

CAVALIER
CORPORATION



**Notice of
Annual Meeting 2018**

Level 4, South Stand, Eden Park,
Reimers Avenue, Auckland
**Commencing at 10.00 am
Tuesday, 30 October 2018**

For shareholders who cannot attend the Annual Meeting, the Company will be streaming the meeting online at www.cavcorp.co.nz.

For more information, please see page 15.

Notice of Annual Meeting

Notice is given that the 2018 Annual Meeting of shareholders (“Annual Meeting”) of Cavalier Corporation Limited (the “Company”) will be held at:

Level 4, South Stand,
Eden Park,
Reimers Avenue,
Auckland*

on Tuesday, 30 October 2018, commencing at 10.00 am.

*For map, please see page 16.

Business

- A. **Chairman's introduction**
- B. **Addresses to shareholders**
- C. **Shareholder questions and discussion of 2018 annual report**
- D. **Resolutions**

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

Resolution 1 (Auditor's remuneration):

That the directors are authorised to fix the fees and expenses of the auditor, KPMG.

Resolution 2 (Re-election of director):

That Grant Biel, who retires by rotation at the Annual Meeting and is eligible for re-election, be re-elected as a director of the Company.

Resolution 3 (Election of director):

That Alan Clarke, who retires at the Annual Meeting and is eligible for election, be elected as a director of the Company.

Resolution 4 (Election of director):

That George Adams, who retires at the Annual Meeting and is eligible for election, be elected as a director of the Company.

Resolution 5 (Directors' remuneration):

That the total directors' fee pool be increased by \$100,000 per annum from \$350,000 per annum to \$450,000 per annum (exclusive of GST), being the aggregate payable to all directors of the Company for their services as directors of the Company, with such sum to be divided among the directors as the Board may from time to time determine.

- E. **Other business**

To consider any other business that may properly be brought before the Annual Meeting.

By Order of the Board



Victor Tan

Company Secretary
Auckland, New Zealand
26 September 2018

Procedural Notes

Voting

In the interests of ensuring that the views of shareholders are fairly represented, the Chairman of the Annual Meeting will be calling a poll in relation to all the resolutions to be put to shareholders at the Annual Meeting so that the results will be determined on the basis of one vote per share held.

Persons entitled to vote

For the purposes of voting at the Annual Meeting, only those shareholders registered as such as at 5.00 pm on Friday, 26 October 2018 shall be entitled to exercise the right to vote at the Annual Meeting and only the shares registered in those shareholders' names at that time may be voted at the Annual Meeting.

Directors' entitlement, and intention, to vote

Pursuant to NZX Main Board Listing Rules, each of the directors of the Company, including the Chairman, and their respective associated persons (as defined in the NZX Main Board Listing Rules) are disqualified from voting on Resolution 5 – Directors' remuneration. A director or associated person who is appointed as a proxy in respect of Resolution 5 may vote in accordance with the directions of the shareholder appointing the proxy, but may not exercise a discretionary vote where specific directions on how to vote are not given.

Where shareholders appoint the directors of the Company, including the Chairman, as their proxy and leave the directors to decide how to cast their votes, the directors have advised that they intend to vote in favour of Resolutions 1, 2, 3 and 4.

Proxies and corporate representatives

Any shareholder who is entitled to attend and vote at the Annual Meeting may appoint a proxy (or representative in the case of a corporate shareholder) to attend and vote instead of him or her. A proxy need not be a shareholder of the Company. A shareholder may appoint the Chairman of the Annual Meeting as his or her proxy if he or she wishes. To appoint a proxy, shareholders should complete the relevant sections of the proxy and postal voting form accompanying this notice of meeting.

A proxy will not be entitled to vote at the Annual Meeting unless a properly completed proxy and postal voting form is received at the registered office of the Company or at the office of the Company's share registrar, Computershare Investor Services Limited ("Computershare"), not later than 10.00 am, Sunday, 28 October 2018.

