



Rules of the Dividend Reinvestment Plan

Paragon Care Limited

ABN 78 064 551 426

This document contains important information. Please give it your immediate attention. Should you have any doubts about how to deal with it, please consult your legal or financial adviser. Specific taxation advice should be obtained if required and the Company takes no responsibility for the taxation liabilities of participants in the Dividend Reinvestment Plan.

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Dividend Reinvestment Plan Rules

Paragon Care Limited (ABN 78 064 551 426)

1 Interpretation

1.1 Definitions

The following words have these meanings in these DRP Rules, unless the contrary intention appears:

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange as the context requires.

Board means the directors of the Company acting collectively under the Constitution or the committee or person to whom the Board has delegated a relevant power in accordance with the Constitution or the *Corporations Act 2001* (Cth) (or both).

Company means Paragon Care Limited (ABN 78 064 551 426).

Constitution means the constitution of the Company as amended from time to time.

Directors mean the directors of the Company from time to time.

DRP means the dividend reinvestment plan of the Company constituted by these Rules.

DRP Account means an account established and maintained under Rule 6.3(a).

DRP Participant means an Eligible Shareholder:

- (a) whose Election Notice to participate in the DRP has been accepted by the Board in accordance with these Rules; and
- (b) who has not ceased to participate in the DRP by force of these Rules.

DRP Rules or Rules means these Dividend Reinvestment Plan Rules as varied from time to time.

DRP Shares mean Shares which are designated by a DRP Participant as Shares that are to participate in this DRP under Rules 4 and 5, and in relation to which an Eligible Dividend is to be applied in subscribing for additional Shares in accordance with these Rules.

Eligible Dividend means each cash dividend or cash component of a dividend declared and paid by the Board in respect of Shares.

Election Notice means the form for applying to participate in the DRP in the form prescribed by the Board from time to time.

Eligible Shareholder means a person registered as the holder of Shares in the Company other than:

- (a) a person with a registered address in any place where, in the reasonable opinion of the Board, participation or the making of an offer or invitation to participate in the DRP is unlawful or would require compliance with conditions which the Board in its sole discretion regard as unacceptable or unduly onerous; or
- (b) a person whose participation in the DRP would otherwise, in the reasonable opinion of the Board, be unlawful, impractical, impossible or would have an adverse effect on the regulatory approvals or licences which the Company holds or for which it intends to apply.

Issue Price means:

- (a) In respect of any issue of Shares under the DRP, the arithmetic average of the daily volume weighted average market price (rounded to the nearest cent) of all Shares sold through a Normal Trade on the ASX automated trading system during the period of five consecutive trading days immediately preceding the Record Date in respect of the relevant Eligible Dividend, less a discount, if any, as determined by the Directors under Rule 6.5.
- (b) The weighted average market price referred to above will be calculated by the Board or another suitable person nominated by the Board, by reference to information the Board approves for this purpose from time to time. The determination by the Board of the Issue Price will be binding on all DRP Participants.

Listing Rules means the Listing Rules of ASX as they apply to the Company for the time being.

Normal Trade means all trades excluding special trades such as special crossings, overseas trades, option exercise trades and any other trade determined by the Board in its sole discretion as not to be reflective of normal trading in Shares.

Record Date in relation to an Eligible Dividend, means 5:00pm (Melbourne time) (or such other time as the Board may determine) on the date on which the entitlements for the Eligible Dividend are calculated.

Register means the register of members of the Company.

Shares means fully paid ordinary shares in the Company, and any other shares issued by the Company that the Board decides are eligible for participation in the DRP.

Share Registry means Link Market Services Limited (ACN 083 214 537) or any other person appointed as registrar of the Register from time to time.

Trading Rules for the purpose of Rule 14 mean:

- (a) the Listing Rules; and
- (b) the ASTC Settlement Rules (or other operating rules of a clearing and settlement facility that is a prescribed CS facility under the *Corporations Act 2001* (Cth),

as they apply to the Company for the time being.

