



Azure Healthcare Limited  
1/31 Sabre Drive  
Port Melbourne VIC 3207  
ABN 67 108 208 760  
t +61 (03) 9209 9688

## NOTICE OF ANNUAL GENERAL MEETING

AZURE HEALTHCARE LIMITED

ABN 67 108 208 760

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Azure Healthcare Limited (ABN 67 108 208 760) (“Company”) will be held at **11:00 am (AEDT) on Thursday, 14 November 2019**, at the offices of EY Melbourne, Level 23, 8 Exhibition Street, Melbourne VIC 3000.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the enclosed Proxy Form, form part of this Notice of Meeting.

### 1. ORDINARY BUSINESS

#### FINANCIAL STATEMENTS, DIRECTORS’ AND AUDITOR’S REPORTS

To receive and consider, the financial statements of the Company for the financial year ended 30 June 2019, together with the Directors’ Report and the Auditor’s Report.

#### RESOLUTION 1: ADOPTION OF REMUNERATION REPORT (NON-BINDING)

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

*"That, for the purposes of section 250R(2) of the Corporations Act 2001 (Cth) and for all other purposes, the Remuneration Report for the financial year ended 30 June 2019, as set out in the Directors’ Report on pages 12 to 19 of the 2019 Annual Report, be adopted."*

Note that the vote on this Resolution 1 is **advisory only** and does not bind the Directors or the Company.

#### ***Voting Prohibition Statement***

In accordance with section 250(R) of the *Corporations Act 2001* (Cth), a vote on this Resolution 1 must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member.

However, a person described above may cast a vote on this Resolution if the vote is not cast on behalf of a person who is excluded from voting on Resolution 1 (as set out above), and either:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1; or
- (b) the person is the Chairman of the Meeting, and the appointment of the Chairman as proxy:
  - (i) does not specify the way the proxy is to vote on Resolution 1; and
  - (ii) expressly authorises the Chairman to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Chairman intends to vote all available proxies **in favour** of Resolution 1.

## **RESOLUTION 2: RE-ELECTION OF DIRECTOR – MR GRAEME BILLINGS**

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

*"That Mr Graeme Billings, who retires as a Director of the Company by rotation in accordance with clause 15.3 of the Company's Constitution and ASX Listing Rule 14.5, and being eligible for re-election, be re-elected as a Director of the Company."*

## **RESOLUTION 3: RENEWAL OF APPROVAL OF EMPLOYEE SHARE OPTION PLAN**

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

*"That, for the purposes of ASX Listing Rule 7.2, Exception 9(b), as an exception to ASX Listing Rule 7.1, and for all other purposes, Shareholders approve the renewal of the Azure Employee Share Option Plan (the terms of which are summarised in the Explanatory Statement accompanying this Notice of Meeting) and the issue of securities under the Azure Employee Share Option Plan."*

### ***Voting Exclusion Statement***

The Company will disregard any votes cast in favour on this Resolution 3 by a Director of the Company (except any Director who is ineligible to participate in any employee incentive scheme in relation to the Company), and any associate of that Director.

However, the Company need not disregard a vote cast on this Resolution if:

- (a) 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; or
- (b) it is cast by the Chairman of the Annual General Meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form to vote as the proxy decides.

### ***Voting Prohibition Statement***

In accordance with the *Corporations Act 2001* (Cth), a vote on this Resolution 3 must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member.

However, a person described above may cast a vote on this Resolution 3 if the vote is not cast on behalf of a person who is excluded from voting on Resolution 3 (as set out above), and either:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 3; or
- (b) the person is the Chairman, and the appointment of the Chairman as proxy:
  - (i) does not specify the way the proxy is to vote on Resolution 3; and
  - (ii) expressly authorises the Chairman to exercise the proxy even if Resolution 3 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Chairman intends to vote all available proxies **in favour** of Resolution 3.

### **RESOLUTION 4: APPROVAL OF ISSUE OF OPTIONS TO MR CLAYTON ASTLES UNDER THE EMPLOYEE SHARE OPTION PLAN**

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 208 of the Corporations Act, ASX Listing Rule 10.14, and for all other purposes, Shareholders approve the issue of 2,792,552 Options to Mr Clayton Astles, the Chief Executive Officer and a Director of the Company, pursuant to the Company’s Employee Share Option Plan on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

### ***Voting Exclusion Statement***

The Company will disregard any votes cast in favour on this Resolution 4 by any Director of the Company who is eligible to participate in the Employee Share Option Plan, and any associate of such a person.

However, the Company need not disregard a vote if:

- (c) 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; or
- (d) it is cast by the Chairman of the Meeting as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form to vote as the proxy decides.

### **Voting Prohibition Statement**

In accordance with the *Corporations Act 2001* (Cth), a vote on this Resolution 4 must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member.

However, a person described above may cast a vote on this Resolution 4 if the vote is not cast on behalf of a person who is excluded from voting on Resolution 4 (as set out above), and either:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 4; or
- (b) the person is the Chairman of the Meeting, and the appointment of the Chairman as proxy:
  - (iii) does not specify the way the proxy is to vote on Resolution 4; and
  - (iv) expressly authorises the Chairman to exercise the proxy even if Resolution 4 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Chairman intends to vote all available proxies **in favour** of Resolution 4.

