

# Notice of Annual General Meeting and Explanatory Notes

SeaLink Travel Group Limited

ACN 109 078 257

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Date: Tuesday 25th October, 2016.  
Time: 11.00 a.m., Adelaide time.  
Venue: Adelaide Pavilion  
Veale Gardens  
cnr South Terrace & Peacock Road, Adelaide

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## Documents accompanying this Notice

1. Proxy Form
2. Reply Paid Envelope
3. Instant Gratification Flyer

## Important Dates

|                                     |                                                                     |
|-------------------------------------|---------------------------------------------------------------------|
| Deadline for return of Proxy Forms: | 11.00 a.m., Adelaide time on Sunday 23 <sup>rd</sup> October, 2016  |
| Voting Entitlement date:            | 6.30 p.m., Adelaide time on Friday 21 <sup>st</sup> October, 2016   |
| Date and time of Meeting:           | 11.00 a.m., Adelaide time on Tuesday 25 <sup>th</sup> October, 2016 |

## Meeting Procedure

The Meeting will be conducted by the Chair, subject to the discretion of the Chair to adjourn or reconvene the meeting. Each resolution will be voted on separately.

## Share Registry Details

**Boardroom Pty Limited**  
Level 12, 225 George Street  
Sydney, NSW, 2000

### Contact

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F: +61 2 9290 9655  
[www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

# Notice of Annual General Meeting

Notice is hereby given that the SeaLink Travel Group Limited (**SeaLink** or **Company**) Annual General Meeting of Shareholders will be held at Adelaide Pavilion, Veale Gardens, cnr South Terrace & Peacock Road, Adelaide, South Australia on Tuesday, 25th October, 2016 at 11.00 a.m. Adelaide time. Attached to and forming part of this Notice of Meeting are the Explanatory Notes that provide shareholders with background information and further details in understanding the reasons for and the effect of the Resolutions if approved.

This information is presented in accordance with the regulatory requirements of the *Corporations Act 2001* (Cth) (**'Corporations Act'**).

If you are unable to attend the meeting, you are requested to complete the form of proxy enclosed with this notice. The entitlement for members to vote at the meeting will be determined by reference to those persons on the register of members as at 6.30 p.m. Adelaide time on Friday 21<sup>st</sup> October, 2016. The proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Company, at least 48 hours before the time for holding the meeting (being no later than 11.00 a.m. Adelaide time on Sunday 23<sup>rd</sup> October, 2016) at the Company's share registry, Boardroom Pty Ltd:

|                                                                                                      |                                                                     |
|------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
|  <b>Online</b>      | www.votingonline.com.au/sealinkagm2016                              |
|  <b>By Fax</b>      | + 61 2 9290 9655                                                    |
|  <b>By Mail</b>     | Boardroom Pty Limited<br>GPO Box 3993,<br>Sydney NSW 2001 Australia |
|  <b>In Person</b> | Level 12, 225 George Street,<br>Sydney NSW 2000 Australia           |

A number of defined terms are used in the Notice of Meeting. These terms are contained in the Explanatory Notes and the proxy form.

## Ordinary Business of the Meeting - Agenda

### 1. CONSIDERATION OF FINANCIAL STATEMENTS

To receive and consider the financial report, the Chair's report and the Auditor's report for the year ended 30<sup>th</sup> June, 2016.

Each year, we are required to communicate information to shareholders, including annual reports, notices of meetings and other advices. The *Corporations Legislation Amendment (Simpler Regulatory System) Act 2007* provides us with the ability to make the annual financial report available on a web site and provide a hard copy of the annual report only to those members who elect to receive them in that form subject to certain administrative requirements. We have made the annual report available online and it can be accessed at: [www.sealinktravelgroup.com.au](http://www.sealinktravelgroup.com.au)

### 2. ADOPTION OF REMUNERATION REPORT

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

*'That the Remuneration Report, as set out in the Director's Report for the Company and its controlled entities for the financial year ended 30<sup>th</sup> June, 2016, be adopted'.*

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

## **Voting Exclusion Statement for Resolution 2**

In accordance with Section 250R(4) of the Corporations Act, the Company will disregard any votes cast (in any capacity) on Resolution 2 by any Key Management Personnel, the details of whose remuneration are included in the Remuneration Report, and any Closely Related Party of such Key Management Personnel.

However, a person described above may cast a vote on Resolution 2 if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; or
- (b) the Chair of the meeting is appointed as proxy and the proxy form does not specify the way the proxy is to vote on the resolution and 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 Key Management Personnel.

The Company need not disregard a vote if it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the stated voting intentions of the Chair of the Meeting.

### **3. ELECTION OF DIRECTOR – MS ANDREA STAINES**

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

*'To elect as a Director of the Company Ms Andrea Staines who, having been appointed as an addition to the Board since the last Annual General Meeting of the Company, resigns and, being eligible, offers herself for election'.*

### **4. ELECTION OF DIRECTOR – MS FIONA HELE**

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

*'To elect as a Director of the Company Ms Fiona Hele who, having been appointed as an addition to the Board since the last Annual General Meeting of the Company, resigns and, being eligible, offers herself for election'.*

### **5. RE-ELECTION OF DIRECTOR – MR CHRISTOPHER SMERDON**

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

*'That Mr Christopher Smerdon, who retires in accordance with clause 59.1 of the Company's Constitution, be re-elected a Director of the Company'.*

### **6. RE-ELECTION OF DIRECTOR – MR TERRY DODD**

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

*'That Mr Terry Dodd, who retires in accordance with clause 59.1 of the Company's Constitution, be re-elected a Director of the Company'.*

### **7. APPROVAL OF ISSUE OF PERFORMANCE RIGHTS TO MR JEFFREY ELLISON UNDER THE EMPLOYEE OPTION PLAN**

To consider and if thought fit, to approve the following motion as an ordinary resolution:

*'That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, shareholders approve the grant of 160,000 Performance Rights to Mr Jeffrey Ellison, the Managing Director of the Company, on the terms and conditions set out in the Explanatory Notes accompanying this Notice of Meeting'.*

## **8. APPROVAL OF ISSUE OF OPTIONS TO MR ANDREW MCEVOY UNDER THE EMPLOYEE OPTION PLAN**

To consider and if thought fit, to approve the following motion as an ordinary resolution:

*'That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, shareholders approve the grant of 100,000 options to acquire ordinary fully paid shares in the Company at a zero exercise price to Mr Andrew McEvoy, the Chair of the Company, on the terms and conditions set out in the Explanatory Notes accompanying this Notice of Meeting.'*

### **Voting Exclusion Statement for Resolutions 7 and 8**

The Company will, in accordance with ASX Listing Rules 10.14 and 14.11, disregard any votes cast in respect of Resolutions 7 and 8 by:

- any Director of the Company who is eligible to participate in the employee incentive scheme in respect of which approval is sought and, if ASX has expressed an opinion under ASX Listing Rule 10.14.3 that approval is required for participation in the employee incentive scheme by anyone else, that person; and
- any associates of those persons,

(each of whom will be a **'Resolution 7 and 8 Prohibited Person'**).

However, the Company need not disregard a vote if:

- it is cast by a Resolution 7 and 8 Prohibited Person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- it is cast by a Resolution 7 and 8 Prohibited Person who is 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.

In addition, under section 250BD of the Corporations Act, a person appointed as proxy must not vote on Resolutions 7 or 8 on the basis of that appointment if:

- that person is either a member of the Key Management Personnel (as disclosed in the Remuneration Report) or a closely related party of such a member; and
- the appointment does not specify how the proxy is to vote on the proposed resolution,

unless the person appointed is the Chair of the meeting and the appointment expressly authorised the Chair to exercise the proxy even if the proposed resolution is connected directly or indirectly with the remuneration of the Key Management Personnel of the Company.

## **9. INCREASE IN NON-EXECUTIVE DIRECTORS' FEE POOL**

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

*"That, for the purposes of ASX Listing Rule 10.17 and for all other purposes, the maximum aggregate amount per annum available for payment by way of remuneration to non-executive Directors be increased by \$170,000, from \$580,000 to \$750,000 per annum."*

### **Voting Exclusion Statement for Resolution 9**

The Company will, in accordance with ASX Listing Rules 10.17 and 14.11, disregard any votes cast on Resolution 9:

- by a Director of the Company; and
- an associate of a Director.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- it is cast by a person who is 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.

In addition, under section 250BD of the Corporations Act, a person appointed as proxy must not vote on Resolution 9 on the basis of that appointment if:

- that person is either a member of the Key Management Personnel (as disclosed in the Remuneration Report) or a closely related party of such a member; and
- the appointment does not specify how the proxy is to vote on the proposed resolution,

unless the person appointed is the Chair of the meeting and the appointment expressly authorised the Chair to exercise the proxy even if the proposed resolution is connected directly or indirectly with the remuneration of the Key Management Personnel of the Company.

## **10. OTHER BUSINESS**

To transact any other business that may be brought forward in accordance with the Company's Constitution.

The Explanatory Notes attached to this Notice form part of this Notice. A detailed explanation of the background and reasons for the proposed resolutions are set out in the Explanatory Notes.

**By order of the Board.**



Trevor Waller  
Company Secretary  
21<sup>st</sup> September, 2016

# Explanatory Notes

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The Explanatory Notes accompany the Notice of Annual General Meeting for SeaLink Travel Group Limited ACN 109 078 257 (**Company** or **SeaLink**) to be held on Tuesday, 25th October, 2016 at 11.00 a.m., Adelaide time at Adelaide Pavilion, Veale Gardens, cnr South Terrace & Peacock Road, Adelaide, South Australia.

Information relevant to the business to be considered at the Annual General Meeting is provided in these Explanatory Notes and shareholders should read this document in full.

## **AGENDA ITEM 1. CONSIDERATION OF FINANCIAL STATEMENTS**

The financial statements for consideration at the AGM are included in the Company's Annual Report, and consist of the financial statements of the Company for the financial year ended 30<sup>th</sup> June, 2016, the notes to those financial statements, the Directors' Report, the Directors' declaration and the auditor's report including their Independence Statement.

The annual report is available at SeaLink Travel Group's website at [www.sealinktravelgroup.com.au](http://www.sealinktravelgroup.com.au)

Neither the *Corporations Act 2001* (Cth) ('**Corporations Act**') nor the Company's constitution requires the Members to vote on the financial statements or the accompanying reports. However, Members will be given the opportunity to raise questions or comments on the financial statements at the AGM. In addition, Members will be given the opportunity to ask the Company's auditor, Ernst & Young, questions relevant to the conduct of the audit, the independence of the auditor, SeaLink's accounting policies and the preparation and content of the auditor's report.

## **AGENDA ITEM 2. ADOPTION OF REMUNERATION REPORT**

The Remuneration Report contained in the 2016 Annual Report is required to be considered by Members in accordance with section 250R of the Corporations Act. The Remuneration Report, which details SeaLink's policy on remuneration of non-executive directors, executive directors and key executives is set out on Pages 53 - 60 of the Annual Report.

The vote on the adoption of the Remuneration Report is advisory only and is not binding. However, the Board will consider the outcome of the vote and comments made by Members on the Remuneration Report at the meeting when reviewing the Company's remuneration policies and practices.

Further, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, Members will be required to vote at the second AGM on a 'Board spill resolution' to determine whether another meeting should be held within 90 days at which all of the Company's Directors (other than the Chief Executive Officer) must stand for re-election.

At the 2015 AGM, the Company's Remuneration Report for the year ended 30 June 2015 did not receive a 'no' vote of 25% or more.

There are restrictions on who can vote in respect of any resolution to approve the Remuneration Report. A vote on this resolution must not be cast, and the Company will disregard any votes cast (in any capacity), by or on behalf of the following persons:

- (a) a member of the Key Management Personnel (as disclosed in the Remuneration Report); or
- (b) a closely related party of such a member.

However, a person described above may cast a vote on a resolution to approve the Remuneration Report if the vote is not cast on behalf of a person described above and either:

- (c) the person does so as proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; or

- (d) the Chair of the meeting is appointed as proxy and the proxy form does not specify the way the proxy is to vote on the resolution and 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 Key Management Personnel.

## **Link between remuneration outcomes and performance**

The Remuneration Report explains how SeaLink's performance for the 2016 financial year has driven remuneration outcomes for our senior executives. SeaLink had an excellent performance for the 2016 financial year, which resulted in a record Net Profit after Tax and dividends paid for the year (excluding previous special dividends). Further detail can be found on Page 12 of the Annual Report.

## **Directors' Recommendation**

*The Board recommends that shareholders vote in favour of the Remuneration Report. The Chair of the Meeting intends to vote undirected proxies in favour of Resolution 2.*

## **Important information for Members:**

Please note, in accordance with sections 250R(4) and (5) of the Corporations Act, the Chair will not vote any undirected proxies in relation to this resolution unless the Shareholder expressly authorises the Chair to vote in accordance with the Chair's stated voting intentions. Please note that if the Chair of the Meeting is your proxy (or becomes your proxy by default), by completing the attached proxy form, you will expressly authorise the Chair to exercise your proxy on this resolution even though it is connected directly or indirectly with the remuneration of a member of Key Management Personnel for the Company, which includes the Chair. You should be aware that the Chair of the Meeting intends to vote undirected proxies in favour of the adoption of the Remuneration Report.

Alternatively, if you appoint the Chair as your proxy, you can direct the Chair to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the proxy form.

As a further alternative, Shareholders can nominate as their proxy for the purposes of Resolution 2, a proxy who is not a member of the Company's Key Management Personnel or any of their closely related parties. That person would be permitted to vote undirected proxies (subject to the Listing Rules).

## **AGENDA ITEMS 3 & 4 - ELECTION OF DIRECTORS**

In accordance with clause 58.2 of the Company's Constitution, Ms Andrea Staines and Ms Fiona Hele will retire at the Annual General Meeting and, being eligible, offer themselves for election.

## **Ordinary Resolution 3 – Election of Ms Andrea Staines as a Director of the Company**

Ms Staines was appointed a Director on 15 February, 2016. Ms Staines has extensive experience in the transport sector and is a former CEO of Australian Airlines which she co-launched in 2002. Ms Staines currently sits on the Boards of QIC, Goodstart Early Learning, Uniting Care Queensland and the Australian Rural Leadership Foundation. She was recently appointed to Tourism Australia. Her key skills and experience in tourism, transport and strategic planning will complement the current aggregate Board skills.

Ms Staines has held previous directorships with Aurizon Holdings Ltd, Australian Rail Track Corporation, Gladstone Ports Corporation, North Queensland Airports, Allconnex Water, Early Learning Services and Royal Children's Hospital foundation.

Ms Staines is a member of the Company's Remuneration and Nomination Committee and a member of the Company's Audit and Risk Committee.

## **Directors' Recommendation**

*The Directors (other than Ms Staines, who makes no recommendation) unanimously recommend that shareholders approve Ordinary Resolution 3 for the election of Ms Staines as a Director of the Company. The Chair of the Meeting will be casting undirected proxies in favour of this Resolution.*

## **Ordinary Resolution 4 - Election of Ms Fiona Hele as a Director of the Company**

Ms Hele was appointed a Director on 13 September, 2016. Ms. Hele has extensive experience in the financial sector and is a chartered accountant with over 20 years in private practice specialising in strategic and succession planning, human resources, profit and process improvement, feasibility studies, corporate governance and due diligence. These skills will add to the Company's focus on new acquisition activities and revenue management improvement.

Ms Hele is a board member of the Adelaide Venue Management Corporation and South Australian Tourism Commission.

Ms Hele will replace Mr Spurr as Chair of the Company's Audit and Risk Committee effective from the Annual General Meeting. Her skills in the areas of risk, accounting, human resources and due diligence will help fill the gap created by Mr Spurr's retirement.

### ***Directors' Recommendation***

*The Directors (other than Ms Hele, who makes no recommendation) unanimously recommend that shareholders approve Ordinary Resolution 4 for the election of Ms Hele as a Director of the Company. The Chair of the Meeting will be casting undirected proxies in favour of this Resolution.*

## **AGENDA ITEMS 5 & 6 - RE-ELECTION OF DIRECTORS**

In accordance with clause 59.1 of the Company's Constitution, Mr Christopher Smerdon and Mr Terry Dodd will retire at the Annual General Meeting and, being eligible, offer themselves for re-election.

Mr Bill Spurr, who has been on the Board of Sealink since 2007, will also retire but does not offer himself for re-election.

## **Ordinary Resolution 5 – Re-election of Mr Christopher Smerdon as a Director of the Company**

Mr Smerdon has extensive experience in the Information Technology field. He founded Protech Australasia Pty Ltd in 1984, a computer and software store chain, and was Managing Director until he sold his interests in 1995. Mr Smerdon is currently the Managing of Vectra Corporation, a Cyber Security solutions and services provider. Other Directorships currently held by Mr Smerdon are with Tourism & Allied Holdings Pty Ltd. and Aquaport Corporation. Mr Smerdon was a Director of the SA Government Motorsport Board until 2015.

Mr Smerdon joined the Board in 2002 and is a member of the Company's Audit and Risk Committee. His technology experience is important given the Company's focus on risk, and ongoing development of its in-house booking system.

### ***Directors' Recommendation***

*The Directors (other than Mr Smerdon, who makes no recommendation) unanimously recommend that shareholders approve Ordinary Resolution 5 for the re-election of Mr Smerdon as a Director of the Company. The Chair of the Meeting will be casting undirected proxies in favour of this Resolution.*

## **Ordinary Resolution 6 – Re-election of Mr Terry Dodd as a Director of the Company**

Mr Dodd has extensive experience in business management and the marine industry. After qualifying as a commercial diver in the USA and working as a commercial diver in the onshore and offshore oil and gas industry, he successfully established a recreational diving business and a travel agency in North Queensland.

Mr Dodd is Managing Director of Pacific Marine Group Pty Ltd, one of Australia's largest marine construction and commercial diving companies. Mr Dodd was previously Managing Director of Sunferries, a ferry transport business based in Townsville, prior to its sale to SeaLink in March 2011 when Mr Dodd joined the Board of SeaLink. Mr Dodd is also Vice Chairperson on the Board of the Australian Festival of Chamber Music based in Townsville.

With SeaLink's portfolio of 73 vessels at a book value of \$142m at June 2016, Mr Dodd's marine based experience and asset knowledge is an important part of the Board's overall skill set.

## **Directors' Recommendation**

*The Directors (other than Mr Dodd who makes no recommendation) unanimously recommend that shareholders approve Ordinary Resolution 6 for the re-election of Mr Terry Dodd as a Director of the Company. The Chair of the Meeting will be casting undirected proxies in favour of this Resolution.*

## **Ordinary Resolution 7 - Approval of Issue of Performance Rights to the Managing Director**

ASX Listing Rule 10.14 states that a listed company must not permit a Director to acquire securities under an employee incentive scheme without the approval of shareholders by ordinary resolution.

The purpose of Resolution 7 is to have shareholders approve a proposed grant of 160,000 Performance Rights under the SeaLink Employee Option Plan (“EOP”) to the Managing Director of the Company, Mr Jeffrey Roy Ellison.

The Company established the EOP prior to listing on the ASX, to assist in the retention, motivation and reward of Directors and senior management. The EOP is designed to align the interests of participants with the interests of shareholders by providing an opportunity for the participants to receive an equity interest in the Company. The EOP also operates as a long term retention strategy, with vesting of granted rights after a qualifying period.

Mr Ellison has been instrumental in the development of SeaLink from a ferry and day tour operator to a diversified tourism and transport operator increasing operating revenue from \$12.8 million in 1997 to \$177.5 million in 2016. During the same period, the Company has expanded from a 1 State operation to now operating in 5 States and 1 Territory. Net Profit after Tax has increased from \$0.7million to \$22.3 million. Details of Mr Ellison’s remuneration package for the 2016 financial year are set out in the Remuneration Report on pages 53 to 60 of the Annual Report. The Board has set Mr Ellison’s remuneration in accordance with the Company’s remuneration policy (which is detailed in the Remuneration Report) and having regard to the outstanding returns that the Company and its shareholders have enjoyed over the period Mr Ellison has been Managing Director. During this time the Company’s Total Shareholder Return (TSR) has placed the Company in the ASX300, demonstrating the growth in shareholder value during Mr Ellison’s term as Managing Director.

The Board considers that Mr Ellison is a critical contributor to the ongoing performance of the Company, given his track record with the Company and his knowledge and skills. The Company entered into a 5 year fixed term contract of employment with Mr Ellison in 2013 when the Company was listed. The Board is currently negotiating a 12 month extension to that contract, which will extend Mr Ellison’s current term of employment to October, 2018. The proposed grant of Performance Rights is part of a retention strategy and is intended to complement that extension of Mr Ellison’s current contract – the Performance Rights only vest on the third anniversary of the date of grant, and only vest if Mr Ellison’s employment continues to that date (and other terms and conditions applicable to the grant are met). The Performance Rights also promote the long term alignment of interests between shareholders and the Managing Director.

The proposed grant is intended to be a one-off grant, and the Board does not intend to propose further long term incentive grants to the Managing Director on an annual basis.

In addition to the three year vesting requirement, the Board proposes that certain performance conditions must also be satisfied before vesting of the Performance Rights. These performance conditions, as outlined below, link the ultimate value of the Performance Rights to the continued growth of the Company’s earnings and shareholder returns and therefore provide a major incentive for the Managing Director to ensure the Company continues its superior performance.

The issue of Performance Rights (and other forms of equity securities) as part of a long term incentive to the Managing Director is a well-established and important component of the Company’s remuneration structure.

The conditions attaching to the Performance Rights are as follows (“**Conditions**”).

1. Mr Ellison must remain in continuous employment with the Company as Managing Director until the third anniversary of the date of grant of the Performance Rights;
2. For the Performance Rights to vest in total, the Company must achieve a target compounding annual growth rate (CAGR) of earnings per share (EPS) of 12% for the three year measurement period, applied to the base period being the 2016 financial year. A threshold CAGR over that three year period of 10% will result in 25% of the Performance Rights vesting, with a pro rata vesting for achievement between 10% and 12% CAGR for the three year measurement period.

The Board considers that a Compounding Annual Growth Rate of 12% represents a successful performance by the Company. The Board also recognises however that some vesting of Performance Rights should also occur (as indicated above) where performance does not achieve that goal, but still delivers reasonable returns to shareholders.

The following terms and conditions will also apply to the Performance Rights to be granted:

- a) The Performance Rights will not be quoted on the ASX. Each Performance Right will, upon satisfaction of the conditions attaching to them, entitle the holder to one ordinary fully paid share in the capital of the Company at no cost to the holder.
- b) No amount is payable on issue of the Performance Rights.
- c) If Mr Ellison ceases his employment, by reason of retirement, permanent disability, retrenchment, death, or as determined under the SeaLink EOP, the Board may determine that some or all of the Performance Rights will vest even if the Conditions have not been satisfied. If no such determination is made by the Board within 3 months after any such event occurs, or if Mr Ellison is terminated for cause (including for misconduct, misrepresentation, fraud etc) then all Performance Rights held by Mr Ellison will automatically lapse.
- d) The holder of Performance Rights is not entitled to participate in any new issue to existing shareholders in the Company in respect of those Performance Rights.
- e) If the Company makes a bonus issue of shares or other securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and the Performance Rights have not vested before the record date for determining entitlements to the issue, then the number of Performance Rights will be increased by the number of shares which the holder would have received if the Performance Rights had vested before the record date for determining entitlements to the issue, in accordance with the ASX Listing Rules.
- f) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the number of Performance Rights shall be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- g) Subject to the Company's Constitution, all shares issued on the vesting of Performance Rights rank in all respects (including rights relating to dividends) equally with the existing ordinary shares of the Company at the date of issue.
- h) The Company will apply to ASX Limited for official quotation of the shares issued on vesting of the Performance Rights.
- i) In the event of a change in control of the Company, Performance Rights will vest pro-rata based on time elapsed and based on the Company's performance up to the date of the change in control. The Board shall be responsible for determining whether a change in control has occurred.
- j) In these terms and conditions and the Explanatory Notes, "vesting of Performance Rights" shall mean the process where the Conditions applicable to the Performance Rights have been met, and the Company procures the issue of ordinary shares in respect of those Performance Rights to the holder of the Performance Rights, or the acquisition on market and transfer of those ordinary shares to the holder of the Performance Rights. "Vest" and "vested" shall have corresponding meanings.

## **ASX Listing Rule 10.15**

ASX Listing Rule 10.15 requires some specific information to be provided to shareholders in relation to the proposed Resolutions 7 and 8, which is provided at the end of the information on Resolution 8 below, under the heading "**ASX Listing Rule 10.15 Additional Information**".

## **ASX Listing Rule 7.1**

If shareholders approve Resolutions 7 and 8 pursuant to ASX Listing Rule 10.14, then approval is not required under ASX Listing Rule 7.1. Accordingly, if Resolutions 7 and 8 are approved and the 160,000 Performance Rights and 100,000 Options are issued, the corresponding ordinary shares will not be included in the calculation of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

## **Directors' Recommendation**

*The Directors recommend (other than Mr Ellison, who makes no recommendation), that shareholders approve the grant of Performance Rights as contemplated by Resolution 7 under the SeaLink EOP. The Chair of the Meeting will be casting undirected proxies in favour of this Resolution.*

## **Ordinary Resolution 8 - Approval of Issue of Options to the Chair**

ASX Listing Rule 10.14 states that a listed company must not permit a Director to acquire securities under an employee incentive scheme without the approval of shareholders by ordinary resolution.

The purpose of Resolution 8 is to have shareholders approve a proposed grant of 100,000 Options under the SeaLink Employee Option Plan ("EOP") to the Chair of the Company, Mr Andrew McEvoy.

The Company initially established the EOP prior to listing on the ASX to assist in the retention, motivation and reward of Directors and senior management. The EOP is designed to align the interests of participants with the interests of shareholders by providing an opportunity for the participants to receive an equity interest in the Company.

As a general principle, Non Executive Directors do not receive any performance related remuneration nor are they issued options over securities. Directors fees currently cover all main Board activities including membership of sub-committees.

However, the Company considers that the Chair is a very important contributor to achievement of the ongoing strategic goals of the Company, given his background and skills he brings to the role of Chair of the Board. He has undertaken past roles with South Australian Tourism Commission and Tourism Australia, where government liaison was a critical success factor. SeaLink has a number of businesses and operations across various States that are dependent on successful government relations which includes contract negotiation and new business initiatives. The Chair provides a key linkage to the success of those initiatives and contracts.

As a key retention strategy, the Company wishes to put in place a long term incentive for the Chair to continue to remain with the Company in his role a Non-Executive Director, and proposes the grant of Options described in this Resolution 8. The Options will only vest on the third anniversary of the date of grant, if Mr McEvoy continues in his role as a Non-Executive Director to that date (and other terms and conditions applicable to the grant are met).

There are no performance related conditions attaching to the Options, as the Company considers that imposing such conditions would be regarded as impacting the independence Mr McEvoy brings to his role, including independence from the day to day management of the Company's business. The Company considers that the Chair will remain an independent Non-Executive Director under the proposed arrangements.

The proposed grant is intended to be a one-off grant, and the Board does not intend to propose further long term incentive grants to the Chair on an annual basis.

The following terms and conditions will apply to the Options to be granted:

- a) The Options will not be quoted on the ASX. Each Option will, upon satisfaction of the conditions attaching to them, entitle the holder to one ordinary fully paid share in the capital of the Company at no cost to the holder.
- b) No amount is payable on issue of the Options.

- c) If Mr McEvoy ceases his employment, by reason of retirement, permanent disability, retrenchment, death, or as determined under the SeaLink EOP, the Board may determine that some or all of the Options will vest even if the Conditions have not been satisfied. If no such determination is made by the Board within 3 months after any such event occurs, then all Options held by Mr McEvoy will automatically lapse.
- d) The holder of Options is not entitled to participate in any new issue to existing shareholders in the Company in respect of those Options.
- e) If the Company makes a bonus issue of shares or other securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and the Options have not vested before the record date for determining entitlements to the issue, then the number of Options will be increased by the number of shares which the holder would have received if the Options had vested before the record date for determining entitlements to the issue, in accordance with the ASX Listing Rules.
- f) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the number of Options shall be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- g) Subject to the Company's Constitution, all shares issued on the exercise of Options rank in all respects (including rights relating to dividends) equally with the existing ordinary shares of the Company at the date of issue.
- h) The Company will apply to ASX Limited for official quotation of the shares issued on exercise of the Options.
- i) In the event of a change in control of the Company, Options may be exercised on a pro-rata based on time elapsed up to the date of the change in control. The Board shall be responsible for determining whether a change in control has occurred.

### **ASX Listing Rule 7.1**

If shareholders approve Resolutions 7 and 8 pursuant to ASX Listing Rule 10.14, then approval is not required under ASX Listing Rule 7.1. Accordingly, if Resolutions 7 and 8 are approved and the 160,000 Performance Rights and 100,000 Options are issued, the corresponding ordinary shares will not be included in the calculation of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

### **ASX Listing Rule 10.15 Additional Information**

The following information is provided to shareholders for the purposes of ASX Listing Rule 10.15, in respect of Resolutions 7 and 8:

1. The maximum number of securities to be issued is 160,000 Performance Rights and 100,000 Options and the maximum number of fully paid ordinary shares to be issued if the conditions attaching to those Performance Rights and Options are met is 260,000.
2. The Performance Rights will be issued at no cost to the Managing Director (as described above). Once the conditions attaching to the Performance Rights are met (or waived), the Performance Rights will vest at nil cost.
3. The Options will be issued at no cost to the Chair (as described above), and will vest upon the third anniversary of the date of grant of the Options. The Options have a zero exercise price.
4. There have been no Options or Performance Rights previously issued to Directors since the last approval.
5. All Directors are entitled to participate in the SeaLink EOP.
6. A voting exclusion statement has been included in the Notice of Meeting for each of the Resolutions 7 and 8.
7. No loan for an acquisition of securities will be granted under the SeaLink EOP.
8. The Performance Rights and Options will be issued no later than one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).

### **Directors' Recommendation**

*The Directors recommend (other than Mr Andrew McEvoy who makes no recommendation), that shareholders approve the grant of Options as contemplated by Resolution 8 under the SeaLink EOP. The Chair of the Meeting will be casting undirected proxies in favour of this Resolution.*

## **AGENDA ITEM 9. INCREASE IN NON-EXECUTIVE DIRECTOR FEE POOL**

Resolution 9 seeks shareholder approval, for the purposes of Listing Rule 10.17 and for all other purposes, for the Company to be authorised to increase by \$170,000 the aggregate amount of fees per annum available to be paid to non-executive Directors, from \$580,000 to \$750,000 per annum.

The Board considers that it is reasonable and appropriate at this time to seek an increase in the remuneration pool for non-executive Directors for the following reasons:

- a) expected growth of the Company and increased responsibilities for non-executive Directors;
- b) non-executive Directors' fees may in the future need to be increased to retain Directors (noting the need for orderly succession planning);
- c) to attract new Directors of a calibre required to effectively guide and monitor the business of the Company;
- d) to allow the Board, should the need arise from time to time, to appoint additional non-executive Directors to ensure the Board has the appropriate skills, independence and experience;
- e) to remunerate Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates.

The maximum aggregate fees payable to Directors has not been increased since the Company listed on the ASX in 2013.

Effective 1 September 2016, the Company's non-executive Chair is entitled to Directors' fees of \$134,000 per annum plus statutory superannuation and non-executive Directors are entitled to Directors' fees of \$67,000 per annum plus statutory superannuation.

The Company has mandated an executive search firm to identify an additional independent non-executive director to broaden the skills and experience of the Board. This may ultimately increase the number of directors of the Company from six to seven, which is considered a more appropriate board size for the Company, and provides an opportunity to further enhance the Board's skill set, particularly where those skills are not represented amongst the current non-executive Directors.

It is not intended to fully utilise the increased aggregate fees in the immediate future.

There have been no securities issued to non-executive directors under Listing Rules 10.11 or 10.14 with the approval of the holders of the Company's ordinary securities at any time within the preceding 3 years.

### ***Directors' Recommendation***

As the non-executive members of the Board have an interest in Resolution 9, the Board has not made a recommendation to shareholders on Resolution 9.

The Chair of the Meeting intends to vote all undirected proxies in favour of Resolution 9.

# Proxies and Voting

## Determination of Shareholders' Right to Vote

For the purposes of this meeting, shares will be taken to be held by persons who are registered as members as at 6.30 p.m. Adelaide time on Friday 21<sup>st</sup> October, 2016. Accordingly, transactions registered after that time will be disregarded in determining shareholders entitled to attend and vote at the meeting.

## Voting in Person

If you are proposing to attend the Meeting and vote, there is no need for you to take any further action at this time.

## Voting in Corporate Representative

Body corporate members should complete an "Appointment of Corporate Representative Form" to enable a person to attend the meeting on their behalf. This form can be obtained from the Boardroom's website at <http://www.boardroomlimited.com.au/Forms.html>

## Appointment of a proxy

A Member entitled to vote at the AGM may appoint not more than two proxies to attend and vote at the AGM on that shareholder's behalf. A proxy need not be a Member of the Company.

A Member who is entitled to cast two or more votes may appoint not more than two proxies to attend and vote at the AGM. If you appoint two proxies, you may specify the proportion or number of votes each proxy is appointed to exercise. If no such proportion is specified, each proxy can exercise half of the shareholder's voting rights.

If the appointment of a proxy directs the proxy to vote on an item of business in a particular way, the proxy may only vote on that item as directed. However, unless the proxy is required by law to vote, the proxy may decide not to vote on that item. All directed proxies that are not voted on a poll at the AGM will automatically default to the Chair, who is required to vote the proxies as directed. Any undirected proxies on a given resolution may be voted on by the appointed proxy as they choose, subject to voting exclusions as described previously.

In the case of shares jointly held by two or more persons, any joint holder may appoint a proxy but if more than one is present at the meeting (either in person or by proxy or attorney or representative) the joint holder whose name appears first in the Company's share register shall alone be entitled to vote in respect of those shares.

Members who wish to appoint a proxy may do so by returning a completed proxy form in addition to the power of attorney or other authority (if any) under which it is signed (or a certified copy) to the Company's registered office.

## Lodging a proxy form

To be effective, the completed Voting Form, together with any relevant power of attorney, must be received at the Company's share registry - Boardroom Pty Limited not less than 48 hours before the time for holding the meeting, which is 11.00 a.m. Adelaide time on Sunday 23<sup>rd</sup> October, 2016. Members can also submit their proxy voting instructions on-line at <http://www.votingonline.com.au/sealinkagm2016>

The proxy can be returned either by: (A proxy form with a reply-paid envelope accompanies this Notice of Annual General Meeting)

|                                                                                                      |                                                                                                    |
|------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
|  <b>Online</b>    | <a href="http://www.votingonline.com.au/sealinkagm2016">www.votingonline.com.au/sealinkagm2016</a> |
|  <b>By Fax</b>    | + 61 2 9290 9655                                                                                   |
|  <b>By Mail</b>   | Boardroom Pty Limited<br>GPO Box 3993,<br>Sydney NSW 2001 Australia                                |
|  <b>In Person</b> | Level 12, 225 George Street,<br>Sydney NSW 2000 Australia                                          |



**All Correspondence to:**

- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)
- ☎ **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11.00a.m. Adelaide Time on Sunday 23rd October 2016.**

### 🖨 TO VOTE ONLINE

- STEP 1:** VISIT [www.votingonline.com.au/sealinkagm2016](http://www.votingonline.com.au/sealinkagm2016)
- STEP 2:** Enter your Postcode OR Country of Residence (if outside Australia)
- STEP 3:** Enter your Voting Access Code (VAC):

### 📱 BY SMARTPHONE



Scan QR Code using smartphone  
QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

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

##### Appointment of a Second Proxy

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

To appoint a second proxy you must:

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

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

##### Proxy which is a Body Corporate

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

#### STEP 3 SIGN THE FORM

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

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

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

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

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

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11.00am Adelaide time on Sunday, 23rd October 2016.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

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

- 💻 **Online** [www.votingonline.com.au/sealinkagm2016](http://www.votingonline.com.au/sealinkagm2016)
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited  
Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

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

☐

### Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

**Please note, you cannot change ownership of your securities using this form.**

## PROXY FORM

### STEP 1 APPOINT A PROXY

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

☐

the **Chair of the Meeting** (mark box)

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at the **Adelaide Pavilion, Veale Gardens, cnr South Terrace & Peacock Road, Adelaide on Tuesday, 25th October, 2016 at 11.00a.m. Adelaide time** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 2, 7, 8 and 9 I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 2, 7, 8 and 9 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 2, 7, 8 and 9). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

### STEP 2 VOTING DIRECTIONS

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

|              |                                                                                           | For                      | Against                  | Abstain*                 |
|--------------|-------------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|
| Resolution 2 | Adoption of Remuneration Report                                                           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | Election of Director – Ms Andrea Staines                                                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | Election of Director – Ms Fiona Hele                                                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 | Re-election of Director – Mr Christopher Smerdon                                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6 | Re-election of Director – Mr Terry Dodd                                                   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 7 | Approval of Issue Performance Rights to Mr Jeffrey Ellison under the Employee Option Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 8 | Approval of Issue of Options to Mr Andrew McEvoy under the Employee Option Plan           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 9 | Increase in Non-Executive Directors' Fee Pool                                             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

### STEP 3 SIGNATURE OF SHAREHOLDERS

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2016