Variation Notice means a notice to be given in accordance with Rule 8.1(a) in the form prescribed by the Board from time to time.

Withdrawal Notice means a notice to be given in accordance with Rule 8.1(b) in the form prescribed by the Board from time to time.

1.2 Rules for interpreting this document

Unless the contrary intention appears, a reference in these DRP Rules to:

- (a) **(headings)** headings are for convenience only and do not affect interpretation;
- (b) **(person)** the word “person” includes any company, partnership, joint venture, association, corporation;
- (c) **(singular includes plural)** the singular includes the plural and vice versa; and
- (d) **(examples)** if an example is given of anything (including a right, obligation or concept) for example by saying it includes something else, the example does not limit the scope of that thing.

2 Commencement of the DRP

The DRP operates on and from the date determined by the Board and notified to Eligible Shareholders.

2.1 Entitlement to participate

Each Eligible Shareholder may participate in the DRP at the Eligible Shareholder's option and subject to these DRP Rules. Participation in the DRP is not transferable.

3 Applying to participate

3.1 Election Notice

To apply to participate in the DRP (either in respect of some or all of his or her Shares) an Eligible Shareholder must complete, sign and lodge an Election Notice with the Share Registry in accordance with these Rules.

3.2 Joint holders

All joint holders of Shares must sign a single Election Notice for it to be valid. If one or more of the joint holders of the Shares is not an Eligible Shareholder, none of the joint holders can apply to participate in the DRP with respect to the Shares jointly held.

3.3 Multiple shareholding accounts

If an Eligible Shareholder is shown in the Register as holding more than one parcel of Shares and has been allocated a unique shareholder identification number for each of those parcels, and wishes to participate in the DRP with respect to one or more of those parcels:

- (a) a separate Election Notice must be lodged with respect to each of those parcels; and
- (b) these Rules apply as if each of those parcels were registered in the name of a separate Eligible Shareholder (and, in the case where the Eligible Shareholder's application in relation to a parcel is accepted by the Board under Rule 5, a separate DRP Participant).

4 Degree of participation

4.1 Participation

- (a) An Eligible Shareholder may participate in the DRP in respect of all his or her Shares or in respect of some only of those Shares.
- (b) An Eligible Shareholder who wishes to participate in the DRP must elect on the Election Notice the degree to which the Eligible Shareholder wishes to participate in the DRP. Participation in the DRP may be:
 - (i) **Full Participation** - all of the Shares registered in the DRP Participant's name from time to time are to participate in the DRP, in which case all the Shares registered in the name of that DRP Participant at or after the DRP Participant's Election Notice was accepted by the Board (or receipt by the Share Registry of the Variation Notice) are DRP Shares; or
 - (ii) **Partial Participation** – some only of the Shares registered in the DRP Participant's name are to participate in the DRP, subject to paragraph (c), that number of Shares nominated by the DRP Participant in the Election Notice (or a Variation Notice), and any Shares issued to the DRP Participant under the DRP after the DRP Participant's Election Notice was accepted by the Board (or receipt by the Share Registry of a Variation Notice), are DRP Shares.

- (c) If at the Record Date for an Eligible Dividend the number of Shares held by the DRP Participant is less than the number of Shares that are DRP Shares of the DRP Participant as determined under Rule 4.1(b)(ii), then only those Shares registered in the name of the DRP Participant on that Record Date are DRP Shares.

4.2 Application taken to be for full participation

An Election Notice received by the Share Registry is taken to be an application for Full Participation in the DRP if the Eligible Shareholder does not clearly indicate the degree of participation in the DRP.

4.3 Limited participation

Despite Rule 4.1, the Board may at any time by written notice to Eligible Shareholders limit participation in the DRP by limiting the amount of Eligible Dividend which may be reinvested under the DRP.

