
Long Term Incentive Plan Rules Pacific Smiles Group Limited

Contents

	Page	
1	Defined terms and interpretation	2
2	Introduction	2
3	Offer, application and acceptance	2
4	Consideration for Performance Rights and/or Options	4
5	Maximum Performance Right and/or Option allocation	4
6	Right to Shares	5
7	Vesting of Performance Rights and/or Options	5
8	Exercise of Options	6
9	Delivery of Shares on vesting of Performance Rights	7
10	Claw Back	8
11	New issues and capital reconstructions	8
12	Cessation of employment	9
13	Administration of Plan	10
14	Appointment of Trustee	10
15	General transfer provisions	11
16	Amendment of the Plan	11
17	Miscellaneous provision	12
	Schedule 1 — Dictionary	15

Date:

Parties

- 1 Pacific Smiles Group Limited ACN 103 087 449 of Level 1, 6 Molly Morgan Drive, Green Hills, NSW 2323
-

1 Defined terms and interpretation

1.1 Definitions in the Dictionary

A term or expression starting with a capital letter:

- (a) which is defined in the Dictionary in Schedule 1 (**Dictionary**), has the meaning given to it in the Dictionary;
- (b) which is defined in the Corporations Act, but is not defined in the Dictionary, has the meaning given to it in the Corporations Act; and
- (c) which is defined in the GST Law, but is not defined in the Dictionary or the Corporations Act, has the meaning given to it in the GST Law.

1.2 Interpretation

The interpretation clause in Schedule 1 (**Dictionary**) sets out Rules of interpretation for their Plan.

2 Introduction

2.1 Purpose

The purpose of the Plan is to:

- (a) assist in the reward, retention and motivation of eligible Employees; and
- (b) align the interests of eligible Employees more closely with the interests of the Company's shareholders by providing an opportunity for eligible Employees to acquire an ownership interest in the Company.

2.2 Commencement

The Plan commences on the date that the Board determines.

2.3 Rules are binding

The Company and each Participant are bound by these Rules.

3 Offer, application and acceptance

3.1 Eligibility

- (a) The Board may determine the Employees who are eligible to participate in the Plan from time to time.
- (b) The Board's determination in clause 3.1(a) will be based on the recommendation of the Company's remuneration and nomination committee.

3.2 Offer may be made

From time to time, the Company may make an Offer to participate in the Plan to an Employee who is eligible to participate in the Plan in accordance with clause 3.1.

3.3 Terms of Offer

An Offer to an Employee to participate in the Plan may be made on such terms and conditions as the Board decides from time to time, including as to:

- (a) the number of Performance Rights and/or Options for which that Employee may apply;
- (b) the amount payable (if any) for the acquisition of a Performance Right and/or Option or how it is calculated;
- (c) the amount payable (if any) for the exercise of a Performance Right and/or Option or how it is calculated;
- (d) the Performance Period;
- (e) the Vesting Date;
- (f) any Vesting Condition;
- (g) any Disposal Restriction;
- (h) the method of acceptance of the Offer; and
- (i) any other terms and conditions determined by the Board from time to time.

3.4 Participant agrees to be bound

Each Participant, by accepting an Offer, agrees to be bound by:

- (a) the terms of the Offer and Application Form;
- (b) the provisions of these Rules; and
- (c) the constitution of the Company, as amended from time to time.

3.5 Acceptance of Offer

- (a) The method and form of acceptance of an Offer will be determined by the Board from time to time and set out in the Offer.
- (b) Subject to clause 3.5(c), if the Board includes a mechanism for deemed acceptance in the Offer, a Participant or other Employee who receives an Offer will be deemed to have accepted the Offer as specified in the Offer unless the Participant or Employee has elected not to participate in the Offer in the manner and within the time-frame set out in the Offer.
- (c) Acceptance of an Offer will not be deemed under clause 3.5(b) if the provisions of clause 3.7 apply at the date the Offer would otherwise have been deemed to have been accepted or if the Board otherwise determines that the Offer should not be deemed to be accepted prior to that date.

3.6 Offer personal

An Offer under the Plan is personal to the Employee to whom it is made and Performance Rights and/or Options and Shares acquired under the Plan may be registered only in the name of the Employee to whom the Offer is made (or in the name of that Employee's self-managed superannuation fund if permitted by law).

3.7 When Applications will not be accepted

An Application under clause 3.4 will not be accepted if, at the date the Application would otherwise be accepted:

- (a) the applicant is not an Employee;
- (b) the applicant has given the Company notice of his or her resignation as an Employee; or
- (c) the applicant has been given notice of termination of employment as an Employee.

3.8 Discretion not to accept

The Board may determine that an Application under this clause 3 by an Employee who would otherwise be eligible to participate under these Rules will not be accepted.

3.9 No disclosure document

The Company has no obligation to make any Offer to any Employee or Participant and/or to accept any Application from any Employee or Participant if to do so would require the Company to issue a disclosure document under Chapter 6D of the Corporations Act or a product disclosure statement under Chapter 7 of the Corporations Act.

4 Consideration for Performance Rights and/or Options

Unless otherwise determined by the Board and set out in an Offer, no consideration will be payable for the grant of a Performance Right and/or Option.

