

# HEALTHZONE LIMITED

ACN 118 715 772

## NOTICE OF EXTRAORDINARY GENERAL MEETING

10 AM  
11 JULY 2011

BAKER & MCKENZIE  
LEVEL 27, 50 BRIDGE STREET, SYDNEY  
NEW SOUTH WALES

**Notice of General Meeting  
Healthzone Limited  
ACN 118 715 772**

NOTICE IS HEREBY GIVEN that a GENERAL MEETING ("Meeting") of the Shareholders of Healthzone Limited (the "Company") will be held at offices of Baker & McKenzie, Level 27, 50 Bridge Street, Sydney NSW on 11 July 2011 at 10 am (Sydney time).

The Explanatory Statement which accompanies and forms part of this Notice of Meeting ("Notice") describes the matters to be considered at the Meeting. Terms used in this Notice have the meaning given to them in the Explanatory Statement.

**Resolutions**

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

**Resolution 1 – Approval and Ratification of Issue of Shares**

*"That, for the purposes of ASX Listing Rules 7.1 and 7.4 and all other purposes, Shareholders approve and ratify the issue and allotment of 12,563,826 Shares on the terms and conditions set out in the Explanatory Memorandum."*

**Resolution 2 – Approval Attaching Warrants**

*"That, for the purposes of ASX Listing Rules 7.1 and 7.4 and all other purposes, Shareholders approve and the issue and allotment of 2,512,765 warrants which will attach on the basis of one warrant for five shares to the shares issued on the terms and conditions set out in the Explanatory Memorandum."*

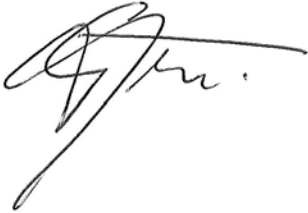
**Resolution 3 – Approval of Share Issue with Attaching Warrants**

*"That, for the purposes of ASX Listing Rules 7.1 and 7.4 and all other purposes, Shareholders approve and ratify the issue and allotment of 40,000,000 Shares at \$0.38 per share and one warrant attached to every five shares to each acquire one additional share for \$0.48 on the terms and conditions set out in the Explanatory Memorandum."*

**General**

To transact any business which may be lawfully brought forward.

By order of the Board

A handwritten signature in black ink, appearing to read 'Guy Robertson', with a long horizontal stroke extending to the right.

Guy Robertson,  
Company Secretary,  
10 June 2011.

## PROXIES

### Please note that:

- 1) A shareholder entitled to attend and vote is entitled to appoint up to two proxies. Where two proxies are appointed, each shall be entitled to cast that number of votes (disregarding fractions) which bear the same proportion to the total number of votes which the shareholder could exercise if personally present at the meeting as the number of shares specified in the appointment of such proxy bears to the total number of shares held by the shareholder. A proxy need not be a shareholder. If the proxy is a shareholder, that person is only entitled to one vote on a show of hands. If two proxies are appointed, neither may vote on a show of hands.
- 2) To be effective, the instrument appointing a proxy must be received by the Share Registry not later than 5.00 pm on 08 July 2011.
- 3) Under section 1109N of the Corporations Act 2001, the Board of Directors of the Company has determined that all persons holding shares at 5.00 pm on 08 July 2011 will be taken to be shareholders for the purposes of this meeting.
- 4) The accompanying explanatory statements form part of this notice of meeting.

## VOTING EXCLUSIONS

Under ASX Listing Rule 14.11.1, the Company will disregard any votes cast on the Resolutions by the following persons:

RESOLUTION	PERSONS EXCLUDED FROM VOTING
1. Approval and Ratification of Issue of Shares	<ul style="list-style-type: none"><li>• Any person who may participate in the proposed issue;</li><li>• Any person who might obtain a benefit (other than a benefit solely in the capacity of a holder of ordinary shares) if the resolution is passed; and</li><li>• Any of their respective associates.</li></ul>
2. Approval of attaching warrants	<ul style="list-style-type: none"><li>• Any person who may participate in the proposed issue;</li><li>• Any person who might obtain a benefit (other than a benefit solely in the capacity of a holder of ordinary shares) if the resolution is passed; and</li><li>• Any of their respective associates.</li></ul>
3. Approval of Share Issue and attaching warrants	<ul style="list-style-type: none"><li>• Any person who may participate in the proposed issue;</li><li>• Any person who might obtain a benefit (other than a benefit solely in the capacity of a holder of ordinary shares) if the resolution is passed; and</li><li>• Any of their respective associates.</li></ul>

### Permitted Exception to Voting Exclusion

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 directors of the proxy form: or
- it is cast by a 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.

