



# **VITA LIFE SCIENCES LIMITED**

## **NOTICE OF ANNUAL GENERAL MEETING**

### **AND EXPLANATORY STATEMENT**

**to be held at Amora Hotel Jamison Sydney (Lindsay Room),  
11 Jamison Street, Sydney, New South Wales, 2000  
at 12:00pm, Australian Eastern Standard Time  
on Thursday, 12 May 2016**

**This document is important.**

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

#### **IMPORTANT DATES**

Close for receipt of written questions to Auditor	12:00pm	Thursday, 05 May 2016
Close for receipt of Proxy Forms	12:00pm	Tuesday, 10 May 2016
Determination of Entitlement to Vote	7:00pm	Tuesday, 10 May 2016
Annual General Meeting	12:00pm	Thursday, 12 May 2016

Note: All references to time in this document are to that time in Sydney, New South Wales.

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**ACN 003 190 421**

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## NOTICE OF ANNUAL GENERAL MEETING OF VITA LIFE SCIENCES LIMITED

Notice is given that the annual general meeting of members of Vita Life Sciences Limited ACN 003 190 421 (Company) will be held at Amora Hotel Jamison Sydney (Lindsay Room), 11 Jamison Street, Sydney, New South Wales, 2000 on **Thursday 12 May 2016 at 12:00pm** Australian Eastern Standard Time.

### 1.0 ORDINARY BUSINESS

#### 1.1 Financial Statements and Reports

- (a) *To receive and consider the financial statements and the reports of the directors and the auditors of the Company for the year ended 31 December 2015.*

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

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

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

*"That the Remuneration Report as set out in the Annual Report of the Company for the financial year ended 31 December 2015 be adopted."*

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

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

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

The Company will disregard any votes cast on Resolution 1 by or on behalf of:

- (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.

#### Exceptions to voting exclusions

However, the Company will not disregard a vote cast by a person described above if:

- (c) The person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1: or
- (d) The vote is not cast on behalf of a person described in paragraphs (a) or (b) above.

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

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

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

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

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

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

*“That pursuant to and in accordance with section 257C of the Corporations Act 2001 (C’wlth), as amended, Rules 7.29 and 7.33 of the Listing Rules of ASX Limited, and for all other purposes, the shareholders approve, with effect from when the Directors make the relevant announcement to the ASX, the on-market buy-back of up to 15% of the fully paid ordinary shares in the Company expiring on whichever is the earlier of the anniversary of the passage of this resolution or the 2017 Annual General Meeting and otherwise on the terms and conditions set out in the Explanatory Statement accompanying the 2016 Annual General Notice of Meeting at which this resolution is to be put.”*

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

### **1.4 Resolution 4 - Aggregate Annual Remuneration Payable to Non-Executive Directors of the Company be increased to maximum of \$150,000**

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

*“That in accordance with Listing Rule 10.17 of the Official Listing Rules of the ASX Limited and Rule 40.5 of the Company's Constitution, the total aggregate annual remuneration payable to non-executive Directors of the Company be increased by \$50,000 per annum, from \$100,000 per annum to a maximum of \$150,000 per annum.”*

An explanation of Resolution 4 is to be found in item 5 of the Explanatory Statement.

## **2.0 OTHER BUSINESS**

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

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

Monica Jovanov  
Company Secretary

Dated: 14 April 2016

### **PLEASE NOTE:**

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

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

## NOTES TO NOTICE OF MEETING

### 1. Explanatory Statement

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

### 2. Voting and Required Majority

2.1 The Board, as the convenor of the meeting, has determined that the shareholding of each member for the purpose of ascertaining voting entitlements for the Annual General Meeting will be as it appears on the register of Shareholders at **7.00pm** (Sydney time) on **Tuesday, 10 May 2016** and will process no transfers from that time until the end of the Meeting.

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

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

2.3 For the Resolutions to be effective:

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

### 3. Voting Exclusion Statements

3.1 The Company will disregard any votes cast on Resolutions 1 and 2 by:

- A member of the Key Management Personnel (KMP) whose details are included in the remuneration report or closely related parties of those KMP in relation to Resolution 1;
- any person who has an interest, or will obtain a benefit, in the passing of the relevant Resolution(s) and any Associates of that person.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form (excluding any vote on behalf of KMP or their closely related parties for Resolution 1); 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.