4.4 Discontinuing participation

- (a) The Board may in its absolute discretion discontinue the participation of a DRP Participant in the DRP without giving reasons.
- (b) If the Board discontinues a DRP Participant's participation in the DRP, it must notify that person as soon as practicable.

5 Acceptance of applications

5.1 Application

Subject to Rule 5.2 and Rule 5.3, applications to participate in the DRP will be effective on receipt of the Election Notice by the Share Registry.

5.2 Board discretion

The Board may in its absolute discretion accept or refuse any Election Notice, without being bound to give any reason for doing so. If the Board refuses to accept an Election Notice, the Company must notify the Eligible Shareholder as soon as practicable that the Election Notice has been rejected.

5.3 Effectiveness of Election Notice

- (a) Subject to Rule 5.1, an Eligible Shareholder's participation in the DRP will commence from the first Eligible Dividend payment after receipt of the Election Notice, provided it is received before the Record Date for that Eligible Dividend, and will continue until:
 - (i) superseded by a later Variation Notice;
 - (ii) termination or cessation of the DRP Participant's participation in the DRP; or
 - (iii) the DRP is suspended or terminated.
- (b) An Election Notice which is received by the Share Registry after the Record Date for an Eligible Dividend is not effective for that Eligible Dividend, but takes effect in respect of the next Eligible Dividend.

5.4 Effect of application

By applying to participate in the DRP, the Eligible Shareholder agrees to be bound by these Rules and the Constitution in respect of all Shares issued to (or acquired for) the Eligible Shareholder under the DRP.

5.5 Significance of applying

By applying to participate in the DRP in accordance with Rule 3, each applicant:

- (a) warrants to the Board that it is an Eligible Shareholder;
- (b) authorises the Company (and its officers or agents) to correct any error in, or omission from, an Eligible Shareholder's Election Notice or any later Variation Notice, but acknowledges that the Company has no obligation to correct any error in, or omission from, any Eligible Shareholder's Election Notice or any later Variation Notice;
- (c) acknowledges that the Company may at any time irrevocably determine that an applicant's Election Notice is valid, in accordance with these Rules, even if the Election Notice is incomplete, contains errors or is otherwise defective;
- (d) acknowledges that the Board may reject any Election Notice in its absolute discretion without being bound to give any reason for doing so;
- (e) acknowledges the discount (if any) applicable under Rule 6 may be different from one Eligible Dividend to the next; and
- (f) acknowledges that none of the Directors, the Company or the Share Registry has provided the applicant with investment advice or financial product advice, and that none of the Directors, the Company or the Share Registry has any obligation to provide such advice concerning any Eligible Shareholder's decision to apply to participate in the DRP.

5.6 Record of DRP participation

- (a) The Company will record for each DRP Participant particulars of:
 - (i) the name and address of the DRP Participant; and
 - (ii) the number of DRP Shares held by the DRP Participant from time to time.
- (b) The Company's records will be conclusive evidence of the matters so recorded.

6 Operation of the DRP

6.1 Eligible Dividend

The DRP applies only in respect of DRP Shares of a DRP Participant on which an Eligible Dividend is payable.

6.2 Reinvestment

- (a) Subject to these Rules, Eligible Dividends on DRP Shares will be applied by the Company on the DRP Participant's behalf in subscribing for DRP Shares.
- (b) Any Eligible Dividends on Shares which the Company is entitled to retain under its Constitution or otherwise will not be available for subscribing for Shares.
- (c) Any portion of a DRP Participant's Eligible Dividends on DRP Shares:
 - (i) which is deductible by the Company as withholding tax; or
 - (ii) which the Company is entitled or required to withhold or deduct for any reason from the Eligible Dividend payable to that DRP Participant,

will not be applied to subscribe for Shares.

