

# NOTICE OF 2016 ANNUAL MEETING OF SHAREHOLDERS

## NOTICE OF MEETING

Notice is hereby given that the 2016 Annual Meeting of Shareholders of Abano Healthcare Group Limited ("the Company") will be held in the Pakuranga Hunt Room, Ellerslie Event Centre, 80-100 Ascot Avenue, Ellerslie, Auckland on **Tuesday 25 October 2016, commencing at 11.30am.**

## AGENDA

**1. CHAIRMAN AND MANAGEMENT PRESENTATIONS**

**2. SHAREHOLDER DISCUSSION**

**3. RESOLUTIONS**

To consider and, if thought fit, pass the following ordinary resolutions:

**RESOLUTION 1**

To record the reappointment of PricewaterhouseCoopers as auditor of the Company and to authorise the Directors to fix the auditor's remuneration.

**RESOLUTION 2**

That Dr Ginni Mansberg, who was appointed as a Director by the Board during the year, be elected as a Director of the Company.

**RESOLUTION 3**

That Mr Trevor Janes, who retires by rotation and is eligible for re-election, be re-elected as a Director of the Company.

**RESOLUTION 4**

That Mr Danny Chan, who retires by rotation and is eligible for re-election, be re-elected as a Director of the Company.

**RESOLUTION 5**

To authorise, for the purpose of NZX Main Board Listing Rule 3.5.1, an increase in the total amount of remuneration payable per annum to non-executive Directors from \$564,000 to \$663,000 (an increase of \$99,000, reflecting remuneration for an additional non-executive Director of \$65,000 and an increase in fees of \$34,000), to be paid and allocated to the non-executive Directors as the Board considers appropriate.

Further information relating to the resolutions is set out in the Explanatory Notes to this Notice of Meeting.

**4. OTHER BUSINESS**

The Board of Abano invites attendees to join them for light refreshments at the end of the Meeting.

**By Order of the Board of Directors**



Rachel Walsh  
Authorised Officer  
30 September 2016

## EXPLANATORY NOTES

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### RESOLUTION 1: FIX THE REMUNERATION OF THE AUDITOR

Pursuant to section 207T of the Companies Act 1993, PricewaterhouseCoopers is automatically reappointed at the Annual Meeting as auditor of the Company. The resolution authorises the Board to fix the remuneration of PricewaterhouseCoopers as the Company's auditor.

### RESOLUTION 2: ELECTION OF DR GINNI MANSBERG AS A DIRECTOR

Abano regularly reviews Board membership, and an external review was undertaken early in 2016 with very positive results. The Board has a succession plan for the next two to three years to ensure the appropriate skills, capabilities, experience and knowledge are in place to provide effective oversight of Abano's strategy and growth. New Directors will be appointed in an orderly fashion to ensure a seamless transition and conveyance of knowledge.

Over 50% of Abano's revenues are now expected to be generated in the Australian dental market, and in line with this, a second Australian-based Director, Dr Ginni Mansberg, was appointed to the Board on 24 August 2016.

In accordance with NZX Main Board Listing Rule 3.3.6 and clause 11.5 of the Company's constitution, Dr Mansberg holds office until the next Annual Meeting, and being eligible, offers herself for election by shareholders.



**DR GINNI MANSBERG** BMed GradDip Journalism

**TERM OF OFFICE:** Appointed 24 August 2016

**BOARD RESPONSIBILITIES:** Independent Director

Dr Mansberg is a Sydney-based GP with a successful clinical practice. She is a member of the Australian Institute of Company Directors and sits on a number of corporate and not for profit Advisory Boards, including the Australian Cervical Cancer Foundation, and the Australian Immunization Coalition as well as being an ambassador for Barnardos Mother of the Year.

Dr Mansberg has experience in medical journalism and is a former political advisor and speech writer. She appears regularly on radio and television, writes for lifestyle and medical magazines and is the author of several books.

The Board has determined that Dr Mansberg is an Independent Director and supports her election.

### RESOLUTIONS 3 AND 4: RE-ELECTION OF DIRECTORS

Under NZX Main Board Listing Rule 3.3.11 and clause 11.6 of the Company's constitution, at least one third of Directors, or if their number is not a multiple of three, the number nearest to one third, are required to retire from office at the Annual Meeting. Those who retire are eligible for re-election at the Annual Meeting. The Directors required to retire are those who have been longest in office since their last election.

Accordingly, Mr Trevor Janes and Mr Danny Chan both retire by rotation and, being eligible, offer themselves for re-election.