3.2 In approving the Notice of Meeting all Resolutions as set out as the business of the meeting have the support and recommendation of all the Directors except in the case of:

- (a) the re-election of Mr Gould as a Director seeking re-election where, in relation to Resolution 2, Mr Gould abstained from voting in respect of his own re-election.

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

- 4.1 In accordance with the Corporations Act (sections 250S and 250SA) and rule 104.3 of the Constitution, a reasonable opportunity will be given to Shareholders at the meeting to ask questions about, or make comments on, the Management of the Company and the remuneration report.
- 4.2 Similarly, in accordance with the Corporations Act (section 250T) and rule 104.4 of the Constitution, a reasonable opportunity will be given to Shareholders to ask the Auditors, Russell Bedford NSW, questions relevant to:
- (1) the conduct of the audit;
  - (2) the preparation and content of the Auditor's Report;
  - (3) the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
  - (4) the independence of the Auditor in relation to the conduct of the audit.
- 4.3 Shareholders may also submit written questions to Russell Bedford NSW, via the Company, no later than 5 business days before the Annual General Meeting. Any question must be relevant to the content of Russell Bedford NSW's Audit Report or the conduct of its audit of the Company's financial report for the year ended 31 December 2015.

Relevant written questions for Russell Bedford NSW must be received no later than **5.00pm** (Sydney time) on **Thursday, 05 May 2016**. A list of those relevant written questions will be made available to Shareholders attending the Annual General Meeting. Russell Bedford NSW will either answer the questions at the Annual General Meeting or table written answers to them at the Meeting. If written answers are tabled at the Meeting, they will be made available to Shareholders as soon as practicable after the Annual General Meeting.

#### **5. Proxies**

- 5.1 A Shareholder entitled to attend and vote at this Meeting is entitled to appoint not more than 2 proxies. If 2 proxies are appointed, each proxy must be appointed to represent a specific proportion or number of the Shareholder's voting rights. If the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise one half of the Shareholder's votes.
- 5.2 If Shareholders wish to appoint one proxy, please use the form provided. If you want to appoint 2 proxies, please contact the Company for an additional form, or copy that provided, and follow the instructions set out on the reverse side of the proxy form.
- 5.3 A Shareholder may appoint an individual or a body corporate as their proxy. A body corporate appointed as a proxy may then nominate an individual to exercise its powers at meetings. A proxy need not be a Shareholder of the Company.
- 5.4 To be effective a proxy form and an original or certified copy of the authority (if any) under which it is signed (such as a power of attorney or, in the case of a body corporate Shareholder, a certificate of appointment of personal representative) must be:
- delivered (by hand, mail, courier or fax) to the Company at Suite 650, Level 6, 1 Queens Road, Melbourne, Victoria 3004, Australia;