## **2. CONTINGENT BUSINESS**

### **RESOLUTION 5: CONDITIONAL SPILL RESOLUTION**

**Important Note:** *The Company is required to, and will only put, this Resolution 5 to the Meeting if 25% or more of the votes cast on Resolution 1 (Adoption of Remuneration Report (Non-Binding)) are voted against the adoption of the Remuneration Report. If this occurs, Shareholders will be required to vote on Resolution 5 below.*

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

*“That, subject to and conditional on at least 25% of the votes cast on Resolution 1 (Adoption of Remuneration Report (Non-Binding)) in the Notice convening this Meeting being against the adoption of the Remuneration Report, as required by the Corporations Act 2001 (Cth):*

- (a) *an extraordinary general meeting of the Company (“**Spill Meeting**”) be held within 90 days after passing of this Resolution;*
- (b) *all of the Directors of the Company in office at the time when the resolution to make the Directors’ Report for the financial year ended 30 June 2019 was passed, other than the Chief Executive Officer, cease to hold office immediately before the end of the Spill Meeting; and*
- (c) *resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote at the Spill Meeting.”*

Please refer to the attached Explanatory Statement for further details on this Resolution.

**Voting Prohibition Statement**

In accordance with the *Corporations Act 2001* (Cth), a vote on this Resolution 5 must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member.

However, a person described above may cast a vote on this Resolution 5 if the vote is not cast on behalf of a person who is excluded from voting on Resolution 5 (as set out above), and either:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 5; or
- (b) the person is the Chairman of the Meeting, and the appointment of the Chairman as proxy:
  - (i) does not specify the way the proxy is to vote on Resolution 5; and
  - (ii) expressly authorises the Chairman to exercise the proxy even if Resolution 5 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

If you are a Key Management Personnel or a Closely Related Party of a Key Management Personnel (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as indicated above), you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

**3. SPECIAL BUSINESS**

To transact any other business which may be brought forward in accordance with the Constitution of the Company.

An explanation of the proposed Resolutions 1 to 5 is set out in the Explanatory Statement, which forms part of this Notice of Meeting.

**DATED:** 11 October 2019

**By Order of the Board**



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**Brendan James Maher**

**Company Secretary**

## VOTING AND PROXIES

### Voting Entitlements

The Directors have determined pursuant to Regulations 7.11.37 and 7.11.38 of the Corporations Regulations that the persons eligible to vote at the Annual General Meeting are those who are registered shareholders of the Company at **7.00pm (AEDT) on Tuesday, 12 November 2019**. Accordingly, transactions registered after that time will be disregarded in determining shareholders entitled to attend and vote at the meeting.

### Voting in Person

If you are proposing to attend the Meeting and vote, there is no need for you to take any further action at this time

### Proxies and Authorised Representatives

- (a) A proxy Form accompanies this Notice of Annual General Meeting.
- (b) A Shareholder can attend and vote at the Annual General Meeting either by:
  - (i) attending and voting in person, or if the Shareholder is a corporate Shareholder, appointing a representative on the corporate Shareholders behalf; or
  - (ii) appointing an attorney or proxy to attend and vote for the Shareholder.
- (c) A proxy need not be a Shareholder of the Company.
- (d) Where a Shareholder wishes to appoint two proxies, an additional Proxy Form can be obtained by contacting the Company's share registry.
- (e) A Shareholder appointing two proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise one half of the Shareholder's votes. Fractions of votes are to be disregarded.
- (f) The *Corporations Act 2001* (Cth) restricts members of the Key Management Personnel and their Closely Related Parties from voting in relation to Resolutions 1, 3, 4 or 5 unless you have directed them how to vote.

The term Closely Related Party is defined in the *Corporations Act 2001* (Cth) and includes a member of the Key Management Personnel's spouse, dependent and certain other close family members, as well as any companies controlled by the Key Management Personnel.

If you intend to appoint a member of the Key Management Personnel (such as one of the Directors) as your proxy, please ensure that you direct them how to vote on the proposed Resolution 1, 3, 4 or 5. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him how to vote by marking the relevant boxes for Resolution 1, 3, 4 or 5. However, if the Chairman is your proxy and you do not mark any of the boxes opposite Resolutions 1, 3, 4 or 5, he will still be able to exercise your proxy as you will be deemed to have expressly authorised him to do so.

