

**VITA LIFE SCIENCES LIMITED**  
**NOTICE OF ANNUAL GENERAL MEETING**  
**AND EXPLANATORY STATEMENT**

**to be held at Level 5, 70 Dorcas Street, Southbank, Melbourne, VIC 3006  
at 12:00pm (Melbourne time) on Friday, 31 May 2019**

**This document is important.**

Please read the information it contains carefully. It is important that you vote on these resolutions either by attending the meeting or by completing and lodging the enclosed proxy form. If you are in doubt as to its contents, or the course you should follow, you should consult your professional advisor(s).

**IMPORTANT DATES**

|   |         |                        |
|---|---------|------------------------|
| Close for receipt of written questions to Auditor | 12:00pm | Friday, 24 May 2019    |
| Close for receipt of Proxy Forms                  | 12:00pm | Wednesday, 29 May 2019 |
| Determination of Entitlement to Vote              | 7:00pm  | Wednesday, 29 May 2019 |
| Annual General Meeting                            | 12:00pm | Friday, 31 May 2019    |

Note: All references to time in this document are to that time in Melbourne, Victoria.

**Vita Life Sciences Limited**  
**ACN 003 190 421**  
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## NOTICE OF ANNUAL GENERAL MEETING OF VITA LIFE SCIENCES LIMITED

Notice is given that the annual general meeting of members of Vita Life Sciences Limited ACN 003 190 421 (Company) will be held at Level 5, 70 Dorcas Street, Southbank, Melbourne VIC 3006 on Friday 31 May 2019 at 12:00pm Melbourne time.

### 1. ORDINARY BUSINESS

#### 1.1 Financial Statements and Reports

- (a) *To receive and consider the financial statements and the reports of the directors and the auditors of the Company for the year ended 31 December 2018.*

An explanation of this item is to be found in the notes to this notice and item 2.1 of the Explanatory Statement.

#### (b) Resolution 1 – Remuneration Report

Shareholders will be asked to consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That the Remuneration Report as set out in the Annual Report of the Company for the financial year ended 31 December 2018 be adopted."*

An explanation of this item is to be found in item 2.2 of the Explanatory Statement.

The vote on this resolution is advisory only and is not intended to bind the Directors or the Company.

#### Voting exclusion statement in relation to Resolution 1

The Company will disregard any votes cast on this resolution:

- by or on behalf of a member of Key Management Personnel (**KMP**) named in the remuneration report for the year ended 31 December 2018, or that KMP's closely related party (as that term is defined in the Corporations Act) (**Closely Related Party**), regardless of the capacity in which the vote is cast; and
- as a proxy by a member of the KMP at the date of the meeting, or that KMP's Closely Related Party.

However, the Company will not disregard a vote if it is cast as a proxy for a person who is entitled to vote on this resolution:

- in accordance with the directions of how to vote on the Proxy Form; or
- by the Chairman of the Meeting pursuant to an express authorisation on the Proxy Form.

#### 1.2 Resolution 2 – Re-election of Director

Shareholders will be asked to consider and, if thought fit, pass the following resolution as an **ordinary resolution** with effect from the close of the meeting:

*"That Vanda R Gould, a director retiring by rotation in accordance with rule 5.1 of the Constitution, being eligible and having consented to act, be re-elected as a director of the Company."*

An explanation of Resolution 2, and more information on Mr Gould, is to be found in item 3 of the Explanatory Statement.

#### 1.3 Resolution 3 – Share Buy-Back

Shareholders will be asked to consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That pursuant to and in accordance with section 257C of the Corporations Act 2001 (Cth), as amended, Rules 7.29 and 7.33 of the Listing Rules of ASX Limited, and for all other purposes, the shareholders approve, with effect from when the Directors make the relevant announcement to the ASX, the on-market buy-back of up to 15% of the fully paid ordinary shares in the Company expiring on whichever is the earlier of the anniversary of the passage of this resolution or the 2019 Annual General Meeting and otherwise on the terms and conditions set out in the Explanatory Statement accompanying the 2019 Annual General Notice of Meeting at which this resolution is to be put."*

An explanation of Resolution 3 is to be found in item 4 of the Explanatory Statement.

## 2. SPECIAL BUSINESS

### 2.1 Resolution 4 – Long Term Incentive Plan: Grant of a limited recourse loan to a Director to purchase ordinary shares

Shareholders will be asked to consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That pursuant to ASX Listing Rules 10.14 and 10.15 and in accordance with Vita Life Sciences Limited's "Long Term Incentive Plan" (Plan), tabled by the Chairman and initialed by him for purposes of identification, approval is given for the Directors to make a limited recourse loan to Mr Henry Townsing, acting in his capacity as a Director of the Company, for a sum of \$550,000 (Loan), which will be used to purchase a total of 500,000 new, ordinary, fully paid shares in the Company, on the terms summarised in the Explanatory Statement accompanying the Notice of 2019 Annual General Meeting."*

An explanation of Resolution 4, and a summary of the Plan and Loan, is to be found in item 5 of the Explanatory Statement.

#### Voting Exclusion:

The Company will disregard any votes cast:

- in favour of this resolution by or on behalf of the Directors or any of their associates, regardless of the capacity in which the vote is cast; and
- on this resolution as a proxy by a member of the KMP at the date of the meeting, or that KMP's Closely Related Party.

However, the Company will not disregard a vote if it is cast as a proxy for a person who is entitled to vote on this resolution:

- in accordance with the directions of how to vote on the Proxy Form; or
- by the Chairman of the Meeting pursuant to an express authorisation on the Proxy Form.

### 2.2 Resolution 5 – Approval for an Equal Reduction of Capital

Shareholders will be asked to consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That, for the purposes of sections 256B and 256C of the Corporations Act 2001 (Cth) and for all other purposes:*

- (a) the Company's shares in Mitre Focus be transferred to a wholly-owned subsidiary of the Company, which has been incorporated for the purposes of the Spinoff (such subsidiary proposed to be called Macarthur National);*
- (b) the Board of the Company be authorised at its discretion to effect a reduction in the issued share capital of the Company, without cancelling any shares, by an amount equal to the market value (as assessed by the Directors of the Company) of the total issued capital of Macarthur National on the record date; and*
- (c) the reduction be satisfied by the Company making a pro-rata in specie distribution of all the shares held by the Company in Macarthur National to holders of fully paid ordinary shares in the Company registered as at the Spinoff Record Date on and subject to the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."*

An explanation of Resolution 5, and a summary of the Proposal, is to be found in item 6 of the Explanatory Statement.

### 2.3 Resolution 6 – Removal of Russell Bedford NSW as auditors

Shareholders will be asked to consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That Russell Bedford NSW trading under the business name Nexia Sydney Audit & Assurance be removed as statutory auditor of the Company"*

An explanation of Resolution 6, and a summary of the Proposal, is to be found in item 7 of the Explanatory Statement.

### 2.4 Resolution 7 – Confirmation of appointment of Nexia Sydney Audit Pty Ltd as auditors

Shareholders will be asked to consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That Nexia Sydney Audit Pty Ltd's appointment as statutory auditor of the Company be confirmed"*

An explanation of Resolution 7, and a summary of the Proposal, is to be found in item 7 of the Explanatory Statement

### **3. OTHER BUSINESS**

To consider any other business that may be properly brought forward at the meeting in accordance with the Constitution and the law.

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

Chin L Khoo  
Company Secretary

Dated: 1 May 2019

#### **PLEASE NOTE:**

The Notes to, and the Explanatory Statement and Proxy Form following, this Notice of Meeting should be read in conjunction with, and form part of, this Notice.

*Capitalised words have the meanings ascribed to them in the Glossary in the Explanatory Statement.*

## NOTES TO NOTICE OF MEETING

### 1. Explanatory Statement

An explanation of each resolution is included in the accompanying Explanatory Statement.

### 2. Voting and Required Majority

2.1 The Board, as the convenor of the meeting, has determined that the shareholding of each member for the purpose of ascertaining voting entitlements for the Annual General Meeting will be as it appears on the register of Shareholders at **7.00pm** (Melbourne time) on **Wednesday, 29 May 2019** and will process no transfers from that time until the end of the Meeting.

2.2 On a show of hands, every person present and qualified to vote shall have one vote. If a Shareholder appoints one proxy, then that proxy may vote on a show of hands. However, if the Shareholder appoints 2 proxies, neither may vote on a show of hands.

If a Shareholder appoints a proxy who is also a Shareholder or also a proxy for another Shareholder, their directions may not be effective on a show of hands. However, upon a poll and upon the proxy voting on the poll then their voting direction will be fully counted. Should a poll be taken, then the Auditors, Nexia Sydney Audit Pty Limited, will act as scrutineer.

2.3 For the Resolutions to be effective:

- each Resolution must be passed at a meeting of which not less than 28 days' written notice specifying the intention to propose the Resolutions has been given; and
- each ordinary Resolution must be passed by more than 50% respectively of all the votes cast by Shareholders entitled to vote on the Resolutions (whether in person or by proxy, attorney or representative).

### 3. Proxy voting by Chairman

The *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011* (Cth), imposes prohibitions on Key Management Personnel and their Closely Related Parties from voting their shares (or voting undirected proxies) on, amongst other things, remuneration matters.

However, the chairman of a meeting may vote an undirected proxy (i.e. a proxy that does not specify how it is to be voted), provided the shareholder who has lodged the proxy has given an express voting direction to the chairman to exercise the undirected proxy, even if the resolution is connected with the remuneration of a member of Key Management Personnel.

If you complete a Proxy Form that authorises the Chairman of the Meeting to vote on your behalf as proxy, and you do not mark any of the boxes so as to give him directions about how your vote should be cast, then you will be taken to have expressly authorised the Chairman to exercise your proxy on Resolutions 1 and 4. In accordance with this express authority provided by you, the Chairman will vote in favour of Resolutions 1 and 4. If you wish to appoint the Chairman of the Meeting as your proxy, and you wish to direct him how to vote, please tick the appropriate boxes on the Proxy Form.

The Chairman of the Meeting intends to vote all available undirected proxies in favour of each resolution.

If you appoint as your proxy any Director of the Company, except the Chairman, or any other Key Management Personnel or any of their Closely Related Parties and you do not direct your proxy how to vote on Resolutions 1 or 4, he or she will not vote your proxy on that item of business.

### 4. Questions and Comments by Shareholders at the Meeting

4.1 In accordance with the Corporations Act (sections 250S and 250SA) and rule 104.3 of the Constitution, a reasonable opportunity will be given to Shareholders at the meeting to ask questions about, or make comments on, the Management of the Company and the remuneration report.

4.2 Similarly, in accordance with the Corporations Act (section 250T) and rule 104.4 of the Constitution, a reasonable opportunity will be given to Shareholders to ask the Auditors, Nexia Sydney Audit Pty Limited, questions relevant to:

- (1) the conduct of the audit;
- (2) the preparation and content of the Auditor's Report;
- (3) the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- (4) the independence of the Auditor in relation to the conduct of the audit.

- 4.3 Shareholders may also submit written questions to Nexia Sydney Audit Pty Limited, via the Company, no later than 5 business days before the Annual General Meeting. Any question must be relevant to the content of Nexia Sydney Audit Pty Limited's Audit Report or the conduct of its audit of the Company's financial report for the year ended 31 December 2018.

Relevant written questions for Nexia Sydney Audit Pty Limited must be received no later than **12.00pm** (Melbourne time) on **Friday, 24 May 2019**. A list of those relevant written questions will be made available to Shareholders attending the Annual General Meeting. Nexia Sydney Audit Pty Limited will either answer the questions at the Annual General Meeting or table written answers to them at the Meeting. If written answers are tabled at the Meeting, they will be made available to Shareholders as soon as practicable after the Annual General Meeting.

## 5. Proxies

- 5.1 A Shareholder entitled to attend and vote at this Meeting is entitled to appoint not more than 2 proxies. If 2 proxies are appointed, each proxy must be appointed to represent a specific proportion or number of the Shareholder's voting rights. If the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise one half of the Shareholder's votes.
- 5.2 If Shareholders wish to appoint one proxy, please use the form provided. If you want to appoint 2 proxies, please contact the Company for an additional form, or copy that provided, and follow the instructions set out on the reverse side of the proxy form.
- 5.3 A Shareholder may appoint an individual or a body corporate as their proxy. A body corporate appointed as a proxy may then nominate an individual to exercise its powers at meetings. A proxy need not be a Shareholder of the Company.
- 5.4 To be effective a proxy form and an original or certified copy of the authority (if any) under which it is signed (such as a power of attorney or, in the case of a body corporate Shareholder, a certificate of appointment of personal representative) must be:
- delivered (by mail or courier) to the registered office of the Company at Unit 1/ 102 Bath Road, Kirrawee, NSW 2232 Australia;
  - sent by facsimile to (+612) 9545 1311 at the registered office of the Company at Unit 1/ 102 Bath Road, Kirrawee, NSW 2232 Australia;
  - by email to [enquiries@vitalifesciences.com.au](mailto:enquiries@vitalifesciences.com.au); or
  - delivered by hand to the registered office of the Company at Unit 1/ 102 Bath Road, Kirrawee, NSW 2232 Australia, to arrive (in each case) no later than **12:00pm** (Melbourne time) on **Wednesday, 29 May 2019**. If it is not received by that time, the appointment of proxy will not be treated as effective.
  - If a Shareholder is a body corporate, the proxy form may be signed by 2 directors; or
  - a director and either a company secretary or other authorised signatory; or
  - in the case of a proprietary company that has a sole director that is also the sole company secretary, by that director; or the body corporate's appointed attorney under power of attorney.
- 5.5 In the case of joint holdings, a proxy may be signed by any one of the joint holders. However, if the Company receives more than one appointment for the same Share:
- an appointment signed by all joint holders will be accepted in preference to an appointment signed by the Shareholder whose name appears first in the register of Shareholders or by any other Shareholder holding the share jointly; and
  - subject to the preceding paragraph, an appointment signed by the Shareholder whose name appears first in the register of Shareholders will be accepted in preference to an appointment signed by any other Shareholder or Shareholders holding the share jointly.



