

NOTICE OF
2019 ANNUAL GENERAL MEETING
& EXPLANATORY MATERIAL



Date Tuesday, 26 November 2019

Time 11:00AM (AEDT)

Place Lawson Delaney
Level 28, 333 Collins Street
Melbourne, Victoria 3000

Paragon Care Limited
ABN 76 064 551 426

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50-54 Clayton Road
Clayton, VIC 3168, Australia

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PARAGON CARE LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2019 Annual General Meeting of the Shareholders of Paragon Care Limited ACN 064 551 426 (“Company”) will be held at 11:00AM (AEDT) on Tuesday, 26 November 2019 at Lawson Delaney, Level 28, 333 Collins Street, Melbourne, Victoria 3000.

This Notice of Meeting should be read in conjunction with the accompanying Explanatory Material and form part of this Notice. Terms used in this Notice of Meeting will, unless the context otherwise requires, have the meaning given to them in the Glossary.

Items of Ordinary Business

Receipt and Consideration of Financial Statements and Reports

To receive and consider the financial report of the Company and the related reports of the Directors (including the Remuneration Report) and auditors for the financial year ended 30 June 2019.

Note: Except for as set out in Resolution 1, there is no requirement for Shareholders to approve these reports. Accordingly, no Resolution will be put to Shareholders on this item of business.

Resolution 1 – Adoption of Remuneration Report

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

“That for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report (included in the Directors' Report) for the financial year ended 30 June 2019 be adopted.”

Resolution 2 – Election of Mr Bruce Bian as a Director of Paragon Care Limited

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

“That Mr Bruce Bian, having been appointed as a Director during the year, vacates office in accordance with the Company's Constitution and, being eligible, offers himself for election as a Director of the Company, be elected as a Director of the Company.”

Resolution 3 – Re-election of Mr Shane Tanner as a Director of Paragon Care Limited

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

‘That Mr Shane Tanner being a Director who retires by rotation pursuant to the Company's Constitution and being eligible for re-election, be re-elected as a Director of the Company’.

Resolution 4 – Re-election of Mr Geoffrey Sam OAM as a Director of Paragon Care Limited

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

‘That Mr Geoffrey Sam OAM being a Director who retires by rotation pursuant to the Company's Constitution and being eligible for re-election, be re-elected as a Director of the Company’.

Resolution 5 – Approval to Issue 438,242 Performance Rights to Mr Andrew Just (or his nominee)

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

“That for the purposes of ASX Listing Rule 10.14, approval be given to the grant of 438,242 Performance Rights to the Managing Director and Chief Executive Officer, Mr Andrew Just (or his nominee), under the EIP, together with the allotment and issue of fully paid ordinary shares upon vesting of any such Performance Rights in accordance with the terms of the EIP, as described in the Explanatory Material.”

Items of Special Business

Resolution 6 – Approval of Additional Capacity to Issue Shares under ASX Listing Rule 7.1A


To consider and, if thought fit, pass the following resolution as a **special resolution**:

“That for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the Company having the additional capacity to issue equity securities under ASX Listing Rule 7.1A, on the terms and conditions set out in the Explanatory Material”

A proxy form accompanies this Notice of Meeting. Shareholders who do not plan to attend the AGM are encouraged to complete and return a proxy form.

Please note, the Chairman of the AGM intends to vote undirected proxies in favour of each item of business.

BY ORDER OF THE BOARD



Melanie Leydin
Company Secretary
Paragon Care Limited
Melbourne, Victoria
30 September 2019

VOTING EXCLUSION STATEMENT

RESOLUTION	PERSONS EXCLUDED FROM VOTING
Resolution 1	The Company will disregard votes cast by a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report of the 2019 Annual Report, or a closely related party of such a member, in contravention of section 250R or 250BD of the Corporations Act.
Resolutions 2, 3 & 4	There are no voting exclusions on each Resolution.
Resolution 5	The Company will disregard any votes cast in favour of this Resolution by any Director eligible to participate in the EIP, including their respective associates.
Resolution 6	The Company will disregard any votes cast in favour of this Resolution by a person who is expected to participate in the proposed issue or a person who will obtain a material benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and an associate of such person. Note: In accordance with ASX Listing Rule 14.11.1 and the relevant Note under that rule concerning Rule 7.1A, as at the date of this Notice of Meeting it is not known who may participate in the proposed issue (if any). On that basis, no security holders are currently excluded.

