



# VITA GROUP LIMITED

**ACN 113 178 519**

Registered Office: Level 3, 77 Hudson Road, Albion, Queensland, 4010

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (**AGM**) of the Shareholders of Vita Group Limited (**Company**) will be held on Friday 27 October 2017 in the Vita Place Conference Room, Level 3, 77 Hudson Road, Albion, Queensland 4010, at 10.00am (Brisbane time) (**Meeting**).

### **BUSINESS**

#### **1. Financial Statements and Reports**

To receive and consider the Financial Statements and the Reports of the Directors and the Auditor for the financial year ended 30 June 2017.

#### **2. Re-election of Directors**

##### **Resolution 1 – Re-election of Mr Paul Wilson**

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

"That Mr Paul Wilson, a non-executive Director retiring by rotation in accordance with Clause 59 of the Company's Constitution, being eligible, be re-elected as a non-executive Director of the Company."

#### **3. Remuneration Report**

##### **Resolution 2 – Adoption of Remuneration Report**

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

"That the Remuneration Report contained in the Company's 2017 Annual Financial Report in respect of the financial year ended 30 June 2017, be adopted."

(Refer to Explanatory Notes for Voting Exclusions applying to this resolution)

#### **4. Grant of Performance Rights**

##### **Resolution 3 – Grant of Performance Rights to Chief Executive and Managing Director**

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

"That, for the purposes of the *Corporations Act 2001* (Cth) and ASX Listing Rules, and for all other purposes, approval is hereby given for the grant of 305,990 Performance Rights (incorporating the right to acquire shares in the Company) to the Chief Executive and Managing Director, Maxine Horne under the Company's Long Term Incentive Plan (**LTIP**), which is constituted and administered in accordance with the Rules of the LTIP, as described in the Explanatory Notes to this notice of meeting."

(Refer to Explanatory Notes for Voting Exclusions applying to this resolution)

By order of the Board



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Mark E.H. Anning  
Company Secretary

22 September 2017

**EXPLANATORY NOTES**

**The following Explanatory Notes (including any annexures) have been prepared to provide information to Shareholders about the items of business set out in the Notice of AGM and form part of that Notice.**

**1. Financial Statements and Reports**

The Financial Statements and Reports are included in the Vita Group Limited Annual Report for 2017 which has been made available to Shareholders and can be found on the Company's website ([www.vitagroup.com.au](http://www.vitagroup.com.au)). Shareholders will be given a reasonable opportunity at the Meeting to ask questions and make comments on these reports and on the business, operations, financial position, management, and prospects of the Company. The Company's external auditor, Grant Thornton, will be in attendance to respond to questions in relation to the conduct of the audit and the preparation and content of the Auditor's Report.

There is no requirement for the Financial Statements and these Reports to be formally approved by Shareholders.

**2. Resolution 1 – Re-Election of Mr Paul Wilson**

Clause 59 of the Company's Constitution provides that at each AGM, a number of Directors must retire from office, being the number:

- (a) determined by the Directors; or
  - (b) required for compliance with the ASX Listing Rules,
- whichever is the greatest.

The Directors to retire by rotation at an AGM are those Directors who have been longest in office since their last election, and a Director (other than a Managing Director) must not hold office past the third AGM following the Director's appointment. A retiring Director is eligible for re-election in accordance with ASX Listing Rules and the Company's Constitution.

Mr Paul Wilson was appointed on 9 May 2014, was last elected at the 2014 AGM and he holds office until the end of the Meeting. Paul is a member of the Audit Compliance & Risk Committee and a member of the Remunerations & Nominations Committee. Mr Wilson is seeking re-election. His details are:

**Paul Wilson  
Independent Non-Executive Director**

Paul is a co-founder and Director of ASX listed Bailador Technology Investments Ltd (ASX:BTI), which focuses on expansion capital opportunities in the information technology sector. This role provides Paul with exposure to the most up to date approaches and business models to take advantage of the rapidly changing technology landscape.