- 5.6 Completion of a proxy form will not prevent individual Shareholders from attending the Meeting if they wish. Where a Shareholder completes and delivers a valid proxy form and attends in person, the authority of the proxy to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
- 5.7 In the absence of your instructions, your proxy will vote or abstain from voting on a show of hands as they think fit. Should the proxy vote on a show of hands, the proxy must vote in the way that they were directed to do so.
- 5.8 If the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands.
- 5.9 If the proxy is the chair of the meeting, the proxy must vote on a poll, and must vote in the way they were directed to do so.
- 5.10 If the proxy is not the chair of the meeting, the proxy need not vote on a poll, but if the proxy does so, they must vote as directed to do so.
- 5.11 If a proxy is appointed who is not chair of the meeting, and the appointment of a proxy specifies the way the proxy is to vote on a particular resolution of the meeting and a poll is called, and either of the following apply:
- (i) the appointed proxy is not recorded as attending the meeting on the record of attendance for the meeting; or
  - (ii) the appointed proxy does not vote on the resolution;
- then the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.
- 5.12 Should you desire to direct your proxy how to vote, please insert 'X' in the box appropriate to each Resolution in the proxy form.

**SHAREHOLDERS ARE URGED TO COMPLETE ANY ONE OF THE "FOR", "AGAINST" OR "ABSTAIN" BOXES ON THE PROXY FORM THEREBY GIVING A DIRECTED PROXY WHICH THEN CAN BE COUNTED IN ACCORDANCE WITH THEIR WISHES.**

## EXPLANATORY STATEMENT

### 1. IMPORTANT NOTICE

- 1.1. This Explanatory Statement is given to Shareholders to explain the resolutions to be considered at the Annual General Meeting (**Resolutions**) and to allow Shareholders to determine how they wish to vote on the Resolutions. The Explanatory Statement should be read in conjunction with, and forms part of, the Notice of Annual General Meeting which this Explanatory Statement accompanies.
- 1.2. Capitalised words in this explanatory statement have a defined meaning which appears in it or in the Glossary.
- 1.3. This explanatory statement is dated 1 May 2019.

### 2. REPORTS

- 2.1 The Corporations Act requires the financial statements and reports of the Directors and Auditors to be laid before the Meeting. These are all incorporated into the 2018 Annual Report which is available on the Company's website at [www.vitalifesciences.com.au](http://www.vitalifesciences.com.au). Neither the Act nor the Constitution requires Shareholders to vote on such statements and reports. However, Shareholders will be given ample opportunity to raise questions on the Annual Report and other matters at the Meeting. For further information as to these, see note 4 in the "Notes to the Notice of Meeting" section.

### 2.2 EXPLANATION OF RESOLUTION 1: REMUNERATION REPORT

The Directors' Report - "Remuneration Report" (**Remuneration Report**) is contained in the Company's 2018 Annual Report.

The Corporations Act requires a resolution be put to the shareholders of a listed company to adopt the remuneration report as disclosed in the Directors' Report component of the 2018 Annual Report (see pages 13 to 19 inclusive). This Resolution is being put so as to give Shareholders a reasonable opportunity to ask questions or make comments concerning the Remuneration Report during the Meeting. The vote on this Resolution is advisory only and non-binding on the Board.

The Remuneration Report:

- (a) explains the Board's policies in relation to the nature and level of remuneration paid to Directors, secretaries and senior managers with the Company;
- (b) discusses the link between the Board's policies and the Company's performance;
- (c) provides a summary of performance conditions, explaining why they were chosen and how performance is measured against them;
- (d) sets out remuneration details for each Director and for each member of the Company's senior executive management team; and
- (e) makes clear that the basis for remunerating non-executive directors is distinct from the basis for remunerating executives, including executive directors.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

Under Section 250BD of the Corporations Act, a person who is appointed as a proxy must not exercise any undirected proxies on a resolution connected with the remuneration of Key Management Personnel (KMP) if they themselves are, or are a closely related party of, a member of the KMP. As such, the Chairman will not exercise any undirected proxies with regard to resolution 1.

The *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011* became law on 27 June 2011. The Act amends the Corporations Act to include a "2 strikes" rule that if a company's remuneration report receives a "no" vote of at least 25% at two consecutive annual general meetings, a spill resolution must then be put to shareholders at the second annual general meeting to determine whether the entire Board must stand for re-election. If the spill resolution is passed (by a normal majority of 50%), the Board must vacate office and stand for re-election at another general meeting which must be convened within 90 days.

The Chairman of the Meeting intends to vote any undirected proxies in favour of Resolution 1.

### 2.3 Directors' Recommendation

**The Board, each acknowledging their personal interest, unanimously recommends that Shareholders vote in favour of Resolution 1.**

**3. EXPLANATION AND SUMMARY OF RESOLUTION 2: RE-ELECTION OF DIRECTOR – VANDA RUSSELL GOULD**  
 3.1 Shareholders will be asked to consider and, if thought fit, pass the following Resolution as an **ordinary resolution**:

*“That Vanda Russell Gould, a director retiring by rotation in accordance with rule 5.1 of the Constitution, being eligible and having consented to act, be re-elected as a director of the Company.”*

Mr Gould, being eligible, offers himself for re-election as a Director of the Company and his consent to act will be tabled at the Meeting prior to the resolution to re-appoint him being put to the Meeting.

3.2 The Constitution and the ASX Listing Rules require that, at each annual general meeting, one third of the Directors must retire from office. The Directors retire by rotation and hence Mr Gould is being put up for re-election.

3.1 The Nominations Committee of the Company has conducted an assessment of Mr Gould, and has reviewed the skills, knowledge, experience and diversity represented on the Board. Having conducted those assessments and that review, the Board recommends to Shareholders the re-election of Mr Gould.

3.2 The following is a profile of Mr Gould:

|                        |  |
|------------------------|--|
| <b>Board position:</b> | Mr Gould has served on the Board since 1997, and was appointed as Chairman of the Group in 1999 until October 2013.<br><br>Following a brief absence, Mr Gould was reappointed as Chairman in May 2014, however he stepped down again as Chairman effective 13 October 2016.   |
| <b>Qualifications:</b> | Bachelor of Commerce<br>Master of Commerce<br>Fellow Chartered Accountants<br>Fellow of CPA Australia  |
| <b>Experience:</b>     | Mr Gould has practiced as a Chartered Accountant for over 30 years and he has extensive depth of business experience. As founding Chairman in 1984 of CVC Limited he has overseen investments in several companies involved in the medical industry. He also serves on the Board of several other private and public companies and educational establishments, including Cyclopharm Limited which is listed on the Australian Securities Exchange (“ASX”). |
| <b>Committees:</b>     | Member of the Audit and Risk Committee<br>Member of the Board Nomination Committee<br>Member of the Remuneration Committee   |

The Chairman of the Meeting intends to vote any undirected proxies in favour of Resolution 2.

**3.3 Directors' Recommendation**

**The Board, other than Mr Gould (who abstains), recommends that Shareholders vote in favour of Resolution 2.**

**4. EXPLANATION AND SUMMARY OF RESOLUTION 3: SHARE BUY-BACK**  
 4.1 Shareholders will be asked to consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*“That pursuant to and in accordance with section 257C of the Corporations Act 2001 (Cth), as amended, Rules 7.29 and 7.33 of the Listing Rules of ASX Limited, and for all other purposes, the shareholders approve, with effect from when the Directors make the relevant announcement to the ASX, the on-market buy-back of up to 15% of the fully paid ordinary shares in the Company expiring on whichever is the earlier of the anniversary of the passage of this resolution or the 2020 Annual General Meeting and otherwise on*

*the terms and conditions set out in the Explanatory Statement accompanying the 2019 Annual General Notice of Meeting at which this resolution is to be put.”*

## 4.2 Background

The Company intends to continue its previous on-market buy-back scheme, as authorised by shareholders. The Company believes that this scheme is in the best interests of the shareholders as it provides a flexible mechanism to adjust its capital structure, and provides liquidity to those shareholders who may wish to reduce their holding in what can be a thinly traded stock.

The Corporations Act authorises a listed company to buy-back its own shares on market if the buy-back does not materially prejudice its ability to pay its creditors and it follows the procedures set out in the Corporations Act. Shareholder approval is required if all of the shares bought back in the last 12 months are more than 10% of the minimum number of shares on issue at any time during the last 12 months. This limit after which a company requires shareholder approval for an on-market buy-back is called the “10/12 limit”.

Authority is sought to affect an on-market buy-back of Shares subject to conditions, such as the purchase of up to a maximum of 15% of the issued capital by the Company. Such an on-market buy-back would exceed the 10/12 limit.

The Company believes it is prudent for shareholders to authorise this extension to the 10/12 limit at the AGM in order to provide flexibility. Should circumstances arise in which it is beneficial to the Company to exceed the proposed 15% share buyback limit, further shareholder approval will be sought.

Resolution 3 authorises an on-market buy-back for the current financial period expiring on whichever is the earlier of:

- the anniversary of the passage of this resolution; or
- the 2020 Annual General Meeting.

## 4.3 The price that the Company will pay under the on-market buy-back offer is the current market price as outlined below. For there to be a “current market price”:

- share trades must have been recorded on the ASX on at least 5 trading days in the 3 months preceding the buy-back (ASX Listing Rule 7.29);
- the Company must have made an announcement to the ASX that it complies with that Listing Rule and intends to proceed with an on-market buy-back; and
- there must be a moving cap calculated at 5% above the average of the market price of the Shares calculated over the last 5 days in which trading in the Shares was recorded, with the buy-back to occur on the next trading day (ASX Listing Rule 7.33).

## 4.4 As required by section 257C(1) of the Corporations Act, the implementation of the buy-back is conditional on the approval by a resolution passed at a general meeting of the Company. This resolution is an ordinary resolution and will be passed if a majority of votes cast, in person or by proxy, attorney or representative, by Shareholders at the meeting is cast in favour of the resolution.

## 4.5 If this resolution is passed, the buy-back may be implemented by the Board at any time by making the announcement to the ASX required by the ASX Listing Rules. Nevertheless, the Board may choose not to proceed, or to proceed at a later date (see item 4.6 (c)).

## 4.6 If the Board makes the relevant announcement the on-market buy-back will be effected on the following terms:

- (a) The maximum percentage of Shares to be bought back is 15%. Based on the number of ordinary shares on issue as at the date of this notice being 55,812,257 shares, the maximum number of Shares to be bought back would be 8,371,838.
- (b) The Constitution does not, at the relevant time, preclude the buy-back of Shares or restrict the Company's power to do so. The Company will stand in the market to buy-back not more than 15% of its ordinary share capital and this can be done on a continuous basis.
- (c) The Company intends that no offer will be made earlier than 1 June 2019 and the relevant Shares will all have been bought back before the close of business on 31 May 2020, however, the resolution can operate for as long as 12 months or until the next AGM, whichever occurs first.

- (d) In the event that the ASX Listing Rules are inconsistent with any term of the on-market buy-back set out in this explanatory statement, the Company intends that such Listing Rule(s) override that term to the extent of that inconsistency.
- (e) Acceptances, once given, are irrevocable.
- (f) At the date of this explanatory statement, no Director had determined whether he will accept a buy-back offer in respect of shares in which he has an interest. The following table indicates Director's interest in the Company as at the date of this explanatory statement:

| Directors            | Beneficial Interest | Non-Beneficial Interest | Total Interest |
|----------------------|---------------------|-------------------------|----------------|
| Mr Vanda R Gould (1) | -                   | 10,195,152              | 10,195,152     |
| Mr Andrew O'Keefe    | 1,000,000           | -                       | 1,000,000      |
| Mr Shane Teoh        | -                   | 8,435,693               | 8,435,693      |
| Mr Jonathan J Tooth  | -                   | 226,157                 | 226,157        |
| Mr Henry G Townsing  | 15,270              | 438,597                 | 453,867        |

(1) The details in respect of the Directors set out above are based on the disclosure made by them to the Company (and in turn given by the Company to the ASX as their agent) during the financial year ended 31 December 2017. On 19 December 2014, Justice Perram delivered his judgement in the case of *Hua Wang Bank Berhad v Commissioner of Taxation* [2014] FCA 1392 in which he said that Director Vanda Gould controlled certain companies that are shareholders of the Company, which would in turn, increase Mr Gould's interests in the Company. Mr Gould acknowledges he acted as advisor to those companies and their principals, however does not believe he had the requisite control to constitute relevant interests in those companies. Neither the Company nor Mr Gould were listed parties in the subject proceedings nor was Mr Gould a witness in the case. Mr Gould has advised that he may contest the assertion that he controls certain companies that are shareholders in the Company in the appropriate forums. In order to avoid a possible breach of the Corporations Act 2001 it has been considered appropriate at this stage to increase the number of shares in which Mr Gould is recorded as having a relevant interest from 1,643,713 to 10,195,152.

#### 4.7 Advantages of Introducing a Share Buy-back

The key advantages of the on-market buy-back being allowed to proceed are as follows:

- (a) increase the liquidity of the Shares;
- (b) an efficient use of any surplus capital that becomes available to the Company in a market where finding suitable investments proves difficult;
- (c) increasing price competition for the Shares; and
- (d) the promotion of a more efficient capital structure.

#### 4.8 Disadvantages of Introducing a Share Buy-Back

The key disadvantages of the on-market buy-back being allowed to proceed are as follows:

- (a) it reduces the cash balances of the Company; and/or
- (b) it may increase the debt balance of the Company.

#### 4.9 The financial effect of the proposed buy-back will be to deplete the Company's cash reserves and/or to increase its borrowings depending upon the appropriate funding mix utilised by the Directors at the time the offer proceeds. Against this, the share capital of the Company will be reduced with a likely beneficial increase of net tangible asset backing per share. The offer will not proceed if the buy-back would materially prejudice the Company's ability to pay its creditors.

By way of example, an on-market buyback offer at \$0.825 per Share (the closing price of the Company's ordinary shares on Monday 1 April 2019 as traded on the ASX) would require maximum funding of approximately \$6,787,000 (assuming full take-up of the proposed 15%).

Should the Company undertake the proposed 15% buy-back, funding may be sourced from:

- (a) the Group's existing cash reserves;
- (b) a combination of existing cash and future borrowings;
- (c) or a combination of existing cash, cash generated over the 12-month buy-back period and future borrowings; or

- (d) solely through borrowings;  
as illustrated below:

| SOURCE OF FUNDS                | OPTION (A)<br>\$ ('000) | OPTION (B)<br>\$ ('000) | OPTION (C)<br>\$ ('000) | OPTION (D)<br>\$ ('000) |
|--------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| CASH RESERVES (1)              | 6,787                   | 4,287                   | 2,787                   | -                       |
| CASH GENERATED FROM OPERATIONS | -                       | -                       | 1,500                   | -                       |
| BORROWINGS                     | -                       | 2,500                   | 2,500                   | 6,787                   |
|                                | <b>6,787</b>            | <b>6,787</b>            | <b>6,787</b>            | <b>6,787</b>            |

(1) Available cash reserves disclosed in the 2018 Annual Report was \$10,941,000

The above table is for example only. The actual mix of funding sources will vary depending on circumstances which may vary over the course of the buy-back period. The Company notes it has not assumed any borrowings in order to undertake the share buyback from the date first authorised at the 2008 AGM.

The Company further advises:

- (a) Accepting the on-market Share buy-back may have financial, taxation, or other ramifications for Shareholders depending upon each such Shareholders' personal circumstances and the Board recommends that before accepting any on-market offer, Shareholders should obtain their own professional advice.
- (b) The financial statements of the Company are available on the Company's website at [www.vitalifesciences.com.au](http://www.vitalifesciences.com.au).
- (c) The Company is satisfied that this notice of meeting and explanatory statement set out all the information known to the Company that is material to the decision how to vote on the resolution.

If approval of Resolution 3 is not given, the Company is still able to buy-back on market the maximum number of Shares permitted under the 10/12 limit without Shareholder approval.

The Chairman of the Meeting intends to vote any undirected proxies in favour of Resolution 3.

#### 4.10 Directors' Recommendation

**The Board unanimously recommends that Shareholders vote in favour of Resolution 3.**

### 5 EXPLANATION AND SUMMARY OF RESOLUTION 4: LONG TERM INCENTIVE PLAN: GRANT OF A LIMITED RECOURSE LOAN TO A DIRECTOR TO PURCHASE ORDINARY SHARES

- 5.1 Shareholders will be asked to consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That pursuant to ASX Listing Rules 10.14 and 10.15 and in accordance with Vita Life Sciences Limited's "Long Term Incentive Plan" (Plan), tabled by the Chairman and initialled by him for purposes of identification, approval is given for the Directors to make a limited recourse loan to Mr Henry Townsing, acting in his capacity as a Director of the Company, for a sum of \$550,000 (Loan), which will be used to purchase a total of 500,000 new, ordinary, fully paid shares in the Company, on the terms summarised in the Explanatory Statement accompanying the Notice of 2019 Annual General Meeting."*

- 5.2 Shareholder approval was previously sought and obtained at the meeting held on 31 May 2004 for the Company to adopt a Long Term Incentive Plan (Plan) with the purpose of encouraging Directors, officers and employees to share in the ownership of the Company and therefore to retain and motivate those benefiting to drive performance at both the individual and corporate levels. The Plan was subsequently amended and approved by shareholders at the Annual General Meeting held on 20 May 2010 and 22 May 2014. The necessary resolution thus having been passed, the Corporations Act now permits financial assistance to be given to Mr Townsing, a Director of the Company, to acquire Shares under the Plan.

- 5.3 The Corporations Act also regulates in Chapter 2E the giving of a financial benefit to a related party of a public company. Vita Life Sciences is such a company and, as a director, Mr Townsing is regarded as a related party. However, there is an exemption from the operation of Chapter 2E where the financial benefit is "remuneration" paid to a director as an officer or employee of the company. Here, Mr Townsing will receive remuneration in his capacity as an officer, namely, as a Director of the Company. The only type of benefit that satisfies the term "remuneration" is defined in the Corporations Act narrowly to be one that if it

were received by a director would be remuneration under the accounting standard AASB 124 *Related Party Disclosures* dealing with disclosure of directors' remuneration in financial reports (like the Annual Report).

- 5.4 Mr Townsing was appointed as Acting Chairman on 13 October 2016 when Mr Gould stepped down as Chairman of the Board.

The Board, other than Mr Townsing, has decided that his interests should more closely align with those of the Company and, for that reason, has agreed with Mr Townsing that, subject to the appropriate resolution of Shareholders being passed at a Shareholders' meeting, Mr Townsing will be issued new Plan Shares as described below.

The provision of the limited recourse loan to Mr Townsing is proposed to serve as a long term incentive for his continued involvement and support of the business.

- 5.5 The new Plan Shares to Mr Townsing, will be issued in two (2) tranches on the following terms:

#### **Tranche A**

- Number:** The total number of Plan Shares applied for is 250,000.
- Price:** The subscription price is \$1.00 per Share.
- Security:** Limited to the Plan Shares taken up by Mr Townsing, the Company will have no other recourse to Mr Townsing for repayment of the Loan other than the security provided by the Plan Shares themselves.
- Interest:** Limited to dividends on the Plan Shares.
- Hurdle:** Vest upon meeting certain cumulative EBIT of the Group for the two (2) financial years ending 31 December 2019 and 31 December 2020
- Term:** From the date of Shareholders' approval until 30 June 2021

#### **Tranche B**

- Number:** The total number of Plan Shares applied for is 250,000.
- Price:** The subscription price is \$1.20 per Share.
- Security:** Limited to the Plan Shares taken up by Mr Townsing, the Company will have no other recourse to Mr Townsing for repayment of the Loan other than the security provided by the Plan Shares themselves.
- Interest:** Limited to dividends on the Plan Shares.
- Hurdle:** Vest upon meeting certain cumulative EBIT of the Group for the two (2) financial years ending 31 December 2020 and 31 December 2021
- Term:** From the date of Shareholders' approval until 30 June 2022.

Application to list the shares will be made after allotment but the shares will be held under a standard arrangement in accordance with the Plan, pending satisfaction of the hurdle set out above.

Shareholders should be aware that Mr Townsing should only benefit from this Loan in the event that the sale price of the Shares is in excess of \$1.00 per Share in the case of Tranche A and \$1.20 per Share in the case of Tranche B. This is because when he sells the Shares, the proceeds are directed first to retire the Loan principal and he then only gets to keep any excess over \$1.00 per Share (in the case of Tranche A) or \$1.20 per Share (in the case of Tranche B).

- 5.6 The Board of Directors have valued Tranche A and Tranche B at \$0.1775 and \$0.1723 per share respectively using the Black & Scholes Model. The following assumptions were used in providing this valuation:

|                | <b><u>Note</u></b> | <b><u>Tranche A</u></b> | <b><u>Tranche B</u></b> |
|----------------|--------------------|-------------------------|-------------------------|
| Start Date     | 1                  | 24 May 2019             | 24 May 2019             |
| End Date       |                    | 30 June 2021            | 30 June 2022            |
| Number of days |                    | 756                     | 1,116                   |
| Exercise price |                    | \$1.00                  | \$1.20                  |
| Share price    | 2                  | \$0.825                 | \$0.825                 |
| Volatility     | 3                  | 46.85%                  | 46.85%                  |
| Risk Free Rate | 4                  | 1.46%                   | 1.46%                   |



**Note**

- 1 – Start Date assumes Plan Shares issued at the date of the AGM
- 2 – Share price based on closing share price of the Company on 1 April 2019.
- 3 – Based on the closing daily share price of the Company, one year from 1 April 2018 to 31 March 2019
- 4 – Based on Reserve Bank of Australia 2 year note yield on 2 April 2019.

- 5.7 Mr Townsing's remuneration package for 2018 consists of directors fee and superannuation of \$50,370.
- At a valuation of \$0.1775 per share, Tranche A would theoretically provide remuneration to Mr Townsing of \$44,375 over the period from the date of the AGM to 30 June 2021 (or approximately \$21,300 per annum). At a valuation of \$0.1723 per share, Tranche B would theoretically provide remuneration to Mr Townsing of \$43,075 over the period from the date of the AGM to 30 June 2022 (or approximately \$13,970 per annum).
- This total Plan Share theoretical remuneration equates to \$87,450 over the period from the AGM to 30 June 2022. Assuming the per annum expenditure for the two tranches of \$35,270 per annum was applied to Mr Townsing for the full 2018 financial year, Mr Townsing's remuneration (including the implied value of the Plan Shares) totals \$85,640, of which 41% relates to the Plan Shares.
- 5.8 Should the two tranches be approved for issue, vest and are exercised by Mr Townsing, the increase in ordinary shares on issue as at the date of this Notice of Meeting would dilute current shareholders holding by 0.88%.
- 5.9 The Board, other than Mr Townsing who absented himself during the deliberations and from voting at the relevant meeting on this matter, considers that to give the remuneration outlined above, in the form proposed, would be reasonable given the Company's current circumstances and those of Mr Townsing, vis-à-vis the Company, including the responsibilities involved in, and obligations required as a result of, his office. There are no obvious disadvantages to the Company of Resolution 4 being passed.
- 5.10 No Directors (including Mr Townsing), nor their Associates may vote on the Resolution. However, the Company need not disregard a vote if cast by a person as proxy for a person who is entitled to vote, in accordance with the directions of the proxy form or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
- 5.11 An ordinary resolution is required for Resolution 4 which means at least 14 days' notice of this Meeting was required and, to be passed, the Resolution requires an affirming vote by 50% of those present at the Meeting in person, by proxy, attorney or representative and entitled to vote.
- 5.12 Pursuant to ASX Listing Rule 10.15, this notice includes the following details:
- (a) Mr Henry Townsing is a director of the Company;
  - (b) The maximum Plan Shares to be purchased pursuant to this Plan by Directors, key employees and officers are 6,248,383 shares based on the number of ordinary shares on issue as at the date of the 2014 AGM after the issue of the Plan Shares (being 56,235,447 shares on issue at the date of the 2014 AGM plus 6,248,383 authorised plan shares totalling 62,483,830 shares). The 500,000 new Plan shares proposed for Mr Townsing will increase the number of the Plan shares on issue to 2,470,000, below the threshold allowed;
  - (c) The following person (being a person referred to in rule 10.14), has received securities under the Plan since its approval:

| Name           | Price | Number           |
|----------------|-------|------------------|
| Andrew O'Keefe | 0.80  | 500,000          |
| Andrew O'Keefe | 1.00  | 500,000          |
|                |       | <u>1,000,000</u> |

Each of Mr Henry Townsing, Mr Andrew O'Keefe, Mr Vanda Gould, Mr Shane Teoh and Mr Jonathan Tooth are persons referred to in rule 10.14 who are entitled to participate in the Plan.

- (d) The price of each share acquired under the Plan proposed in this Notice of Annual General Meeting are \$1.00 per Share for Tranches A and \$1.20 per Share for Tranche B, as set out in Explanatory Statement paragraph 5.5 (Resolution 4);
- (e) Assuming that shareholders approve the election or re-election of director standing for election the name of the directors entitled to participate in the Plan is Mr Townsing.
- (f) No Directors (including Mr Townsing) nor their Associates may vote on the Resolution;
- (g) The terms of the loans are set out in Explanatory Statement paragraph 5.5 (Resolution 4); and
- (h) The Company will not issue the securities later than 12 months after the Annual General Meeting under ASX Listing Rule 10.15.7.



The Chairman of the Meeting intends to vote any undirected proxies in favour of Resolution 4.

## 5.13 Directors' Recommendation

**The Board, other than Mr Townsing (who abstains), recommends that Shareholders vote in favour of Resolution 4.**

## 6 EXPLANATION AND SUMMARY OF RESOLUTION 5: APPROVAL FOR AN EQUAL REDUCTION OF CAPITAL

### 6.1 Shareholders will be asked to consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That, for the purposes of sections 256B and 256C of the Corporations Act 2001 (Cth) and for all other purposes:*

- (a) the Company's shares in Mitre Focus be transferred to a wholly-owned subsidiary of the Company, which has been incorporated for the purposes of the Spinoff (such subsidiary proposed to be called Macarthur National);*
- (b) the Board of the Company be authorised at its discretion to effect a reduction in the issued share capital of the Company, without cancelling any shares, by an amount equal to the market value (as assessed by the Directors of the Company) of the total issued capital of Macarthur National on the record date; and*
- (c) the reduction be satisfied by the Company making a pro-rata in specie distribution of all the shares held by the Company in Macarthur National to holders of fully paid ordinary shares in the Company registered as at the Spinoff Record Date on and subject to the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."*

### 6.2 Proposal

The Company's board has for some time been of the view that the Sun Land Project (in which the Company holds an interest via its shareholding and a Loan to Mitre Focus) is no longer aligned with the Company's vision and that its divestment would allow the Company to operate more efficiently.

The Company proposes to undertake the Spinoff, with the result that:

- (a) the Company's 63 shares in Mitre Focus (held via its fully owned subsidiary, Lovin Pharma), be transferred to a wholly-owned subsidiary of the Company, Macarthur National, recently incorporated for the purposes of the Spinoff;
- (b) Lovin Pharma's €602,331 Loan to Mitre Focus be assigned to Macarthur National;
- (c) the Company's 100% shareholding in Macarthur National be transferred to the Shareholders by way of a pro-rata in specie distribution, with the result that the Shareholders each hold shares in Macarthur National in the same proportion as they do in the Company as at the Spinoff Record Date; and
- (d) the Shareholders' holdings in the Company are unaffected by the Spinoff.

Subject to the Company completing the Spinoff, Macarthur National proposes to undertake capital raising to raise a minimum of \$300,000 from its shareholders for working capital purposes (**Macarthur National Capital Raising**). The Macarthur National Capital Raising will be undertaken via a placement and/ or rights issue or similar transaction and is intended to provide Macarthur National's then shareholders with the capacity to top up their shareholding to parcels of at least \$2,000 in value.

Should the Macarthur National Capital Raising include a rights issue or transaction requiring disclosure under the Corporations Act, the details of the Macarthur National Capital Raising will be set out in an offer document to be released by Macarthur National. It is proposed that the Macarthur National Capital Raising will be undertaken with an offer price based on NTA of Macarthur National at date of Spinoff.

### 6.3 Board's considerations and recommendations

The Company advises that Mr. Henry Townsing is a Director of the Company. He is the Company representative director for each of Lovin Pharma, Mitre Focus and Sun Land and holds no direct interest in

any of these entities. Mr Henry Townsing has recused himself of any decision to be made by the Board relating to the Spinoff.

The Board has for some time been of the view that the Company would stand to benefit from divesting its interest in Mitre Focus and therefore Sun Land, including allowing for focus on the Company's main undertaking, reduced corporate overheads with the result that it would be able to devote more of its resources to its principal operations, for the benefit of its Shareholders.

Importantly, the Board notes that under the proposed Spinoff, the Shareholders will not be required to pay any consideration for the Macarthur National Shares, as the Company will effect an appropriate capital reduction in its books to reflect the in specie distribution.

Further, the Board notes that the Shareholders will retain their interest in their Shares in the Company, with the prospects of realising value from the Shares under the direction and leadership of the Board.

With regard to these considerations, the Board (with Mr Henry Townsing abstaining) has unanimously resolved to accept the proposal subject to obtaining the relevant Shareholder approvals. The Board has convened the AGM to give Shareholders the opportunity to vote on the Spinoff proposal (among other things).

Whilst it is the Board's present intention to exercise its discretion to implement the transactions contemplated by this Notice (subject to the passing of Resolution 5 and obtaining the any relevant approvals), the Board remains committed to acting in the best interests of Shareholders, and as such may elect not to proceed with the proposed Spinoff and in specie distribution, in the event that there is a change in the Company's circumstances which render the proposed transactions less favourable, and/or if a superior alternative presents itself to the Company.

#### 6.4 The Spinoff

The Company proposes to restructure its assets through the sale of the Mitre Focus Shares and loan held by the Company's 100% owned subsidiary, Lovin Pharma to Macarthur National, which has been incorporated for the purposes of being a Spinoff vehicle, and will be (until the completion of the in specie distribution), a wholly-owned subsidiary of the Company.

It is proposed that the Company will then distribute in specie the Macarthur National Shares to its Shareholders. The intended result is that Macarthur National will have a 100% interest in the Mitre Focus Shares and the loan, presently held by Lovin Pharma, and the Company's Shareholders will become shareholders of Macarthur National.

To give effect to this intention and subject to the passing of Resolution 5 by Shareholders:

- (a) Macarthur National will acquire from the Lovin Pharma the total number of 63 shares it holds in Mitre Focus;
- (b) Macarthur National will take assignment of the loan Lovin Pharma has provided to Mitre Focus;
- (c) the Company will then make an in specie distribution of 100% of the Macarthur National Shares to the Shareholders on a pro-rata basis for nil cash consideration; and
- (d) the Company will make an appropriate reduction to its capital to reflect the deemed value of the in specie distribution.

#### 6.5 In specie distribution by way of capital reduction

The Company proposes to make the in specie distribution with no cash consideration flowing from the Company's shareholders. To compensate for the lack of cash consideration, the Company proposes to make an appropriate equal reduction to its capital to reflect the distribution, which capital reduction forms the subject of Resolution 5.

The Company will undertake the capital reduction, which will have the effect of reducing the Company's historical paid up share capital (contributed equity), without cancelling any shares, by the amount equivalent to the deemed value of the Mitre Focus Shares and loan, being RM 63 and €602,331, respectively (the **Reduction Amount**).

The Reduction Amount has been assessed by the Company's management and Board, and reflects the deemed value of the Macarthur National Shares, with regard to the value of the loan to Mitre Focus and the

Mitre Focus Shares.

The Reduction Amount anticipates a capital reduction of approximately \$0.019 per Share (based on the number of Shares on issue in the Company as at the date of the Notice).

The reduction of capital will be satisfied by the Company making a pro-rata in specie distribution of 100% of its shareholding in Macarthur National to all Shareholders as at the Spinoff Record Date.

## 6.6 Legal Requirements

### (a) Corporations Act

Section 256B(1) of the Corporations Act provides that a company may reduce its share capital if the reduction:

- (i) is fair and reasonable to the company's shareholders as a whole;
- (ii) does not materially prejudice the company's ability to pay its creditors; and
- (iii) is approved by shareholders under section 256C of the Corporations Act.

The proposed capital reduction is an equal reduction as:

- (i) it relates only to ordinary shares;
- (ii) it applies to each holder of ordinary shares in proportion to the number of ordinary shares they hold; and
- (iii) the terms of the reduction are the same for each holder of ordinary shares.

As the proposed capital reduction is an equal reduction, section 256C of the Corporations Act requires Shareholder approval of the proposed reduction by way of an ordinary resolution.

Further, Section 254T of the Corporations Act provides that a company must not pay a dividend unless:

- (i) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend; and
- (ii) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (iii) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The Directors consider that the proposed reduction of capital by the in specie distribution of Macarthur National Shares on a pro rata basis to the existing Shareholders of the Company:

- (i) does not materially prejudice the Company's ability to pay its creditors;
- (ii) the reduction of capital will not result in the Company being insolvent at the time of the capital reduction or become insolvent as a result of the capital reduction; and
- (iii) is fair and reasonable to Shareholders as a whole because Shareholders are all treated in the same manner as the distribution of Macarthur National Shares is on a pro rata basis.

Finally, the Company made an application to ASIC under section 741(1) of the Corporations Act for relief from the provisions of Chapter 6D of the Corporations Act, which:

- (i) requires the Company to issue a prospectus to transfer to its members, securities held by the Company in its wholly-owned subsidiary by way of an in specie distribution, as part of a proposed capital reduction; and
- (ii) would otherwise restrict the Company's members from on-selling the relevant securities within 12 months of the proposed in specie distribution without a prospectus,

(collectively the **Provisions**).

ASIC has granted relief from compliance with the Provisions, to enable:

- (i) the Company to transfer the shares in Macarthur National (which is a wholly-owned subsidiary of the Company) to its members off-market by way of an in specie distribution, as part of the proposed capital reduction, without issuing a prospectus; and
- (ii) the Company's members to on-sell the relevant Macarthur National shares within 12 months of the proposed in specie distribution without the Company issuing a prospectus.

This notice is in substantially the same form as the draft notice of meeting given by the Company to ASIC on 26 April 2019.

#### **(b) Listing Rule 7.20**

In accordance with Listing Rule 7, the Company has consulted with ASX with respect to its proposed capital reorganisation and based solely on the information provided, ASX confirms that Listing Rules 11.1.1, 11.1.2, 11.1.3 and 10.1 do not apply to the Spinoff. Further, for the purposes of Listing Rule 7.20, the Company provides the following information:

- (i) as a result of the proposed in specie distribution, the number of Shares on issue in the Company will not change; and.
- (ii) in determining the number of Macarthur National Shares an eligible Shareholder of the Company will receive, fractional entitlements arising on the reduction of capital will be rounded up.

#### **(c) Listing Rule 11.1**

The Company does not consider the Mitre Focus Shares and the Loan and, the ultimate asset they represent to be a material part of its business. Based on the information provided to ASX by the Company relating to the in specie distribution, the Company has been advised by ASX that Listing Rules 11.1.1, 11.1.2 and 11.1.3 does not apply to the in specie distribution. The expected effect of the Spinoff is summarised below:

| As at 31 Dec 2018             | Before Spinoff Cents | After Spinoff Cents | Change Cents | Change % |
|-------------------------------|----------------------|---------------------|--------------|----------|
| Net assets per share          | 40.86                | 38.96               | (1.90)       | -4.7%    |
| Net tangible assets per share | 38.60                | 36.70               | (1.90)       | -4.9%    |
| Earnings per share            | 4.44                 | 4.44                | -            | 0.0%     |

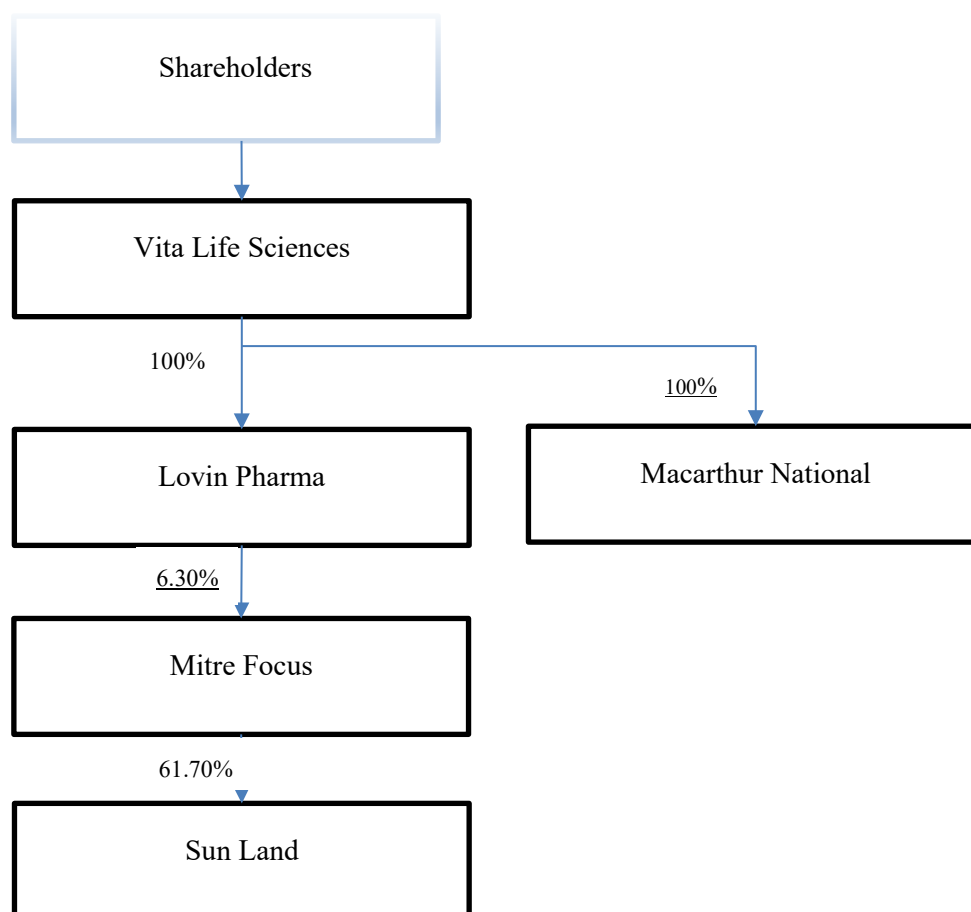
#### **6.7 Effect of the proposed capital reduction on the Company**

If Shareholder approval is obtained for the reduction of capital and the Directors proceed to implementation, it will have the effect of reducing the Company's total equity by the Reduction Amount, \$0.019 per Share.

