or unusual profit items that the Board, in its absolute discretion, considers appropriate:

| <b>CAGR of the Company's underlying EPS</b> | <b>Percentage of LTI performance rights that vest over the performance period</b> |
|---|---|
| Less than 7%                                | Nil   |
| 7% (threshold performance)                  | 50%   |
| Between 7% and 15%                          | Straight-line pro rata vesting between 50% and 100%                               |
| 15% or above (stretch performance)          | 100%  |

A continuous service condition also applies to the LTI performance rights, subject to the cessation of employment provisions described below.

### **Testing of the performance conditions**

The performance period will run from 1 July 2019 to 30 June 2022. The Board will arrange for the performance conditions to be tested following the release of the Company's full year financial results for the year ended 30 June 2022. Any performance rights that remain unvested at the end of the performance period will lapse immediately.

### **Cessation of employment, change of control, clawback and restrictions on dealing**

Under the Company's Equity Incentive Plan, the provisions relating to cessation of employment, change of control, clawback and restrictions on dealing are the same as described above in relation to the Short Term Incentive Plan performance rights.

# Explanatory Memorandum (cont)

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## **Additional information provided in accordance with ASX Listing Rule 10.15**

- Nicholas Pagent and Ian Pagent are the only directors entitled to participate in, and receive performance rights under, the Equity Incentive Plan.
- No loan will be made by the Company in relation to the acquisition of LTI performance rights or allocation to Nicholas Pagent or Ian Pagent of any shares on vesting of those rights.
- If approval is given under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1. This means that the LTI performance rights granted to Nicholas Pagent and Ian Pagent, and any shares issued pursuant to this approval, will not count towards the 15% placement capacity available under ASX Listing Rule 7.1.
- As approved at the 2018 AGM, the following rights were granted on 21 November 2018:
  - Nicholas Pagent - 283,554 LTI performance rights for nil consideration as part of the FY18 long term incentive plan; and
  - Ian Pagent - 113,421 LTI performance rights for nil consideration as part of the FY18 long term incentive plan.
- A voting exclusion statement applies to this resolution, as set out in the Notice of Meeting.

## **Recommendation**

The Non-Executive Directors recommend that shareholders vote **in favour** of the grant of LTI performance rights to Nicholas Pagent and Ian Pagent under resolutions 6(a) and 5(b).

## **Resolution 7 | Renewal of proportional takeover provisions**

### **Renewal of proportional takeover provisions**

A proportional takeover bid is a takeover offer made to all shareholders for the acquisition of their shares, however, the offer made to each shareholder is only for a specified proportion of that shareholder's shares (and that proportion is the same for all shareholders). Accordingly, if a shareholder accepts in full the offer under a proportional takeover bid, the shareholder will dispose of the specified portion of their shares in the Company and retain the balance of the shares.

The Company's Constitution currently contains provisions dealing with proportional takeover bids for its shares in accordance with the Corporations Act. Under the Corporations Act, these provisions must be renewed every three years, or they will cease to have effect. Autosports Group's proportional takeover provisions expire this year. If approved by shareholders at this meeting, clause 6 will be reinstated and operate for three years from the date of the meeting, unless renewed earlier.

### **Effect of the proportional takeover approval provision**

In the event that a proportional takeover offer is made to shareholders of the Company, the existence of clause 6 requires the Board of the Company to convene a meeting of shareholders to vote on a resolution to approve the proportional takeover offer. Under the Corporations Act, the approving resolution must be passed at least 14 days before the offer under the proportional takeover bid closes.

To be passed, the resolution must be approved by most votes at the meeting, excluding votes by the bidder and its associates. However, the Corporations Act also provides that, if no resolution to approve the bid has been voted on in accordance with the time required by relevant provisions of the Corporations Act, then a resolution to approve the proportional takeover bid will be deemed to have been passed.

If the resolution to approve the proportional takeover bid is passed or deemed to have been passed, the transfer of shares resulting from acceptance of an offer under that bid will be permitted, and the transfers registered, subject to the Corporations Act and the Constitution of the Company.

If the resolution is rejected, the registration of any transfer of shares resulting from an offer under the proportional takeover bid will be prohibited, and the bid deemed to be withdrawn. Clause 6 does not apply to full takeover bids.