Paul's business background includes senior positions with leading private equity house, CHAMP, the media focused investment house, Illyria, and with MetLife Investments in London.

Paul's other current board positions are: Chairman of SiteMinder (cloud based hotel inventory distribution); Director of Viocorp (online video enablement); Director of Stackla (user generated content platform); Director of Straker Translations; Director of Yellow Pages New Zealand; and Director of the Rajasthan Royals Indian Premier League cricket franchise.

Paul is a fellow of the Financial Services Institute of Australia, a qualified Chartered Accountant, and a member of the Australian Institute of Company Directors. Paul became a Director of Vita Group in May 2014, and is a member of the Audit, Compliance & Risk Committee, and the Remuneration & Nomination Committee.

**Board Recommendation**

Having received an acknowledgement from Paul that he has sufficient time available to carry out the duties of a Director of the Company, and having reviewed the performance of Paul as a Director, and the required mix of skills and experience required by the Board, the Directors (excluding Mr Wilson who is seeking election) recommend that Shareholders vote in favour of Resolution 1.

**3. Resolution 2 – Remuneration Report**

The Company's Remuneration Report for the financial year ended 30 June 2017 is set out on pages 8 to 17 of the Company's 2017 Annual Financial Report.

The Remuneration Report sets out the Board's remuneration policies, and the remuneration of Directors and Key Managers for the financial year.

Shareholders will be given a reasonable opportunity at the Meeting to ask questions and make comments on the report.

The Resolution is advisory only and does not bind the Directors or the Company. However, under the *Corporations Act 2001* (Cth) (**Corporations Act**), if at least 25% of the votes cast on the resolution at the Meeting are against adoption of the report, then:

- if comments are made on the report at the Meeting, the Company's remuneration report for the financial year ending 30 June 2018 will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- if, at the Company's 2018 AGM, at least 25% of the votes cast on the resolution for adoption of the remuneration report for the relevant financial year are also against its adoption, the Company will be required to put to Shareholders a resolution proposing that a general meeting (**Spill Meeting**) be called to consider the election of Directors of the Company (**Spill Resolution**). For any Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, all of the Directors (other than any Managing Director) will cease to hold office immediately before the end of the Spill Meeting unless re-elected at that meeting.

**Board Recommendation**

The Remuneration Report forms part of the Directors' Report, made in accordance with a unanimous resolution of the Directors.

Each of the Directors recommends the Remuneration Report to Shareholders for adoption.

**4. Resolution 3 – Grant of Performance Rights to Chief Executive and Managing Director**

Maxine Horne is eligible to receive Performance Rights under the Company's Long Term Incentive Plan known as the Vita Group Performance Rights Plan (**LTIP**), vesting over the period from 1 July 2017 to 30 June 2020. The Board is seeking approval of Shareholders for the purposes of all applicable requirements under the Corporations Act and ASX Listing Rules, including ASX Listing Rule 10.14, which requires shareholder approval for a director to acquire securities under an employee incentive scheme, in connection with the issue of Performance Rights under the LTIP to the Chief Executive and Managing Director.

The LTIP forms a key element of the Company's incentive and retention strategy for key executives, including the Chief Executive and Managing Director.

Maxine Horne's Performance Rights offer this year is 305,990 Performance Rights (being \$318,750 in value) under the LTIP, being the maximum potential allocation under the LTIP in relation to her total remuneration package for 2016-17.

The actual number of Performance Rights to be granted to Maxine Horne was determined based on the volume weighted average price of shares in the Company calculated over the 10 trading days before the date of grant of 1 July 2017, being \$1.04. Maxine Horne will receive the Performance Rights at no cost to her.