However, the Company need not disregard a vote if:

- (a) It is cast in favour by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) It is cast in favour 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.

Notes

- (a) Subject to the Corporations Act, including sections 250R and 250BD, a Shareholder who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.
- (b) The proxy need not be a Shareholder of the Company. A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- (c) If you wish to appoint a proxy and are entitled to do so, then complete and return the attached proxy form.
- (d) A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.
- (e) The Company has determined under regulation 7.11.37 Corporations Regulations 2001 that for the purpose of voting at the meeting or adjourned meeting, securities are taken to be held by those persons recorded in the Company's register of Shareholders as at 7.00PM (AEDT) on 24 November 2019.
- (f) If you have any queries on how to cast your vote please call Link Market Services Limited on 1300 554 474 during business hours.

Voting by Proxy

If you are a Shareholder entitled to attend and vote you may appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the AGM.

A proxy need not be a Shareholder of the Company. A Shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the Shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the Shareholder's votes.

To be effective, the proxy must be received at the Share Registry of the Company no later than 11:00 AM (AEDT) on 24 November 2019 (48 hours before the commencement of the meeting). Proxies must be received before that time by one of the following methods:

Online: Shareholders may lodge their proxy votes online at: www.linkmarketservices.com.au

To lodge your proxy vote online, you will need your Security holder Reference Number (SRN) or Holder Identification Number (HIN) which is shown on the proxy form

By post: Paragon Care Limited
c/-Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

By facsimile: +61 (02) 9287 0309

By hand to: Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

OR

Level 12
680 George Street
Sydney NSW 2000

*During business hours (Monday to Friday, 9:00am–5:00pm)

To be valid, a proxy must be received by the Company in the manner stipulated above. The Company reserves the right to declare invalid any proxy not received in this manner.

Voting by Attorney

A proxy form and the original power of attorney (if any) under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by the Share Registry no later than 11:00 AM (AEDT) on 24 November 2019.

Corporate representatives

A body corporate which is a Shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the AGM. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act. The representative should bring to the AGM a properly executed letter or other document confirming its authority to act as the company's representative.

Questions and Comments by Shareholders at the Annual General Meeting

In accordance with the Corporations Act, a reasonable opportunity will be given to Shareholders to ask questions about or make comments on the management of the Company at the AGM. Similarly, a reasonable opportunity will be given to Shareholders to ask the Company's external Auditor, RSM Australia, questions relevant to:

- (a) The conduct of the audit;
- (b) The preparation and content of the Auditors' Report;
- (c) The accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- (d) The independence of the Auditor in relation to the conduct of the audit.

Please submit any written questions addressed to the Company or its external Auditor via the address on the proxy form or to Paragon Care Limited, 50-54 Clayton Road, Clayton VIC 3168 no later than 5.00PM (AEDT) on 19 November 2019.

The Company or its external Auditor will either answer the questions at the AGM or table written answers to them at the AGM. If written answers are tabled at the AGM, they will be made available to Shareholders as soon as practicable after the AGM.

EXPLANATORY MATERIAL

1. Introduction

General

This Explanatory Material has been prepared for the information of members of the Company in connection with the business to be conducted at the Annual General Meeting and provide a detailed explanation about each Resolution set out in the Notice of Meeting. These Explanatory Material form part of the Notice of Meeting and must be read together with that notice.

Purpose

The purpose of the Annual General Meeting is to consider and vote on the Resolutions.

Entire Document

Members are encouraged to read this document in its entirety before deciding on how to vote on the Resolutions being considered at the Annual General Meeting. If you have any doubt about how to deal with this document, please consult your legal, financial or another professional advisor.

Glossary

Certain terms and abbreviations used in this Explanatory Material have defined meanings, which are set out in the Glossary.

2. Business of the Annual General Meeting

Receipt and Consideration of Financial Statements and Reports

A copy of the Annual Report for the financial year ending 30 June 2019 (which incorporates the Company's financial report, reports of the Directors (including the Remuneration Report) and the Auditor's report) is not enclosed as there is no longer a requirement for the Company to incur the printing and distribution costs associated with doing so for all Shareholders.