- (g) The Chairman will vote all available proxies in accordance with the Board recommendations set out in the Explanatory Statement accompanying this Notice of Meeting.
- (h) To be valid, the Proxy Form must be signed by the Shareholder or the Shareholder's attorney and must be lodged at the share registry of the Company by:
  - (i) mailing or delivering it to Computershare Investor Services Ltd, Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067; or
  - (ii) facsimile on (within Australia) 1800 783 447 or (outside Australia) +61 3 9473 2555; or
  - (iii) for voting online by going to [www.investorvote.com.au](http://www.investorvote.com.au) or by scanning the QR Code, found in the enclosed Proxy Form, with your mobile device; or
  - (iv) for Intermediary Online Subscribers only (custodians) by going to [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.
- (i) Proxies must be received **prior to 11.00am (AEDT) on Tuesday, 12 November 2019.**
- (j) Further details in relation to proxies are contained on the Proxy Form accompanying this Notice of Annual General Meeting.
- (k) A Shareholder which is a body corporate and entitled to attend and vote at the Meeting, or a proxy which is a body corporate and is appointed by a Shareholder entitled to attend and vote at the Meeting, may appoint an individual to act as its representative at the Meeting by providing that person with a letter or certificate, executed in accordance with the body corporate's constitution, authorising the person as the representative; or a copy of the resolution, certified by the secretary or a director of the body corporate, appointing the representative. A form of notice of appointment can be obtained from Computershare Investor Services Pty Ltd.

**NOTICE OF ANNUAL GENERAL MEETING**  
**EXPLANATORY STATEMENT TO SHAREHOLDERS**

AZURE HEALTHCARE LIMITED

ABN 67 108 208 760

This Explanatory Statement has been prepared for the information of Shareholders of Azure Healthcare Limited (ABN 67 108 208 760) (“**Company**”) in connection with the business to be conducted at the Annual General Meeting to be held at the offices of EY Melbourne, Level 23, 8 Exhibition Street, Melbourne VIC 3000 at **11:00 am (AEDT) on Thursday 14 November 2019**.

The purpose of this Explanatory Statement is to provide Shareholders with the information which is reasonably required by Shareholders to decide how to vote on the relevant Resolutions and to meet the disclosure and notice obligations contained in the *Corporations Act 2001* (Cth) (“**Corporations Act**”) and the Australian Securities Exchange Limited Listing Rules (“**ASX Listing Rules**”).

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting. Please refer to this Explanatory Statement for the glossary of terms.

**1. ORDINARY BUSINESS**

**FINANCIAL STATEMENTS, DIRECTORS’ AND AUDITOR’S REPORTS**

As required by section 317 of the Corporations Act, the Financial Report, Directors' Report and the Auditor's Report of the Company for the financial year ended 30 June 2019 will be laid before the Annual General Meeting (“**AGM**” or “**Meeting**”).

Shareholders will be given a reasonable opportunity to raise questions in relation to the reports, however there will be no formal resolution put to the Meeting.

The Company's Auditor will be present at the Meeting, and Shareholders will be given a reasonable opportunity to ask the Auditor questions about the preparation and content of the Auditor's Report, the accounting policies adopted by the Company for the preparation of the financial statements, the independence of the auditor in relation to the conduct of the audit, or the conduct of the audit generally.

Further, in accordance with the Corporations Act, any Shareholder entitled to cast a vote at the AGM may submit written questions to the Auditor if:

- (a) the question is relevant to:
  - (i) the preparation and content of the Auditor’s Report to be considered at the AGM; or
  - (ii) the conduct of the audit of the 2019 Financial Report to be considered at the AGM; or
  - (iii) the accounting policies adopted by the Company in relation to the preparation of the financial statements; or
  - (iv) the independence of the auditor in relation to the conduct of the audit, and
- (b) the Shareholder gives the question to the Company no later than 5 Business Days before the day on which the AGM is to be held.



Written questions should be addressed to:  
The Company Secretary, Azure Healthcare Limited  
1/31 Sabre Drive, Port Melbourne VIC 3207  
Facsimile: (03) 9209 9699

## **RESOLUTION 1: ADOPTION OF REMUNERATION REPORT (NON-BINDING)**

The Remuneration Report for the financial year ended 30 June 2019 is set out in the Directors' Report in the Company's 2019 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior executive officers of the Company.

As required under section 250R(2) of the Corporations Act, Resolution 1 will be put to Shareholders to adopt the Remuneration Report. However, in accordance with section 250R(3) of the Corporations Act, Shareholders should note that the vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

The Chairman of the Annual General Meeting, in accordance with section 250SA of the Corporations Act, will give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

The Board notes that more than 25% of the votes cast at the 2018 Annual General Meeting were against the adoption of the 2018 Remuneration Report. The Board has considered the views of Shareholders, following the vote against the 2018 Remuneration Report at the 2018 Annual General Meeting, and has taken the following steps in response to those views:

- (a) Mr Clayton Astles' salary has not changed for the previous four (4) years, and director remuneration has not been increased for the previous two (2) years;
- (b) there is no additional remuneration for Directors on the basis of their membership of the Audit & Risk Management Committee or the Nomination & Remuneration Committee; and
- (c) other than the contractual performance bonuses payable to key management personnel, there have been no additional bonuses paid to any management personnel or directors of the Company.

Details of all the changes are set out in the 2019 Remuneration Report. The Directors take Shareholder concerns about executive remuneration seriously and believe that the changes address the concerns that led to the 'first strike' at the 2018 Annual General Meeting. However, if the votes cast against the Remuneration Report are again at least 25% of the votes cast, the Company will receive a 'second strike' and Resolution 4 will be put to the Meeting. Further detail is included in the Explanatory Statement to Resolution 4.

The Corporations Act prohibits certain persons from voting on this Resolution (see 'Voting Prohibition Statement' in Resolution 1 of the Notice of Meeting).

