

# Employee Share Option Plan

Azure Healthcare Limited  
ACN 108 208 760

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# **Terms and Conditions of the Azure Healthcare Limited Employee Option Plan**

The terms and conditions of the Azure Healthcare Limited Employee Option Plan are as follows:

## **Operative Provisions**

### **1. Definitions and Interpretation**

#### **1.1 Definitions**

In these terms and conditions, unless the context otherwise requires:

**Application for Options** means a notice substantially in the form of Schedule 1;

**ASX** means Australian Securities Exchange Limited (ACN 008 624 691);

**Bid Period**, in relation to a takeover bid in respect of Shares, means the period referred to in the definition of that expression in section 9 of the Corporations Act, provided that where an off-market bid is publicly announced prior to the service of the relevant bidder's statement on the Company, the Bid Period will be deemed to have commenced at the time of that announcement;

**Board** means the board of directors of the Company;

**Bonus Date** means any date after the Issue Date and before exercise or expiry of the Outstanding Options, on which entitlements are ascertained for holders of Shares to participate in any Bonus Issue by the Company;

**Bonus Issue** has the meaning given to that term in the Listing Rules;

**Business Day** has the meaning given to that term in the Listing Rules;

**Company** means Azure Healthcare Limited (ACN 108 208 760);

**Corporations Act** means the *Corporations Act 2001* (Cth);

**Eligible Participant** means an Employee who is declared by the Directors (in their discretion) to be an Eligible Participant for the purpose of this Plan;

**Employee** means a full-time or permanent part-time employee of the Company, and includes the directors and office holders of the Company at the relevant time;

**Exercise Notice** means a notice substantially in the form of Schedule 2;

**Exercise Period** means, subject to rule 5.2, the period determined by the Board on or before the date on which the Options are offered and detailed in the Option Invitation, such period to be compliant with the Company's Security Dealing Policy;

**Exercise Price** means, in relation to the Options, subject to the Listing Rules and rule 7, the price determined by the Board on or before the date on which the Options are offered and detailed in the Option Invitation;

**Expiry Date** means, subject to rule 4.2, the date determined by the Board and detailed in the Option Invitation to be provided to the Prospective Option Holder on or before the Issue Date;

**Issue Date** means the date on which an Option is issued by the Company as set out in the Option Certificate for the Option;

**Listing Rules** means the official listing rules of the ASX;

**Option Certificate** means the certificate issued by the Company to an Option holder setting out:

- (a) the number of Options to which the certificate relates; and
- (b) the Issue Date, Exercise Price and Expiry Date of those Options.

**Option Holder** means a person registered in the Company's register of option holders as the holder of Options;

**Option Invitation** means the letter of offer to acquire Options given to an Eligible Participant and including the Application for Options;

**Option Plan** means the Azure Healthcare Limited Employee Option Plan constituted by these terms and conditions, the Option Invitation and the Application for Options;

**Options** means options over unissued Shares issued pursuant to this Option Plan;

**Outstanding Options** means, in relation to an Option Holder, Options that remain unexercised from time to time;

**Retire** means when an Employee's employment or engagement as a full-time salaried employee ceases as a result of the Employee either:

- (a) reaching 65 years of age or an earlier lawful retirement age;
- (b) being retrenched; or
- (c) being made redundant,

and **Retirement** has a corresponding meaning;

**Shares** means fully paid ordinary shares in the capital of the Company;

**Total and Permanent Disablement** means, in relation to an Eligible Participant or Option Holder, that that person has, in the opinion of the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the person unlikely ever to engage in any occupation with the Company or any similar company for which he or she is reasonably qualified by education, training or experience.

## 2. Interpretation

In these terms and conditions, unless the context otherwise requires:

- (a) Headings are for convenience only and do not affect the interpretation of these terms and conditions;

- (b) The singular includes the plural and vice versa;
- (c) The word “person” includes a firm, body corporate, unincorporated association and governmental authority;
- (d) A reference to any statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (e) A reference to a document includes an amendment or supplement to, or replacement or novation of, that document;
- (f) A reference to a person includes a reference to that person’s executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;
- (g) An agreement, representation or warranty on the part of or in favour of two or more persons binds or is for the benefit of them jointly and severally;
- (h) If a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (i) A reference to a currency is a reference to Australian currency unless otherwise indicated;
- (j) A reference to time is a reference to the time in Sydney, Australia; and
- (k) An expression defined in, or given a meaning for the purposes of, the Corporations Law has the same meaning where used in these terms and conditions.

### **3. Option Entitlement**

#### **3.1 Power to grant Options**

Subject to the Listing Rules, the Board may, from time to time and in its absolute discretion, grant Options to Eligible Participants in accordance with these terms and conditions.

#### **3.2 No Consideration on Grant**

No consideration is payable on the grant of Options.

#### **3.3 Entitlement to Shares on Exercise**

Subject to rules 5, 7 and 8, each Option entitles the Option holder (or, in the event of the death or total or permanent disability of the Employee, the Employee’s legal or personal representative) to subscribe for one Share at the Exercise Price.

