

Notice of Annual Meeting

Notice is hereby given that the Annual Meeting of shareholders of Cavalier Corporation Limited will be held at Level 4, South Stand, Eden Park, Reimers Avenue, Auckland, New Zealand, on **Tuesday, 22 November 2016 at 10.00 am.**



Letter from the Chairman

1 November 2016

Dear Fellow Shareholders

I am pleased to invite you to the 2016 annual meeting of shareholders of Cavalier Corporation Limited to be held on Tuesday, 22nd November 2016 at 10.00am at Level 4, South Stand, Eden Park.

The last twelve months have seen significant positive change at Cavalier as we progress through our planned transformation, together with a solid increase in profitability.

The loss-making carpet tile business in Australia and our Sydney warehouse have been sold. The sale proceeds and release of working capital gave us access to much-needed capital for strategic investment.

The spinning rationalisation announced in April, is almost complete. This has seen the closure of our plant in Christchurch, the transfer of the felted yarn operation to Wanganui and the consolidation of woollen yarn spinning to Napier. This has been a massive undertaking for the business and we acknowledge our people for their hard work and dedication in making this happen. This investment will have significant pay-back over time.

'Cavalier Bremworth – a World of Difference', our new lifestyle brand positioning has delighted the customer base. New products have been launched and cutting edge retail display units are being rolled out, supported by an extensive marketing campaign including TV advertising.

We look forward to sharing more details of our progress with you at the meeting.

Shareholders present at the meeting will have the chance to ask questions. Alternatively, you can send questions to the board in advance. Shareholders who are unable to attend the

meeting can appoint a proxy to attend and vote in their place or cast a postal vote in respect of the matters to be dealt with at the meeting by post, fax or online. Full details on how you can do these can be found under the Important Information section of the notice of meeting.

You will see that John Rae is standing for re-election and may recall that he stood for election last year. This sometimes happens with a small board like ours where two directors must retire by rotation each year. I am also standing for re-election as a director. We both request your continuing support please.

The board recommends that you:

- Vote **in favour** of the resolution to authorise the directors to fix the remuneration of the auditors;
- Vote **in favour** of the resolution to re-elect Sarah Haydon as a director; and
- Vote **in favour** of the resolution to re-elect John Rae as a director.

You are invited to join the board and management for light refreshments after the meeting. I look forward to seeing you then.

Yours sincerely



Sarah Haydon
Chairman

Items of Business

A. The Chairman's introduction

B. Addresses to shareholders

C. Shareholder questions and discussion of annual report

D. Resolutions

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

- 1: *That the directors are authorised to fix the fees and expenses of the auditor, KPMG.*
- 2: *That Sarah Haydon, who retires by rotation and is eligible for re-election, be re-elected as a director of the Company.*
- 3: *That John Rae, who retires by rotation and is eligible for re-election, be re-elected as a director of the Company.*

E. Other business

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



Sarah Haydon

Chairman

1 November 2016

Important Information

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 is a resolution or other reason for the auditor not to be re-appointed. 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 meeting or in such manner as the Company determines at the meeting.

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

Resolution 2: Re-election of Sarah Haydon

BSc, FCA, CMInstD

Independent director Sarah Haydon retires by rotation in accordance with the relevant listing rules and the Constitution of the Company and, being eligible, offers herself for re-election at the meeting. The board unanimously supports the re-election of Sarah Haydon as a director.

Sarah has been on the Cavalier board since August 2012 and was appointed Chairman of the board in July 2015. She is also Chairman of the board's Nomination Committee and serves on the board's Audit and Remuneration Committees.

She is currently a director of Ports of Auckland Limited, The Co-operative Bank Limited, Co-operative Life Limited, Institute of Geological and Nuclear Sciences Limited and Wairaka Land Company Limited, a Council Member of Unitec Institute of Technology and Chairman of New Zealand Riding for the Disabled.

Qualifying as a chartered accountant with KPMG in London, Sarah worked for British Petroleum plc and BP Exploration for 10 years in a variety of international commercial roles before emigrating to New Zealand. Her most recent executive role was Chief Financial Officer for OfficeMax. She has a very strong financial, commercial and leadership background.