6.3 Reinvestment procedure

- (a) The Company must establish and maintain a DRP Account for each DRP Participant.
- (b) Subject to this Rule 6, in respect of each Eligible Dividend, the Company must:
 - (i) calculate the amount of the Eligible Dividend payable to each DRP Participant in respect of its DRP Shares which may be reinvested under the DRP (before any deduction referred to in (ii) below);
 - (ii) calculate (if applicable) the amount to be withheld or deducted under Rule 6.2, and any other sum the Company is entitled to retain in respect of a DRP Participant's DRP Shares;
 - (iii) credit the amount calculated under paragraph (i) above and debit any amount calculated under paragraph (ii) above to the DRP Participant's DRP Account;
 - (iv) calculate the maximum whole number of Shares to be issued to or purchased for the DRP Participant under these DRP Rules, in accordance with Rule 6.4; and
 - (v) on behalf of and in the name of the DRP Participant, subscribe for or purchase the number of Shares determined under paragraph (iv) above and debit the DRP Participant's DRP Account in payment for those Shares (with no cash balance being carried forward in the Participant's DRP Account).

6.4 Entitlement formula

- (a) Subject to the discretion of the Board, the number of Shares to be issued or transferred to each DRP Participant in relation to an Eligible Dividend, will be the whole number equal to (or when not a whole number, be rounded to the nearest whole Share, with 0.5 of a Share rounded down) the number represented by "A" calculated in accordance with the following formula:

$$A = \frac{D - T}{I}$$

Where:

D is the Eligible Dividend payable on the DRP Participant's DRP Shares as at the Record Date for that Eligible Dividend which may be reinvested under the DRP;

T is any withholding tax or other sum the Company is entitled to deduct or retain in relation to the Eligible Dividend or the DRP Shares; and

I is the Issue Price.

- (b) Shares will not be issued under the DRP if the issue of such Shares would breach any provision of any Applicable Law.

6.5 No discount unless otherwise determined

- (a) The Board may, in its sole discretion, resolve from time to time to apply a discount for the purpose of calculating the Issue Price under Rule 6.4, in relation to a particular Eligible Dividend.
- (b) No discount will apply for the purpose of calculating the Issue Price under Rule 6.4 unless the Board determines otherwise, and notifies DRP Participant's of such determination in accordance with these Rules.
- (c) Any discount determined by the Board in respect of the DRP for a particular Eligible Dividend may differ from any discount (if any) determined by the Board in respect of the DRP for any future Eligible Dividends.

(d) The discount allocated for a particular Eligible Dividend:

- (i) may be nil; or
- (ii) may be as determined by the Board,

and the discount (if any) will be announced on the Company's website and to the ASX, but any variation will not apply to any discount already announced for a particular Eligible Dividend.

6.6 Provision of Shares

Shares to be issued under the DRP must be fully paid up and issued or transferred as soon as practicable after the relevant dividend payment date.

6.7 Quotation on ASX

Where Shares are issued under the DRP, the Company must promptly (and, in any event, within the time period required by the Listing Rules) make application for each issue of Shares under the DRP to be quoted on ASX.

6.8 Constitution Prevails

Despite anything contained in these Rules, neither the Company nor the Board has any obligation to issue or transfer Shares to a DRP Participant if to do so would or might (in the opinion of the Board) result in a breach of the Constitution.

7 Shares provided under the DRP

7.1 Rights attaching to Shares

All Shares issued under the DRP will from the date of issue rank equally in all respects with existing Shares.

7.2 Holding statements

As soon as practicable after each issue of Shares under the DRP (and in any event within the period required by the Listing Rules), the Company will send to each DRP Participant, a statement setting out:

- (a) the number of the DRP Participant's DRP Shares on the Record Date for the relevant Eligible Dividend;
- (b) the Eligible Dividend payable in respect of that DRP Participant's DRP Shares which has been applied towards subscribing for additional Shares;
- (c) if applicable, the amount of any withholding tax or other amount under Rule 6.3(b) which has been deducted or retained from the Eligible Dividend payment on the DRP Participant's DRP Shares;
- (d) the number, Issue Price and issue date of additional Shares allotted to that DRP Participant under the DRP;
- (e) the number of Shares (including DRP Shares) in respect of which that DRP Participant is the registered holder after the allotment; and
- (f) any franking credit which is attached to the Eligible Dividend.