#### **3.4 Offer of Options**

On an offer of Options to an Eligible Participant, the Company must provide the Eligible Participant with an Option Invitation. To accept the offer of Options, the Application for Options must be signed by the Eligible Participant and returned to the Company within 10 Business Days. An Eligible Participant is not bound to accept an offer of Options.

### 3.5 Grant of Options

Where the Company receives a completed Application for Options in accordance with this rule 3, the Company must, subject to the Listing Rules:

- (a) grant the relevant number of Options to the Option holder (refer to Schedule 1 for allocation); and
- (b) issue the Option holder with an Option Certificate in respect of the Options,

unless at or after the time the Company offered the Options the recipient of the offer ceases to be an Eligible Participant for reasons described in rule 4.2.

## 4. Duration of Options

### 4.1 Expiry

Subject to rule 4.2, Options expire at 5.00pm on the Expiry Date unless otherwise determined by the Board and detailed in the Option Invitation.

### 4.2 Employment Cessation

- (a) Should any person cease to be an Employee due to consistent or a material default of the terms of their employment or engagement with the Company, all Options granted to them pursuant to this Plan are deemed to lapse upon the cessation of their employment.
- (b) Should any person cease to be an Employee,
  - (i) by reason of that Employee's Retirement, all Options granted to that Employee pursuant to this Plan are deemed to expire 90 days after the Employee Retires, or
  - (ii) because of the Employee's death or Total and Permanent Disablement, all Options granted to that Employee pursuant to this Plan are deemed to expire 120 days after their death or total and permanent disablement.
- (c) Should any person cease to be an Employee by reason of the Employee providing to the Company notice of termination of his or her employment in accordance with the agreed terms of the Employee's employment (**Termination Notice**), the applicable Options granted to that Employee pursuant to this Option Plan:
  - (i) are deemed to expire on the date the Employee provides the Termination Notice, if that Termination Notice is provided prior to the Exercise Period applicable to those Options, or
  - (ii) if that Termination Notice is provided during the Exercise Period applicable to those Options, then the relevant Options may only be exercised before, and are otherwise deemed to expire upon:
    - (A) 90 days after the provision of the Termination Notice; or
    - (B) the Expiry Date applicable to those Options,whichever is earlier,

provided the Employee is not in material default of the terms of his or her employment at the time of their cessation, and has not consistently been in default of the terms of their employment whilst employed.

#### **4.3 Fraud or dishonesty**

An unexercised Option lapses if, in the opinion of the Board, the Option Holder has acted fraudulently or dishonestly in their capacity as an Employee and the Board determines that such Option lapses.

#### **4.4 Lapse**

Options not exercised on or before 5.00pm on the Expiry Date automatically lapse, unless otherwise determined by the Board acting in its sole discretion.

#### **4.5 Effect of lapse**

In the event that an Option lapses under this rule 4, all rights in respect of the relevant Options cease and no consideration or other compensation will be payable by the Company for or in relation to that lapse of Options.

### **5. Exercise of Options**

#### **5.1 Manner of Exercise**

An Option holder whose exercise of Options would not be in breach of rule 11 may exercise Outstanding Options, in whole or in part, by lodging with the Company at its registered office:

- (a) the Option Certificate for the Options;
- (b) a duly completed and signed Exercise Notice; and
- (c) the subscription money for the relevant Shares, being the number of Options specified in the Exercise Notice multiplied by the Exercise Price for those Options.

#### **5.2 Timeframe for Exercise**

- (a) Subject to rule 5.3, an Option Holder may only exercise Options during the Exercise Period.
- (b) In addition to the restrictions referred to in rules 4.2 and 5.2(a), the Board may impose such other restrictions on the exercise of an Option as it in its absolute discretion sees fit.

#### **5.3 Takeovers**

Despite rule 5.2, Option holders may exercise any of their Options during a Bid Period.

### **6. Issue of Shares on Exercise**

Subject to rules 5 and 8, the Company must:

- (a) allot and issue to the Option Holder the number of Shares which corresponds with the number of Options being exercised under rule 5; and

- (b) apply for official quotation of those Shares on the ASX within 15 Business Days after the date the Options are duly exercised and the Exercise Price is paid.

## **7. Reconstructions**

If, at any time prior to the exercise by an Option holder of any Outstanding Options, there is any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, the Outstanding Options will be reorganised in the manner required by the Listing Rules on a reconstruction of capital at the time of the reconstruction.

## **8. Bonus Issues**

On each Bonus Date, each Outstanding Option confers on the Option holder the right to receive, on exercise of those Outstanding Options, not only one Share for each of the Outstanding Options exercised but also the additional Shares and/or other securities the Option holder would have received had the Option holder participated in that Bonus Issue as a holder of Shares of a number equal to the Shares that would have been allotted to the Option holder had the Option holder exercised those Outstanding Options immediately before that Bonus Date.

## **9. Participation in New Issues**

Outstanding Options do not carry the right to participate in any new issues of securities by the Company prior to the exercise of those Options.

## **10. Equal Ranking of Shares**

### **10.1 Shares Issued on Exercise Rank Equally**

Subject to rule 10.2, any Shares issued pursuant to any exercise of Options rank equally in all respects with other Shares of the Company on issue at the Issue Date.