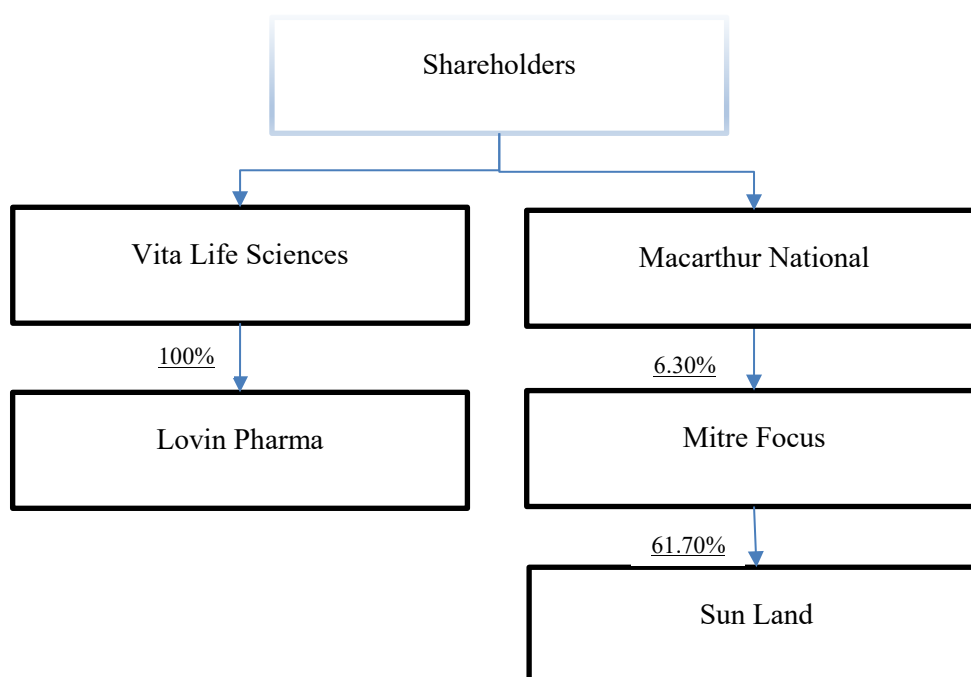
#### **6.8 Effect of the proposed capital reduction on Shareholders of the Company**

The effect of the proposed equal reduction is that Shareholders in the Company will receive a pro-rata distribution in specie of Macarthur National Shares of 1 Macarthur National share for every 10.0 Shares in the Company held on the Spinoff Record Date, taking into account fractional entitlements.

The organisational structure of the Company and Macarthur National as at the date of this Notice is as follows:



In the event that Resolution 5 is passed and immediately after the in specie distribution by the Company of 100% of its shareholding in Macarthur National to all Shareholders, the organisational structure of the Company and Macarthur National will be as follows:



There are taxation consequences in respect of the distribution of the Macarthur National Shares to Shareholders of the Company. Details of the general taxation effect of the transactions are set out below in

this Explanatory Memorandum.

## 6.9 Advantages and Disadvantages of the proposal

The principal advantages and disadvantages to Shareholders of the proposed equal reduction are as follows.

### (a) Advantages

- (i) All Shareholders retain their interest in the Sun Land through their individual pro-rata shareholdings in Macarthur National.
- (ii) Should Shareholders wish to divest themselves of the Macarthur National Shares (which will be issued to them for nil consideration) for any reason, Shareholders will be able to do so and accordingly realise value from the Macarthur National Shares.
- (iii) All Shareholders retain their current percentage ownership interest in the capital of the Company, which they are able to trade on the ASX.
- (iv) The separation of the Mitre Focus Shares allows the Company to specifically focus on generating value from the other vitamins and supplements assets and undertakings of the Company.
- (v) Shareholders will not be required to pay any consideration for the Macarthur National Shares, as the Company will effect an appropriate capital reduction in its books to reflect the in specie distribution.

### (b) Disadvantages

- (i) There is no guarantee that the Macarthur National Shares will increase in value;
- (ii) There may be no ready market in Macarthur National Shares and these shares are likely to be illiquid;
- (iii) There are potential taxation consequences in respect of the in specie distribution of the Macarthur National Shares to the Company's Shareholders. Details of the general taxation effect of the transaction are set out in section 6.14 of this Explanatory Memorandum.

The Board (with Mr Henry Townsing abstaining) considers that the advantages of the proposed demerger and in specie distribution outweigh the disadvantages.

## 6.10 Additional Important Information for Shareholders

### (a) Capital Structure of the Company

The Company has 55,812,257 Shares on issue as at the date of this Notice. The number of Shares on issue in the Company will remain unchanged as a result of the proposed in specie distribution and capital reduction.

As at the date of this Notice there are no options to acquire shares on issue in the Company.

### (b) Overseas Shareholders

The proposed in specie distribution of the Macarthur National Shares to the Company's overseas registered Shareholders under the reduction of capital will be subject to the legal and regulatory requirements in their relevant jurisdictions.

In the opinion of the Directors, the requirements of jurisdictions outside Australia and New Zealand where a Shareholder is resident restrict or prohibit the distribution of Macarthur National Shares or otherwise impose on the Company an unreasonable burden. Therefore, the Macarthur National Shares to which the relevant Shareholders are entitled to will be:

- (i) issued to those Shareholders if the Shares may lawfully be offered and issued to them in compliance with applicable laws without lodgement, registration or other formality or filing with or by any Governmental agency, subject to the Company being satisfied of such matters at its absolute discretion; or

- (ii) in all other cases, allocated to a nominee to be appointed by the Company.

The nominee will hold the relevant Macarthur National Shares on trust for the relevant shareholders and once there is a market for these Macarthur National Shares they will be sold by the nominee who will then account to the relevant Shareholders for the net proceeds of sale after deducting the costs and expenses of the sale.

The net proceeds of sale to such Shareholders may be more or less than the notional dollar value of the return of capital as set out in this Explanatory Memorandum.

### (c) Directors' Interests and Recommendations

Set out below is a table which indicates the securities in which the incumbent Directors have a relevant interest prior to the capital reduction and the number of Macarthur National Shares in which they are likely to have an interest if Resolution 5 is passed and implemented:

| Director          | No. Company Shares held | No. Macarthur National shares to be issued* |
|-------------------|-------------------------|---|
| Mr Vanda Gould    | 10,195,152              | 1,019,517                                   |
| Mr Andrew O'Keefe | 1,000,000 <sup>^</sup>  | -   |
| Mr Shane Teoh     | 8,435,693               | 843,570                                     |
| Mr Jonathan Tooth | 226,157                 | 22,616                                      |
| Mr Henry Townsing | 453,867                 | 45,389                                      |

*Note: includes direct and indirect holdings*

*\*based on a ratio of 1 Macarthur National Share for every 10 Shares in the Company held as at the Spinoff Record Date, which may change as a result of additional shares being issued by the Company prior to the Spinoff Record Date.*

*<sup>^</sup> Mr O'Keefe owns 1,000,000 shares under the Company's Long Term Incentive Plan which are not entitled to any such in specie distribution under the terms of these shares*

## 6.11 Information on Macarthur National

### (a) Newly established company

Macarthur National has been incorporated in Australia as an unlisted public company and will be a wholly-owned subsidiary of the Company until completion of the Spinoff.

Macarthur National presently has no business operations other than by virtue of the proposed acquisition of the Mitre Focus Shares and assignment of the Loan from the Lovin Pharma.

The board of directors of Macarthur National is as described in section 6.11 (c).

### (b) Future Direction of Macarthur National and Liquidity

The directors of Macarthur National, subject to the Spinoff being completed, propose to expand the operations of Macarthur National from that of a single investment in Sun Land a Malaysian property company with one development asset. It is the intention of the proposed Directors of Macarthur National to seek and evaluate Australian based expansion opportunities in sectors that are not related to the vitamins and health food supplement market.

To expand business activities will require the injection of assets and/ or capital raising. The Directors aim to grow Macarthur National over the two years following the approval of the Spinoff to enable it to qualify for a listing on a public exchange, including the ASX in order that shareholders have liquidity for their shares. Without the expansion of activities Macarthur National would not have sufficient assets or profits to qualify for a listing on any public exchange, including the ASX.

### (c) Board of Macarthur National

The Board of Macarthur National is comprised of three incumbent Directors of the Company, and if the Spinoff is approved by Shareholders one of those Directors will retire and another director will be appointed, as set out below:

#### Current Board:

Mr Henry Townsing – Chairman of the Company. Mr Townsing brings over 30 years' experience in property, corporate finance and private equity. He was a Director of the Company from 1985 to 1992, 2004 to 2009 and was re-appointed a Director in 2011. Mr Townsing has been Acting Chairman of the Company since 2016 and lives in Melbourne.

Mr Vanda R Gould - Non Executive Director. Mr Gould has served on the Board of the Company since 1997, and became Chairman of the Group in 1999 until October 2013. Following a brief absence, Mr Gould was reappointed as Chairman of the Group in May 2014, however he stepped down again as Chairman effective 13 October 2016. Mr Gould also serves as Chairman of the Audit and Risk, Board Nomination and Remuneration Committees of the Company.

Mr Gould has practised as a Chartered Accountant for over 30 years and he has extensive depth of business experience. As founding Chairman in 1984 of CVC Limited he has overseen investments in several companies involved in the medical industry. He also serves on the Board of several other private and public companies and educational establishments, including Cyclopharm Limited which is listed on the ASX. Mr Gould lives in Sydney.

Mr Jonathan Tooth - Non Executive Director. Mr Tooth was appointed as a Non-Executive Director of the Company on 26 July 2012. Mr Tooth has spent over 20 years in providing corporate advisory services to ASX listed and unlisted small cap companies. He is presently a Principal of the boutique corporate advisory practice Henslow Pty Ltd.

Mr Tooth is currently a Director of ASX listed company, Generation Development Group Limited (previously known as Austock Group Limited) since 2012 and, Sensera Limited since 2016. Mr Tooth lives in Melbourne. Mr Tooth proposes to retire once the Spinoff is completed.

Mr Tooth proposes to retire as a director of Macarthur National if the Spinoff is approved by Shareholders.

#### Proposed Director if the Spinoff is approved:

Mr Daud Yunus is proposed to be appointed a director of Macarthur National if the Spinoff is approved.

Mr Daud Yunus has over 25 years of experience in the areas of corporate advisory, fund management, direct investments, audit and accounting. He has been an independent director of a number of Vita Life Sciences Ltd' South East Asian subsidiaries since 2000. Mr Daud joined the Board of Directors of Sun Land in 2007. He assumed the Executive Director role in Sun Land since January 2016 and lives in Shah Alam, Malaysia. He is a director of Mitre Focus and Sun Land and a 50% shareholder and director of Eighty Three Ventures Sdn Bhd, a company that is also shareholder of Mitre Focus.

#### (d) Proposed Capital Structure of Macarthur National

Presently Macarthur National has one (1) share on issue. It is proposed the issued capital will be increased to 5,384,225 shares (subject to adjustments for fractional entitlements) as part of the Spinoff.

#### (e) Proforma Balance Sheet of Macarthur National at Spinoff date

| ASSETS                       | AUD                    |
|------------------------------|------------------------|
| Cash                         | \$300,000              |
| Loan to Mitre Focus          | \$1,147,923            |
| Mitre Focus shares           | \$21                   |
| Mitre Focus profit share     | \$76,283               |
| <b>Total Assets</b>          | <b>\$1,524,227</b>     |
| <br><b>LIABILITIES</b>       |                        |
| Establishment cost provision | \$150,000              |
| <br><b>EQUITY</b>            | <br><b>\$1,374,227</b> |



## **(f) Information about Macarthur National Shares**

Full details of the rights attaching to the Macarthur National Shares are set out in Macarthur National's Constitution, a copy of which will be available upon request.

The Constitution of Macarthur National is drafted on the basis that Macarthur National proposes to eventually seek admission to the official list of the ASX. As such, certain provisions in the Constitution refer to the ASX Listing Rules and/or the ASX Settlement Operating Rules (which specific conditions are not in effect while Macarthur National remains unlisted).

A summary of the significant rights, liabilities and obligations attaching to the Macarthur National Shares and a description of other material provisions of the Macarthur National Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the shareholders of Macarthur National.

### **(i) Voting at a general meeting**

At a general meeting of Macarthur National, every Macarthur National shareholder present in person or by proxy, representative or attorney has one vote on a show of hands.

On a poll, every member (or his or her proxy, attorney or representative) is entitled to one vote for each fully paid Share held.

### **(ii) Meetings of members**

Each Macarthur National shareholder is entitled to receive notice of, attend and vote at general meetings of Macarthur National and to receive all notices, accounts and other documents required to be sent to Macarthur National shareholders under the Macarthur National Constitution, and the Corporations Act and the ASX Listing Rules. At least 21 days' notice of a meeting must be given to Macarthur National shareholders.

### **(iii) Dividends**

Subject to the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the Macarthur National Constitution, the Board may determine that a dividend is payable on Shares. The Board may fix the amount of the dividend, the time for determining entitlements to the dividend and the time and the method of payment of the dividend.

### **(iv) Transfer of Shares**

Subject to the Macarthur National Constitution, Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by a written instrument of transfer which complies with the Macarthur National Constitution or by any other method permitted by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

The Board may refuse to register a transfer of Shares in certain cases subject to the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules. The Board must refuse to register a transfer of Shares when required to by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

### **(v) Issue of further shares**

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules and any rights and restrictions attached to a class of shares, Macarthur National may issue, or grant options in respect of, or otherwise dispose of, further shares on such terms and conditions as the Directors resolve.

### **(vi) Winding up**

Subject to the Macarthur National Constitution, the Corporations Act and any special resolution or preferential rights or restrictions attached to any class or classes of shares, members will be entitled on a winding up to a share in any surplus assets of Macarthur National in proportion to the Shares held by them.

### **(vii) Unmarketable parcels**

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, Macarthur National may sell the Shares of a Macarthur National shareholder who holds less than a marketable parcel of Shares.

(viii) Share buy-backs

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, Macarthur National may buy back shares in itself on terms and at times determined by the Board.

(ix) Proportional takeover provisions

The Macarthur National Constitution contains provisions requiring Macarthur National shareholder approval before any proportional takeover bid can proceed. These provisions will cease to apply unless renewed by special resolution of the Macarthur National shareholders in a general meeting by the third anniversary of the date of the Macarthur National Constitution's adoption.

(x) Variation of class rights

At present, Macarthur National's only class of shares on issue is ordinary shares. Subject to the Corporations Act and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or cancelled:

(A) with the consent in writing of the holders of three-quarters of the issued shares included in that class; or

(B) by a special resolution passed at a separate meeting of the holders of those shares.

In either case, in accordance with the Corporations Act, the holders of not less than 10% of the votes in the class of shares, the rights of which have been varied or cancelled, may apply to a court of competent jurisdiction to exercise its discretion to set aside such a variation or cancellation.

(xi) Directors- appointment and removal

Under the Macarthur National Constitution, the minimum number of Directors that may comprise the Board is three and the maximum may not be more than 10. Directors are elected at general meetings of Macarthur National.

The Directors may appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next annual general meeting of Macarthur National.

Retirement will occur on a rotational basis so that any Director who has held office for three or more years or three or more annual general meetings (excluding any Managing Director) retires at each annual general meeting of Macarthur National.

(xii) Directors- voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the Chair of the meeting has a casting vote.

(xiii) Directors-remuneration

The Directors, other than the executive Directors, shall be paid by way of fees for services, with the maximum aggregate sum approved from time to time by Macarthur National in a general meeting or, until so determined, as the Board determines. Any change to that maximum aggregate sum needs to be approved by Macarthur National shareholders. The Macarthur National Constitution also makes provision for Macarthur National to pay all reasonable expenses incurred by Directors in attending meetings or otherwise in connection with the business of Macarthur National. Subject to the Corporations Act and the Macarthur National Constitution, remuneration of Executive Directors shall be the amount that the Board decides.

(xiv) Directors- powers and duties

The Directors have the power to manage the business of Macarthur National and may exercise all powers which are not expressly required by law, the ASX Listing Rules or the Macarthur National

Constitution to be exercised by Macarthur National in a general meeting.

**(xv) Indemnities**

Macarthur National, to the extent permitted by law, indemnifies each of its Directors and Secretaries (past and present) against any liability incurred by that person as an officer of Macarthur National or one of its Subsidiaries and certain legal costs incurred by that person (on a solicitor-and-client basis). Macarthur National, to the extent permitted by law, may make a payment (whether by way of an advance, loan or otherwise) to a Director in respect of legal costs incurred by that person in defending an action for a liability of that person.

Macarthur National, to the extent permitted by law, may pay, or agree to pay, a premium for a contract insuring any Director or Secretary of Macarthur National or its Subsidiaries against any liability incurred by such person as an officer of Macarthur National or its Subsidiaries. Macarthur National, to the extent permitted by law, may enter into an agreement or deed with a Director or a person who is, or has been, an officer of Macarthur National or its Subsidiaries, under which Macarthur National must do all or any of the following:

- (A) keep books of Macarthur National and allow either or both that person and that person's advisers access to those books on the terms agreed;
- (B) indemnify that person against any liability and certain legal costs incurred by that person (on a solicitor-and-client basis);
- (C) make a payment (whether by way of advance, loan or otherwise) to that person in respect of certain legal costs incurred by that person (on a solicitor- and-client basis); and
- (D) keep that person insured in respect of any act or omission by that person while an officer of Macarthur National or a Subsidiary of Macarthur National, on the terms agreed (including as to payment of all or part of the premium for the contract of insurance).

**(xvi) Amendment**

The Macarthur National Constitution can only be amended by special resolution passed by at least three- quarters of the votes cast by Macarthur National shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of Macarthur National.

**(g) Loan**

The Company's fully owned subsidiary, Lovin Pharma has made a loan in the amount of €602,331 to Mitre Focus which will be assigned to Macarthur National as part of the Spinoff. A summary of the key terms of the loan are as follows:

The loan of €602,331 (or RM 2,848,153) carries no interest (except as stated below) under the terms of the Mitre Focus Shareholders' Agreement.

This loan shall only be repaid from amounts received by to Mitre Focus which are in excess of its operating requirements (as determined by its directors) in the following manner:

- a. Firstly, interest at 8% p.a. on a portion of the loan of RM 332,818 until the principal of RM 332,818 is repaid;
- b. Secondly, principal repayment of the principal of the loan of RM 332,818; and
- c. Lastly, 32.6% of any future distributions.

The repayments process above applies to all loans to Mitre Focus by its shareholders and is described in more detail in section 6.12(d)(vi) (below).

**(h) Services Agreement**

Macarthur National will, as part of the Spinoff or immediately thereafter, enter into a Services Agreement with CVCV who will provide Macarthur National with administration, compliance, tenancy and such other services as reasonably requested from Macarthur National from time to time.

Macarthur National will pay a quarterly fee of \$15,000 plus GST with respect to the services. There will

be no fees payable to Macarthur National Directors whilst the Services Agreement is in place. The Services Agreement will terminate at the earlier of two years from the date of Spinoff, a material breach by one of the parties which is not rectified in 14 days or mutual agreement of the parties. The Services Agreement will also contain additional provisions that are considered standard for agreements of this nature.

CVCV is considered a related party of Mr Henry Townsing. However, the Services Agreement will be on arms' length basis as CVCV is offering terms which are less favourable to it if it were to provide the same services to a third party.

## 6.12 Information on Mitre Focus

### (a) Business activities

Mitre Focus is an investment holding company with the sole purpose of investing in Sun Land.

Its sole principal asset are shares in Sun Land and all its current activities are solely related to investment and/or lending of funds into Sun Land.

It is funded mainly by shareholders' loans.

### (b) Board and management of Mitre Focus

The Board of Mitre Focus is comprised of 3 incumbent Directors as set out below:

Mr Henry Townsing – please refer bio in section 6.11 (c) above

Mr Daud Bin Yunus – please refer bio in section 6.11 (c) above

Mr Tie Lim Sung – Mr Tie Lim Sung has over 30 years commercial experience including holding positions as Managing Director and Chief Executive Officer across companies involved in hotel and property development, manufacturing, trading and education sectors. Earlier in his career he was the Finance Director for a regional subsidiary of a multinational information technology company and General Manager of Finance of a publicly listed company in Malaysia.

Mr Tie is a shareholder of the Company and a director of Mitre Focus and Sun Land. He is also a 50% shareholder and director of Eighty Three Ventures Sdn Bhd, a company that is a shareholder of Mitre Focus. Mr Tie was also the Group Managing Director of Vita Healthcare Asia Pacific Sdn Bhd before retiring on 31 December 2016.

Mr Tie is a fellow of CPA Australia, a member of Malaysian Institute of Certified Public Accountants and Malaysia Institute of Accountants and, holds an Executive MBA.

### (c) Mitre Focus Articles

Macarthur National's shareholding in Mitre Focus and the rights and obligations attaching to the Mitre Focus Shares will be subject to the Mitre Focus Memorandum and Articles of Association (**Articles**) and the Mitre Focus Shareholders' Agreement between Mitre Focus, Lovin Pharma, Lloyds Casenove Investment Partners Ltd (**Lloyds**), Normandy Nominees Ltd (**Normandy**) and Eighty Three Ventures Sdn Bhd (**ETV**) (individually, a **Mitre Focus Shareholder** and together, the **Mitre Focus Shareholders**), dated 31 May 2007 (**Shareholders' Agreement**).

To the extent of any inconsistency between the Articles of Mitre Focus and the Shareholders' Agreement, the parties to those documents have agreed that the Shareholders' Agreement shall prevail.

The following is a summary of the Articles. The Company advises that Malaysian law applies to the Articles and operation of Mitre Focus. Accordingly, if Macarthur National wishes to bring an action in relation to the terms of the Articles, Malaysian law will apply and any submissions for arbitration must be made in Malaysia. Further, the Company advises the following is only a summary of certain material terms of the Articles and should not be considered as complete, or otherwise an interpretation of the provisions in light of applicable Malaysian laws.

#### (i) Share Capital

Without prejudice to any special rights conferred on the Mitre Focus Shareholders (for example, pursuant to the Shareholders' Agreement), Mitre Focus's directors may issue Mitre Focus Shares as they see fit.

Subject to Malaysian law and by way of an ordinary resolution, any preference share may be issued on terms that are, or at the option of Mitre Focus are liable, to be redeemed.

The Articles provide for forfeiture of Mitre Focus Shares where a Mitre Focus Shareholder fails to pay any call or instalment.

(ii) Mitre Focus Shareholders' Meetings

Mitre Focus Shareholders are to be provided a written notice of meeting at least fourteen (14) days prior to a shareholder meeting (subject to Malaysian laws relating to special resolutions and agreements for shorter notice). The relevant notice must specify the place, day and hour of the proposed meeting as well as the proposed business of the meeting.

Mitre Focus Shareholders are entitled to be present in person or by proxy or attorney. Mitre Focus Shareholders have one vote on a show of hands and on a poll, every Mitre Focus Shareholder (or his or her proxy, attorney or representative) is entitled to one vote for each Mitre Focus Share held.

In the case of an equality of votes on a resolution, the chairman of the meeting has a casting vote.

(iii) Variation of Class Rights

Subject to the Malaysian law and the terms of issue of a class of Shares, the rights attaching to any class of Shares may be varied or cancelled:

- (A) with the consent in writing of the holders of three-fourths (being, 75%) of the issued securities of that class; or
- (B) by a special resolution passed at a Mitre Focus Shareholder meeting of the holders of the securities of that class.

(iv) Transfer of Mitre Focus Shares

Mitre Focus Shares may be transferred by a written instrument of transfer, but the directors of Mitre Focus may, in their absolute discretion and without assigning any reason thereof, decline to register the transfer of any Mitre Focus Share.

The Articles also provide for the transmission of Mitre Focus Shares in the case of death or bankruptcy of a Mitre Focus Shareholder.

(v) Conversion of Mitre Focus Shares into Stock

Subject to ordinary resolution made at a Mitre Focus Shareholders' meeting, the Articles provide for the conversion of paid-up Mitre Focus Shares into stock as well as the reconversion of any stock into paid-up Mitre Focus Shares of any denomination. Mitre Focus may also, from time to time, increase; subdivide; consolidate and/or cancel Mitre Focus Shares by ordinary resolution.

(vi) Dividend distributions

Mitre Focus, in shareholder meetings, may declare dividends, but no dividend shall exceed the amount recommended by the directors. The directors of Mitre Focus have broad powers with respect to recommending any dividend, the timing and manner of payment for any dividends declared.

(vii) Alteration of Capital

Mitre Focus may, from time to time, by ordinary resolution, increase share capital, consolidate and divide share capital into shares of a larger amount, subdivide shares, or cancel shares not agreed to be taken or which have been forfeited.

The Mitre Focus Shareholders have a first right of refusal with respect any new Mitre Focus Shares that are to be issued by Mitre Focus. If this right is not exercised, then the directors have the discretion to dispose of the new Mitre Focus Shares as they see fit.

Mitre Focus may (subject to the Articles and to Malaysian law) reduce its share capital, any capital redemption reserve fund, or any Share premium account.

(viii) Directors - Appointment and Removal

Under the Articles, the minimum number of Directors that may comprise the Board is two and the maximum may not be more than nine. There is no shareholding qualification for directors unless determined in a general meeting.

Retirement will occur on a rotational basis so a third of Directors, being those who have held office the longest, retire at each annual general meeting of Mitre Focus. Directors may be re-elected. Subject to Malaysian law, Mitre Focus, by ordinary resolution, may remove Directors from office and appoint another person as Director instead.

The Directors may appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next annual general meeting of Mitre Focus.

(ix) Secretary

Subject to Malaysian law, the Directors will appoint a secretary. The secretary may be removed by the Directors.

(x) Directors - Voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter, subject to the Articles and Malaysian law. In the case of an equality of votes on a resolution, the chairman of the meeting has a casting vote.

(xi) Directors - Remuneration

The Directors' remuneration shall be determined from time to time by Mitre Focus in a shareholder meeting. The Articles also make provision for Mitre Focus to pay all reasonable expenses incurred by Directors (for example, all travel, hotels and other expenses incurred in attending and returning from meetings) or otherwise in connection with the business of Mitre Focus.

Subject to agreements entered into, a Managing Director may receive such remuneration as the Directors' determine.

(xii) Directors - Powers and Duties

Subject to Malaysian law, the Directors have the power to manage the business of Mitre Focus and may exercise all powers (which are not expressly required by law or the Articles) to be exercised in a Shareholder Meeting.

(xiii) Accounts

The Directors will distribute copies of the balance sheets and other documents as required by proper accounting standards and in accordance with Malaysian law. Subject to Malaysian law, no Mitre Focus Shareholder will have any right of inspecting any account or books of Mitre Focus, except as authorised by the Directors or by Mitre Focus in a shareholder meeting.

(xiv) Winding up

Subject to the Articles, the Malaysian Law and any special resolution, the liquidator may:

- (A) divide among the Mitre Focus Shareholders the assets of Mitre Focus, and may determine how that division shall be carried out; and
- (B) vest assets in trustees for trusts for the benefit of contributories.

(xv) Indemnity

Mitre Focus, to the extent permitted by law, indemnifies each of its Directors, Managing Director, agents, auditors, secretary, and other officers, against liability incurred in defending proceedings in which judgement is given in that person's favour, or that person is acquitted, or relief is granted to that person by the Court in certain cases in respect of any negligence default breach of duty or breach of trust.

**(d) Mitre Focus Shareholders' Agreement**

The following is a summary of the Shareholders' Agreement, prepared on the basis that Macarthur National will replace Lovin Pharma as a party to the Shareholders' Agreement. The Company advises that

Malaysian law applies to the Shareholders' Agreement. Accordingly, if Macarthur National wishes to bring an action in relation to the Shareholders' Agreement, Malaysian law will apply and any submissions for arbitration must be made in Malaysia. Further, the Company advises the following is only a summary of certain material terms of the Shareholders' Agreement and should not be considered as complete, or otherwise an interpretation of the provisions in light of applicable Malaysian laws.

(i) Purpose of Mitre Focus

Mitre Focus is a private company limited by shares, incorporated under the *Companies Act 1965* (Malaysia), on 31 May 2006. Mitre Focus was established for the purpose of investing a total amount of up to A\$2.85 million (or RM7.6 million) for an equity stake of 61.7% in Sun Land.

(ii) Mitre Focus Shareholding

There are currently 1,000 shares on issue in Mitre Focus. The Shareholders' Agreement states that these shares are a single, ordinary class, which rank equally with one another, and are held as follows:

| Mitre Focus Shareholder | Number of shares |
|-------------------------|------------------|
| Lloyds                  | 69               |
| Normandy                | 16               |
| ETV                     | 852              |
| Lovin Pharma            | 63               |
| <b>Total</b>            | <b>1,000</b>     |

The Shareholders' Agreement also provides that, unless otherwise agreed, the above respective shareholding proportion will be maintained, including in the event of a reduction in the share capital.

(iii) Restrictions on transfers of shares

The Shareholders' Agreement provides for pre-emptive rights in favour of any non-transferring Mitre Focus Shareholders. If any shares in Mitre Focus are to be transferred, the transferee must agree to be bound to the terms of the Shareholders' Agreement by executing a deed of ratification and accession.

(iv) Board Composition

Unless otherwise agreed, the board of directors shall consist of three directors.

Under the Shareholders' Agreement Lovin Pharma has the right to nominate, remove and replace a director to the Mitre Focus Board, which right will transfer to Macarthur National.

(v) Shareholder Meetings

Mitre Focus Shareholders are to be provided fourteen (14) days' written notice in respect of ordinary resolutions and twenty-one (21) days' written notice in respect of special resolutions to be passed at any annual general meeting and/or extraordinary general meeting. Quorum is two (2) Mitre Focus Shareholders, one of whom must be the largest Mitre Focus Shareholder (whether in person or by proxy).

(vi) Shareholder Loans

The Shareholders' Agreement provides for certain loans to be provided by the Mitre Focus Shareholders to Mitre Focus. The current status of loans owed by Mitre Focus to its shareholders are as follows:

| Shareholder(s) | Loan Amount-RM   |
|----------------|------------------|
| Lloyds         | 3,119,908        |
| Normandy       | 704,974          |
| Lovin Pharma*  | 2,848,153        |
| <b>Total</b>   | <b>6,673,035</b> |



*\*Which loan will be assigned to Macarthur National.*

The above loans shall only be repaid out of amounts received by Mitre Focus which are in excess of its operating requirements (as determined by its directors), in the following manner:

- (A) Firstly, interest at 8% p.a. only on a portion of the total loan of RM 783,102 (in the proportions set out below), until the principal of RM 783,102 is repaid:

| Shareholder(s) | Entitlement percentage (%) |
|----------------|----------------------------|
| Lloyds         | 46.5                       |
| Normandy       | 11.0                       |
| Lovin Pharma*  | 42.5                       |
| <b>Total</b>   | <b>100</b>                 |

- (B) Secondly, principal repayment of the loan of RM 783,102 in the proportions above; and

- (C) Lastly, the balance of any funds is to be distributed as follows (i.e. repayment of principal and ultimately an effective profit share):

| Shareholder(s) | Entitlement percentage (%) |
|----------------|----------------------------|
| Lloyds         | 35.6                       |
| Normandy       | 8.1                        |
| ETV            | 23.7                       |
| Lovin Pharma*  | 32.6                       |
| <b>Total</b>   | <b>100</b>                 |

*\*Which right will transfer to Macarthur National.*

(vii) Termination

The Shareholders' Agreement contains numerous provisions which allow for the termination of the agreement (which provisions are typical of agreements of this kind), including the Mitre Focus Shareholders agreeing to terminate, unremedied breached of the Shareholders' Agreement and/or insolvency of a party.

(viii) Deadlock

The Shareholders' Agreement contains a deadlock resolution mechanism, which in summary allows, after a protracted deadlock situation, for any Mitre Focus Shareholder to require the other Mitre Focus Shareholders to acquire its shares in Mitre Focus at their then market value.

(ix) Working Capital

Under the Shareholders' Agreement, the Mitre Focus Shareholders may be required to provide additional funds in consideration for; (i) the subscription of further equity securities; or (ii) additional loans based on agreed proportions (Macarthur National's proportion would be 42.50% of the amount required). Failure to provide relevant financing would result in interest charges, and ultimately, if after sixty (60) days a Mitre Focus Shareholder has failed to make relevant funding payments, a deadlock is deemed to have arisen.

(x) Accounts

The Mitre Focus Shareholders are required to procure that Mitre Focus to maintain books of account and records (in accordance with generally accepted accounting standards and management practices) and prepare annual accounts for each financial year.

(xi) Restrictions on Competition

The Shareholders' Agreement contains restrictions on competition with Mitre Focus for a period of one (1) year from the date that a Mitre Focus Shareholder ceases to hold shares in Mitre Focus.



Sun Land is a property development company located in Malaysia with its main asset comprising a parcel of land which is being developed as a housing estate. To-date, close to 280 dwellings have been constructed and sold to the public since 2007.

Sun Land aims to construct a further 80-90 units of dwellings are yet to be constructed on the remaining portion of undeveloped land and sold over the next 3-4 years. Sun Land does not undertake any construction and/or land development works, all these tasks are undertaken by contractors engaged by Sun Land.

Sun Land was initially funded through a combination of bank loan and shareholders' funds, but today, all the bank loans have been fully repaid and the Project is now funded by shareholders' loans and retained profits.

#### **(a) Board and management of Sun Land**

The Board of Sun Land is comprised of 6 incumbent Directors as set out below:

Mr Henry Townsing – please refer bio in section 6.11 (c) above

Mr Daud Bin Yunus – please refer bio in section 6.11 (c) above

Mr Tie Lim Sung – please refer bio in section 6.12 (b) above

Mr Tan Teik Wei career spans over 35 years where he held senior positions in the Big 4 professional services firms and in a number of multinational IT companies, serving clients in various industries – predominantly in financial services and in industrial/retail, telecommunications, energy and the public sector. He was a Managing Director for SAS Malaysia, Managing Partner for Deloitte Consulting in Central Asia, Managing Partner for BearingPoint Inc. ASEAN and Managing Partner for Arthur Andersen Business Consulting ASEAN.

He is currently the Managing Director of Core Banking at Silverlake Axis Ltd since April 2018 and has been a director of Sun Land since 2007. Mr Tan is a shareholder of the Company VLS and director of Sun Land. He is also director and shareholder of TCS Commercial Sdn Bhd which holds a 30% shareholding in Sun Land.

Mr Tan graduated in Exeter University, UK with a combined honours degree in Geology and Chemistry. He has an MBA from the University of Aston in Birmingham.

Dato' Seri Talaat Bin Husain started his career in the Malaysian state and Federal civil service as an Assistant State Secretary in Penang, Malaysia. He also served as the Mayor of Ipoh between 1998 to 2001 and later served as Secretary General of Ministry of Youth and Sports in Malaysia.

He is also a director of several subsidiaries of the Company in South East Asia, and has been a director of Sun Land since 2009.

During his distinguished 30 years of career, he held several vital positions including Chairman of Mizuho Bank (Malaysia) Bhd, Chairman of Companies Commission of Malaysia (CCM), Independent & Non-Executive Director of Silver Bird Group Bhd and director of Shell Refining Company (Federation of Malaya) Berhad.

He was also a Board Member of Intellectual Property Corporation of Malaysia (MyIPO) and Malaysian Communications and Multimedia Commission (MCMC).

Dato' Seri Talaat Bin Husain holds Bachelor of Social Sciences (Hons), University of Science, Penang. He has a Masters in Professional Studies, Major in International Planning from Cornell University, USA., Senior Executive Program from London Business School, UK and Advanced Management Program from Harvard Business School, USA.

Mr Tan Eng Lee is a retiree and the father of Mr Tan Teik Wei. Mr Tan Eng Lee joined the Sun Land's board of directors on its incorporation in 1979 and lives in Ipoh, Malaysia.

#### **(b) Other relevant information**

Apart from the loan between Lovin Pharma and Mitre Focus stated in section 6.11 (f), as at 31 December 2018, the Group has the following loans with Mitre Focus and Sun Land:

Loan from Sun Land to Mitre Focus: RM 835,037 (or A\$ 285,844)

Loan from Vita Health Malaysia to Sun Land: RM 1,233,938 (or A\$ 422,393)

The loans above carry no interest rates and are repayable on demand.

## 6.14 Taxation

The following comments are based on the application of Australian income taxation laws in force at the date of this Notice and on the understanding that all aspects of the proposed transaction will be undertaken at market value.

The views expressed in this summary are not intended as specific advice to Shareholders. The application of tax legislation may vary according to the individual circumstances of Shareholders. In this regard, the comments below are only relevant to those Shareholders that are Australian residents for income tax purposes and who hold their Shares on capital account (i.e. have not been held for the purpose of resale or as trading stock).

It should be emphasised that these comments are general in nature, may not be applicable to your individual circumstances and cannot be relied upon for accuracy or completeness.

In particular, Section 45B of the *Income Tax Assessment Act 1936* (Cth) (**1936 Act**) may treat returns of capital as unfranked dividends in certain circumstances. These provisions can only be applied by the Commissioner of Taxation and their application can differ depending on the circumstances of particular transactions.

**Shareholders should therefore seek and rely on their own taxation advice in relation to the taxation consequences of the distribution. Neither the Company nor any of its officers, or its advisers accept liability or responsibility with respect to such consequences.**

### (a) Application of Capital Gains Tax provisions under the 1997 Act

Depending on individual circumstances, a net capital gain may arise where the value of the Macarthur National Shares received exceeds the tax cost base of the Shareholder's Shares in the Company (discussed in detail below). Even if a capital gain does not arise, the tax cost base of a Shareholder's Shares in the Company may be reduced. Shareholders should also note that for Capital Gains Tax (**CGT**) purposes and subsequent CGT calculations, and subject to the comments below, the cost base of the Macarthur National Shares will be equal to its market value at the time they are transferred to you.

Should a capital gain arise to a Shareholder, the Shareholder may, in certain circumstances, be entitled to defer that capital gain under Capital Gains Tax Demerger Roll-over Relief (**Demerger Relief**) pursuant to Division 125 of the *Income Tax Assessment Act 1997* (Cth) (**1997 Act**) if the conditions of Demerger Relief are satisfied. As previously discussed above, a capital gain should only arise to the Shareholder if the value of the Macarthur National Shares received exceeds the cost base of the Shares in the Company.

The Company will not be applying for a Class Ruling in relation to the Demerger Relief pursuant to the 1997 Act and the non-application of the integrity rule in section 45B of the 1936 Act. The onus will be on each Shareholder to obtain independent advice as to the applicability of Demerger Relief to their respective circumstances in terms of Division 125 of the 1997 Act.

However, because of the need for Macarthur National to raise capital immediately post the distribution to Shareholders, we understand that Demerger Relief will not be applicable. This is consistent with the ATO's recent draft Tax Determination TD 2019/D1 (Refer Example 2).

The Australian income tax consequences pertaining to Shares in the Company and associated with the return of capital may, in general terms, be summarised as follows:

- (i) As the return of capital is to be made from the Company's share capital account, it will prima facie be subject to the CGT rules. Generally, a return of share capital does not give rise to the receipt of an assessable dividend. However, in some instances, a return of capital may constitute a deemed unfranked dividend if the Commissioner of Taxation forms the opinion that Sections 45B and 45BA of the 1936 Act (**Capital Streaming Rules**) should apply to the transaction. This is discussed in further detail below.
- (ii) Whenever a company undertakes a return of capital to its Shareholders, it is necessary to consider the application of the Capital Streaming Rules. Broadly, the Capital Streaming Rules will apply where Shareholders are being provided capital benefits in substitution for dividends. The

Capital Streaming Rules will apply if:

- (A) there is a scheme under which a person is provided with a demerger benefit or capital benefit by the company;
- (B) under the scheme a taxpayer, who may or may not be the person provided with the demerger benefit or capital benefit, obtains a tax benefit; and
- (C) having regard to the relevant circumstances of the scheme, it would be concluded that the person, or one of the persons, who entered into or carried out the scheme or any part of the scheme did so for a purpose (whether or not the dominant purpose but not including an incidental purpose) of enabling a taxpayer to obtain a tax benefit.

**(b) CGT Discount**

Assuming that the return of capital does not trigger the operation of the Capital Streaming Rules, the consideration received on the return of capital will trigger a CGT event. In the event that the value of the Macarthur National Shares exceeds the tax cost base of your Shares in the Company, a taxable capital gain may arise. Provided you are an individual or trust Shareholder and have held your Shares for more than 12 months the 50% CGT discount is likely to be available. Where the value of the Macarthur National Shares received does not exceed the tax cost base of your Shares in the Company the distribution will give rise to a reduction in the cost base and reduced cost base of your Shares in the Company.

Complying superannuation funds are also able to take advantage of the CGT discount but with a one third discount rather than a 50% discount.

If you are a non-resident of Australia for income taxation purposes you will not be subject to CGT unless your Company shareholding represents Taxable Australian Property for the purposes of Division 855 of the 1997 Act. This should only be the case where you (or you and your associates together) held 10% or more interest in the Company at:

- (i) the time of the return of capital; or
- (ii) throughout a 12 month period that began no earlier than 24 months before the time of the return of capital and ended no later than that time; and
- (iii) the principal underlying value (i.e. more than 50%) of the Company is derived from Australian real property.

We recommend that non-Australian resident Shareholders seek specific advice by reference to their own circumstances so as to determine their Australian (and foreign) income tax position.

The income taxation consequences to the Company Shareholders (resident and non-resident) who may hold Shares in the Company on revenue account will depend on their specific circumstances and, accordingly, Shareholders should seek their own specific advice.

**(c) Australian income tax implications for the Company**

The transfer of the Mitre Focus Shares, the assignment of the loan by Lovin Pharma and the in specie distribution of the Macarthur National Shares will likely result in a taxing event to the Company income tax consolidated group. To the extent the value of the Shares in Mitre Focus and the loan exceed their tax cost base, a taxable gain is likely to arise.

**6.15 Lodgement with ASIC**

The Company has lodged with the ASIC a copy of this Notice and the Explanatory Memorandum in accordance with section 256C(5) of the Corporations Act. If Resolution 5 is passed the reduction of capital will take effect in accordance with the timetable set out below, in accordance with Appendix 7A of the Listing Rules.

## 6.16 Indicative Timetable

An indicative timetable of the Spinoff is set out below:

| Indicative Timetable*                                |              |
|--|--------------|
| Annual General Meeting to approve Capital Reduction  | 31 May 2019  |
| Notification to ASX of results of AGM                | 31 May 2019  |
| Trading of Shares on an 'ex return of capital' basis | 4 June 2019  |
| Spinoff Record Date                                  | 5 June 2019  |
| In specie distribution of Macarthur National Shares  | 12 June 2019 |

\* The above timetable is indicative only and, may be changed at the discretion of the Directors (subject to the ASX Listing Rules) or as may be required by the ASX..

## 6.17 Directors' Recommendation

The Board, other than Mr Townsing (who abstains), recommends that Shareholders vote in favour of Resolution 5, including the following reasons:

- (i) after a full and proper assessment of all available information they believe that the proposed transaction is in the best interests of the Company's Shareholders; and
- (ii) in the opinion of the Directors, the benefits of the proposed transaction outweigh its disadvantages as referred to in section 6.9.

## 7 EXPLANATION AND SUMMARY OF RESOLUTIONS 6 and 7: CHANGE IN AUDITOR

### 7.1 Shareholders will be asked to consider and, if thought fit, pass the following resolutions as an **ordinary resolutions**:

**(a) Resolution 6 – Removal of Russell Bedford NSW as auditors.**

*"That Russell Bedford NSW trading under the business name Nexia Sydney Audit & Assurance be removed as statutory auditor of the Company."*

**(b) Resolution 7 – Confirmation of appointment of Nexia Sydney Audit Pty Ltd as auditors.**

*"That Nexia Sydney Audit Pty Ltd's appointment as statutory auditor of the Company be confirmed."*

### 7.2 Explanation on Resolutions 6 and 7

The Company's longstanding auditor, Russell Bedford NSW (RBNSW) effectively merged with Nexia Sydney Audit Pty Ltd (Nexia) in July 2016. At that time, Nexia Sydney Audit Pty Ltd, an authorised audit company, became a partner in the RBNSW audit firm. Subsequently, Nexia requested ASIC amend their registers to recognise Nexia as the statutory auditor, as it was the last surviving member of the former audit firm. ASIC have however advised they require an application for resignation (at a lodgement cost of \$3,487 per application) or company removal before they will recognise the change in appointment.

The Company notes there is no dispute with the former auditor, the partners of which became Directors of Nexia, and that the change was merely administrative in nature to provide RBNSW with additional resources to meet the rotation and general audit requirements of the Corporations Act, 2001.

Notwithstanding, to resolve the formal appointment, Nexia proposed and the Company agreed to facilitate a formal shareholder removal and appointment in order to clarify the auditors' position.

### 7.3 Directors' Recommendation

**The Board, recommends that Shareholders vote in favour of Resolutions 6 and 7.**

## GLOSSARY OF TERMS

In this explanatory statement, the following expressions have the meanings ascribed to them:

**Annual Report** means the 2018 report to Shareholders containing, amongst other things, the financial statements, report of the Directors, the remuneration report and the report of the Auditors to which reference is made in this Explanatory Statement.

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the meaning given to it by Division 2 of Part 2 of the Corporations Act.

**ASX** means ASX Ltd trading as Australian Securities Exchange

**Auditor** means Nexia Sydney Audit Pty Limited, Chartered Accountants, the Company's external auditors.

**Board** means the directors of the Company from time to time.

**Company** or **Vita Life Sciences** means Vita Life Sciences Limited ACN 003 190 421, the registered office of which is located at Unit 1/ 102 Bath Road, Kirrawee, NSW 2232 Australia.

**Constitution** means the Constitution of the Company adopted by the Shareholders at the annual general meeting on 19 May 2011.

**Corporations Act** means the *Corporations Act 2001* (Cth), as amended.

**CVCV** means CVC Venture Managers Pty Limited ACN 606 868 017.

**Directors** mean the directors of the Company from time to time sitting as the Board or individually (as the case requires).

**Explanatory Memorandum** means the explanatory memorandum accompanying this Notice.

**Group** means Vita Life Sciences and its subsidiaries.

**Indicative Timetable** means the timetable set out in section 6.16 of the Explanatory Statement.

**Listing Rules** means the official listing rules of the ASX.

**Macarthur National** means A.C.N. 633 180 346 Ltd. ACN 633 180 346, a company incorporated for the purposes of being a Spinoff vehicle, which is proposed to be renamed "Macarthur National Limited", and will be upon incorporation (until the completion of the in specie distribution) a wholly-owned subsidiary of the Company.

**Macarthur National Share** means a fully paid ordinary share in the issued capital of Macarthur National.

**Meeting** or **Annual General Meeting** means the annual general meeting of Shareholders convened by the Notice of Meeting to be held at 12.00pm on 31 May 2019.

**Notice of Meeting** means the notice of annual general meeting dated 1 May 2019 which accompanies this Explanatory Statement.

**Plan** means the Company's Long Term Incentive Plan as approved by Shareholders in the Annual General Meeting on 22 May 2014 and amended by Directors resolution on 9 April 2015 and, as adopted by the Company and operating as an "employee share scheme" that term is defined in the Corporations Act;

**Resolution** means an ordinary resolution or a special resolution referred to in the Notice of Meeting.

**RM** means the lawful currency of Malaysia i.e. Malaysian Ringgit

**\$** means Australian dollars (AUD).

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholders** means the holders of Shares in the Company.

**Share Registry** means Next Registries Pty Ltd of Level 16, 1 Market Street, Sydney NSW 2000 PO Box H195, Australia Square NSW 1215.

**Spinoff** means the proposed restructure of the Company's assets as detailed in section 6.2 of the Explanatory Memorandum.

**Spinoff Record Date** has the meaning given to that term in the Indicative Timetable.

**Subsidiaries** mean the subsidiaries of Vita Life Sciences.

## **SHAREHOLDER ENQUIRIES**

Shareholders with questions regarding the Notice of Meeting or this Explanatory Statement should contact the Company Secretary on +61 2 9545 2633 during normal office hours. He will attempt to answer your questions or refer you to someone who can do so, but no person is authorised to give any information, or make any representation, in connection with the Notice of Meeting or this Explanatory Statement not contained in them.

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**VITA LIFE SCIENCES LIMITED**

Telephone: (02) 9545 2633

Facsimile: (02) 9545 1311

[www.vitalifesciences.com.au](http://www.vitalifesciences.com.au)  
[enquiries@vitalifesciences.com.au](mailto:enquiries@vitalifesciences.com.au)



# VITA LIFE SCIENCES LIMITED

ACN 003 190 421

## PROXY FORM- Annual General Meeting 31 May 2019

HIN/SRN

I/We being a member of Vita Life Sciences Ltd and entitled to attend and vote hereby appoint:

A. 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 you are appointing as your proxy or failing the person/body corporate named, or if no person/body corporate is named, the Chair of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following instructions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of the Company to be held on 31 May 2019 at 12.00 pm and at any adjournment of that Meeting. Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using this form an additional form of proxy is available on request from the Company.

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

**Chair authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 and 4 (except where I/we have indicated a different voting intention below) even if the Resolutions 1 and 4, are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

**The Chair of the Meeting intends to vote undirected proxies in favour of all Resolutions.**

B. To direct your proxy how to vote on any resolution please mark ☒ in the appropriate box below.

### RESOLUTIONS

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

|   | For                      | Against                  | Abstain*                 |
|---|--------------------------|--------------------------|--------------------------|
| 1. Adoption of Remuneration Report  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Re-election of Director (Mr Vanda Gould)   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Share Buy Back   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Long Term Incentive Plan: Grant of a limited recourse loan to a Director to purchase ordinary shares                                   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Approval for an Equal Reduction of Capital   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. That Russell Bedford NSW trading under the business name Nexia Sydney Audit & Assurance be removed as statutory auditor of the Company | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. That Nexia Sydney Audit Pty Ltd be confirmed as statutory auditor of the Company   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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

### C. SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Individual or Security holder 1

Security holder 2

Security holder 3

Sole Director and  
Sole Company Secretary

Director/ Company Secretary  
(delete one)

Director

## **How to Complete this Proxy Form**

### **1. Your Name and Address**

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

### **2. Appointment of a Proxy-Section A**

If you wish to appoint the Chair of the Meeting as your proxy, mark the box in section A. If the person you wish to appoint as your proxy is someone other than the Chair of the Meeting please write the name of the person in Section A. 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 Shareholder of the Company. A proxy may be an individual or a body corporate.

### **3. Votes on Resolutions-Section B**

You should direct your proxy how to vote by placing a mark in one of the boxes opposite each resolution in section B. All your Shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any resolution by inserting the percentage or number of Shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the resolutions, your proxy may vote as he chooses. If you mark more than one box on an item your vote on that resolution will be invalid. Completion of the Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and, attends the meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

### **4. Appointment of Second Proxy**

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

To appoint a second proxy you must:

- (a) On each of the first Proxy Form and the second Proxy Form state that percentage of your voting rights or number of Shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, your proxy appointments will be invalid. Fractions of votes will be disregarded.
- (b) Return both forms together

### **5. Signing instructions-Section C**

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

- |                    |  |
|--------------------|--|
| Individual:        | Where the holding is in one name, the holder must sign.  |
| Joint Holding:     | Where the holding is in more than one name, either security holder may sign.   |
| Power of Attorney: | To sign under Power of Attorney, you must have already lodged the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.   |
| Companies:         | Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place. |

If a representative of the corporation is to attend the meeting, the appropriate "Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company.

## **Lodgement of Proxy**

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below by 12.00 pm (Melbourne Time) on 29 May 2019 being not later than 48 hours before commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged by depositing, delivery or facsimile to **The Company Secretary, Vita Life Sciences Ltd** as follows:

- (a) at the registered office, **Unit 1/ 102 Bath Road, Kirrawee NSW 2232;**
- (b) by email to **enquiries@vitalifesciences.com.au;** or
- (c) by faxing it to fax number **+61 (02) 9545 1311.**