



HomeStay
Technology led care that's wonderfully human

ABN 62 111 823 762

NOTICE OF ANNUAL GENERAL MEETING

TIME: 11:00 am EST

DATE: 28 May 2019

PLACE: Automic

Level 5, 126 Phillip Street,
Sydney, New South Wales

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm WST on 26 May 2019.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+ 61 8) 6188 8181.

BUSINESS OF THE ANNUAL GENERAL MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the financial report of the Company for the year ended 31 December 2018 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 31 December 2018."

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

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR DAMIAN BLACK

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 14.2 of the Constitution, ASX Listing Rule 14.5 and for all other purposes, Mr Damian Black, a Director who was appointed on 18 June 2014, retires, and being eligible, is re-elected as a Director."

4. RESOLUTION 3 – ELECTION OF DIRECTOR – MR WAYNE CAHILL

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

"That, for the purpose of clause 14.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Wayne Cahill a Director who was appointed by the Board on 1 February 2019, retires, and being eligible, is elected as a Director."

5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY

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

"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula

prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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.

6. RESOLUTION 5 – RATIFICATION OF APPOINTMENT OF AUDITOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of section 327C of the Corporations Act and for all other purposes, RSM Australia Partners, having been appointed as Auditors under the casual vacancy on 20 February 2019 be ratified."

7. RESOLUTION 6 – APPROVAL FOR THE ISSUE OF OPTIONS TO RELATED PARTY - MR WAYNE CAHILL

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

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 12,000,000 Options to Mr Wayne Cahill (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Cahill (and his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
 - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

DATED: 24 APRIL 2019

BY ORDER OF THE BOARD

MS MELANIE ROSS
COMPANY SECRETARY

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+ 61 8) 6188 8181.

EXPLANATORY STATEMENT

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 31 December 2018 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at homestay.care.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the previous financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy, you must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member) you do not need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, you must mark the acknowledgement on the Proxy Form to expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.

If you appoint any other person as your proxy you do not need to direct your proxy how to vote on this Resolution, and you do not need to mark any further acknowledgement on the Proxy Form.

3. RESOLUTION 2 – RE-ELECTION OF DAMIAN BLACK

Clause 14.2 of the Constitution requires one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards), to retire from office at every annual general meeting provided that no Director except a Managing Director shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is longer, without submitting himself for re-election.

Clause 14.2 of the Constitution states that the Directors to retire at an annual general meeting are those who have been longest in office since their last election and that a retiring director is eligible for re-election. An election of Directors must take place each year. Mr Damian Black was appointed as a Non-Executive Director by the Board on 18 June 2014. Mr Black retires in accordance with the Constitution and being eligible, offers himself for re-election as a Director.

Mr Black is a Partner at Aesir Capital. He has significant financial markets and corporate advisory experience having worked in corporate finance/stockbroking for over 14 years, specialising in advising micro and small-cap companies, the ASX listing process, ECM transactions and the implementation of growth strategy. Prior to founding Aesir Capital in 2016, Mr Black was a Director of Corporate Finance at Asia Principal Capital working primarily with technology companies in the unlisted space, focussing on financing, commercialisation and productisation.

Mr Black also has significant management and operational experience in the allied health sector, graduating with a Bachelor of Science in Physiotherapy in 1999 and working for 7 years with Move Well Physiotherapy in Western Australia.

Mr Black is a non-executive director of Minbos Resources Limited.

Mr Black will retire in accordance with clause 14.2 of the Constitution and ASX Listing Rule 14.5 and being eligible, seeks election from Shareholders.

If elected the board considers Mr Black will be an independent director.

The other Directors of the Company unanimously recommend the re-election of Mr Black.

4. RESOLUTION 3 – ELECTION OF WAYNE CAHILL

Clause 14.4 of the Constitution allows the Directors to appoint at any time a person to be a Director.

Pursuant to clause 14.4 of the Constitution, any Director so appointed may retire at the next annual general meeting of the Company and is then eligible for re-election by Shareholders at that meeting.

Mr Cahill has a rare combination of experience as a chief executive of major health care organisations, a partner in major law firms leading health industry practices and extensive experience as a director. He brings extensive healthcare and aged care industry experience, as well as strong compliance and corporate governance to the HomeStay Board. Mr Cahill has had a distinguished legal career, including publishing over 150 publications in the health and legal fields as well as a contributing editor to Thomson Reuter's Laws of Australia and Health Law in Australia. He retired as a corporate partner of Ashurst in 2016 after 19 years in that role. He is currently a senior consultant to Ashurst and continues to head its national Health and Aged Care practice.

Mr Cahill has been selected as a leading lawyer in health and aged care and corporate law in Australia by Best Lawyers from 2008 – 2020 inclusive. He has also been awarded the gold medal of the Australasian College of Health Services Management for his contribution to the Australian health industry.

In addition, Mr Cahill is currently chair of Healthdirect Australia, chair of Co-group Limited and a director of private health insurer Navy Health. He has also other extensive director experience. His chief executive appointments of major health organisations included Ryde and Hunters Hill Area Health Service/Macquarie Area Health Service and the Australian Council on Healthcare Standards.

Mr Wayne Cahill, having been appointed on 1 February 2019 will retire in accordance with clause 14.4 of the Constitution and being eligible, seek re-election from Shareholders.

If elected the board considers Mr Cahill will be an independent director.

The other Directors of the Company unanimously recommend the re-election of Mr Cahill.

5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY

5.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$13,899,986 (based on the number of Shares on issue and the closing price of Shares on the ASX on 10 April 2019).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code: HSC).

If Shareholders approve Resolution 4, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

5.2 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 4:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section (a)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(10% Placement Capacity Period).

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 10 April 2019.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.010 50% decrease in Issue Price	\$0.020 Issue Price	\$0.030 50% increase in Issue Price
694,999,296 (Current Variable A)	Shares issued - 10% voting dilution	69,499,930 Shares	69,499,930 Shares	69,499,930 Shares
	Funds raised	\$694,999	\$1,389,999	\$2,084,998
1,042,498,944 (50% increase in Variable A)	Shares issued - 10% voting dilution	104,249,894 Shares	104,249,894 Shares	104,249,894 Shares
	Funds raised	\$1,042,499	\$2,084,998	\$3,127,497
1,389,998,592 (100% increase in Variable A)	Shares issued - 10% voting dilution	138,999,859 Shares	138,999,859 Shares	138,999,859 Shares
	Funds raised	\$1,389,999	\$2,779,997	\$4,169,996

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 694,999,296 Shares on issue.
2. The issue price set out above is the closing price of the Shares on the ASX on 10 April 2019.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. 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%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for expenses associated with continued business development, sales and marketing, and further development of the Company's aged and community care technology platform; or
- (ii) as non-cash consideration for the acquisition of new assets and investments including previously announced acquisitions, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company did not previously obtain approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 31 May 2018 (**Previous Approval**).

During the 12 month period preceding the date of the Meeting, being on and from 28 May 2018, the Company issued a total of 560,000,000 fully paid ordinary Shares and 80,000,000 Options, which represents approximately 353% of the total diluted number of Equity Securities on issue in the Company on 28 May 2018, which was 180,898,654.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule B.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

5.3 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 4.

6. RESOLUTION 5 – RATIFICATION OF APPOINTMENT OF AUDITOR

On 13 November 2018, the Company completed the reverse take-over of HomeStay Care International Pty Ltd. Following this transaction, the Company elected to change auditors to RSM Australia Partners, being the existing auditors of HomeStay Care International Pty Ltd.

Following ASIC's consent to the resignation of Greenwich & Co Audit Pty Ltd as auditors in accordance with s 329(5) of the Corporations Act 2001, the Directors appointed RSM Australia Partners on 20 February 2019 until the next Annual General Meeting.

In accordance with s 327B of the Corporations Act 2001, the Directors recommend that the appointment of RSM Australia Partners as auditors of the Company be ratified.

7. RESOLUTION 6 – APPROVAL FOR THE ISSUE OF OPTIONS TO RELATED PARTY - MR WAYNE CAHILL

8.1 General

On 1 February 2019, the Company appointed Mr Wayne Cahill as Non-Executive Director.

The Company has agreed, subject to obtaining Shareholder approval, to issue the following securities as per his service agreement:

- (a) 4,000,000 Options exercisable at \$0.05 each, vesting 6 months after Commencement Date, expiring 3 years from vesting date;
- (b) 4,000,000 Options exercisable at \$0.065 each, vesting 12 months after Commencement Date, expiring 3 years from vesting date; and
- (c) 4,000,000 Options exercisable at \$0.09 each, vesting 24 months after Commencement Date, expiring 3 years from vesting date.

(the **Related Party Options**) on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Related Party Options constitutes giving a financial benefit and Mr Wayne Cahill is a related party of the Company because he is a Director.

The Directors (other than Mr Wayne Cahill who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Related Party Options because the agreement to grant the Related Party Options, reached as part of the remuneration package for Mr Cahill, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Related Party Options involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

8.2 Technical information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the proposed issued of the Related Party Options:

- (a) the related party is Mr Wayne Cahill (or his nominee). Mr Cahill is a related party by virtue of being a Director of the Company;
- (b) the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be issued to the Related Party is:
 - (i) 4,000,000 Options exercisable at \$0.05 each, vesting 6 months after Commencement Date, expiring 3 years from vesting date;
 - (ii) 4,000,000 Options exercisable at \$0.065 each, vesting 12 months after Commencement Date, expiring 3 years from vesting date; and
 - (iii) 4,000,000 Options exercisable at \$0.09 each, vesting 24 months after Commencement Date, expiring 3 years from vesting date.
- (c) the Related Party Options will be issued to the Related Party no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Options will be issued on the same date;
- (d) the Related Party Options will be issued for nil cash consideration; accordingly no funds will be raised;
- (e) the terms and conditions of the Related Party Options are set out at Schedule A.

In addition to the requirements of ASX Listing Rule 10.13, the Company notes the following:

- (f) the primary purpose of the issue of the Related Party Options to the Related Party is to provide a performance linked incentive component in the remuneration package for the Related Party to motivate and reward the performance of the Related Party in their role;
- (g) Mr Wayne Cahill declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of that Resolution on the basis that he is to be issued Options in the Company should Resolution 6 be passed. However, Mr Damian Black and Ms Sara Kelly (being the independent

directors of the Company) and Ms Shannon Robinson (Executive Director) all recommend that Shareholders vote in favour of Resolution 6 for the reasons set out in paragraphs (h) and (i);

- (h) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Options upon the terms proposed;
- (i) in forming their recommendations, each Director considered the experience of the Related Party, the current market price of Shares and the current market practices when determining the number of Related Party Options to be issued and have determined that the remuneration package is reasonable and appropriate;
- (j) with the exception of Mr Wayne Cahill, no other Director has a personal interest in the outcome of Resolution 6;
- (k) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 6.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Options to the Related Party as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Securities to the Related Party (or his nominee) will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

8. ENQUIRIES

Shareholders may contact the Company Secretary on (+ 61 8) 6188 8181 if they have any queries in respect of the matters set out in these documents.

SCHEDULE A – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price, Vesting Date and Expiry Date**

Tranche	Number of options	Exercise Price	Vesting Date	Expiry Date
1	4,000,000	\$0.050	1 August 2019	1 August 2022
2	4,000,000	\$0.065	1 February 2020	1 February 2023
3	4,000,000	\$0.090	1 February 2021	1 February 2024
Total	12,000,000			

All unvested Options lapse on cease of employment.

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on or before the dates as listed in (b) above (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time between the Vesting Date and the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the Official List of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under **Error! Reference source not found.** for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued Shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying Securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE B – ISSUES OF EQUITY SECURITIES SINCE 31 MAY 2018

Below is a list of all Equity Securities issued by the Company in the past 12 months:

Date	Quantity and Class of Equity Securities Issued	Recipients	Issue price and discount to Market Price (if applicable)	Form of consideration
13/11/2018	200,000,000 fully paid ordinary shares (ASX code: HSC (terms are set out in the Constitution).	Investors in accordance with the Prospectus dated 21 August 2018 and Supplementary Prospectus dated 5 September 2019	\$0.02	Amount raised: \$4,000,000 Amount spent: \$2,135,000 Use of funds: Implement the business model under the prospectus.
13/11/2018	50,000,000 fully paid ordinary shares	Convertible note holders in accordance with the Prospectus dated 21 August 2018 and Supplementary Prospectus dated 5 September 2019	\$0.02	Settlement of convertible loans with \$1,000,000 face value.
13/11/2018	10,000,000 fully paid ordinary shares	Facilitators of the HomeStay acquisition in accordance with the Prospectus dated 21 August 2018 and Supplementary Prospectus dated 5 September 2019	Nil	No cash consideration paid as shares were issued as consideration for the facilitation of the HomeStay acquisition. Current value ¹ = \$200,000
13/11/2018	300,000,000 fully paid ordinary shares	Pre-acquisition shareholders of HomeStay Care International Pty Ltd in accordance with the Prospectus dated 21 August 2018 and Supplementary Prospectus dated 5 September 2019	Nil	No cash consideration paid as shares were issued for the acquisition of 100% interest in HomeStay Care International Pty Ltd. Current value ¹ = \$6,000,000
13/11/2018	80,000,000 unlisted options ²	70m unlisted options to 708 Capital; 10m unlisted options to current and former directors.	Nil	No cash consideration paid as shares were issued in return for services provided in relation to the HomeStay acquisition. Current value ¹ = \$793,035

Notes:

- In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.02) on the ASX on 10 April 2019. In respect of unquoted Equity Securities the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk-free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).
- Unquoted Options, exercisable at \$0.03 each, on or before 13 November 2023. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 23 August 2018.

GLOSSARY

\$ means Australian dollars.

10% Placement Capacity has the meaning given in Section 5.1.

Annual General Meeting means the meeting convened by the Notice of Meeting.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth).

Commencement Date means the date on which the executive commenced their executive role with the Company.

Company means HomeStay Care Limited (ACN 111 823 762).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice of Meeting or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Proxy Form means the proxy form accompanying the Notice.

Related Party Options means an Option to be issued on the terms and conditions set out in Schedule B.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 31 December 2018.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

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

Shareholder means a holder of a Share.

Variable A means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

VWAP means the volume weighted average trading price of the Shares on ASX.

WST means Western Standard Time as observed in Perth, Western Australia.

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

Holder Number:

Vote by Proxy: HSC

Your proxy voting instruction must be received by **11.00am (AEST) on Sunday, 26 May 2019**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

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. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE 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 these 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 Voting 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 marking 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 SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

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 may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting 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.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.