Personal Statement from Sarah Haydon

I have been pleased and honoured to receive significant support from shareholders in the recent past, having taken on the Chairman role at a difficult time in this great Company's history. One thing is certain – we all want to see Cavalier prosper again. Acknowledging the major contribution of others, I was instrumental in driving the strategic planning process and bank facility renewal in early 2015, then putting together the new board and working through the transformation in 2016. We have made significant progress. Against this background, I ask fellow shareholders to support the board's recommendations to ensure we keep moving forward.

Important Information

continued

Resolution 3: Re-election of John Rae

BCom, LLB, CMInstD

Independent director John Rae retires by rotation in accordance with the relevant listing rules and the Constitution of the Company and, being eligible, offers himself for re-election at the meeting. The board unanimously supports the re-election of John Rae as a director.

John Rae joined the Cavalier board in July 2015. He is Deputy Chairman of the board, Chairman of the board's Remuneration Committee and a member of the board's Audit and Nomination Committees.

He is an experienced company director and is currently Chairman of Smart Environmental Limited, The National Infrastructure Advisory Board and Activate Tairāwhiti Limited, as well as a director of Eastland Group, NZ Council for Infrastructure Development, The Lines Company Limited and Ngāpuhi Asset Holding Company Limited.

John spent his early career in banking in New Zealand and London in various treasury and capital market roles for 10 years before returning to undertake a number of private equity, venture capital and corporate finance transactions in Australasia. His most recent executive role was as Managing Director of the Stevenson Group. John has a very strong corporate finance, commercial and general management background.



Personal Statement from John Rae

I am seeking reappointment to the board of Cavalier Corporation having just completed my first year on the board. While Cavalier still has some way to go on the journey to where the board and shareholders would like to see your Company, nevertheless I feel confidently able to say that we are on the right track.

From my perspective the board has worked well together over the last 12 months. The hard decisions have been made and continue to be made when necessary, and the management team continues to be doggedly focussed on delivering both strategic and operational improvements which will see value accrue to shareholders.

Having had a significant change of directors last year, I believe that shareholders would be best served by maintaining continuity of governance for the medium term and preserving the reinvigorated focus and strategic direction that the current board and management has embarked on.

Important Information

continued

Voting

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

The ways in which shareholders can vote are outlined below.

Entitlement to vote

In accordance with section 125 of the Companies Act 1993, the board has determined that, for the purposes of voting at the meeting, only those shareholders registered as such as at 5.00 pm on Friday, 18th November 2016, being a day not more than 20 working days before the meeting, shall be entitled to exercise the right to vote at the meeting and only the shares registered in those shareholders' names at that time may be voted at the meeting.

While the proxy and postal voting form accompanying the notice of meeting shows your current shareholding, your voting entitlement at the meeting will be automatically updated to reflect your shareholding as at 5.00 pm on Friday, 18th November 2016 if that is different from that shown on the proxy and postal voting form.

Shareholders attending in person

Shareholders wishing to attend the meeting and vote in person can register from 9.15 am at the venue. You should bring the proxy and postal voting form, which includes your attendance slip and voting paper, with you to the meeting as the pre-printed barcode will assist with your registration.

To assist the Company with the preparation for the meeting, shareholders wishing to attend the meeting are kindly requested to complete the RSVP form and return this to the Company in the reply-paid envelope or by email to companysecretary@cavcorp.co.nz.

Proxies and Corporate representatives

Any shareholder who is entitled to attend and vote at the 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 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 the notice of meeting.

A proxy will not be entitled to vote at the 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 48 hours before the time set down for the meeting.

Where shareholders appoint the Chairman of the meeting as their proxy and leave her to decide how to cast their votes, the Chairman will vote in favour of all resolutions.

Important Information

continued

Postal voting

Shareholders entitled to attend and vote at the 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 meeting.

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

Postal voting forms must be received at the office of the Company's share registrar, Computershare, not later than 48 hours before the time set down for the meeting.

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.

To do so, you will need your 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, and to follow the prompts online.

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

Ordinary resolutions

The resolutions to be put to shareholders at the 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 meeting.

Shareholder questions

Shareholders present at the meeting will have the opportunity to ask questions during the meeting. Alternatively, you can submit questions ahead of the 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 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 2016.

Important Information

continued

Key dates

5.00 pm

Friday, 18 November

Record date for voting entitlements for the annual meeting of shareholders

10.00 am

Sunday, 20 November

Latest time for receipt of proxy appointments and postal votes

10.00 am

Tuesday, 22 November

Annual meeting of shareholders

Accessing the venue

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