**TREVOR JANES** BCA, FCA, FCFIP, CFInstD

**TERM OF OFFICE:** Appointed 23 September 2005

**BOARD RESPONSIBILITIES:** Independent Chairman, Member of the Governance & Remuneration Committee and the Risk Assurance & Audit Committee

Trevor Janes is an experienced director, with a background in investment banking and financial analysis. He has an in-depth knowledge of Abano, built up over a number of years, and has been extensively involved in the development of the Company's successful long term growth strategy. Trevor has ably led the Abano Board since 2011 and was most recently re-appointed chair by his fellow Directors after the 2015 annual meeting.

Trevor holds a number of other board positions and has memberships and fellowships with a range of New Zealand and international financial organisations.

The Board has determined that Trevor is an Independent Director and supports his re-election.



**DANNY CHAN** BCA (Hons), ACA, FCSAP, MInstD

**TERM OF OFFICE:** Appointed 19 December 2008

**BOARD RESPONSIBILITIES:** Independent Director, Member of the Risk Assurance & Audit Committee

Danny Chan is an experienced New Zealand director with extensive accounting, finance and investment management and education experience. He holds a number of directorships with private and public companies and is a Member of the Department of Prime Minister and Cabinet - China Project, the NZ China Executive Council and the NZ Markets Disciplinary Tribunal.

The Board has determined that Danny is an Independent Director and supports his re-election.

## **RESOLUTION 5: INCREASE IN DIRECTORS' FEES**

Resolution 5 is put to shareholders in accordance with NZX Main Board Listing Rule 3.5.1, and expresses the Directors' remuneration as a monetary sum, payable to all non-executive Directors taken together per annum. Executive Directors do not receive Directors' fees. Abano currently has no executive Directors; the Board is comprised of six non-executive Directors, all of whom have been determined by the Board to be independent.

The proposed fee increase is in line with previous feedback from shareholders that smaller and more regular fee increases are preferred as opposed to fewer and more substantial increases. The last increase was in November 2014 when shareholders approved a total pool of \$564,000. This increased to \$624,000 in August 2016, following the appointment of an additional non-executive Director, in accordance with NZX Main Board Listing Rule 3.5.1.

Of this total current amount:

- \$474,000 is available to pay non-executive Director fees on an annual basis; and
- \$150,000 is reserved as an annual pool to provide flexibility for the remuneration of non-executive Directors who assume additional responsibilities throughout the year. This pool has not been increased nor been used since FY10.

The Company's policy is to offer competitive Director fees to attract and retain the highest quality directors, with the appropriate skills, experience and diversity, to best add value to Abano. In particular, the Board has looked to build its knowledge of the Australian market, where over 50% of Abano's revenues are currently derived, and has actively sought out and appointed two Australian-based Directors in the past two years, one of whom was appointed specifically for her clinical and communication experience in the Australian market.

In accordance with Abano's Directors and Senior Executives Remuneration Policy, the Governance and Remuneration committee considers the skills, performance, experience and level of responsibility of the Directors when undertaking any fee review, and external advice is then sought at least every three years to ensure remuneration is in line with the market.

The Board believes the increase reflects the calibre and skills of the current Directors in the context of the needs of the Company. Advice has been sought from independent remuneration specialists, Strategic Pay, which has confirmed that the proposed increase in the Directors' fees "reflects appropriate and competitive market levels ... and Abano's financial size, level of complexity, Board workload and international dimension."

The Board recommends that the total Directors' remuneration payable annually to all non-executive Directors taken together for their services as Directors of the Company be increased by \$99,000 per annum to \$663,000, which reflects remuneration for an additional non-executive Director of \$65,000 and an increase in aggregate fees of \$34,000. The increase, with approval of this resolution by shareholders, will take effect from 1 November 2016.

The proposed fees are at the lower end of the range recommended by Strategic Pay. The Board currently intends to allocate the aggregate pool of Directors' fees to the non-executive Directors based on their responsibilities, as set out below:

- Group Chair: \$130,000 (an increase of \$10,000)
- Group Deputy Chair: \$97,000 (an increase of \$7,000)
- Director: \$65,000 (an increase of \$5,000)
- Additional fee for the chairs of the Risk Assurance & Audit Committee and the Governance & Remuneration Committee: \$13,000 (an increase of \$1,000)
- \$150,000 special annual pool (no increase), which has not been used since FY10.

The Board believes the proposed increase is fair and reasonable to the Company and shareholders, and takes into account the increasing responsibilities and accountability of the Directors, as well as the level of skill and effort required to create continued shareholder value.

The Board is focused on strategically growing the Company while delivering increasing value for all shareholders. Over the last two financial years, underlying NPAT per share has grown by 34%; annual dividend payments increased by 43% to 30 cents per share; and Abano's Total Shareholder Return from the date of the last Director fee increase in November 2014 to 8 September 2016 has been in excess of 24%.

It is also Abano's policy that Directors should hold shares in the Company. A fixed share trading plan has been in place since 2012 whereby 50% of after tax fees for non-executive Directors are applied towards the purchase of shares, which are acquired on market on a quarterly basis.

If additional Directors are subsequently appointed to the Board then in accordance with, and subject to the limits in, NZX Main Board Listing Rule 3.5.1, the total Directors' fee pool may be increased without the need for a further shareholders' resolution, to accommodate Directors' fee payments to the additional Directors.

The Directors believe the current six-member Board is appropriate and do not intend to increase the size of the Board beyond this.

## PROCEDURAL NOTES

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**ENTITLEMENT TO VOTE:** The only persons entitled to vote at the Annual Meeting are registered shareholders as at 5.00pm on Friday 21 October 2016. Only the shares registered in those shareholders' names at that time may be voted at the Annual Meeting.

Under NZX Main Board Listing Rule 9.3.1, all Directors intended to receive a payment under Resolution 5 and their Associated Persons (as that term is defined in the NZX Market Board Listing Rules) are prohibited from voting in favour of Resolution 5. If you appoint such a Director or any person who is an Associated Person of such a Director as your proxy, that person will only be able to vote on Resolution 5 in accordance with your express instructions.

**PROXIES AND CORPORATE REPRESENTATIVES:** Any shareholder who is entitled to vote at the Annual Meeting may appoint a proxy (or in the case of a corporate shareholder, a representative) to attend and vote on their behalf. A proxy does not have to be a shareholder in the Company. A shareholder may appoint the Chairman of the Meeting, or another person, to act as proxy. A shareholder wishing to appoint a proxy can do so by completing the enclosed Proxy/Voting Form and returning it by mail or fax to Computershare Investor Services Limited so as to ensure it is received by 11.30am on Sunday 23 October 2016 (being 48 hours before the time for holding the Annual Meeting).

Computershare Investor Services Limited, Private Bag 92119, Auckland 1142. Fax +64 9 488 8787

If you appoint a proxy, you may either direct your proxy how to vote for you or you may give your proxy discretion to vote as s/he sees fit. If you wish to give your proxy discretion, you must mark the appropriate boxes to grant your proxy that discretion. If you do not tick any box for a particular resolution, or the form is otherwise unclear, then your instruction will be to abstain. If you mark more than one box on an item, your vote will be invalid on that item.

Subject to the prohibition described above in respect of Resolution 5, the Chairman of the Meeting and the Directors intend to vote proxies marked 'Proxy Discretion' in favour of the Resolutions. Please see the Proxy/Voting Form for further details and instructions.

**ONLINE PROXY APPOINTMENT:** Shareholders can appoint a proxy online at [www.investorvote.co.nz](http://www.investorvote.co.nz) in accordance with the instructions set out in the enclosed Proxy/Voting Form.

**QUESTIONS:** Abano offers the facility for shareholders to submit questions to the Board in advance of the Annual Meeting. Questions should be relevant to matters at the Annual Meeting, including matters arising from the financial statements, general questions regarding the performance of Abano, and questions in regards to the resolutions. The Chairman will answer as many of the most frequently asked questions as possible during the Annual Meeting. Please submit questions by email to [enquiries@abanohealthcare.co.nz](mailto:enquiries@abanohealthcare.co.nz). Please write 'Questions from Shareholders' in the subject line of the email. There will also be the opportunity for shareholders to ask questions at the Annual Meeting.

**PRESENTATIONS:** The Chairman and Management presentations from the 2016 Annual Meeting will be released to the NZX and published on the Company website at the link set out below. A video of the meeting will be available on the Company website at the link set out below within 48 hours. A summary of the proceedings will be available as soon as practicable following the close of the Annual Meeting on the Company website at [www.abanohealthcare.co.nz/annualmeeting](http://www.abanohealthcare.co.nz/annualmeeting).

### 2016 SHAREHOLDER REVIEW AND ANNUAL REPORT

The 2016 Annual Review and Annual Financial Report (which together make up the Annual Report) for Abano Healthcare Group Limited for the year ended 31 May 2016 are available on the Company website at [www.abanohealthcare.co.nz/reports](http://www.abanohealthcare.co.nz/reports).

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### ABANO HEALTHCARE GROUP LIMITED

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