7.3 Allotment and dispatch of statements

Shares to be issued under the DRP will be issued by the Company within the time required by the ASX, and shareholder statements for the Shares will be dispatched as soon as practicable after the Share issue, if so required by the Constitution.

7.4 Participants to be bound

DRP Participants are at all times bound by the DRP Rules.

7.5 Costs to Participants

No brokerage, commission or other transaction costs will be payable by DRP Participants in respect of Shares issued under the DRP. However the Company does not assume liability for any taxes or other imposts assessed against or imposed on any DRP Participant.

8 Variation or withdrawal from DRP

8.1 Variation or withdrawal by notice

- (a) A DRP Participant may vary the number of his or her Shares participating in the DRP by giving a Variation Notice to the Share Registry. A Variation Notice can be obtained by contacting the Share Registry.
- (b) A DRP participant may cease participating in the DRP by giving a Withdrawal Notice to the Share Registry. A Withdrawal Notice can be obtained by contacting the Share Registry.
- (c) Subject to paragraph (d), a notice given under (a) or (b) is effective from the time it is received by the Share Registry.
- (d) A notice which is given under paragraph (a) or (b) which is received after the Record Date for an Eligible Dividend is not effective for that Eligible Dividend, but takes effect in respect of the next Eligible Dividend.

8.2 Participation taken to be terminated

If a DRP Participant disposes of all the DRP Participant's Shares without giving the Share Registry a Variation Notice and is not registered as a holder of any Shares at the Record Date for payment of an Eligible Dividend, the DRP Participant is taken to have ceased participation in the DRP on the last date when the Company registered a transfer of the DRP Participant's Shares.

8.3 Part disposal and no notice

If a DRP Participant disposes of part of the holding of Shares of that DRP Participant, and does not notify the Share Registry the Shares disposed of, to the extent possible, will be taken to be:

- (a) firstly, Shares which are not DRP Shares; and
- (b) secondly, DRP Shares.

8.4 Death or bankruptcy of DRP Participant

- (a) If a DRP Participant (or any of the joint holders that constitute a DRP Participant) dies the participation of that DRP Participant in the DRP ceases when the Share Registry receives written notice of the death.
- (b) If a DRP Participant is declared bankrupt or is wound-up, the participation of that DRP Participant in the DRP ceases when the Share Registry receives written notice of the bankruptcy or winding-up from the DRP Participant or the DRP Participant's trustee in bankruptcy or liquidator, as the case may be.

- (c) The death, bankruptcy or winding up of one or more joint holders does not automatically terminate participation in the DRP provided the remaining holder or all remaining joint holders are Eligible Shareholders.

9 Suspension of the DRP

9.1 Suspension of DRP

The Board may suspend operation of the DRP from time to time in its absolute discretion.

9.2 Suspension

Suspension under Rule 9.1 takes effect from the date decided by the Board and continues until the Board resolves to recommence the DRP or terminate it. The date of suspension and the date of commencement of the DRP must be notified to Eligible Shareholders by the Company as soon as reasonably practicable before or after the effective date for the suspension or commencement.

9.3 Participation

DRP Participants' elections as to participation in the DRP cease to be effective during the period of suspension under this Rule 9, and all Shares are taken not to be DRP Shares for the purpose of any Eligible Dividend declared while the DRP is suspended. While the DRP is suspended, Eligible Dividends on DRP Shares will not be applied by the Company on the DRP Participant's behalf.