### **10.2 Entitlement to Dividend**

Where any Shares are issued pursuant to the exercise of Options during a period in respect of which a dividend is declared, the holder of those Shares is only entitled to receive that dividend where the Shares were issued on or before the relevant dividend entitlement (record) date.

## **11. Compliance with Law and Orders**

### **11.1 No Breach of Law**

An Option holder must not exercise any Options, and no purported exercise has any effect, if in doing so the Option holder would be in breach of, or would cause the Company or any of its Related Bodies Corporate to be in breach of:

- (a) any provision of the *Foreign Acquisitions and Takeovers Act 1975* (Cth);
- (b) any undertaking given by the Company to the Foreign Investment Review Board at the request of the Foreign Investment Review Board from time to time;
- (c) the Listing Rules; or
- (d) any other applicable law.



## **11.2 Interpretation**

For the purposes of rule 11.1, references to the *Foreign Acquisitions and Takeovers Act 1975* (Cth) mean the relevant Act as it may be amended or modified or replaced or supplemented by another Act or regulation dealing with similar subject matter.

## **12. Calculations**

### **12.1 Performing Calculations**

Any calculations or adjustments which are required to be made for the purpose of any Options must be made by the auditors of the Company for the time being and will, in the absence of manifest error, be final, conclusive and binding on the Option Holder.

### **12.2 Notification of Adjustments**

The Company must notify an Option Holder of any adjustment made to the Exercise Price or the number of the Option Holder's Outstanding Options within 10 Business Days after the date of the adjustment.

## **13. Replacement of Certificates**

- (a) If any Option Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the registered office of the Company on payment by the claimant of the reasonable expenses incurred by the Company in connection with the replacement and on any terms as to evidence, indemnity and security that the Company may reasonably require.
- (b) Mutilated or defaced Option Certificates must be surrendered before replacements will be issued.

## **14. Administration and Amendment**

This Option Plan will be administered by the Board who have the power to:

- (a) determine procedures from time to time for the administration of this Option Plan consistent with the terms and conditions of the Option Plan;
- (b) subject to the Listing Rules, amend or modify the terms and conditions of the Option Plan;
- (c) subject to rule 12.1, resolve conclusively all questions of fact or interpretation arising in connection with this Option Plan; and
- (d) delegate to any one or more persons, for any period and on any conditions determined by the Board, the exercise of any of the Board's powers or discretions arising under this Option Plan.

## **15. Termination of Plan**

The Board may terminate this Plan at any time, at its absolute discretion. Termination does not affect the rights under this Plan of employees in respect of offers that they have accepted or offers that are outstanding.

## **16. Notices**

Any notice by the Company regarding the Options must be sent to the registered address of the Option Holder as recorded in the register of option holders maintained by the Company.

## **17. Governing Laws**

This Option Plan and any Options are governed by, and must be construed in accordance with, the laws of Victoria.

## **18. Duties and Taxes**

The Company is not responsible for any duties or taxes which may become payable in connection with the issue and allotment of Shares pursuant to an exercise of the Options or any other dealing with the Options or Shares.

## **19. No Transfer of Options**

The Options must not be assigned or transferred to any other person, or otherwise disposed of, by the Option Holder. This does not prevent the exercise of the Options by the estate of a deceased Option Holder.

**Schedule 1**

**Azure Healthcare Limited**

**ACN 108 208 760**

**Employee Share Option Plan - Application for Options**

The Company Secretary  
Azure Healthcare Limited

Mr/Mrs/Miss/Ms .....

(PLEASE USE BLOCK LETTERS)

Full Address:

.....

.....

.....Postcode.....

Tax File Number: .....

Applies for ..... (Number in Figures) Options at an exercise price of ..... in the Azure Healthcare Limited Employee Share Option Plan. This is a total of ..... including the amount I am obliged to pay in future.

I request you to grant those Options and I agree to accept them subject to the terms and conditions of the Azure Healthcare Limited Employee Share Option Plan.

I acknowledge that this is a risky investment.

I am investing entirely at my own risk.

No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the offering memorandum.

The person selling me these securities is not registered with a securities regulatory authority or regulator and has no duty to tell me whether this investment is suitable for me.

I could lose all the money I invest.

Signature: .....

Date: .....

Sign 2 copies of this document. Keep one copy for your records.

**Schedule 2**

**Azure Healthcare Limited**

**ACN 108 208 760**

**Employee Share Option Plan - Option Exercise Notice**

I, ..... being the registered holder of the Options specified below, elect to exercise the Options as specified below in accordance with rule 5 of the terms and conditions of the Azure Healthcare Limited Employee Share Option Plan.

Number of Options being exercised: .....

Name and address of the Shareholder to be entered into the register of members in respect of Shares issued:

.....  
.....  
.....Postcode.....

Enclosed with this notice is the certificate for the Options referred to above together with the relevant exercise money being \$.....

In relation to the Shares to be issued on exercise of the Options, I agree to be bound by the provisions of the constitution of Azure Healthcare Limited.

Date: .....

.....  
Signed by the Option holder