### **Recommendation**

Noting that each Director has a personal interest in their own remuneration from the Company as described in the Remuneration Report, the Directors unanimously recommend that Shareholders vote **in favour** of Resolution 1.

The Chairman of the AGM intends to vote all available proxies **in favour** of Resolution 1.

## **RESOLUTION 2: RE-ELECTION OF A DIRECTOR – MR GRAEME BILLINGS**

The experience, qualifications and other details about the candidate for re-election to the office of Director are set out below.

### **Mr Graeme Billings**

Mr Billings was appointed on 21 October 2015 in accordance with clause 15.1(c) of the Company's constitution and was elected by Shareholders on 30 November 2015. Mr Billings was re-elected by Shareholders at the annual general meeting held on 29 November 2017. He retires in accordance with clause 15.3 of the Company's constitution and ASX Listing Rule 14.5, and being eligible, offers himself for re-election.

Mr Graeme Billings has been a Chartered Accountant since 1980 and retired from PriceWaterhouseCoopers in 2011 after 34 years. He is a former head of the Melbourne assurance practice as well as heading the firm's Australian and global industrial products business. He has had extensive experience providing assurance, transaction and consulting services to multinational and national clients across a variety of industries.

Graeme is Chairman and Non-Executive Director of Korvest Limited, Non-Executive Director of Clover Corporation Limited, GUD Holdings Limited and DomaCom Limited. Graeme also serves as the Chairman of the audit and compliance committee of GUD Holdings Limited, Clover Corporation Limited and DomaCom Limited.

### **Recommendation**

The Directors (excluding Mr Billings who abstains from making any recommendation in relation to this Resolution 2) recommend that Shareholders vote **in favour** of Resolution 2.

## **RESOLUTION 3: RENEWAL OF APPROVAL OF EMPLOYEE SHARE OPTION PLAN**

The Company established an employee share option plan, the material terms of which are set out below (**Employee Share Option Plan** or **ESOP**), which obtained shareholder approval and was adopted at the annual general meeting of the Company held on 24 November 2016.

Resolution 3 seeks shareholder approval for the renewal of the Employee Share Option Plan in accordance with ASX Listing Rule 7.2 (Exception 9(b)) so as to allow the Company to issue securities under the ESOP without prior shareholder approval, and in reliance on the exception to ASX Listing Rule 7.1.

ASX Listing Rule 7.1 places certain restrictions on the extent to which a listed company may issue certain securities, including options. The effect is that Shareholder approval is required before the Company may issue certain securities representing more than 15% of its issued capital in any 12 month period. However, certain issues are exempt from the restrictions of ASX Listing Rule 7.1, and are effectively disregarded for the purposes of determining the number of securities that a company may issue within a 12 month period.

Exempt issues include an issue of securities to persons participating in an employee incentive scheme (including the ESOP) where shareholders have approved the issue of securities under the scheme as an exemption from ASX Listing Rule 7.1. Shareholder approval must be given in a

general meeting held not more than 3 years before the date of issue, where the notice of meeting contains, or is accompanied by, certain prescribed information (set out below) (Exception 9 of ASX Listing Rule 7.2). As the ESOP was approved in 2016, the Company seeks shareholder approval for the renewal of the ESOP at the AGM.

In order to take advantage of the exemption from ASX Listing Rule 7.1, and allow the Company flexibility to issue securities, shareholders are requested to approve the issue of securities under the ESOP as an exemption from ASX Listing Rule 7.1. This approval will be effective for a period of 3 years from the date of the Resolution.

Since 24 November 2016, the date on which the ESOP was last approved by shareholders, the Company has issued no securities under the Employee Share Option Plan in reliance on ASX Listing Rule 7.2 (Exception 9).

It should be noted that Resolution 3 does not approve the issue of any securities to any Director of the Company.

### **Summary of the Employee Share Option Plan**

The main aim of the ESOP is to provide an additional incentive to Eligible Persons (being Directors and other officers, employees, contractors and consultants of the Company and its subsidiaries) to provide dedicated and ongoing commitment and effort to the Company and to reward its Directors and other officers, employees, contractors and consultants for their efforts.

If Options under the ESOP are exercised, this will have the effect of increasing the Company's cash position by the amount of the exercise price multiplied by the number of Options exercised. It will also increase the number of Shares that are on issue by the number of Options exercised.

Shares issued pursuant to the exercise of the Options under the ESOP will rank *pari passu* in all respects with the Company's existing Shares.

Options will not be listed for quotation on ASX. However, the Company will make application for the official quotation of Shares issued on the exercise of Options to ASX.

In accordance with ASX Listing Rule 7.2, Shareholders are provided with the following information.