Performance Rights will vest dependent on the Company meeting or exceeding specified performance hurdles during the specified three-year performance period of 1 July 2017 to 30 June 2020. The basis of the grant to Maxine Horne is as follows:

- Fifty percent (50%) of the Performance Rights are subject to a Total Shareholder Return (**TSR**) measurement and fifty percent (50%) of the Performance Rights are subject to a Earnings per Share (**EPS**) compound annual growth rate (**CAGR**) measurement. The Performance Rights comprise 244,792 Performance Rights for base performance (**Base Offer Performance Rights**) and 61,198 Performance Rights for stretch performance (**Stretch Offer Performance Rights**), which are 80% and 20% of the total number of Performance Rights respectively. The performance hurdles and vesting proportions for each measure that will apply to the grant of each type of Performance Rights are as follows:

(a) Base Offer Performance Rights

(i) Relative Total Shareholder Return

Maxine Horne may exercise up to 50% of the total number of Base Offer Performance Rights if the Relative Total Shareholder Return (**Relative TSR**) reaches the level set out below:

Relative TSR	Proportion of Base Offer Performance Rights that may be able to be exercised
Less than the 50th percentile	Nil
50th percentile	25%
More than the 50th but less than or equal to the 75th percentile	25-50% on a straight line basis
More than the 75th percentile	50%

Relative TSR measures the TSR for the Company relative to the TSR over the Performance Period of a comparator group of entities included in the S&P / ASX 300 Index at the end of the Performance Period. If the S&P / ASX 300 Index ceases to be published or the Board determines that entities included in the index or their weightings cease to provide an appropriate comparator group for TSR of the Shares, the Board may, in its discretion, determine a more appropriate comparator group for determining the Relative TSR.

(ii) Earnings Per Share CAGR

Maxine Horne may exercise up to 50% of the total number of Base Offer Performance Rights if the EPS CAGR reaches the level set out below:

EPS CAGR	Proportion of Base Offer Performance Rights that may be able to be exercised
Less than threshold (13.7%)	Nil
Threshold (13.7%)	25%
Between threshold (13.7%) and target (17%)	25-50% on a straight line basis
More than target (17%)	50%

(b) Stretch Offer Performance Rights

The vesting of Stretch Offer Performance Rights is subject to all of the Base Offer Performance Rights vesting, and in addition, the conditions described below being satisfied.

(i) Relative Total Shareholder Return

Maxine Horne may exercise up to the equivalent of 50% of the total number of the Stretch Offer Performance Rights if the Relative TSR reaches the level set out below (in addition to the Base Offer Performance Rights):

Relative TSR	Proportion of Stretch Offer Performance Rights that may be able to be exercised
Less than or equal to the 75th percentile	Nil
More than the 75th but less than or equal to the 100th percentile	0-50% on a straight line basis

(ii) Earnings Per Share CAGR

Maxine Horne may exercise up to the equivalent of 50% of the total number of the Stretch Offer Performance Rights if the EPS CAGR reaches the level set out below (in addition to the Base Offer Performance Rights):

EPS CAGR	Proportion of Stretch Offer Performance Rights that may be able to be exercised
Less than or equal to the target (17%)	Nil
Between target (17%) and stretch (19.7%)	0-50% on a straight line basis
More than stretch (19.7%)	50%

Participants are not allowed to enter into any hedging arrangements in relation to any unvested Performance Rights.

72,327 Performance Rights have previously been granted to the Chief Executive and Managing Director, Maxine Horne, relating to the three year performance period 1 July 2016 to 30 June 2019, as approved by the Shareholders at the 2016 AGM.

Maxine Horne is the only director eligible to be granted Performance Rights under the LTIP. No other person who requires approval to participate in the LTIP under Listing Rule 10.14 has been or will be issued with Performance Rights until such approval is obtained.

No loans will be granted to Maxine Horne in relation to her participation in the LTIP.

Performance Rights do not carry any dividend or voting rights prior to vesting.

Shares allocated on vesting of Performance Rights will rank equally with shares in the same class. A summary of the LTIP (including treatment of Performance Rights on cessation of employment, or a change of control of the Company) is set out in Schedule 1 to this notice.

Details of any Performance Rights issued under the LTIP (and shares issued upon their vesting) will be published in each annual report of the Company relating to the period in which they have been issued, together with a note that approval of the issue was obtained under Listing Rule 10.14.

Additional persons:

- who became entitled to participate in the LTIP after this resolution is approved
- who were not named in this notice of meeting; and
- who are directors of the Company, associates of a director of the Company or persons to whom ASX considers this criteria should apply,

will not participate in the LTIP until approval is obtained under Listing Rule 10.14.

Allocation of Performance Rights to Maxine Horne will be made no later than 12 months after the date of this meeting.

Any issue of shares to Maxine Horne under this approval will be made no later than 3 years after the date of this meeting.

This item is not a resolution to grant any Performance Rights to Maxine Horne. It is an authority for the Board of the Company to grant the Performance Rights.

The Board considers that Maxine Horne's participation in the LTIP is an important mechanism by which to incentivise performance. If Shareholders do not approve the grant of Performance Rights at the Meeting, it is intended that the equivalent LTIP award will be provided in cash, subject to the same performance, service, vesting and other conditions as described in this notice, in order to ensure that Maxine Horne is entitled to participate in the LTIP in 2017.

## **Recommendation**

Each of the Directors (other than Ms Horne who is not entitled to vote) recommends that Shareholders vote in favour of the approval of the grant of equity-based performance rights to Maxine Horne. None of the Directors (other than Ms Horne) has an interest in the outcome of this resolution.

## **ENTITLEMENT TO VOTE**

For the purposes of the Meeting, shares will be taken to be held by the persons who are registered as Shareholders as at 7.00pm (AEST) on Wednesday, 25 October 2017.

## **VOTING EXCLUSIONS**

The Corporations Act and the ASX Listing Rules require that voting restrictions apply to the Company's key management personnel (**KMP**) and their closely related parties on several of the resolutions to be considered at the meeting. These voting exclusions are described below:

### **Item 3 - Remuneration Report**

A vote must not be cast, and the Company will disregard any votes cast, on the resolution proposed in item 3 (Resolution 2) by or on behalf of a member of the KMP for the Company's consolidated group (**Group**) (and their closely related parties), including directors, in any capacity, including as a proxy if their appointment does not specify the way in which the proxy is to vote.

However, a vote can be cast, and the Company will not disregard a vote as a result of these restrictions if it is cast by the Chair of the meeting as undirected proxy for a person entitled to vote and the Chair has received express authority to exercise the proxy as the Chair see fit even if Resolution 2 is connected directly or indirectly with the remuneration of a member of the KMP.

### **Item 4 - Grant of Performance Rights to Chief Executive and Managing Director**

A vote must not be cast, and the Company will disregard any votes cast on the resolution proposed in item 4 (Resolution 3):

- by or on behalf of Maxine Horne or any of her associates, in any capacity; or
- as a proxy by any member of the KMP (and their closely related parties), including directors, if their appointment does not specify the way in which the proxy is to vote.

Additionally, a vote can be cast, and the Company will not disregard a vote as a result of these restrictions if it is cast by the Chair of the meeting as undirected proxy for a person entitled to vote and the Chair has received express authority to exercise the proxy as the Chair sees fit even though Resolution 3 is connected directly or indirectly with the remuneration of a member of the KMP.

## **PROXIES**

If you are a Shareholder entitled to attend and vote, you are entitled to appoint one or two proxies. Where two proxies are appointed, you may specify the number or proportion of votes that each may exercise, failing which each may exercise half of the votes. A proxy need not be a Shareholder of the company.

If you want to appoint one proxy, you can use the form provided. If you want to appoint two proxies, please follow the instructions on the front of the proxy form.

The Company's Constitution provides that, on a show of hands, every person present and qualified to vote shall have one vote. If you appoint one proxy, that proxy may vote on a show of hands, but if you appoint two proxies, neither proxy may vote on a show of hands.

If you appoint a proxy who is also a Shareholder or is also a proxy for another Shareholder, your directions may not be effective on a show of hands. Your directions will be effective if a poll is required and your proxy votes.