You may obtain a copy free of charge in hard copy form by contacting the Company by phone at (03) 9692 7222, and you may request that this occurs on a standing basis for future years. Alternatively, you may access the Annual Report at the Company's website: www.paragoncare.com.au or via the Company's announcement platform on ASX.

Except as set out in Resolution 1, no resolution is required on these reports.

Resolution 1 – Adoption of Remuneration Report

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report must be put to the vote at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors' Report in the Company's 2019 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

In accordance with Section 250SA of the Corporations Act, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the remuneration report at the Annual General Meeting.

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

Board Recommendation

The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this Resolution.

Resolution 2 - Election of Director Mr Bruce Bian as a Director of Paragon Care Limited

Mr Bruce Bian was appointed as a Director of Paragon Care Limited on 12 March 2019 and pursuant to rule 3.3(a) of the Company's Constitution, he must retire at this Annual General Meeting, and being eligible, offers himself for election.

Mr Bian emigrated from China in 1988, and is an Australian citizen living in Sydney. Mr Bian gained his law degree from Sydney University and has decades of experience across multiple facets of practice including significant Chinese and Australian relations. He brings to the boardroom team thirty-five years of diverse industry experience from Australia and Asia, and his strong understanding of market trends in the Asia Pacific region support his demonstrated experience in driving strategic business growth whilst overseeing strong legal compliance and corporate governance. Bruce's competencies and experience working in Asian markets will assist Paragon to further develop our export business. The opportunities in China, although longer term, are substantial, and Mr Bian's involvement in that piece of the growth strategy is highly valuable.

Mr Bian is an independent, Non-Executive Director of the Board.

Board Recommendation

The Board (other than Mr Bian) recommends that Shareholders vote in favour of this Resolution to elect Mr Bruce Bian as a Director of the Company.

Resolution 3 - Re-election of Mr Shane Tanner as a Director of Paragon Care Limited

Mr Shane Tanner will retire in accordance with the provisions of the Company's Constitution and, being eligible, offers himself for re-election.

Mr Tanner is an experienced and accomplished professional within the Australian Healthcare sector. Mr Tanner has been responsible for and orchestrated a number of acquisitions (both small and large) as well as helped establish a number of significant businesses where he has been deeply involved in both the growth and management up-skilling of these businesses. Mr Tanner also has considerable public company experience at senior executive and board level.

Mr Tanner has been a member of the Board since 2005. He is the independent Non-Executive Chairman of the Board, a member of the Nomination & Remuneration Committee and a member of the Investment Committee.

Board Recommendation

The Board (other than Mr Tanner) recommends that Shareholders vote in favour of this Resolution to re-elect Mr Shane Tanner as a Director of the Company.

Resolution 4 - Re-election of Mr Geoffrey Sam OAM as a Director of Paragon Care Limited

Mr Geoffrey Sam OAM will retire in accordance with the provisions of the Company's Constitution and, being eligible, offers himself for re-election.

Mr Sam has a distinguished career in the Australian health sector. He was a co-founder and until April 2016 Executive Chairman of Healthecare, a private hospital group comprising 17 hospitals and a community nursing business throughout Australia. Mr Sam has held senior roles with profit and not-for-profit hospital groups, including serving as the CEO and MD of ASX-listed Nova Health Limited and as the CEO of the Adelaide Community Health Alliance. Mr Sam has held previous NED positions on listed companies including Hutchinson Childcare, Money 3 and currently CML Group Ltd. Mr Sam's special areas of expertise include corporate strategic positioning and corporate governance.

Mr Sam has been a member of the Board since 2016. He is an independent, Non-Executive Director of the Board, Chairman of the Investment Review Committee and a member of the Audit & Risk Committee.

Board Recommendation

The Board (other than Mr Sam) recommends that Shareholders vote in favour of this Resolution to re-elect Mr Geoffrey Sam OAM as a Director of the Company.