A summary of the significant terms of the ESOP, which have not been varied since last approved, follows:

- (a) The Board (taking into account the recommendations of the Remuneration Committee administering the ESOP) will determine participation in the ESOP, having regard to factors such as seniority, length of service, record of employment, achievement and potential contribution. Such participation (by way of an issue of an invitation inviting an application for Employee Options) may be subject to the satisfaction of corporate or personal goals.
- (b) Once an invitation is accepted, the Company will grant the number of Options applied for, which may be subject to vesting conditions.
- (c) Each Option issued under the ESOP entitles the option holder, on exercise, to one Share.
- (d) There is no issue price for the Options. The exercise price for the Options will be such price as determined by the Board (in its discretion), being not less than:

- (i) (if there was at least one transaction in the Shares on ASX during the 10 Trading Day period immediately before the date of the invitation to take up Options) the 30 day VWAP prior to issue; or
  - (ii) (if there were no transactions in the Shares on ASX during the 10 Trading Day period immediately before the date of the invitation to take up Options) the last price at which an offer was made on ASX to purchase a Share.
- (e) The expiry date for an Employee Option is the date determined by the Board at the time of issue, which will be not later than 5 years from the date of issue.
- (f) Shares issued as a result of the exercise of any Options will rank equally in all respects with Shares.
- (g) Options may not be transferred other than with the prior written approval of the Board. Quotation of Options on the ASX will not be sought. However, the Company will apply to ASX for official quotation of Shares issued on the exercise of Options.
- (h) An Option may only be exercised by written notice to the Company together with payment in full. An Option may be exercised at any time after that Option has vested and any conditions imposed by the Board on exercise have been satisfied and before it lapses. The Board may determine the vesting period and any condition on exercise (if any). An Option will lapse upon the expiry date (being 5 years from the grant date or such shorter period specified by the Board) or one month after the holder ceases to be an Eligible Person (though if the holder ceases to be an Eligible Person by reason of retirement or retrenchment, bankruptcy or death, not until 12 months after such event).
- (i) There are no participating 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. However, the Company will ensure that Option holders will be given notice in accordance with the ASX Listing Rules to determine whether to exercise their Options so as to participate in any bonus or entitlement issue.
- (j) In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiration of any Options, the number of Options to which each Option holder is entitled or the exercise price of his or her Options, or both, or any terms will be reconstructed in a manner determined by the Board, which complies with the requirements of the ASX Listing Rules.
- (k) The Remuneration Committee will administer the plan, taking into account the recommendations of a Board committee, and has general power to amend the ESOP Rules from time to time.

Although Directors are eligible to be offered Options under the ESOP, this requires specific shareholder approval due to the requirements of the ASX Listing Rules and the *Corporations Act 2001* (Cth).

The Directors unanimously recommend that Shareholders vote **in favour** of Resolution 3.

The Chairman of the AGM intends to vote all available proxies **in favour** of Resolution 3.

## **RESOLUTION 4: APPROVAL OF ISSUE OF OPTIONS TO MR CLAYTON ASTLES UNDER THE EMPLOYEE SHARE OPTION PLAN**

The Company agreed to issue 2,792,552 unlisted Options (“**Options**”) to Mr Clayton Astles, the Chief Executive Officer and a Director of the Company, on 19 March 2019 pursuant to the Azure Healthcare Limited Employee Share Option Plan. The agreement to issue Options to Mr Clayton Astles was made conditional upon the Company obtaining the approval of Shareholders in accordance with the Listing Rules and Chapter 2E of the Corporations Act.

These Options are intended to provide a long-term incentive and align Mr Clayton Astles’ interests with those of Shareholders, in seeking to maximize the value of the Company.

The Options will not be quoted on ASX.

### **Regulatory Considerations**

Listing Rule 10.14 provides that a company must not permit a Director to acquire securities under an employee incentive scheme without the prior approval of holders of ordinary securities. Once approval is obtained pursuant to Listing Rule 10.14, the Company is entitled to rely on Listing Rule 10.12, Exception 4 as an exception to any requirement that may otherwise apply requiring Shareholder approval under Listing Rule 10.11.

Subject to determination by the Board, each Director is entitled to participate in the Employee Share Option Plan. The Board has determined that Mr Clayton Astles will be granted, subject to Shareholder approval and the terms of the ESOP, 2,792,552 Options.

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit (which includes the grant of Options) to a related party (which includes a director and former director) of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior Shareholder approval is obtained for the giving of the financial benefit.

Directors are considered to be related parties within the meaning of the Corporations Act.

For the purposes of Chapter 2E of the Corporations Act, Mr Clayton Astles is a related party of the Company, and the grant of Options to Mr Clayton Astles (on an unconditional basis) will constitute the giving of a financial benefit, however:

- (a) there are no significant opportunity costs to the Company, taxation consequences, or benefits foregone by the Company in issuing the Options upon the terms proposed; and
- (b) Mr Clayton Astles must contribute his own money to the Company to fund the exercise price of the Options.

### **Information Required by ASX Listing Rule 10.15**

ASX Listing Rule 10.15 requires that certain information be provided to Shareholders for the purpose of obtaining Shareholder approval under ASX Listing Rule 10.11. This information is as follows:

Approval is sought for the grant of the following Options as contained in the table below.