You may lodge a proxy online at Computershare's internet address below by following the instructions set out on the website. Shareholders who elected to receive their notice of meeting and proxy electronically will have received an e-mail with a link to the Computershare site.



To be effective, the proxy form or electronic proxy appointment must be received by Computershare Investor Services Pty Limited at the address, facsimile number or internet address below, or by the Company at its registered office, Level 3 77 Hudson Road, Albion, Queensland, 4010 not later than 10.00am (AEST) on Wednesday, 25 October 2017.

## **WHERE TO LODGE A PROXY**

### **By Post:**

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

### **Online:**

You can lodge your proxy form electronically by visiting [www.investorvote.com.au](http://www.investorvote.com.au), logging in and quoting the Control Number found on the front of your proxy form. Alternatively, you can scan the QR code also found on the front of your proxy form. Intermediary Online subscribers (Custodians) may lodge their proxy by visiting [www.intermediaryonline.com](http://www.intermediaryonline.com).

### **Fax:**

1800 783 447 (Within Australia)  
+61 3 9473 2555 (Outside Australia)

You can elect to receive Shareholder information electronically, or obtain a replacement or second proxy form, by contacting Computershare on 1300 552 270 (within Australia) or +61 3 9415 4000 (outside Australia). You may also update your Shareholder communication elections by logging onto [www.investorcentre.com](http://www.investorcentre.com).

## **ADMISSION TO MEETING**

Shareholders who will be attending the Annual General Meeting and who will not be appointing a proxy, are asked to bring the proxy form (if they have one) to the meeting to help speed admission.

Shareholders who do not plan to attend the Meeting are encouraged to complete and return a proxy form or lodge a proxy online, for each of their holdings of Company's shares.

## **SHAREHOLDER QUESTIONS**

The Company encourages Shareholders to submit written questions in advance of the Meeting. To submit a written question, please complete and return the accompanying form, or submit the question online, in accordance with the instructions on the form.

The question must be received by the Company no later than Friday, 20 October 2017 (five business days before the Meeting). Questions should relate to matters that are relevant to the business of the Meeting as outlined in the notice of meeting.

Questions will be collated and, during the Meeting, the Chairman will endeavour to address as many of the more frequently asked questions as possible and, where appropriate, will give the representative of the auditor, Grant Thornton, the opportunity to answer written questions submitted to the auditor. However, there may not be sufficient time available at the Meeting to address all questions.

As soon as practicable after the Meeting, a summary of the questions and answers will be made available and posted on the Company's website under the Investor Relations section, and where it is not possible to address a question at the Meeting, an individual response will be sent to the Shareholder who raised the question.

## **Schedule 1 - Outline of the LTIP**

The LTIP allows the Company to issue Performance Rights to eligible employees (including executive directors) of the Group, or contractors to the Group. A Performance Right is a right to acquire one share in the Company (subject to the determination by the Board that the relevant performance conditions attaching to the Performance Right have been met). If the relevant performance conditions are not met, then the Performance Right will lapse.

Performance Rights issued under the LTIP do not confer an entitlement to attend or vote at general meetings of the Company.

The LTIP was adopted by Directors on 30 August 2016, and approved by the Shareholders at the 2016 AGM.

### ***Participation***

The eligible participants under the LTIP are any employee (including full time and part-time employees or employees), executive director or employees of an entity which provides services to an entity in the Group.

In accordance with the requirements of the Listing Rules, prior Shareholder approval will be required before any of the Directors or a related party of the Company can participate in the LTIP.

### ***Performance Criteria***

Performance Rights granted under the LTIP will be subject to performance conditions as determined by the Board from time to time and for each particular participant on a case by case basis. Criteria that may be taken into account may include (without limitation) matters such as length of employment, successful operational results and/or direct increase in Shareholder value linked to the share price of the Company or reserve targets.

### ***Terms of the LTIP***

#### **Consideration**

The LTIP does not require any amount to be paid in connection with the grant of a Performance Right. The vesting of a Performance Right is conditional on the satisfaction of the performance conditions attaching to the Performance Right. Subject to the Listing Rules, the Board may nonetheless determine in its discretion that it will reduce or waive the performance conditions in whole or in part.

#### **Number of Performance Rights**

The LTIP does not set a maximum number of ordinary shares that may be made available to any one participant. The Board may determine the persons who are eligible to participate in the LTIP. An offer to a person to participate in the LTIP, or any Performance Rights held by a participant in the LTIP, are personal to the relevant person and may not be exercised by any other person, except that an offer may provide that participant may nominate a controlled entity to accept the offer and receive the Performance Rights.

The Board may stipulate the terms and conditions on which offers of Performance Rights are made, including but not limited to the maximum number of Performance Rights for which an eligible participant may apply, performance conditions, expiry date, the amount payable (if any) for the grant of a Performance Right, circumstances in which the Performance Rights will lapse and any other terms and conditions applicable which the Board determines. A participant may not dispose of or grant security over, or enter into any arrangement for the purpose of hedging or otherwise effecting their economic exposure to their Performance Rights.

#### Lapse of Performance Rights

A Performance Right will lapse on the earlier of: -

- a. its stated expiry date;
- b. the date that is 30 days after the participant ceases to be an employee of the Company except where special circumstances (for example, death, permanent disablement or redundancy) apply, or the cessation of employment is not considered to make the employee a Bad Leaver;
- c. the Board making a determination that the Performance Right has lapsed on account of the participant acting fraudulently or dishonestly or in breach of the participant's obligations to the Company;
- d. the participant, the participants' estate or a controlled entity holding Performance Rights which is a natural person becomes bankrupt or commits an act of bankruptcy; or
- e. any controlled entity holding Performance Rights which is a body corporate becoming an externally administered body corporate.

In special circumstances a Performance Right can vest where a participant ceases to be an eligible participant. Early vesting of the Performance Right will occur in the event that: -

- f. the participant dies, is totally and permanently disabled or made redundant;
- g. there is a change of control of the Company;
- h. the Company passes a resolution for winding up;
- i. an order is made for the compulsory winding up of the Company;
- j. a person acquires voting power (within the meaning of section 610 of the Corporations Act) in more than 50% of the shares in the Company:
  - i. through a scheme of arrangement; or
  - ii. as a result of a takeover bid;
- k. the employer of the participant or business in which the participant is employed is sold by or transferred out of the Group; or
- l. the Board otherwise decides, at its discretion, that the Performance Right will vest.

## Re-organisation of Share Capital

Other than as provided for by the LTIP, participants will not be entitled to participate in any new issue of shares.

In the event that the Company makes a bonus issue of shares, then the number of underlying shares over which the Performance Rights are exercisable, will be increased by the number of shares which the participant would have received if the Performance Rights had vested immediately prior to such record date.

If there is a reorganisation of capital of the Company then the rights of the participant will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

## Quotation of Shares

The Company will not seek official quotation of any Performance Rights. The Company will apply to the ASX for quotation of shares issued on exercise of Performance Rights if other shares of the Company are officially quoted by ASX at that time.

## Administration and Amendment of the LTIP

The LTIP will be administered by the Board which will have power to determine appropriate procedures and make regulations for the administration of the LTIP which are consistent with it. Subject to the Listing Rules, the Board may, in its absolute discretion, at any time amend any of the rules, or waive or modify the application of any of the rules in relation to any participant provided no amendment to the LTIP materially reduces the right of any participant in respect of any Performance Right granted to that participant, other than an amendment introduced to either correct any manifest error or mistake, and the purposes of complying with present or future State or Commonwealth legislation, to address possible adverse tax implications or to enable the Group to comply with any applicable laws. The Board may suspend or terminate the LTIP at any time, provided that such termination or suspension does not adversely affect the then existing rights of the participants.