Resolution 5 – Approval to Issue 438,242 Performance Rights to Mr Andrew Just (or his nominee)

Resolution 5 of this Notice seeks Shareholder approval for the granting of 438,242 Performance Rights to the Managing Director and Chief Executive Officer, Mr Andrew Just, under the Paragon Care Employee Incentive Plan (EIP) as well as Shareholder approval for the pro rata vesting of the Performance Rights granted to Mr Just in the event that Mr Just ceases his employment in certain circumstances.

Background

ASX Listing Rule 10.14 states that a listed company must not permit a director to acquire securities under an employee incentive scheme without shareholder approval, by ordinary resolution. The purpose of Resolution 5 is to have Shareholders approve the proposed grant of Performance Rights to the Company’s Managing Director and Chief Executive Officer, Mr Andrew Just pursuant to the EIP.

In addition, the Company seeks Shareholder approval pursuant to section 200E of the Corporations Act for the pro rata vesting of the Performance Rights granted to Mr Just, in the event that Mr Just ceases to be employed by the Company in limited circumstances, as specified in the terms of their invitations. These circumstances include redundancy, death or permanent disability.

Under sections 200B of the Corporations Act, a company may only give a person a benefit in connection with their ceasing to hold a managerial or executive office in the company if it is approved by shareholders under section 200E of the Corporations Act or an exemption applies. The term “benefit” may include the pro rata vesting of Performance Rights in the limited circumstances outlined above, where Mr Just ceases to be employed by the Company. This pro rata vesting of Mr Just’s Performance Rights, in those circumstances, may amount to the giving of a termination benefit requiring Shareholder approval, and as such, approval is sought for these purposes.

The number of Performance Rights that may vest on cessation of Mr Just’s employment can be calculated by:

$$\frac{(\text{Date of Grant} - \text{Date of termination})(\text{in days})}{(\text{Date of Grant} - \text{Intended Vesting Date})(\text{in days})} \times \text{No. of Performance Rights held on cessation}$$

The value of the Performance Rights may be affected by:

- the market price of Company Shares at the time the employment ceases;
- the exercise price applicable to the Performance Rights;
- the performance against the performance hurdles at the time the employment ceases;
- the part of the service period has elapsed at the time the employment ceases; and
- the number of Performance Rights that lapse on cessation of employment.

Grant of Performance Rights to Mr Just

As outlined previously, Shareholder approval must be sought, in accordance with ASX Listing Rule 10.14, for the grant of these Performance Rights to Mr Just.

The Nomination and Remuneration Committee have concluded that the remuneration for Mr Just (including the proposed grants of Performance Rights) is reasonable and appropriate having regard to the circumstances of the Company and Mr Just’s duties and responsibilities.

Vesting Conditions and Important Dates

The vesting conditions for these Performance Rights will depend on meeting the following:

- Service up to 30 June 2022; and
- if Paragon Care Limited achieves a compound annual growth rate (CAGR) in EPS of between 10% (50% vests) and 15% (100% vests) per annum above the Base Year (FYE2019) EPS of 5.4cps over the period 1 July 2019 to 30 June 2022. Straight line interpolation will apply between 10% and 15%.

The first Vesting Date of Performance Rights to be granted to Mr Just is 30 June 2022. All Performance Rights will lapse on 30 June 2022 if not vested and exercised.

Other Conditions

Unvested Performance Rights may, in certain circumstances, vest early in accordance with the terms of the EIP Rules, and any Leaver's Policy that may apply from time to time, as approved by the Board.

Any dealing in Shares is subject to the constraints of Australian insider trading laws and the Company's Share Trading Policy. Participants are specifically prohibited from hedging their Company share price exposure in respect of their Performance Rights during the vesting period.

If, in the Board's opinion, Mr Just has acted fraudulently or dishonestly or is in breach of their material obligations to the Company, the Board may determine that any or all of his Performance Rights which have not yet vested, lapse.