<b>Eligible Recipient</b>	Mr Clayton Astles, Chief Executive Officer and a Director of the Company
<b>Number of Options to be Issued</b>	2,792,552 options over ordinary shares
<b>Vesting Conditions</b>	Options issued pursuant to the Company's Employee Option Scheme will be subject to Mr Clayton Astles remaining employed by the Company. Options lapse on resignation or termination.
<b>Option Issue Price</b>	Nil
<b>Exercise Price and Expiry Date</b>	1,396,276 unlisted options with an exercise price of \$0.10 expiring on 18 March 2022 1,396,276 unlisted options with an exercise price of \$0.13 expiring on 17 March 2023

Consistent with ASX Listing Rule 10.15.4, a total of 6,632,306 Options have been issued (or agreed to be issued) for nil consideration to eligible employees under the ESOP since any previous Shareholder approval (including the 2,792,552 Options that were conditionally issued to Mr Clayton Astles, subject to the Company obtaining the approval of Shareholders in accordance with the Listing Rules and Chapter 2E of the Corporations Act) as follows:

- (a) 3,839,754 on 19 March 2019 to eligible employees to whom ASX Listing Rule 10.14 do not apply; and
- (b) 2,792,552 on 19 March 2019 (subject to Shareholder approval) to Mr Clayton Astles.

No other Options were issued since the previous Shareholder approval.

On 4 February 2019, the Company announced that 2,000,000 Options had been forfeited under the terms of the ESOP as a result of staff departures. Further, on 20 March 2019, the Company announced that 5,000,000 Options had been forfeited pursuant to the terms of the ESOP. These 5,000,000 Options were held by Mr Clayton Astles.

In accordance with ASX Listing Rule 10.15.4A, the persons referred to in Listing Rule 10.14 who are entitled to participate in the Company ESOP include full time employees of the Company and its related bodies corporate, and one Director being Mr Astles, determined as eligible by the Board from time to time. The Company notes that:

- (a) currently the only person entitled to participate in the ESOP who has been issued securities for which shareholder approval is required is Mr Clayton Astles; and
- (b) Mr Astles was issued 5,000,000 options approved at the annual general meeting of the Company held on 24 November 2016, at an exercise price of \$0.182 per option and an expiry date of 30 July 2020, however these options were forfeited on 20 March 2019.

The issue of Options is contingent upon this approval. Subject to approval of Shareholders of the Company, the Options will be unconditionally issued to Mr Clayton Astles as soon as possible following the date of this Annual General Meeting, but in any event within 12 months from the date of the Annual General Meeting.

There is no intention for the Company to grant a loan in relation to the Options or acquisition of shares under the Options.

A voting exclusion statement for Resolution 4 is contained in the Notice of Meeting.

### Information Required by Chapter 2E of the Corporations Act

In accordance with the requirements of Chapter 2E of the Corporations Act, and in particular, section 219 of the Corporations Act, the following information is provided to Shareholders to enable them to assess the issue of Options to Mr Clayton Astles:

- (a) Mr Clayton Astles is a related party of the Company to whom a financial benefit would be given;
- (b) the nature of the financial benefit to be given to Mr Clayton Astles is the grant of an aggregate of 2,792,552 unlisted Options;
- (c) the Options will be granted to Mr Clayton Astles for no cash consideration;
- (d) it is proposed that the Options will be issued to Mr Clayton Astles (on an unconditional basis) as soon as possible following the date of this Annual General Meeting, but in any event within 12 months from the date of the Annual General Meeting;
- (e) as at the date of this Notice, the capital structure of the Company is as follows:

Capital	Number	Class
Ordinary Shares	232,712,827	Fully paid ordinary shares
<b>Total Shares</b>	<b>232,712,827</b>	

Capital	Number	Exercise Price	Issue Date	Expiry Date
Series 1 Options	1,200,000	18.2 cents	1/08/2015	30/07/2020
Series 2 Options	1,919,877	10.0 cents	19/03/2019	18/03/2022
Series 3 Options	1,919,877	13.0 cents	19/03/2019	17/03/2023
Series 2 Options subject to Shareholder Approval *	1,396,276	10.0 cents	N/A	18/03/2022
Series 3 Options subject to Shareholder Approval *	1,396,276	13.0 cents	N/A	17/03/2023
<b>Total Options</b>	<b>7,832,306</b>			

*\*A total of 2,792,552 Options were conditionally granted to Mr Clayton Astles, the Chief Executive Officer and a Director of the Company, subject to the Company obtaining the approval of Shareholders in accordance with the Listing Rules and Chapter 2E of the Corporations Act.*

If Shareholders approve Resolution 4 contained in this Notice of Meeting and all Options are granted on an unconditional basis as contemplated by this Notice of Meeting, the issued capital of the Company would be as stated above;

- (f) in respect of the proposed exercise price of the Options, the last price which Shares in the Company traded on the ASX on 3 October 2019 was \$0.081 (being the last practicable date prior to the date of finalising this Explanatory Statement). However, the conditional issue of Options to Mr Clayton Astles occurred on 19 March 2019. The closing price for Shares traded on the ASX on 18 March 2019 (being the last trading prior day to the conditional issue of Options to Mr Astles) was \$0.05 and the VWAP for the 30 calendar days up to 18 March 2019 was \$0.053 per Share. The highest and lowest price which the Company's shares traded on the ASX over the 12 month period ending on 18 March 2019 was \$0.105 and \$0.05 respectively;
- (g) as at the date of this Notice of Meeting, Mr Clayton Astles holds the following securities in the Company representing 0.72% of the issued share capital of the Company on a fully diluted basis.