### **Reasons for proposing the resolution**

In the Board's view, the relevant shareholders should have the opportunity to vote on a proposed proportional takeover bid. A proportional takeover bid for the Company may enable control of the Company to be acquired by a party holding less than a majority interest. As a result, the relevant shareholders may not have the opportunity to dispose of all their shares and risk being part of a minority interest in the Company or suffering loss if the takeover bid causes a decrease in the market price of the shares or makes the shares less attractive and, accordingly, more difficult to sell. Clause 6 would only permit this to occur with the approval of a majority of the relevant shareholders.

# Explanatory Memorandum (cont)

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## Potential advantages and disadvantages

For relevant shareholders, the potential advantage of clause 6 is that it will provide them with the opportunity to consider and discuss a proportional takeover bid in a meeting called specifically for that purpose, and vote on whether a proportional takeover bid should be approved. This has afforded and continues to afford the relevant shareholders an opportunity to have a say in the future ownership and control of the Company and help the shareholders avoid being locked into a minority. The Board believes that this will encourage any proportional takeover bid to be structured so as to be attractive to at least a majority of relevant shareholders. It may also discourage the making of a proportional takeover bid that may be considered opportunistic.

Finally, knowing the view of the majority of the relevant shareholders may help each individual shareholder to assess the likely outcome of the proportional takeover bid and decide whether or not to accept an offer under the bid.

On the other hand, the potential disadvantage for the relevant shareholders arising from clause 6 is that potential bidders may be discouraged by the additional procedural steps that clause 6 will necessitate and, accordingly, may reduce the opportunities which shareholders have to sell all or some of their shares at a premium to persons seeking control of the Company and may reduce any takeover speculation element in the Company's share price. Clause 6 may also be considered an additional restriction on the ability of individual shareholders to deal freely in their shares.

The Board considers that the potential advantages for members of the proportional takeover approval provisions outweigh the potential disadvantages.

## Present acquisition proposals

As at the date on which this Explanatory Note is prepared, no Director is aware of a proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

## Proposed provisions

If the resolution is approved, the following provisions will be reinstated to the Company's Constitution.

## 6 Plebiscite to approve proportional takeover bids

### 6.1 Definitions

*The meanings of the terms used in this rule 6 are set out below.*

| <b>Term</b>                          | <b>Meaning</b>   |
|--------------------------------------|--|
| <i>Approving Resolution</i>          | <i>in relation to a Proportional Takeover Bid, a resolution to approve the Proportional Takeover Bid passed in accordance with rule 6.3.</i>   |
| <i>Approving Resolution Deadline</i> | <i>in relation to a Proportional Takeover Bid, the day that is 14 days before the last day of the bid period and during which the offers under the Proportional Takeover Bid remain open or a later day allowed by the Australian Securities and Investments Commission.</i> |
| <i>Proportional Takeover Bid</i>     | <i>a takeover bid that is made or purports to be made under section 618(1) (b) of the Act in respect of securities included in a class of securities in the company.</i>   |
| <i>Relevant Class</i>                | <i>in relation to a Proportional Takeover Bid, means the class of securities in the company in respect of which offers are made under the Proportional Takeover Bid.</i>   |

# Explanatory Memorandum (cont)

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## **6.2 Transfers not to be registered**

*Despite rules 5.1(c) and 5.2, a transfer giving effect to a contract resulting from the acceptance of an offer made under a Proportional Takeover Bid must not be registered unless an Approving Resolution has been passed or is taken to have been passed in accordance with rule 6.3.*

## **6.3 Approving Resolution**

*(a) Where offers have been made under a Proportional Takeover Bid, the Board must:*

- (1) convene a meeting of the persons entitled to vote on the Approving Resolution for the purpose of considering and, if thought fit, passing a resolution to approve the Proportional Takeover Bid; and*
- (2) ensure that the resolution is voted on in accordance with this rule 6.3, before the Approving Resolution Deadline.*

*(b) The provisions of this constitution relating to general meetings apply (with any necessary changes) to a meeting that is convened under rule 6.3(a), as if that meeting were a general meeting of the company.*

*(c) The bidder under a Proportional Takeover Bid and any associates of the bidder are not entitled to vote on the Approving Resolution and if they do vote, their votes must not be counted.*

*(d) Subject to rule 6.3(c), a person who held securities of the relevant class as at the end of the day on which the first offer under the Proportional Takeover Bid was made is entitled to vote on the Approving Resolution.*

*(e) An Approving Resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.*

*(f) If an Approving Resolution has not been voted on in accordance with this rule 6.3 as at the end of the day before the Approving Resolution Deadline, an Approving Resolution will be taken to have been passed in accordance with this rule 6.3 on the Approving Resolution Deadline.*

## **6.4 Sunset**

*Rules 6.1, 6.2 and 6.3, cease to have effect at the end of 3 years beginning:*

- (a) where those rules have not been renewed in accordance with the Act, on the date that those rules were adopted by the company; or*
- (b) where those rules have been renewed in accordance with the Act, on the date those rules were last renewed.*

## **Recommendation**

All of the Directors recommend that shareholders vote **in favour** of Resolution 7.

# Glossary

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In this Explanatory Memorandum and the Notice of Meeting, capitalised terms have meaning given to them below unless the context otherwise requires:

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|                                 |   |
|---------------------------------|---|
| <b>Associate</b>                | has the same meaning given to that term in Chapter 19 of the ASX Listing Rules.   |
| <b>CAGR</b>                     | means compound annual growth rate.  |
| <b>Closely Related Party</b>    | is defined by the Corporations Act and includes: <ul style="list-style-type: none"><li>• a KMP's spouse or child</li><li>• a child of the KMP's spouse</li><li>• a dependent of the KMP or of the KMP's spouse</li><li>• anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealings with the Company</li><li>• a company the KMP controls.</li></ul> |
| <b>Corporations Act</b>         | means the Corporations Act 2001 (Cth).  |
| <b>EPS</b>                      | means earnings per share.   |
| <b>KMP</b>                      | means the Company's key management personnel and includes the Directors and the Chief Financial Officer.  |
| <b>Remuneration Resolutions</b> | means the resolutions that relate to the remuneration of the KMP and include Resolutions 4, 5(a), 5(b), 6(a) and 6(b).  |
| <b>VWAP</b>                     | means volume weighted average price.  |

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autosports group<sup>®</sup>


## LODGE YOUR VOTE

 **ONLINE**  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

 **BY MAIL**  
 Autosports Group  
 C/- Link Market Services Limited  
 Locked Bag A14  
 Sydney South NSW 1235 Australia

 **BY FAX**  
 +61 2 9287 0309

 **BY HAND**  
 Link Market Services Limited  
 1A Homebush Bay Drive, Rhodes NSW 2138; or  
 Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**  
 Telephone: +61 1300 554 474

## LODGE MENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **11:00am (AEDT) on Wednesday, 27 November 2019**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:

 **ONLINE**  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

 **BY MOBILE DEVICE**

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.

QR Code



## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares 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; and
- return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
 THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

NAME SURNAME  
ADDRESS LINE 1  
ADDRESS LINE 2  
ADDRESS LINE 3  
ADDRESS LINE 4  
ADDRESS LINE 5  
ADDRESS LINE 6



X99999999999

## PROXY FORM

I/We being a member(s) of Autosports Group Limited (Company) and entitled to attend and vote hereby appoint:

### APPOINT A PROXY

the 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 you are appointing as your proxy

STEP 1

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **11:00am (AEDT) on Friday, 29 November 2019 at Autosports Group's Head Office at 565 Parramatta Road, Leichhardt NSW 2040 (the Meeting)** and at any postponement or adjournment of the Meeting.

**Important for Resolutions 4, 5a, 5b, 6a & 6b:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 4, 5a, 5b, 6a & 6b, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

### VOTING DIRECTIONS

**Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.**

**Please read the voting instructions overleaf before marking any boxes with an .**

#### Resolutions

|   | For                      | Against                  | Abstain*                 |
|---|--------------------------|--------------------------|--------------------------|
| 2 Re-election of Ian Pagent as Director   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 Re-election of Marina Go as Director  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 Adoption of Remuneration Report   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5a Grant of performance rights to Nicholas Pagent in relation to FY19 Short Term Incentive Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5b Grant of performance rights to Ian Pagent in relation to FY19 Short Term Incentive Plan      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6a Grant of performance rights to Nicholas Pagent in relation to FY20 Long Term Incentive Plan  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6b Grant of performance rights to Ian Pagent in relation to FY20 Long Term Incentive Plan       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7 Reinstatement of proportional takeover provisions   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |



\* 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 votes will not be counted in computing the required majority on a poll.

STEP 2

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

STEP 3

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

ASG PRX1901D