Postal voting

Shareholders entitled to attend and vote at the Annual Meeting may cast a postal vote instead of attending in person or appointing a proxy to attend. Victor Tan, the Company Secretary has been authorised by the Board to receive and count postal votes at the Annual Meeting.

To cast a postal vote, shareholders should complete the relevant sections of the proxy and postal voting form accompanying the notice of Annual Meeting.

Postal voting forms must be received at the office of the Company's share registrar, Computershare, not later than 10.00 am, Sunday, 28 October 2018.

Online proxy appointment and postal voting

Shareholders can elect to lodge their proxy appointment or postal vote online on the website of the Company's share registrar, www.investorvote.co.nz.

Online proxy appointments and postal voting must be completed not later than 10.00 am, Sunday, 28 October 2018.

To do so, shareholders will need to follow the prompts online. Shareholders will require their CSN/Securityholder Number and postcode (if in New Zealand) or country of residence (if outside New Zealand) and the secure access control number, all of which can be found on the proxy and postal voting form accompanying the notice of meeting.

Alternatively, shareholders can scan the QR code that appears on their proxy and postal voting form with their smartphone or tablet and follow the directions provided. To scan the code shareholders need to have already downloaded a free QR code reader to their tablet or smartphone. When scanned, the QR code will take them directly to the mobile voting site.

Ordinary resolutions

The resolutions to be put to shareholders at the Annual Meeting are to be considered as separate ordinary resolutions. To be passed, each of these resolutions requires the approval of a simple majority of the votes cast by shareholders entitled to vote and voting at the Annual Meeting.

Shareholder questions

Shareholders present at the Annual Meeting will have the opportunity to ask questions when invited to during the Annual Meeting. Alternatively, shareholders can submit questions ahead of the Annual Meeting by writing to the Board and submitting it to the Company in the reply-paid envelope or by email to companysecretary@cavcorp.co.nz.

The Company's external auditor, KPMG, will be available at the Annual Meeting to answer questions from shareholders in respect of the external audit function and the audit of the financial statements for the year ended 30 June 2018.

Explanatory Notes

Resolution 1: Fix the remuneration of the auditor, KPMG

Section 207T of the Companies Act 1993 provides that a company's auditor is automatically re-appointed (unless there are specific circumstances providing otherwise). The Company wishes KPMG to continue as its auditor and KPMG has indicated its willingness to do so.

Section 207S of the Companies Act 1993 states that the fees and expenses of the auditor are to be fixed by the Company at the Annual Meeting or in such manner as the Company determines at the Annual Meeting.

The Board unanimously recommends that, consistent with past practice, the auditor's fees and expenses should be fixed by the directors.

RE-ELECTION OF DIRECTOR

Under NZX Main Board Listing Rule 3.3.11, and in accordance with the Constitution of the Company, at least one third, or the number nearest to one third, of the total number of directors (excluding any director appointed by the Board in between Annual Meetings) must retire by rotation at each Annual Meeting of shareholders.

The directors to retire are those who have been longest in office since their last election or re-election, and if they are eligible, they may offer themselves for re-election by shareholders at the Annual Meeting.

Grant Biel is the only director to so retire at this Annual Meeting. Grant, being eligible for re-election to the Board, is offering himself for re-election at the Annual Meeting.

Resolution 2: Re-election of Grant Biel

Grant Biel B.E. (Mech.)

Appointed: July 1984

Last re-elected: 24 November 2015

Member of the Board's Audit, Remuneration and Nomination committees



Grant has been a director of the Company since it was formed in July 1984, even though his involvement with the carpet industry and the Company went back much further than that, with Grant starting in 1964 with the Bremworth Carpet Company before founding Cavalier Carpets with Tony Timpson in 1972.

This was followed by the listing of Cavalier Carpets on the New Zealand Stock Exchange in 1983 and a merger the following year with another listed company, E Lichtenstein and Company Limited, to form Cavalier Corporation as we know it today.

Grant served as an executive director of Cavalier Carpets and Cavalier Corporation until his retirement in 1995 to take on his role as a non-executive director.

Grant is a non-independent director because he is an associate of Rural Aviation (1963) Limited, a substantial product holder in the Company.

The other directors unanimously support the re-election of Grant Biel as a director.

ELECTION OF DIRECTORS

Under NZX Main Board Listing Rule 3.3.6, and in accordance with the Constitution of the Company, directors appointed by the Board in between Annual Meetings must retire at the next Annual Meeting, and if they are eligible, they may offer themselves for election by shareholders at the Annual Meeting.

Alan Clarke and George Adams are the directors to so retire at this Annual Meeting. Alan and George, being eligible for election to the Board, are offering themselves for election at the Annual Meeting.

Resolution 3: Election of Alan Clarke

Alan Clarke B.Sc.(Hons), MBA, CFInstD

Appointed: 1 November 2017

Chairman of the Board and the Board's Nomination committee

Member of the Board's Audit and Remuneration committees



Alan has been a director of the Company since 1 November 2017.

Alan has extensive governance and strategic experience as a director of both private and publicly listed companies in New Zealand and Australia over the last 26 years. He has held responsibilities as CEO and Managing Director over that time, formulating and implementing several successful strategic initiatives. These included change projects at SGS, a Swiss based multinational, initially in New Zealand and then Australia in the 1990's before he returned to New Zealand to head ElderCare, now Abano Healthcare Group, and most recently Hellaby Holdings.

Alan is currently an independent director of nib NZ, a health insurance provider, and is Chairman of the Advisory Board of Intergroup Limited.

Alan is Chartered Fellow of the Institute of Directors in New Zealand.

The Board has determined that Alan is an independent director under the NZX Main Board Listing Rules.

The other directors unanimously support the election of Alan Clarke as a director.

Resolution 4: Election of George Adams

George Adams DipFSA(Hons), FCA, CMInstD

Appointed: 1 June 2018

Member of the Board's Audit, Remuneration and Nomination committees



George has been a director of the Company since 1 June 2018.

George brings outstanding commercial and governance experience from more than 25 years of international business experience in the fast-moving consumer goods and telecommunications industries, as well as a strong background in occupational health and safety.

George was previously Managing Director of Coca-Cola Amatil New Zealand and Fiji, a role he held for 10 years. During this time, George also chaired the New Zealand Food and Grocery Council. Prior to moving to New Zealand in 2003, George was Finance Director of British Telecom Northern Ireland and Group Finance Director of Dublin-based bottling company Molino Beverages.

George is currently Chairman of Mix Cosmetics Limited, Apollo Foods Limited, Insightful Mobility Limited, Nexus Foams Limited, the Business Leaders Health and Safety Forum and the Occupational Health Advisory Board, as well as a director of Tegel Group Holdings Limited.

George is a Fellow of the Institute of Chartered Accountants in Ireland and a Chartered Member of the Institute of Directors in New Zealand.

The Board has determined that George is an independent director under the NZX Main Board Listing Rules.

The other directors unanimously support the election of George Adams as a director.

Resolution 5: Directors' remuneration

The maximum remuneration fee pool of \$350,000 per annum payable to the directors of the Company for their services as directors was last increased 11 years ago by shareholders at the Annual Meeting held on 8 November 2007.

Under NZX Main Board Listing Rule 3.5.1, the approval of shareholders is required before the maximum remuneration fee pool payable to the directors can be increased.

Current director remuneration is paid in accordance with the following scale of directors' fees approved by the Board in January 2018:

Chairman	\$112,000 per annum
Other director's base fee	\$56,000 per annum
Audit committee chairman	\$9,000 per annum
Remuneration committee chairman	\$5,000 per annum

This scale placed the total directors' fees payable outside the \$350,000 limit when the directors appointed George Adams to the Board with effect from 1 June 2018, taking the total number of directors from five to six and leaving the Company in a position where it needed to seek:

- shareholder approval of the change to the maximum directors' fees payable, either by special meeting or at the 2018 Annual Meeting of shareholders; or
- a waiver from NZX Main Board Listing Rule 3.5.1 to the extent shareholder approval is required, so that it could appoint George Adams in advance of the 2018 Annual Meeting without incurring the cost of holding a special meeting.

Accordingly, the Company sought and received a waiver from NZX which allowed the Company to appoint George Adams and to pay him for his services as a director in advance of the 2018 Annual Meeting.

George Adams, who was appointed by the Board in June 2018, will ensure a smooth and seamless transition for the Chair of the Audit committee, with Sarah Haydon, the current Chair, indicating that she would be retiring at the conclusion of the Annual Meeting.

The scale of fees referred to above also places the total directors' fees payable to the five directors, excluding Sarah Haydon, at the \$350,000 limit previously approved by the shareholders, leaving no room for further increases in directors' fees.

The directors have therefore determined that an increase in the directors' total fee pool from the current \$350,000 per annum to \$450,000 per annum (excluding GST) be sought.

In seeking shareholder approval, the directors have considered the June 2016 benchmarking of directors' fees conducted by PwC, reviewed the updated directors' fees paid by those companies in the PwC benchmark group and sought separate advice.

The increase in the fee pool will enable the Company to:

- remunerate directors at levels commensurate with the responsibilities placed on, and the performance commitments expected of, them;
- reflect the significant involvement required of the directors to ensure the Company's performance continues to be sustained and improved;
- retain existing, and in the future to attract high-calibre, directors in an increasingly competitive market; and
- move Cavalier's directors' fees closer to those in the PwC benchmark group.

It is envisaged that part of the increase sought will be used to increase the fees currently payable to the directors with effect from 1 January 2019 as set out in the table below. The balance will be available for increases in fees in future years.

Chairman	From \$112,000 per annum to \$128,100 per annum
Other director's base fee	From \$56,000 per annum to \$61,000 per annum
Audit committee chairman	From \$9,000 per annum to \$10,000 per annum
Remuneration committee chairman	To remain at \$5,000 per annum

Fee pool proposal

After considering all relevant factors, directors are therefore seeking approval from shareholders for an increase in the total fee pool of \$100,000 per annum, taking it from the current \$350,000 per annum to \$450,000 per annum (excluding GST).

As stated in the procedural notes at page 2, directors or their associated persons cannot exercise their own shareholding votes or discretionary proxy votes on this resolution at the Annual Meeting.

Important Information

KEY DATES

All times given are New Zealand times

5.00 pm

Friday, 26 October

Record date for determining voting entitlements at the Annual Meeting of shareholders

10.00 am

Sunday, 28 October

Latest time for receipt of proxy appointments and postal votes

10.00 am

Tuesday, 30 October

Annual Meeting of shareholders

Attending the Annual Meeting online

The Company is holding its first hybrid Annual Meeting so that shareholders who are unable to make it to the Annual Meeting in person can still have the opportunity to attend and participate in the 2018 Annual Meeting online via an internet connection (using a computer, laptop, tablet or smartphone) at www.cavcorp.co.nz.

To attend the Annual Meeting online, shareholders will need to go to www.cavcorp.co.nz to register before the Annual Meeting.

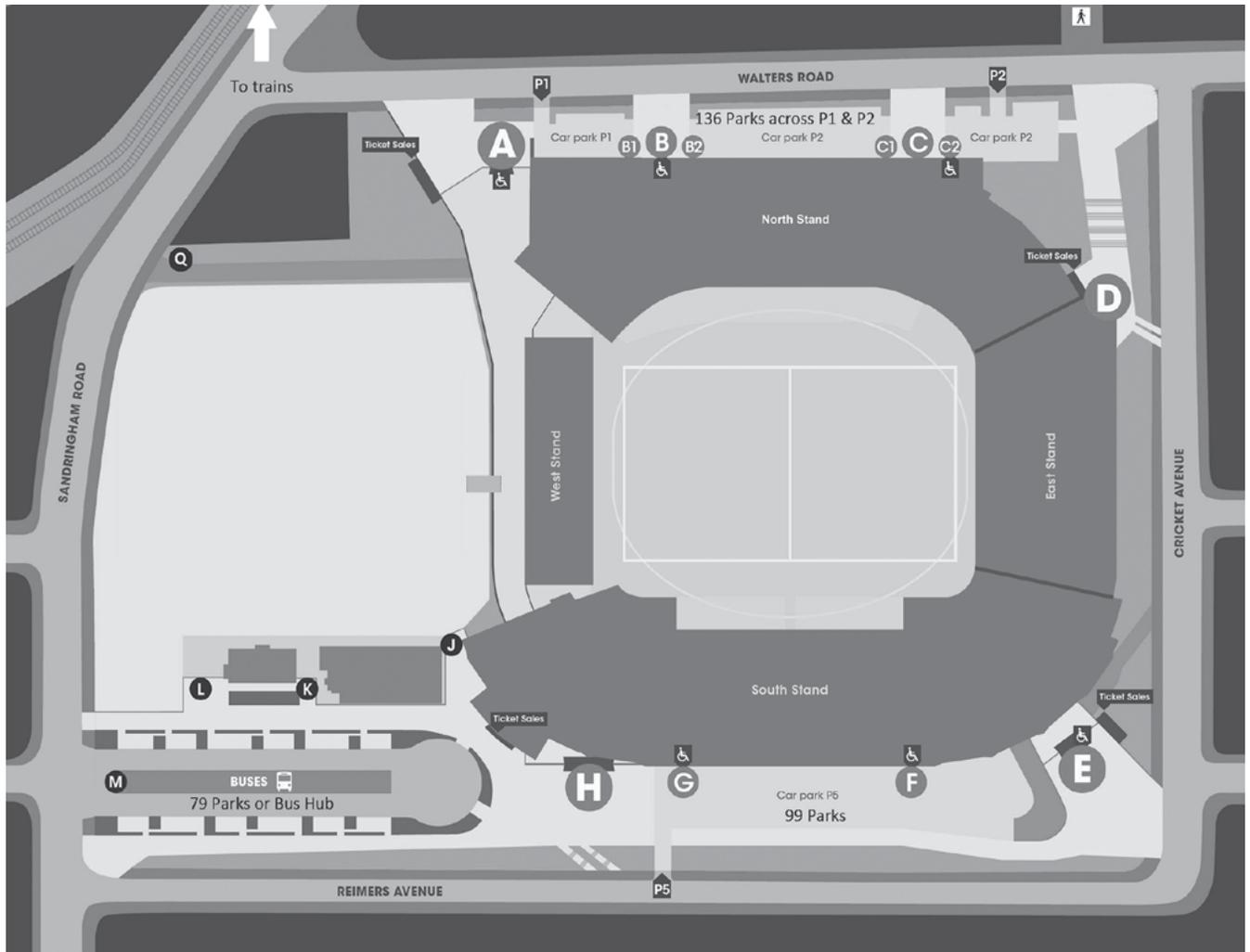
Audio will stream through the selected device, so shareholders will need to ensure that they have the volume control on their headphones or device turned up.

A full replay of the Annual Meeting presentation will be available at the same link shortly after the conclusion of the Annual Meeting.

Shareholders attending online will be able to watch the Annual Meeting, vote on the resolutions to be put to shareholders and ask questions, by typing their questions into the textbox within the webcast interface.

Shareholders will require their CSN/Securityholder Number, which can be found on their proxy and postal voting form, for verification purposes.

Accessing the venue



- Access to the South Stand, Eden Park, is via Gate G from Reimers Avenue (see map above)
- Free parking is available in P5 off Reimers Avenue

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