Shares held directly	Shares held indirectly	Options held directly	Options held indirectly
591,227	1,090,643	-	-

If Shareholders approve Resolution 4 contained in this Notice and all Options are granted (on an unconditional basis) as contemplated by this Notice, Mr Clayton Astles will hold the following securities in the Company (representing approximately 1.92% of the ordinary voting shares in the Company (assuming no other Option holder exercised their Options and no further issues of securities took place)).

Shares held directly	Shares held indirectly	Options held directly	Options held indirectly
591,227	1,090,643	2,792,552	-

- (h) Mr Clayton Astles is the only Director for whom Options are proposed. If Mr Clayton Astles was to exercise his Options, which are the subject of Resolution 4, the shareholding of existing Shareholders would be diluted by approximately 1.20% (based on the number of Shares currently on issue);
- (i) Mr Clayton Astles current remuneration package, before taking into account the proposed grant of the Options is USD\$380,000.00 base, USD\$11,000.00 car allowance, entitlement to participate in the company's US medical benefits plan plus a performance bonus of up to 50% of his base pay. The Board has not made any further decision on the future remuneration package of Mr Clayton Astles;



- (j) the primary purpose of the grant of the Options to Mr Clayton Astles is not to raise capital, but to form part of his remuneration package. Given this purpose, the Directors do not consider that there is any opportunity cost or benefit foregone to the Company in granting the Options proposed by Resolution 4;
- (k) the Options are valued using the Black-Scholes pricing model, and the Directors attribute a value to the Options based on the following assumptions:
  - (i) 1,396,276 Options are exercisable at \$0.10 and 1,396,276 Options are exercisable at \$0.13;
  - (ii) the Options are to be exercised on or before 18 March 2022 and 17 March 2023 respectively, subject to the vesting conditions in accordance with the Company's Employee Option Scheme (the exercise of Options will be subject to the continuous employment of Mr Clayton Astles);
  - (iii) assumed share price at grant date of \$0.05;
  - (iv) underlying share price volatility of 65%; and
  - (v) average current risk free interest rate of 3%.

The assessed fair value at issue date of the Options granted to Mr Clayton Astles under Resolution 4 is allocated equally over the period from the issue date to the vesting date.

- (l) no funds will be raised from the issue of the Options. The amount that would be raised by the exercise of all Options by Mr Clayton Astles is set at \$441,571.71. The funds raised (if any) from exercise of the Options by Mr Clayton Astles will be used for general working capital purposes;
- (m) Mr Clayton Astles has a material personal interest in the outcome of Resolution 4, as the recipient of the Options proposed to be granted on an unconditional basis;
- (n) Mr Clayton Astles does not wish to make a recommendation to Shareholders about Resolution 4 because he has a material personal interest in the outcome of this Resolution;
- (o) additional information in relation to Resolution 4 is set out throughout this Explanatory Statement. Shareholders should therefore read the Explanatory Statement in its entirety before making a decision on how to vote on Resolution 4;
- (p) the Company will incur no liabilities or costs in respect of the proposed grant of the Options to Mr Clayton Astles other than:
  - (i) the fees payable to ASX for quotation of the Shares issued as a result of the exercise of the Options, if and when they are issued to Mr Clayton Astles and quoted; and
  - (ii) the cost of the Options will be expensed through the Company's income statement; and
- (q) neither the Board nor the Company is aware of any other information that would reasonably be required by Shareholders in order to decide whether it is in the best interests of the Company to pass Resolution 4, other than as stated in this Explanatory Statement.

## Recommendation

The Directors (other than Mr Clayton Astles who abstains from making any recommendation in relation to this Resolution, due to a material personal interest in the subject matter of the Resolution) recommend that Shareholders vote **in favour** of Resolution 4.

The Chairman of the AGM intends to vote all available proxies **in favour** of Resolution 4.

## 2. CONTINGENT BUSINESS

### RESOLUTION 5: CONDITIONAL SPILL RESOLUTION

*This resolution is a ‘conditional’ resolution. It will only be put to the Annual General Meeting if at least 25% of the votes cast on Resolution 1 to adopt the 2019 Remuneration Report are cast against the motion.*

If at least 25% of the votes cast on Resolution 1 are against the adoption of the Remuneration Report, the Company will receive a “second strike” and Resolution 5 (“**Spill Resolution**”) must be put to the Meeting, pursuant section 250U of the Corporations Act. However, if less than 25% of the votes cast on Resolution 1 are against adopting the Remuneration Report, then there will be no “second strike” and accordingly Resolution 4 will not be put to the Meeting.

If the Spill Resolution is put to the Meeting, it will be considered as an **Ordinary Resolution**, which means that, to be passed, the Resolution requires the approval of a simple majority of the votes cast by or on behalf of Shareholders entitled to vote on the matter.