**PROXY FORM**  
**Healthzone Limited**  
**ABN 118 715 772**

To be effective this Proxy Form must be lodged at the registered office of Boardroom Pty Ltd, Level 7, 207 Kent Street, Sydney, NSW 2000 by 5.00pm on 08 July 2011.

**Appointment of Proxy**

I/We .....

of .....

being a member of the company hereby appoint:

Proxy 1	(Name or Office held by proxy)
Proxy 2	(Name or Office held by proxy)

\* if you are entitled to cast two (2) or more votes, you may appoint two (2) proxies.

or failing him or her or them the chairman of the meeting to vote for me/us and on my/our behalf at the general meeting to be held on 11 July, 2011 and at any adjournment thereof in respect of all my/our shares, or where two (2) proxies are appointed, in respect of the following numbers of my/our shares:

	Number of Shares	OR	Percentage of Shares **
Proxy 1		OR	
Proxy 2		OR	

\*\* inset number **or** percentage, but not both.

Note: where your proxy does not otherwise direct, the Chairman intends to vote in favour of each resolution.

Where this Proxy Form is signed under power of attorney he Attorney(s) declare(s) that he/she/they have not received any notice of the revocation of such power.

Dated this ..... day of .....2011

Signed: (1)

Signature: ..... Signature: .....

Name: ..... Name: .....

Capacity: ..... (2) Capacity: .....

(1) If joint holders, each must sign.

(2) For example: attorney, director, company secretary, authorised officer.

**Companies must execute:**

- Under seal: or
- by a director and a company secretary signing the Proxy Form; or
- (where it is a proprietary company where the sole director is also the sole company secretary) by that director signing this Proxy Form; or
- by authorised officer or
- by attorney

If signed by an attorney or under another authority, for this proxy to be effective the power of attorney or other authority, if any, under which it is signed or a certified copy of the power of authority must be deposited at Boardroom Pty Ltd, Level 7 207 Kent Street, Sydney, New South Wales, 2214, or be received by facsimile on facsimile number (02) 02 9290 9655 by 5.00 pm (Sydney time) on 08 July, 2011.

If you do not wish to direct your proxy how to vote, please place a mark in the box. If you appoint the Chairman as your proxy and you do not wish to direct the Chairman on how to vote then please

place a mark in the box.

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

Should you wish to direct your proxy how to vote, please indicate (by inserting X) in the appropriate box against each item, otherwise your proxy may vote as he or she thinks fit or may abstain from voting:

**Proxy 1:**

	<b>For</b>	<b>Against</b>	<b>Abstain</b>
1. Approval and ratification of issue of shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Approval of issue of warrants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Approval of share issue and attaching warrants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Proxy 2 (if applicable)**

**For            Against            Abstain**

- |   |                          |                          |                          |
|---|--------------------------|--------------------------|--------------------------|
| 1. Approval and ratification of issue of shares   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Approval of warrants                           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Approval of share issue and attaching warrants | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |



**Healthzone Limited**  
**ACN 118 715 772**

**Explanatory Statement in relation to a General Meeting ("Meeting") to be held at Baker & McKenzie, Level 27, 50 Bridge Street, Sydney, NSW 2000 on 11 July, 2011 at 10.00 am.**

This Explanatory Statement has been prepared for the information of shareholders of the Company in relation to the business to be conducted at the company's Meeting.

The purpose of this Explanatory statement is to provide shareholders with information that is reasonably required by Shareholders to decide how to vote upon the resolutions. The Directors recommend that shareholders read this Explanatory statement before determining whether or not to support the Resolutions.

**Resolution 1– Approval and Ratification on Issue of Shares**

**1.1 Background**

Under Resolution 1, the Company seeks Shareholder approval and ratification of the allotment of 12,563,826 Shares announced on 10 June 2011. These Shares were issued within the Company's existing capacity under ASX Listing Rule 7.1.

**1.2 ASX Listing Rule Requirements**

ASX Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which, when aggregated with the equity securities issued by a company during the previous 12 months, will exceed 15% of the total number of fully paid ordinary shares on issue in the company at the beginning of the 12 month period, except with the prior approval of Shareholders.

ASX Listing Rule 7.4 provides that an issue by a company of equity securities made without approval under ASX Listing Rule 7.1 is treated as having been made with approval for the purposes of ASX Listing Rule 7.1 if the issue did not breach ASX Listing Rule 7.1 and the company's members subsequently approve it.

While the outcome of Resolution 1 will have no effect on the issue of the Shares in question, Shareholder approval will restore the Company's ability to issue further equity securities under ASX Listing Rule 7.1 in the next 12 months from the date of issue, to the extent of 15% of the shares then on issue.

### **1.3 ASX Listing Rule Disclosure Requirements**

The following information is provided in accordance with ASX Listing Rule 7.5:

(a) *The number of equity securities allotted*

The number of Shares allotted and issued was 12,563,826.

(b) *The price at which the equity securities were issued*

The Shares were issued at a price of \$0.38 per Share.

(c) *The terms of the equity securities*

The Shares rank equally in all respects with existing Shares on issue.

(d) *The names of the allottees (if known) or the basis upon which the allottees will be identified or selected*

The allottees in the placement were all professional or sophisticated investors as defined in the Corporations Act 2001 (Cth). They were identified on the basis of the Directors' view of their ability to participate in the proposed placement.

(e) *The use (or intended use) of the funds raised*

The funds raised by the Company were to be used for the following purposes:

- (i) Brand Acquisitions and Development;
- (ii) Retail Business Acquisition and Development;
- (iii) Development of the Business in China; and
- (iv) General working capital requirements of the Company.

### **1.4 Directors' Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 1 as it will allow the Company greater flexibility to issue further securities which could assist the Company to raise capital in the future.

## **Resolution 2 – Approval of Issue of Warrants**

### **2.1 Background**

Under Resolution 2, the Company seeks Shareholder approval for the issue of 2,512,765 warrants which attach to the share issue which occurred on 10 June 2011 on the basis of one warrant for every five shares.

## 2.2 ASX Listing Rule Requirements

ASX Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which, when aggregated with the equity securities issued by a company during the previous 12 months, will exceed 15% of the total number of fully paid ordinary shares on issue in the company at the beginning of the 12 month period, except with the prior approval of Shareholders.

Resolution 2 seeks Shareholder approval under ASX Listing Rule 7.1 for the issue of 2,512,765 warrants. The effect of such approval is that the warrants will be not be counted as reducing the number of equity securities which the Company can issue without Shareholder approval under the limit imposed by ASX Listing Rule 7.1.

## 2.3 ASX Listing Rule Disclosure Requirements

The following information is provided in accordance with ASX Listing Rule 7.5:

(f) *The number of equity securities allotted*

The number of warrants to be issued is 2,512,765.

(g) *The price at which the equity securities were issued*

The warrants are issued for no consideration but attached to shares previously issued on the basis of one warrant for every five shares.

(h) *The terms of the equity securities*

Each warrant is entitled to be converted to one ordinary share at a price of \$0.48 cents before 11 July 2016.

(i) *The names of the allottees (if known) or the basis upon which the allottees will be identified or selected*

The allottees in the placement were all professional or sophisticated investors as defined in the Corporations Act 2001 (Cth). They were identified on the basis of the Directors' view of their ability to participate in the proposed placement.

(j) *The use (or intended use) of the funds raised*

The warrants attach to shares previously issued and will be issued for no consideration.

## 2.4 Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 2.

## **Resolution 3 – Approval of Share Issue and Attaching Warrants**

### **3.1 Background**

Under Resolution 3, the Company seeks Shareholder approval to issue and allot up to 40,000,000 Shares with 8,000,000 attaching Warrants to raise capital for Retail, Business and Brand development and acquisitions, development of the business in China, and working capital requirements of the Company.

### **3.2 ASX Listing Rule Requirements**

ASX Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which, when aggregated with the equity securities issued by a company during the previous 12 months, will exceed 15% of the total number of fully paid ordinary shares on issue in the company at the beginning of the 12 month period, except with the prior approval of Shareholders.

Resolution 3 seeks Shareholder approval under ASX Listing Rule 7.1 for the issue of up to 40,000,000 Shares and 8,000,000 attaching Warrants. The effect of such approval is that any such Shares will be not be counted as reducing the number of equity securities which the Company can issue without Shareholder approval under the limit imposed by ASX Listing Rule 7.1.

### **3.3 ASX Listing Rule Disclosure Requirements**

The following information is provided in accordance with ASX Listing Rule 7.3:

- (a) *The maximum number of equity securities the entity is to issue*

The maximum number of Shares to be issued is 40,000,000 and 8,000,000 attaching Warrants. The Directors will have the discretion to issue up to that number of Shares.

- (b) *The date by which the entity will issue the equity securities*

The Securities will be issued no later than three months after the date of the Meeting, or such later date as may be approved by ASX.

- (c) *The issue price of the equity securities*

The Shares will be issued at a price that is at least 80% of the average market price for Shares, where the average is calculated, in accordance with ASX Listing Rule 7.3.3, over the last five days on which sales in Shares were recorded before the day on which the issue was made or, if there was a prospectus, Product Disclosure Statement or offer information statement relating to the issue, over the last 5 days on which sales in the Shares were recorded before the date the prospectus, Product Disclosure Statement or offer information statement is signed.

- (d) *The names of the allottees (if known) or the basis upon which the allottees will be identified or selected*

The names of the allottees of the Shares are currently unknown and will be chosen at the discretion of the Directors, but will not be related parties or their Associates.

(e) *The terms of the equity securities*

The Shares will rank equally in all respects with the Company's current issued Shares.

(f) *The intended use of the funds raised*

The funds raised will be applied to:

- (i) Business and Brand acquisitions;
- (ii) Development of the business in China; and
- (iii) General working capital requirements of the Company.

(g) *The dates of allotment or a statement that allotment will occur progressively*

The Securities will be allotted progressively.

(h) *The terms of the Warrants*

The terms of the warrants are set out in Appendix A

### **3.4 Directors' Recommendation**

The Board recommends that Shareholders vote in favour of Resolution 3 as it will be used to execute a number of strategic acquisitions for the Company which will further strengthen its operations and build shareholder wealth.

## Appendix A

### Summary of Terms and conditions of Warrants (Immediate Vesting)

The Warrants are granted on the following terms and conditions:

- One free Warrant will be issued for every three Shares subscribed for
- Each Warrant will entitle the Warrant holder to subscribe for one fully paid ordinary share in the capital of the Company for \$0.48 per share before the Expiry Date.
- The Warrants will vest immediately upon issue and Warrant holders will thereafter be able to exercise the Warrants at any time prior to the Expiry Date, provided the Warrants have not expired.
- The Warrants shall expire at 5.00 pm Eastern Standard time on 11 July 2016, or upon the liquidation or winding up of the Company for any reason other than by way of a voluntary winding-up (in each case, the '**Expiry Date**').
- If the 20-trading day volume weighted average price of Healthzone shares (as published by or derived from the Australian Securities Exchange) is at least 250% of the exercise price, the Company may give written notice to each option holder that if such holder does not exercise its Options within 30 days from the date of such notice, then the Options would expire on that 30<sup>th</sup> day.
- Warrants will not be quoted on any securities exchange
- The Warrants are transferable at any time to persons to whom securities in the Company may be issued or transferred without the issue of a disclosure document, prospectus, or other such similar document as may be required under Australian law provided that certain procedures for transfer are met.
- All shares issued pursuant to the exercise of the Warrants will rank *pari passu* in all respects with the Company's existing ordinary fully paid shares.
- There are no participating rights or entitlement inherent in the Warrants to participate in new issues of capital offered to shareholders during the currency of the Warrants. Warrants that have been exercised prior to the record date for participation in a new issue of capital will confer an entitlement to participate in the new issue.
- In the event of reorganisation (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, the number of Warrants and the exercise price of the Warrants shall be reorganised in the manner required by the ASX Listing Rules.
- If there is a pro-rata issue (except a bonus issue) to holders of ordinary shares in the Company, the exercise price of Warrants shall be adjusted according to a specified formula.
- If there is a bonus issue to the holders of ordinary shares, the number of securities over which a Warrant is exercisable will be increased by the number of ordinary shares which the Warrant holder would have received if the Warrant had been exercised before the record date for the bonus issue.