Further Information

The following disclosures are made for the purposes of ASX Listing Rule 10.15A:

- (a) if Shareholder approval is granted, the maximum number of Performance Rights that may be granted to Mr Just is 438,242. Subject to satisfaction of vesting conditions described below Mr Just will receive one Share in the Company for each Performance Right granted;
- (b) the value of these Performance Rights, being \$0.4193 per right, was determined by the 5-day VWAP up to and including 28 June 2019. The value assessed is therefore estimated to be \$183,750.00.
- (c) no consideration is payable on the grant of the Performance Rights, or the conversion of each Performance Right into a Share upon satisfaction of the vesting conditions;
- (d) no loans will be provided to Mr Just in respect of any securities offered under EIP, without Shareholder approval.
- (e) the Company has not previously issued or granted securities under the EIP and Mr Just has not received any offers or grants under any other employee share scheme.
- (f) details of any Performance Rights issued under the EIP will be published in each annual report of the Company relating to a period in which the Performance Rights have been issued;
- (g) any additional persons referred to in ASX Listing Rule 10.14 who become entitled to participate in the EIP after the Resolution was approved and who were not named in the Notice of Meeting will not participate until approval is obtained under ASX Listing Rule 10.14;
- (h) only Mr Just is entitled to participate in the EIP after Resolution 5 is approved; and
- (i) if Shareholder approval is obtained, the Performance Rights will be granted no later than three years after the Meeting; and
- (j) a voting exclusion statement is included in this Notice.

Board Recommendation

The Board (other than Mr Just) recommends Shareholders vote in favour of this Resolution.

Resolution 6 – Approval of Additional Capacity to Issue Shares under ASX Listing Rule 7.1A

Background

ASX Listing Rule 7.1 allows the Company to issue a maximum of 15% of its capital in any 12-month period without requiring shareholder approval. In accordance with new Listing Rule 7.1A, eligible entities (companies that are outside the S&P/ASX 300 index and that also have a market capitalisation of \$300 million or less) can issue a further 10% of share capital in 12 months on a non- pro rata basis. The Company is an eligible entity as at the date of this Notice of Meeting and must remain compliant with the requirements of ASX Listing Rule 7.1A to be able to utilise the additional capacity to issue shares under that Listing Rule.

In the past twelve months the Company has issued Shares under ASX Listing Rule 7.1A.

Additional disclosure obligations are imposed when the special resolution is proposed, when securities are issued and when any further approval is sought.

For the purposes of ASX Listing Rule 7.3A the Company provides the following information.

Minimum price at which the equity securities may be issued	<p>The issue price of each Share must be no less than 75% of the volume weighted average price for the Shares calculated over the 15 trading days on which trades in that class were recorded immediately before:</p> <ol style="list-style-type: none"> The date on which the price at which the securities are to be issued is agreed; or If the securities are not issued within 5 trading days of the date in paragraph (a), the date on which the securities are issued.
Risk of economic and voting dilution	<p>An issue of shares under ASX Listing Rule 7.1A involves the risk of economic and voting dilution for existing ordinary security holders. The risks include:</p> <ol style="list-style-type: none"> The market price for Shares may be significantly lower on the issue date than on the date of the approval under ASX Listing Rule 7.1A; and The equity securities may be issued at a price that is at a discount to the market price for the Shares on the issue date. <p>A table describing the potential dilution is set out below</p>
Date by which the Company may issue the securities	<p>The period commencing on the date of the annual general meeting (to which this Notice relates) at which approval is obtained and expiring on the first to occur of the following:</p> <ol style="list-style-type: none"> The date which is 12 months after the date of the annual general meeting at which approval is obtained; and The date of the approval by holders of the Company's ordinary securities of a transaction under ASX Listing Rules 11.1.2 or 11.2. <p>The approval under ASX Listing Rule 7.1A will cease to be valid in the event that holders of the Company's ordinary securities approve a transaction under ASX Listing Rules 11.1.2 or 11.2.</p>
Purposes for which the equity securities may be issued, including whether the Company may issue them for non-cash consideration	<p>It is the Board's current intention that any funds raised pursuant to an issue of securities will be applied towards the Company's acquisitive growth strategies. This would principally include:</p> <ol style="list-style-type: none"> Costs of target identification; Payment of consideration for an acquisition; Costs associated with the acquisition, including advisory or professional fees; Integration costs, including staff, systems, marketing and branding; Increased compliance and office costs, including audit and compliance expenses, and ASX fees. <p>The Company reserves the right to issue shares for non-cash consideration, including as non-cash consideration for any acquisition.</p>

Details of the Company's allocation policy for issues under approval	<p>The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to ASX Listing Rule 7.1A. The identity of the allottees will be determined on a case-by-case basis having regard to the factors including but not limited to the following:</p> <ol style="list-style-type: none"> The methods of raising funds that are available to the Company including but not limited to, rights issue or other issue in which existing security holders can participate; The effect of the issue of the ASX Listing Rule 7.1A shares on the control of the Company; The financial situation and solvency of the Company; and Advice from corporate, financial and broking advisers (if applicable). <p>The allottees under the ASX Listing Rule 7.1A facility have not been determined as at the date of this Notice of Meeting but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company. Further, if the Company is successful in its acquisitive growth strategy as outlined above, it is likely that the allottees under the ASX Listing Rule 7.1A facility will be or include the vendors of the relevant target company or companies.</p>
Previous approvals under ASX Listing Rule 7.1A	Approval was granted at the 2018 Annual General Meeting (AGM) on 20 November 2018.

Information under ASX Listing Rule 7.3A.6

Total equity securities issued in the 12 months prior to date of this Notice of Meeting is 36,559,594, being 12.10% of the total equity securities on issue at commencement of the 12-month period.

The table below provides details of the number of equity securities issued in the past 12 months:

Issue Date	Purpose	Securities Issued	Consideration per security / Valuation per share	Premium/ (Discount) to Close Price on Issue Date	Total Consideration
12 October 2018	Issue of DRP Shares	1,004,167 Fully paid ordinary shares	\$0.7167	N/A	\$719,686
20 November 2018	China Pioneer – Tranche 2 Placement	33,934,869 Fully paid ordinary shares	\$0.8900	\$0.16	\$30,202,033
14 December 2018	Issue under the Company's EIP.	228,119 Performance Rights	\$0.8055	N/A	Nil
26 April 2019	Issue under the Company's EIP.	633,886 Performance Rights	\$0.4450	N/A	Nil
26 April 2019	Issue of DRP Shares	758,553 Fully paid ordinary shares	\$0.4331	N/A	\$328,529

Notes:

- Allotment on 12 October 2018 to eligible participants pursuant to the Company's Dividend Reinvestment Plan.
- Allotment on 20 November 2018 to China Pioneer Pharma (Australia) Pty Ltd as part of a Strategic Placement in order to finance acquisitions of complementary healthcare businesses in Australia and New Zealand, as announced on 28 November 2018.

3. Granted on 14 December 2018 to the Managing Director as pursuant to the Company's Employee Incentive Plan and for various service and performance conditions, as approved at the 2018 Annual General Meeting. These performance rights have been granted for nil consideration (deemed price of \$0.8055 per security) and they expire on 30 September 2021. They will be vested to the Managing Director subject to the realisation of performance conditions, as set out below, and subject to his continuous employment with the Company until the vesting date.

The number of Performance Rights to vest will be determined by the Compound Annual Growth Rate (CAGR) in Earnings Per Share (EPS) result Paragon achieves for the period **1 July 2018 to 30 June 2021**, in accordance with the table below:

EPS Hurdle	% of Performance Rights to vest
Less than 10%	0%
At least 10%	50%
At least 15%	100%

Note: EPS CAGR will be calculated from the Base Year (FYE2018) EPS of 5.4 cents (\$0.054). Straight line interpolation applies between 10% and 15%.

4. Granted on 26 April 2019 to eligible employees pursuant to the Company's Employee Incentive Plan, as approved at the 2018 Annual General Meeting. These performance rights have been granted for nil consideration (deemed price of \$0.4450 per security) and they expire on 30 September 2022. They will be vested to the eligible employees subject to the realisation of performance conditions, as set out below, and subject to their continuous employment with the Company until the vesting date.

The number of Performance Rights to vest will be determined by the Compound Annual Growth Rate (CAGR) in Earnings Per Share (EPS) result Paragon achieves for the period **1 July 2019 to 30 June 2022**, in accordance with the table below:

EPS Hurdle	% of Performance Rights to vest
Less than 10%	0%
At least 10%	50%
At least 15%	100%

Note: EPS CAGR will be calculated from the Base Year (FYE2018) EPS of 5.4 cents (\$0.054). Straight line interpolation applies between 10% and 15%.

5. Allotment on 26 April 2019 to eligible participants pursuant to the Company's Dividend Reinvestment Plan.
6. Out of the \$45 million received from the proceeds of issue of shares, \$28 million was utilised to fund near term acquisitions of complementary healthcare businesses in Australia and New Zealand and the remainder was used for working capital needs and for share issue transaction costs. There are no funds remaining from this capital raising.

Information under ASX Listing Rule 7.3A.2

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A (2) as at the date of this Notice.

The table also shows:

- (a) Two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue as at the date of this notice. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future shareholders' meeting; and
- (b) Two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the approximate market price as at the date of this Notice.

Variable 'A' in ASX Listing Rule 7.1A.2	Share price	Dilution		
		\$0.195 Half Current Price	\$0.390 Current Price	\$0.780 Double Current Price
Current Variable A 337,885,292 Shares	10% Voting Dilution	33,788,529	33,788,529	33,788,529
	Funds raised	\$6,588,763	\$13,177,526	\$26,355,053
50% increase in Variable A 506,827,938 Shares	10% Voting Dilution	50,682,794	50,682,794	50,682,794
	Funds raised	\$9,883,145	\$19,766,290	\$39,532,579
100% increase in Variable A 675,770,584 Shares	10% Voting Dilution	67,577,058	67,577,058	67,577,058
	Funds raised	\$13,177,526	\$26,355,053	\$52,710,106

The table has been prepared on the following assumptions:

- (a) The Company issues the maximum number of Shares available under the 10% ASX Listing Rule 7.1A approval.
- (b) No options are exercised to convert into Shares before the date of the issue of the Shares available under ASX Listing Rule 7.1A.
- (c) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (d) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of share issue under Listing Rule 7.1A, based on that Shareholder's holding at the date of the Meeting.
- (e) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1.
- (f) The issue of Shares under ASX Listing Rule 7.1A consists only of Shares. If the issue includes listed options, it is assumed that those listed options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (g) The issue price is \$0.39 (39 cents) being an indicative price of the Shares as at the date of this Notice of Meeting.

Board Recommendation

The Board unanimously recommends Shareholders vote in favour of this Resolution.

GLOSSARY

\$ means Australian Dollars.

Annual Report means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 30 June 2019.

AEDT means Australian Eastern Daylight Time.

AGM or **Annual General Meeting** means the Annual General Meeting of the Company which is the subject of this Notice of Meeting.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange as the context requires.

Auditor's Report means the auditor's report on the Financial Report.

Board means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors.

Chairman means the person appointed to chair the Meeting of the Company convened by the Notice.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Company or **PGC** means Paragon Care Limited ABN 76 064 551 426.

Constitution means the constitution of the Company as amended from time to time.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

DRP means Dividend Reinvestment Plan.

EIP means the Paragon Care Employee Incentive Plan.

Equity Security has the same meaning as in the Listing Rules.

Explanatory Statement means the explanatory statement which forms part of this Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the Listing Rules of ASX, as amended from time to time.

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice or **Notice of Meeting** means the Notice of Annual General Meeting of the Company.

Proxy Form means the proxy form attached to the Notice;

Remuneration Report means the remuneration report which forms part of the Directors' Report of the Company for the financial year ended 30 June 2019 and which is set out in the 2019 Annual Report.

Resolution means a resolution to be put to Paragon Care Limited Shareholders at the AGM, as set out in the Notice of Meeting.

Paragon Care Group or **Paragon Care Limited** means the Company and its wholly owned subsidiaries.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the Company.

Shareholder means shareholder of the Company.

Share Registry means Link Market Services Limited (ACN 083 214 537) or any other person appointed as registrar of the register of members of the Company from time to time.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules; and

VWAP means volume weighted average price.

APPENDIX 1 – SUMMARY OF EIP KEY TERMS

Eligibility

The Board has the discretion to determine which employees are eligible to participate in the EIP. The definition of employee under the rules of the EIP includes any full time or permanent part time employee or officer or director of the Company or any related body corporate of the Company.

Vesting conditions

The vesting of any securities issued under the EIP, excluding Exempt Shares, may be conditional on the satisfaction of performance and/or service conditions as determined by the Board and advised to the employee in the individual's offer documents.

Exercise of securities

Vested securities issued under the EIP may not automatically trigger the exercise of the securities, but a participant will be entitled to exercise in accordance with the terms contained in the invitation to the individual.

Price

Securities issued under the EIP may be issued at no cost to the participants. Options may be subject to payment of an exercise price by the participant which is determined by the Board and advised to the participant in the individual's offer documents.

Lapse/forfeiture

Securities issued under the EIP will lapse or be forfeited on the earliest of:

- any expiry date applicable to the securities;
- any date which the Board determines that vesting conditions applicable to the securities are not met or cannot be met;
- the participant dealing in respect of the securities in contravention of the EIP; and
- the Board determining that a participant has committed an act of fraud, is ineligible to hold the office for the purposes of Part 2D.6 of the Corporations Act, or is found to have acted in a manner that the Board considers to constitute gross misconduct.

Board may elect to settle in cash

If the Board determines that it is not appropriate for tax, legal, regulatory or compliance reasons to issue or transfer Shares upon satisfaction of its obligations under the plan, the Paragon Care may make a cash payment to the participant in accordance with the terms of the plan for equivalent value.

Waiving the restricted period

The Board may waive or shorten the restriction period applicable to securities issued under the EIP, as contained in the offer to the participant.

Change of Control

On the occurrence of a Change of Control (as defined in the rules of the EIP), the Board will determine, in its sole and absolute discretion, the manner in which vested and unvested securities issued under the EIP shall be dealt with.

Cessation of employment

All unvested securities issued under the EIP lapse immediately on termination of employment unless any Leaver's Policy applies or the Board determines otherwise depending on the circumstances.

No dealing or hedging

Dealing restrictions apply to securities issued under the EIP in accordance with the rules of the EIP and the Company's share trading policy. Participants are prohibited from hedging or otherwise protecting the value of unvested securities issued under the EIP.

Rights attaching to Shares

Shares issued under the plan will rank equally for dividends and other entitlements, be subject to any restrictions imposed under these rules and otherwise rank equally with the existing Shares on issue at the time of allotment.

Company may issue or acquire shares

Company may, in its discretion, either issue new shares or acquire shares already on issue, or a combination of both, to satisfy the Company's obligations under the EIP.

Adjustments

Prior to the allocation of shares to a participant upon vesting or exercise of securities issued under the EIP, the Board may make any adjustment it considers appropriate to the terms of securities in order to minimise or eliminate any material advantage or disadvantage to a participant resulting from a corporate action such as a capital raising or capital reconstruction.

Limits on securities issued

The number of shares that may be issued under the EIP is set with regard to the limits prescribed under **ASIC Class Order 14/1000** with respect to employee share scheme offers made without a prospectus. Currently these limits provide that the number of shares that may be issued, when aggregated with a number of shares issued during the previous 3 years from share issues under all employee share schemes established by the Company (including as a result of exercise of options to acquire shares granted to the previous five years under any such employee share scheme), must not exceed 5% of the total number of shares on issue, disregarding certain unregulated offers.

Continued operation of the plan


The plan may be suspended, terminated or amended at any time by the Board, subject to any resolution of the Company required by the listing rules.


LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
Paragon Care Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**
Telephone: 1300 554 474 Overseas: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Paragon Care Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman 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 or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **11:00AM (AEDT) on Tuesday, 26 November 2019 at Lawson Delaney, Level 28, 333 Collins Street, Melbourne, Victoria 3000** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolutions 1 and 5: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1 and 5, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.


VOTING DIRECTIONS

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

Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Approval to Issue 438,242 Performance Rights to Mr Andrew Just (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Mr Bruce Bian as a Director of Paragon Care Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Approval of Additional Capacity to Issue Shares under ASX Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr Shane Tanner as a Director of Paragon Care Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Re-election of Mr Geoffrey Sam OAM as a Director of Paragon Care Limited	<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.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on 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.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. 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 item 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 items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A 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's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the 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, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

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 shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge 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.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00AM (AEDT) on Sunday, 24 November 2019**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MAIL

Paragon Care Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**