If the Spill Resolution is passed, a further extraordinary general meeting (“**Spill Meeting**”) must be held within 90 days after the Annual General Meeting. In such circumstances, each of the Directors (other than Mr Clayton Astles, the Chief Executive Officer), who were in office when the Board approved the last Directors’ Report (the “**Relevant Directors**”) will automatically cease to hold office immediately before the end of the Spill Meeting, unless they are willing to stand for re-election and are re-elected at the Spill Meeting (and subject to the Company maintaining the minimum number of Directors required by the Corporations Act).

For these purposes, the Relevant Directors are Mr Graeme Billings, Mr Anthony Glenning and Mr Brett Burns.

Each of the Relevant Directors would be eligible to seek re-election at the Spill Meeting, however, there is no assurance that any of them would do so.

#### **Recommendation**

Noting that each Relevant Director have a personal interest in any such resolution, and that each of them (and their Closely Related Parties) would be excluded from voting on the Resolution, the Directors unanimously recommend that Shareholders **vote against the Spill Resolution if it is put to the Meeting**. This is on the basis that the Board considers it would be extremely disruptive to the Company and that it would be inappropriate to remove all of the Relevant Directors in the circumstances.

The Chairman of the Annual General Meeting intends to vote all available proxies **against** Resolution 5, if it is put to the Meeting.

## NOTICE OF ANNUAL GENERAL MEETING

AZURE HEALTHCARE LIMITED

ABN 67 108 208 760


### GLOSSARY


<b>Annual General Meeting, AGM, or Meeting</b>	means the Annual General Meeting of Shareholders of Azure Healthcare Limited (ABN 67 108 208 760) to be held at 11:00 am (AEDT) on Thursday, 14 November 2019, at the offices of EY Melbourne, Level 23, 8 Exhibition Street, Melbourne VIC 3000.
<b>Annual Report</b>	means the Directors' Report, the Financial Statements and the Auditor's Report in respect to the financial year ended 30 June 2019.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX</b>	means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.
<b>ASX Listing Rules or Listing Rules</b>	means the official listing rules of ASX.
<b>Board</b>	means the current board of directors of the Company.
<b>Chairman</b>	means the person appointed to chair the meeting of the Company convened by this Notice. Where the context requires, the term means the person who assumes the role of Chairman for the purposes of the conduct of the Meeting one or more specific Resolutions.
<b>Closely Related Party</b>	has the meaning given in the Corporations Act and includes close family members and companies the Key Management Personnel controls.
<b>Company or Azure</b>	means Azure Healthcare Limited (ABN 67 108 208 760).
<b>Constitution</b>	means the current constitution of the Company as at the date of this Meeting.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Corporations Regulations</b>	means the <i>Corporations Regulations 2001</i> (Cth).
<b>Directors</b>	means the current directors of the Company.
<b>Employee Share Option Plan or ESOP</b>	means the Azure Healthcare Limited Employee Share Option Plan as approved by Shareholders on 24 November 2016.

## GLOSSARY

<b>Explanatory Statement</b>	means the explanatory statement accompanying the Notice of Meeting.
<b>Key Management Personnel</b>	has the meaning given in the accounting standards and broadly means any person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.
<b>Notice of Meeting or Notice</b>	means this notice of Annual General Meeting including the Explanatory Statement.
<b>Option</b>	means an option to be issued a Share.
<b>Ordinary Resolution</b>	means a Resolution to be passed by a simple majority of Shareholders entitled to vote on the Resolution (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).
<b>Proxy or Proxy Form</b>	means, for Shareholders, the proxy form enclosed with this Notice.
<b>Remuneration Report</b>	means the remuneration report of the Company for year ended 30 June 2019 contained in the Directors' Report.
<b>Resolution</b>	means a resolution set out in the Notice of Meeting.
<b>Share</b>	means an ordinary share in the Company.
<b>Shareholder or Member</b>	means a holder of Shares in the Company.
<b>Special Resolution</b>	means a Resolution to be passed by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).
<b>Trading Day</b>	has the same meaning as under the ASX Listing Rules.
<b>VWAP</b>	means the volume weighted average price.

## Need assistance?

 **Phone:**  
1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)

 **Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00 am (AEDT) on Tuesday, 12 November 2019.**

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

**Joint Holding:** Where the holding is in more than one name, all of the securityholders 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 form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### ATTENDING THE MEETING

**If you are attending in person, please bring this form with you to assist registration.**

#### Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

## Lodge your Proxy Form:

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

**Control Number: 183069**

**SRN/HIN:**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Azure Healthcare Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Azure Healthcare Limited to be held at the offices of EY Melbourne, Level 23, 8 Exhibition Street, Melbourne VIC 3000 on Thursday, 14 November 2019 at 11:00 am (AEDT) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 3, 4 and 5 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 3, 4 and 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business with the exception of Resolution 5 where the Chairman of the Meeting intends to vote against.**

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 3, 4 and 5 by marking the appropriate box in step 2.

## Step 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director - Mr Graeme Billings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Renewal of approval of Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of issue of Options to Mr Clayton Astles under the Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Conditional Spill Resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business with the exception of Resolution 5 where the Chairman of the Meeting intends to vote against. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1  Securityholder 2  Securityholder 3  / /  
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

**Update your communication details** (Optional)

Mobile Number  Email Address  By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically