

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other independent professional adviser authorised under the Financial Services and Markets Act 2000 without delay.

If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying form of proxy to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.



## CareTech Holdings PLC

(incorporated and registered in England and Wales under number 04457287)

# NOTICE OF AGM AND EXPLANATORY CIRCULAR TO SHAREHOLDERS

Your attention is drawn to the letter from the Chairman of the Company which is set out on page 2 of this document and which recommends you to vote in favour of the resolutions to be proposed at the AGM.

Notice of the AGM of the Company to be held at Metropolitan House, 3 Darkes Lane, Potters Bar, Hertfordshire EN6 1AG on 4 March 2014 at 10.00 a.m. is set out at the end of this circular.

Whether or not you propose to attend the AGM, please complete and submit a form of proxy in accordance with the instructions printed on the enclosed form. The form of proxy must be received by the Company's registrars, Capita Asset Services, not less than 48 hours before the time of the holding of the AGM. The form of proxy can be delivered by post or by hand to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Completion and return of a form of proxy will not preclude shareholders from attending and voting at the AGM should they choose to do so. Further instructions relating to the form of proxy are set out in the notice of the AGM and in the form of proxy itself.

## Registered Office:

5th Floor, Metropolitan House  
3 Darkes Lane  
Potters Bar  
Hertfordshire  
EN6 1AG

Dear Shareholder,

## Notice of AGM

This year's Annual General Meeting ("AGM") is to be held at Metropolitan House, 3 Darkes Lane, Potters Bar, Hertfordshire, EN6 1AG, on 4 March 2014, at 10.00 a.m. The formal notice of AGM is set out on pages 3 and 4 of this document. If you would like to vote on the resolutions but cannot come to the AGM, please fill in the form of proxy sent to you with this notice and return it to our registrars, Capita Asset Services, as soon as possible. They must receive it by 10.00 a.m. on 2 March 2014.

I would like to make some comments on the matters to be dealt with at the AGM. There are resolutions which Shareholders are asked to approve, of which resolutions 1 to 8 will be proposed as ordinary resolutions. Therefore, for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 10 and 11 will be proposed as special resolutions, and therefore for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

## Resolutions 1 to 7

Resolution 1 is to receive the reports of the Directors and auditors and the Annual Report and Accounts for the financial year ended 30 September 2013.

Resolution 2 relates to the Remuneration Report, which is contained within the Company's Annual Report and Accounts for the financial year ended 30 September 2013. Shareholders are being asked to vote on whether or not they approve the Remuneration Report and this vote will be in respect of the content of the Remuneration Report and not specific to any Director's level or terms of remuneration.

Resolution 3 relates to the payment of a final dividend of 4.68p per ordinary share for the year ended 30 September 2013 which is recommended by your Directors. This dividend will be paid on 11 April 2013 to those Shareholders on the register at the close of business on 14 March 2014.

Resolutions 4, 5 and 6 concern the reappointment of Directors. Under the Company's Articles of Association, Directors are obliged to retire by rotation at least every three years. Farouq Sheikh, Executive Director and Haroon Sheikh, Executive Director, will retire by rotation and offer themselves for re-election at the AGM. Jamie Cumming, Non-Executive Director who was appointed since the last AGM will retire and offer himself for re-election. The biographical details of Farouq, Haroon and Jamie are shown on pages 21 and 22 of the Annual Report and Accounts 2013.

Resolution 7 is to propose the reappointment of Grant Thornton UK LLP as auditors of the Company for the ensuing financial year and to authorise the Directors to determine their remuneration.

## Resolution 8 – Allotment of shares

This resolution relates to the authority of the Directors to allot shares. Under the Companies Act 2006, the Directors of a company may only allot unissued shares if authorised to do so by the Shareholders in general meeting. The authority which is sought in respect of shares of the Company is dealt with in resolution 8, which will permit the Directors to allot ordinary shares up to an aggregate nominal amount of £86,670. This is equivalent to approximately 33% of the ordinary share capital of the Company as at 13 January 2014. The authority sought at the AGM will last until the conclusion of the next AGM or, if earlier, 31 March 2015.

## Resolution 9 – Disapplication of pre-emption rights

If equity securities are to be allotted (or ordinary shares held by the Company in treasury are to be sold) for cash, section 561 of the Companies Act 2006 requires that those securities are offered first to existing shareholders in proportion to the number of ordinary shares they each hold at that time. There may be circumstances, however, when it is in the interests of the Company to be able to allot new equity securities for cash without first offering them to existing shareholders.

Accordingly, paragraph (b) of resolution 9 authorises the Directors to allot equity securities for cash without first offering them to existing Shareholders but limits such allotment or sale to a maximum aggregate nominal value of £13,002, which is equivalent to approximately 5% of the share capital of the Company as at 13 January 2014. The authority given by paragraph (a) of resolution 8 will enable the Directors to modify the arrangements which would otherwise apply on a pre-emptive share issue so as to deal with fractional entitlements and any other legal or practical issues arising.

This authority will also expire at the end of the next AGM, or, if earlier, 31 March 2015.

## Resolution 10 – Authority to purchase own shares

The Company is seeking authority to purchase up to 10% of its issued ordinary shares at, or between, the minimum and maximum prices specified in this resolution. This power would be used only after careful consideration by the Directors, having taken into account market conditions prevailing at that time, the investment needs of the Company, its opportunities for expansion and its overall financial position. The Directors would exercise the authority to purchase ordinary shares only if they considered it to be in the best interests of Shareholders and if the purchase could be reasonably expected to result in an increase in earnings per share.

Under the Companies Act 2006, the Company is allowed to hold its own shares in treasury following a buyback, instead of cancelling them as previously required. Such shares may be resold for cash but all rights attaching to them, including voting rights and any right to receive dividends, are suspended whilst they are held in treasury. If the Board of Directors exercises the authority conferred by resolution 9, the Company will have the option of holding repurchased shares in treasury.

The authority sought will expire at the end of the next AGM, or, if earlier, 31 March 2015.

## Recommendation

The Directors consider that all the resolutions to be proposed at the AGM are in the best interests of the Company and its Shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you do so as well.

Yours sincerely,



**Farouq Sheikh**  
Executive Chairman

This year's AGM will be held at Metropolitan House, 3 Darkes Lane, Potters Bar, Hertfordshire, EN6 1AG on 4 March 2014 at 10.00 a.m. You will be asked to consider and pass the resolutions below. Resolutions 10 and 11 will be proposed as special resolutions. All other resolutions will be proposed as ordinary resolutions.

### Ordinary resolutions

1. That the Company's Annual Report and Accounts for the financial year ended 30 September 2013 together with the reports of the Directors and auditors thereon be and are hereby received.
2. To approve the Remuneration Report for the year ended 30 September 2013.
3. That a final dividend of 4.68p per ordinary share for the year ended 30 September 2013 is declared payable on 11 April 2014 to holders of ordinary shares on the register of members at the close of business on 14 March 2014.
4. That Farouq Sheikh, who retires by rotation in accordance with the Company's Articles of Association, be and is hereby re-elected as a Director of the Company.
5. That Haroon Sheikh, who retires by rotation in accordance with the Company's Articles of Association, be and is hereby re-elected as a Director of the Company.
6. That Jamie Cumming who was appointed since the last AGM is retiring and is hereby elected as a Director of the Company.
7. That Grant Thornton UK LLP be and are hereby re-appointed as auditors of the Company to hold office until the conclusion of the next Annual General Meeting and that the Directors be and are hereby authorised to determine their remuneration.
8. That, in substitution for all existing authorities, the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for, or convert any security into shares in the Company up to an aggregate nominal amount of £86,670 for the period expiring at the conclusion of the next Annual General Meeting after the passing of this resolution or on 31 March 2015 (whichever is the earlier) (unless previously renewed, varied or revoked by the Company in general meeting) but such authority shall extend to the making, before such expiry, of an offer or an agreement which would or might require shares to be allotted or rights to be granted after such expiry and the Directors may allot shares or grant rights in pursuance of that offer or agreement.

### Special resolutions

9. That, subject to the passing of resolution 7 as set out in the notice of the meeting at which this resolution is to be proposed (the "Notice"), the Directors be and are hereby generally empowered pursuant to section 570 of the Companies Act 2006 (the "Act") to allot equity securities (as defined in section 560 of the Act) for cash, either pursuant to the general authority conferred by resolution 7 as set out in the Notice or by way of a sale of treasury shares, as if section 561 of the Act did not apply to the allotment/sale provided that this power is limited to:
  - (a) the allotment of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to holders of ordinary shares in the capital of the Company made in proportion (as nearly as may be) to their existing holdings but subject to the Directors having a right to make such exclusions or other arrangements in connection with the offering as they deem necessary or expedient;

- (i) to deal with equity securities representing fractional entitlements; and

- (ii) to deal with legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and

- (b) the allotment of equity securities for cash otherwise than pursuant to paragraph (a) of this resolution up to an aggregate nominal amount of £13,002.

and will expire at the conclusion of the next Annual General Meeting after the passing of this resolution or, if earlier, 31 March 2015, but the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of that offer or agreement as if the power conferred by this resolution had not expired.

10. That the Company be and is hereby generally and unconditionally authorised subject to and in accordance with Article 51 of the Articles of Association of the Company for the purposes of section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of £0.005 each in the Company provided that:

- (a) the maximum number of shares which may be purchased is 5,200,733 (representing 10% of the Company's issued share capital as at 13 January 2014);

- (b) the minimum price (exclusive of expenses) which may be paid for each share is £0.005;

- (c) the maximum price (exclusive of expenses) which may be paid for each share is an amount equal to 105% of the average of the middle market quotations of a share of the Company taken from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the share is contracted to be purchased; and

- (d) this authority shall expire at the conclusion of the next Annual General Meeting after the passing of this resolution or 31 March 2015 (whichever is the earlier) (unless previously renewed, varied or revoked by the Company in general meeting), provided that the Company may, before such expiry, enter into one or more contracts to purchase shares under which such purchases may be completed or executed wholly or partly after the expiry of this authority and may make a purchase of shares in pursuance of any such contract or contracts.

By order of the Board



**Michael Hill**  
Company Secretary  
13 January 2014

Registered Office:  
5th Floor, Metropolitan House  
3 Darkes Lane  
Potters Bar  
Hertfordshire  
EN6 1AG

Registered in England and Wales No. 04457287

1. Members are entitled to appoint a proxy or proxies to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A Shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder. A proxy need not be a Shareholder of the Company. A form of proxy which may be used to make such appointment and give proxy instructions accompanies this notice.
2. To be valid any form of proxy or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 10.00 a.m. on 2 March 2014.
3. The return of a completed form of proxy, other such instrument or any CREST Proxy Instruction (as described in paragraph 6 below) will not prevent a Shareholder attending the AGM and voting in person if he/she wishes to do so.
4. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, to be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), Shareholders must be registered in the Register of Members of the Company by 6.00 p.m. on 2 March 2014 (or, in the event of any adjournment, 6.00 p.m. on the date which is 2 days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.
6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 10.00 a.m. on 2 March 2014. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
7. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
8. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
9. You may not use any electronic address provided within this notice or any related documents (including the form of proxy) to communicate with the Company other than as expressly stated.
10. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names of the holders stand in the register of members in respect of the joint holding.
11. Copies of Directors' service contracts or letters of appointment will be available for inspection between the date of this notice and the AGM at the Company's registered office and at the venue of the AGM, if different, for at least 15 minutes prior to the commencement of the meeting until its conclusion.