9.4 Commencement

- (a) The Board may resolve to recommence operation of the DRP following a suspension on conditions it thinks appropriate.
- (b) If the DRP is recommenced following a period of suspension under this Rule 9, the Board may determine that the DRP Participant's previously suspended Election Notice will be reinstated and be valid and effective in accordance with these DRP Rules for the purposes of the recommenced DRP, unless determined otherwise by the Board and notified to DRP Participants in accordance with Rule 13.

10 Termination of the DRP

The Board may resolve to terminate the DRP. The Company must notify Eligible Shareholders of the date of termination.

11 Amendment to DRP

11.1 Amendment

The Board may vary these Rules as it thinks appropriate. The Company must notify Eligible Shareholders of any variation.

11.2 Amendment does not effect participation

If the DRP or DRP Rules are varied, then, subject to Rule 8, a DRP Participant is taken to continue to participate in the DRP as varied.

12 Administration of the DRP

- (a) The DRP will be administered by the Board, which has the power to:
 - (i) settle any difficulties, anomalies or disputes which arise in connection, or because of, the operation of the DRP, in the manner it thinks expedient either generally or in relation to a particular Eligible Shareholder or Share and the decision of the Board is binding on all members of the Company;

- (ii) determine procedures for administration of the DRP consistent with these Rules; and
 - (iii) delegate to any one or more persons, for such period and on such conditions as they may determine, the exercise of any of their powers or discretion in connection with the DRP.
- (b) Notwithstanding anything else in these DRP Rules, this DRP must be administered in accordance with and subject to all Applicable laws, the Listing Rules and the Constitution.

13 Notices from the Company

A notice required by these Rules to be given to Eligible Shareholders or DRP Participants by the Company may be given by:

- (a) giving the notice to ASX for release to the market (in which case the notice is taken to be given on the date on which it is first given to ASX); or
- (b) sending the notice to the registered address of the Eligible Shareholder in accordance with clause 34 of the Constitution (in which case the notice is taken to be given on the date determined in accordance with that rule of the Constitution); or
- (c) both methods specified in paragraphs (a) and (b) (in which case the notice is taken to be given on the date on which it is first given to ASX).

13.1 No liability

Any variation, suspension, recommencement or termination of the DRP will not give rise to any liability on the part of, or right of action against, the Company or its Directors, officers, employees, representatives or agents.

13.2 Omission or non-receipt of notice

The accidental omission to give notice to any Eligible Shareholder or DRP Participant or the non-receipt of any notice by any DRP Participant does not invalidate the action the subject of the notices (e.g. variation, suspension or termination of the DRP).

14 Trading Rules

For so long as the Company remains admitted to the official list of the ASX, despite anything else contained in these Rules:

- (a) if the Trading Rules prohibit an act being done by the Company, the act shall not be done;
- (b) nothing contained in these Rules prevents an act being done by the Company which the Trading Rules require to be done;
- (c) if the Trading Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
- (d) if the Trading Rules require these Rules to contain a provision and they do not contain that provision, these Rules are taken to contain that provision;
- (e) if the Trading Rules require these Rules not to contain a provision and they contain that provision, these Rules are deemed not to contain that provision; and
- (f) if any of these Rules are or become inconsistent with the Trading Rules, these Rules are to be taken not to contain that provision to the extent of the inconsistency.

15 General

15.1 Governing law

These DRP Rules will be governed by and construed in accordance with the laws of Victoria.

15.2 Waiver

The Company reserves the right to waive strict compliance with any of these Rules.

15.3 Taxation

The Company takes no responsibility for the taxation liabilities of any DRP Participant. DRP Participants should obtain their own separate taxation advice if required.

15.4 Additional information

A copy of the Company's most recent annual report and financial statements is available to every Eligible Shareholder free of charge by:

- (a) downloading the documents from the Company's website www.paragoncare.com.au
- (b) downloading the documents from the ASX website (www.asx.com.au) (the Company's ASX code is "PGC"); or
- (c) on request by contacting the Company.