- sent by facsimile to (+613) 9820 5957 or the registered office of the Company;
  - by email to enquiries@vitalifesciences.com.au; or
  - delivered to the registered office of the Company, to arrive (in each case) no later than 12:00pm (Sydney time) on Tuesday, 10 May 2016. If it is not received by that time, the appointment of proxy will not be treated as effective.
  - If a Shareholder is a body corporate, the proxy form may be signed by 2 directors; or
  - a director and either a company secretary or other authorised signatory; or
  - in the case of a proprietary company that has a sole director that is also the sole company secretary, by that director, or
- 5.5 The body corporate's appointed attorney under power of attorney. In the case of joint holdings, a proxy may be signed by any one of the joint holders. However, if the Company receives more than one appointment for the same Share:
- an appointment signed by all joint holders will be accepted in preference to an appointment signed by the Shareholder whose name appears first in the register of Shareholders or by any other Shareholder holding the share jointly; and
  - subject to the preceding paragraph, an appointment signed by the Shareholder whose name appears first in the register of Shareholders will be accepted in preference to an appointment signed by any other Shareholder or Shareholders holding the share jointly.
- 5.6 Completion of a proxy form will not prevent individual Shareholders from attending the Meeting if they wish. Where a Shareholder completes and delivers a valid proxy form and attends in person, the authority of the proxy to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
- 5.7 In the absence of your instructions, your proxy will vote or abstain from voting on a show of hands as they think fit. Should the proxy vote on a show of hands, the proxy must vote in the way that they were directed to do so.
- 5.8 If the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands.
- 5.9 If the proxy is the chair of the meeting, the proxy must vote on a poll, and must vote in the way they were directed to do so.
- 5.10 If the proxy is not the chair of the meeting, the proxy need not vote on a poll, but if the proxy does so, they must vote as directed to do so.
- 5.11 If a proxy is appointed who is not chair of the meeting, and the appointment of a proxy specifies the way the proxy is to vote on a particular resolution of the meeting and a poll is called, and either of the following apply:
- (i) the appointed proxy is not recorded as attending the meeting on the record of attendance for the meeting; or
  - (ii) the appointed proxy does not vote on the resolution;
- then the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.
- 5.12 Should you desire to direct your proxy how to vote, please insert 'X' or the percentage of votes in the box appropriate to each Resolution in the proxy form.





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

## EXPLANATORY STATEMENT

### 1. IMPORTANT NOTICE

- 1.1 This Explanatory Statement is given to Shareholders to explain the resolutions to be considered at the Annual General Meeting (**Resolutions**) and to allow Shareholders to determine how they wish to vote on the Resolutions. The Explanatory Statement should be read in conjunction with, and forms part of, the Notice of Annual General Meeting which this Explanatory Statement accompanies.
- 1.2 Capitalised words in this explanatory statement have a defined meaning which appears in it or in the Glossary.
- 1.3 This explanatory statement is dated 14 April 2016.

### 2. REPORTS

- 2.1 The Corporations Act requires the financial statements and reports of the Directors and Auditors to be laid before the Meeting. These are all incorporated into the 2015 Annual Report which is available on the Company's website at [www.vitalifesciences.com.au](http://www.vitalifesciences.com.au). Neither the Act nor the Constitution requires Shareholders to vote on such statements and reports. However, Shareholders will be given ample opportunity to raise questions on the Annual Report and other matters at the Meeting. For further information as to these, see note 4 in the "Notes to the Notice of Meeting" section.

#### 2.2 Explanation of Resolution 1: Remuneration Report

The Directors' Report - "Remuneration Report" (**Remuneration Report**) is contained in the Company's 2015 Annual Report.

The Corporations Act requires a resolution be put to the shareholders of a listed company to adopt the remuneration report as disclosed in the Directors' Report component of the 2015 Annual Report (see pages 14 to 21 inclusive). This Resolution is being put so as to give Shareholders a reasonable opportunity to ask questions or make comments concerning the Remuneration Report during the Meeting. The vote on this Resolution is advisory only and non-binding on the Board.

The Remuneration Report:

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

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

Under Section 250BD of the Corporations Act, a person who is appointed as a proxy must not exercise any undirected proxies on a resolution connected with the remuneration of Key Management Personnel (KMP) if they themselves are, or are a

closely related party of, a member of the KMP. As such a person, the Chairman will not exercise any undirected proxies with regard to resolution 1.

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

### 2.3 Directors' Recommendation

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

## 3. EXPLANATION AND SUMMARY OF RESOLUTION 2: RE-ELECTION OF DIRECTOR – VANDA RUSSELL GOULD

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

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

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

- 3.2 The Constitution and the ASX Listing Rules require that, at each annual general meeting, one third of the Directors must retire from office. The Directors retire by rotation and hence Mr Gould is being put up for re-election.
- 3.3 The Nominations Committee of the Company has conducted an assessment of Mr Gould, and has reviewed the skills, knowledge, experience and diversity represented on the Board. Having conducted those assessments and that review, the Board recommends to Shareholders the re-election of Mr Gould.
- 3.4 The following is a profile of Mr Gould:

<b>Board position:</b>	Mr Gould has served on the Board since 1997, and was appointed as Chairman of the Group in 1999 until October 2013.  Following a brief absence, Mr Gould was reappointed as Chairman in May 2014.
<b>Qualifications:</b>	Bachelor of Commerce Master of Commerce Fellow Chartered Accountants Fellow of CPA Australia

<b>Experience:</b>	Mr Gould has practiced as a Chartered Accountant for over 30 years and he has extensive depth of business experience. As founding Chairman in 1984 of CVC Limited he has overseen investments in several companies involved in the medical industry. He also serves on the Board of several other private and public companies and educational establishments, including Cyclopharm Limited which is listed on the Australian Securities Exchange ("ASX").
<b>Committees:</b>	Member of the Audit and Risk Committee Member of the Board Nomination Committee Member of the Remuneration Committee

### 3.5 Directors' Recommendation

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

## 4. EXPLANATION AND SUMMARY OF RESOLUTION 3: SHARE BUY-BACK

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

*"That pursuant to and in accordance with section 257C of the Corporations Act 2001 (C'wlth), as amended, Rules 7.29 and 7.33 of the Listing Rules of ASX Limited, and for all other purposes, the shareholders approve, with effect from when the Directors make the relevant announcement to the ASX, the on-market buy-back of up to 15% of the fully paid ordinary shares in the Company expiring on whichever is the earlier of the anniversary of the passage of this resolution or the 2017 Annual General Meeting and otherwise on the terms and conditions set out in the Explanatory Statement accompanying the 2016 Annual General Notice of Meeting at which this resolution is to be put."*

### 4.2 Background

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

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

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

The Company believes it is prudent for shareholders to authorise this extension to the limit at the AGM in order to provide flexibility to the Company. Should circumstances arise in which it may be beneficial to the Company to exceed the 10% limit, further shareholder approval will be required. The time required to obtain this approval may be detrimental to the Company.

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

- the anniversary of the passage of this resolution; or
- the 2017 Annual General Meeting.

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

- share trades must have been recorded on the ASX on at least 5 trading days in the 3 months preceding the buy-back (ASX Listing Rule 7.29);
- the Company must have made an announcement to the ASX that it complies with that Listing Rule and intends to proceed with an on-market buy-back; and

4.4 there must be a moving cap calculated at 5% above the average of the market price of the Shares calculated over the last 5 days in which trading in the Shares was recorded, with the buy-back to occur on the next trading day (ASX Listing Rule 7.33 ). As required by section 257C(1) of the Corporations Act, the implementation of the buy-back is conditional on the approval by a resolution passed at a general meeting of the Company. This resolution is an ordinary resolution and will be passed if a majority of votes cast, in person or by proxy, attorney or representative by Share holders at the meeting is cast in favour of the resolution.

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

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

- (a) The maximum percentage of Shares to be bought back is 15%. Based on the number of ordinary shares on issue as at the date of this notice being 57,180,225 shares, the maximum number of Shares to be bought back would be 8,577,034.
- (b) The Constitution does not, at the relevant time, preclude the buy-back of Shares or restrict the Company's power to do so. The Company will stand in the market to buy-back not more than 15% of its ordinary share capital and this can be done on a continuous basis.
- (c) The Company intends that no offer will be made earlier than 13 May 2016 and the relevant Shares will all have been bought back before the close of business on 12 May 2017, however, the resolution can operate for as long as 12 months or until the next AGM, whichever occurs first.

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

Directors	Beneficial Interest	Non-Beneficial Interest	Total Interest
Mr Eddie L S Tie	4,763,500	30,000	4,793,500
Mr Vanda R Gould (1)	-	1,643,713	1,643,713
Mr Henry G Townsing	15,270	1,455,499	1,470,769
Mr Jonathan J Tooth	-	226,157	226,157

(1) The details in respect of the Directors set out above are based on the disclosure made by them to the Company (and in turn given by the Company to the ASX as their agent) during the financial year ended 31 December 2015. On 19 December 2014, Justice Perram delivered his judgement in the case of *Hua Wang Bank Berhad v Commissioner of Taxation* [2014] FCA 1392 in which he revealed that Director Vanda Gould controlled certain companies that are shareholders of the Company, which would in turn, increase Mr Gould's disclosable interests in the Company. Mr Gould acknowledges he acted as advisor to those companies and their principals, however does not believe he had the requisite control to constitute relevant interests in those companies. Neither the Company nor Mr Gould were listed parties to the subject proceedings nor was Mr Gould a witness in the case. The decision is currently the subject of an appeal to the High Court of Australia. If the key findings are upheld, the number of shares in which Mr Gould had a relevant interest will increase to 10,195,152 at the date of this notice.

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

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

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

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

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

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

#### 4.9 The financial effect of the proposed buy-back will be to deplete the Company's cash reserves and/or to increase its borrowings depending upon the appropriate funding mix

utilised by the Directors at the time the offer proceeds. Against this, the share capital of the Company will be reduced with a likely beneficial increase of net tangible asset backing per share. The offer will not proceed if the buy-back would materially prejudice the Company's ability to pay its creditors.

By way of example, an on-market buyback offer at \$1.73 per Share (the closing price of the Company's ordinary shares on Friday 08 April 2016 as traded on the ASX) would require maximum funding of approximately \$14,838,268 (assuming full take-up of the proposed 15%).

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

- (a) the Group's existing cash reserves plus cash that may be generated from operations over the 12 month of the buy-back period;
  - (b) a combination of existing cash and future borrowings;
  - (c) or a combination of existing cash, cash generated over the 12-month buy-back period and future borrowings; or
  - (d) solely through borrowings;
- as illustrated below:

SOURCE OF FUNDS	OPTION (A) \$ ('000)	OPTION (B) \$ ('000)	OPTION (C) \$ ('000)	OPTION (D) \$ ('000)
CASH RESERVES (1)	9,734	9,734	4,900	-
CASH GENERATED FROM OPERATIONS	5,104	-	4,834	-
BORROWINGS	-	5,104	5,104	14,838
	<b>14,838</b>	<b>14,838</b>	<b>14,838</b>	<b>14,838</b>

(1) As per the cash reserves disclosed in the 2015 Annual Report of \$9,734,000

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

The Company further advises:

- (a) Accepting the on-market Share buy-back may have financial, taxation, or other ramifications for Shareholders depending upon each such Shareholders' personal circumstances and the Board recommends that before accepting any on-market offer, Shareholders should obtain their own professional advice.
- (b) The financial statements of the Company are available on the Company's website at [www.vitalifesciences.com.au](http://www.vitalifesciences.com.au).



- (c) The Company is satisfied that this notice of meeting and explanatory statement set out all the information known to the Company that is material to the decision how to vote on the resolution.

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

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

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

### **5. EXPLANATION AND SUMMARY OF RESOLUTION 4: AGGREGATE ANNUAL REMUNERATION PAYABLE TO NON-EXECUTIVE DIRECTORS OF THE COMPANY BE INCREASED TO MAXIMUM OF \$150,000.**

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

*"That in accordance with Listing Rule 10.17 of the Official Listing Rules of the ASX Limited and Rule 40.5 of the Company's Constitution, the total aggregate annual remuneration payable to non-executive Directors of the Company be increased by \$50,000 per annum, from \$100,000 per annum to a maximum of \$150,000 per annum."*

- 5.2 Under the Company's Constitution and the Listing Rules of the ASX, the fees payable to non-executive directors for their services as directors are determined by the Board within a maximum annual aggregate limit approved by shareholders. At present the maximum amount approved for payment to non-executive Directors is \$100,000 per annum. This amount has not been changed since the Company's AGM in May 2006.

- 5.3 A review has recently been conducted measuring the Company's fee structure against those of comparable companies in the industry. This comparison reveals that the fees paid by the Company to non-executive Directors fees are below average. In order to attract and retain high calibre directors in a competitive market, an increase in the aggregate fees available is warranted and therefore Shareholder approval is sought to increase the aggregate fee pool to \$150,000 per annum (including superannuation).

- 5.4 It is not intended that, should this resolution be passed, the maximum annual aggregate of non-executive Directors' remuneration be utilised immediately. The proportion remaining unused at present will provide the Company with the ability to attract and retain high quality directors, to make any appropriate increases to the size of the Board and to increase fees in the future in line with market conditions. This resolution is an ordinary resolution requiring a simple majority.

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

**The Board unanimously recommend that Shareholders vote in favour of Resolution 4. The Chairman intends to vote all available proxies in favour of increasing aggregate Directors' fees.**



## GLOSSARY OF TERMS

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

**Annual Report** means the 2015 report to Shareholders containing, amongst other things, the financial statements, report of the Directors, the remuneration report and the report of the Auditors to which reference is made in this Explanatory Statement;

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

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

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

**Auditor** means Russell Bedford NSW, Chartered Accountants, the Company's external auditors;

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

**Company** or **Vita Life** means Vita Life Sciences Limited ACN 003 190 421, the registered office of which is located at Suite 650, 1 Queens Road, Melbourne, Victoria, 3004, Australia;

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

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

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

**Group** means Vita Life and its subsidiaries;

**Meeting** or **Annual General Meeting** means the annual general meeting of Shareholders convened by the Notice of Meeting to be held at 12.00pm on 12 May 2016;

**Notice of Meeting** means the notice of annual general meeting dated 14 April 2016 which accompanies this Explanatory Statement;

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

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

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

**Shareholders** means the holders of Shares in the Company as recorded in the register before 12:00pm (Sydney time) on 12 May 2016, the date and time of the 2016 Annual General Meeting;

**Share Registry** means RB Registries Pty Ltd of Level 24, Suncorp Place, 259 George Street, Sydney, NSW, 2000 Australia; and

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

## **6. SHAREHOLDER ENQUIRIES**

Shareholders with questions regarding the Notice of Meeting or this Explanatory Statement should contact the Company Secretary on +61 3 9828 0500 (or alternatively +61 2 9032 3000) during normal office hours, contact details as shown on page 20. She will attempt to answer your questions or refer you to someone who can do so, but no person is authorised to give any information, or make any representation, in connection with the Notice of Meeting or this Explanatory Statement not contained in them.

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**VITA LIFE SCIENCES LIMITED**

Telephone: (03) 9828 0500

Facsimile: (03) 9820 5957

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

# Vita Life Sciences Limited

ABN 35 003 190 421

## PROXY FORM

**TO: The Company Secretary**  
**Vita Life Sciences Limited (Company)**  
**Suite 650, Level 6, 1 Queens Road, Melbourne, Victoria, 3004**

**FAX: (+613 9820 5957)**

**EMAIL: [enquiries@vitalifesciences.com.au](mailto:enquiries@vitalifesciences.com.au)**

Appointment of Proxy

**I/We,** \_\_\_\_\_ [Name of member(s)]

of \_\_\_\_\_ [Address]

being a member(s) of the Company and entitled to attend and vote appoint as my/our proxy

\_\_\_\_\_ [Name of Proxy]

of \_\_\_\_\_ [Address of Proxy]

or, failing the individual or body corporate named, or if left blank, the Chairman of the Annual General Meeting of the Company to be held on **Thursday, 12 May 2016 at 12:00 pm** (Sydney time) at Amora Hotel Jamison Sydney (Lindsay Room), 11 Jamison Street, Sydney, New South Wales, Australia to act generally at the meeting on my/ our behalf and to vote for me/us at that meeting and at any adjournment of it.

**Appointing a Second Proxy** - If you wish to appoint two proxies, see below, item 4.

**Voting** directions to your proxy – please mark ☒ to indicate your directions

**I/We** direct my/our Proxy to vote in accordance with the directions below. Unless the Proxy is directed, they may vote or abstain as they think fit, as they will on any other matters arising at the meeting.

No.	Resolutions	For	Against	Abstain*
1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-election of Director (Mr Vanda Gould)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Share Buy Back	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Aggregate Annual Remuneration Payable to Non-Executive Directors of the Company be increased to maximum of \$150,000	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**IMPORTANT: For Resolution 1**

☐ **Chairman's Voting Authority**

If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on Resolution 1 below, **please place a mark ☒ in this box**. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of any resolution and votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Resolution 1 and your votes will not be counted in computing the required majority if a poll is called on this Resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of this Resolution where by law he is able to do so.

Each Resolution is to be put as an ordinary resolution requiring a simple majority of Shareholders present and voting either in person, by proxy, attorney or properly constituted certificate of representation.

As noted in the Explanatory Statement, the resolution to be put in relation to the Remuneration Report is advisory only and non-binding upon the Company and/or the Directors.

As noted above, the Chairman intends to vote any undirected proxies in favour of the resolutions, apart from those restrictions placed on the Chairman regarding Resolution 1.

**\* If you mark the Abstain box for an item of business, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll or, if your votes entitlement cannot be voted by the Chairman of the Meeting, your votes will not be counted in computing the required majority on a poll. Accordingly, the Directors urge Shareholders to lodge only “directed” proxy forms.**

#### Authorised signature/s

This section **must** be signed in accordance with the instructions below to enable your directions to be implemented.

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Individual/Sole Director and  
Sole Company Secretary

Director

Director/Company Secretary

.....  
Contact Name

.....  
Contact Daytime Telephone

...../...../.....  
Date

### How to complete this Proxy Form

#### 1 Your Name and Address

The Notice of Meeting documents have been sent to your name and address as it appears on the share register of Vita Life Sciences Limited. If this information is incorrect, please advise the Company of your new details. Shareholders sponsored by a broker should advise their broker of any changes.

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

#### 2 Appointment of a Proxy

If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting, please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy and vote on your behalf. A proxy need not be a Shareholder of Vita Life Sciences Limited.

#### 3 Votes on items of Business

You may direct your proxy how to vote by placing a mark in one of the three 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 a given resolution, your proxy will vote as they choose. If you mark more than one box on a resolution your vote on that resolution will be invalid.

#### 4 Appointment of a Second Proxy

If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company on (+613 9828 0500) or you may copy this form.

To appoint a second proxy, you must:

- (a) On each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If two Proxy Forms are received but no percentage or number of votes is indicated, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) Return both forms together in the email, facsimile transmission or in the same envelope.

**5 Authorised Signature(s)**

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

- Joint Holding: Where the holding is in more than one name all of the holders must sign.
- Power of Attorney: To sign under a power of attorney, you must have already lodged the power of attorney with the share 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: A Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary (or where there is no Company Secretary) can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of a corporate shareholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company or share registry.

**6 Lodgement of Proxy**

To be valid the form appointing the proxy and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) must be lodged with the Company:

- (a) at Suite 650, Level 6, 1 Queens Road, Melbourne, Victoria, 3004;
- (b) at the registered office;
- (c) by email to [enquiries@vitalifesciences.com.au](mailto:enquiries@vitalifesciences.com.au); or
- (d) by faxing it to fax number (+613) 9820 5957 or the registered office,

not later than **12.00 pm** (Sydney time) on **Tuesday, 10 May 2016**, being 48 hours before the holding of the Meeting.

Shareholders are urged to complete any one of the "FOR", "AGAINST" OR "ABSTAIN": boxes thereby giving a directed proxy which then can be voted in all circumstances.

**Documents may be lodged:**

**by posting, delivery or facsimile to Vita Life Sciences Limited at the address opposite:**

**Suite 650, Level 6,  
1 Queens Road, Melbourne, Victoria, 3004  
Facsimile: (+613) 9820 5957  
Email: [enquiries@vitalifesciences.com.au](mailto:enquiries@vitalifesciences.com.au)**

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

## **SHAREHOLDER ENQUIRIES**

Shareholders with questions regarding the Proxy Form should contact the Company Secretary on +61 3 9828 0500 during normal office hours, contact details as shown below. She will attempt to answer your questions or refer you to someone who can do so, but no person is authorised to give any information, or make any representation, in connection with the Notice of Meeting or this Explanatory Statement not contained in them.

### **VITA LIFE SCIENCES LIMITED**

Telephone: (03) 9828 0500  
Facsimile: (03) 9820 5957

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