5 Maximum Performance Right and/or Option allocation

- (a) The number of Shares to be received on the exercise of the Performance Rights and/or Options the subject of an Invitation, when aggregated with:
 - (i) the number of Shares which would be issued were each outstanding offer of Performance Rights and/or Options granted pursuant to the Plan and each outstanding offer with respect to Shares, units of Shares and options to acquire unissued Shares under any other employee equity scheme to be accepted or exercised; and
 - (ii) the number of Shares issued during the previous 5 years pursuant to the Plan or any other employee equity scheme extended only to Employees or Directors,

but disregarding any offer made, or Performance Right and/or Option granted or Shares issued by way of or as a result of:
 - (iii) an offer to a person situated at the time of receipt of the offer outside Australia;

- (iv) an offer that did not need disclosure to investors because of section 708 of the Corporations Act;
- (v) an offer that did not require the giving of a product disclosure statement because of section 1012D of the Corporations Act; or
- (vi) an offer made under a disclosure document or product disclosure statement issued pursuant to the Corporations Act,

must not exceed 5% of the total number of issued Shares at the time of the Invitation (**5% Limit**).

- (b) The 5% Limit shall be subject to adjustment or increase pursuant to clause 9 or as may otherwise be permitted by Applicable Law.
- (c) Where a Right or Option lapses without being exercised, the Share which would otherwise have been received on the exercise of the Right or Option is ignored when calculating the 5% Limit.

6 Right to Shares

- (a) Each Performance Right and/or Option, once Vested, gives the relevant Participant the right to receive one Share, subject to the terms of these Rules and the Offer.
- (b) No Performance Right or Option will give a Participant any interest in Shares the subject of the Performance Rights or Options (including any right to vote or receive any dividend) until those Performance Rights or Options have vested and those Shares are issued or transferred to the Participant as a result.
- (c) Each Participant agrees to become a member of the Company.

7 Vesting of Performance Rights and/or Options

7.1 When Performance Rights and/or Options vest

- (a) Performance Rights and/or Options will vest on the Vesting Date to the extent that the Vesting Conditions are satisfied or waived at that date and otherwise subject to these Rules and the Offer.
- (b) Upon the Company determining that Performance Rights and/or Option have vested in accordance with clause 7.1(a), the Company must give written notice of such vesting (**Vesting Notice**) to the Participant specifying the number of such Performance Rights and/or Options that have become Vested Performance Rights and/or Vested Options. The Company will use reasonable endeavours to give the Vesting Notice not later than 60 days after the end of the relevant Performance Period.

7.2 Performance Right and Option vesting on Change of Control

In the event of a Change of Control, Unvested Performance Rights and/or Unvested Options will vest on a pro rata basis based on the proportion of the Performance Period in respect of those Unvested Performance Rights and/or Unvested Options which has elapsed at the date of the Change of Control. The Board has discretion as to how to treat remaining Unvested Performance Rights and Unvested Options including, but not limited to, Vesting a portion of those Unvested Performance Rights and/or Unvested Options, applying the specified Vesting Condition performance tests at an earlier date and Vesting

a portion appropriate to that level of achievement, allowing those Unvested Performance Rights and/or Unvested Options to stay 'on foot' and/or allowing those Unvested Performance Rights and/or Unvested Options to be 'swapped' into the acquiring company's Performance Rights and/or Unvested Options.

7.3 Lapse

If the Vesting Conditions have not been satisfied or waived on or by the Vesting Date, any Unvested Performance Rights and/or Options will immediately lapse.

7.4 Quotation

The Company will apply for official quotation of any Shares issued to an Employee upon exercise of any Vested Option or the vesting of any Performance Right, in accordance with the Listing Rules.

8 Exercise of Options

8.1 Method of Exercise

- (a) Any Option may only be exercised if the applicable Vesting Conditions have been satisfied, waived by the Board or are deemed to have been satisfied under these Rules and a Vesting Notice has been received by the Participant with respect to that Option or Performance Right.
- (b) An Option may only be exercised by:
 - (i) delivery to the Company of a signed Notice of Exercise;
 - (ii) delivery to the Company of the Option certificate or documentary evidence satisfactory to the Board that the Option certificate was lost or destroyed; and
 - (iii) subject to clause 8.3, payment of the Exercise Price (if any).

8.2 No issue unless cleared funds

Subject to clause 8.3, the Company shall not, unless otherwise determined by the Directors, issue or transfer any Shares to a Participant until after any cheque or EFT delivered in payment of the relevant Exercise Price (if any) has been cleared by the banking system.

8.3 Cashless exercise

In lieu of paying the cash Exercise Price as set out in clauses 8.1 and 8.2, the Board may, in its sole discretion, permit a Participant to elect to receive, without payment of a cash Exercise Price, the number of Shares determined in accordance with the following formula:

$$A = \frac{B(C - D)}{C}$$

where:

A = the number of Shares to be issued to the Participant pursuant to this clause 8.3;

B = the number of Shares otherwise issuable upon the Options being exercised;

C = the Market Value of one Share determined as of the date of delivery of the Notice of Exercise; and

D = the Exercise Price.

Worked example

For example, if a Participant intended to exercise 100 Vested Options under this clause 8.3, where each Option had an Exercise Price of \$1.00 and gave an entitlement to 1 Share, and the current Market Value of a Share was \$1.25, then:

$$B = 100$$

$$C = \$1.25$$

$$D = \$1.00,$$

and the formula described above would be applied as follows:

$$A = \frac{100(1.25 - 1.00)}{1.25}$$

“A” would equal 20, and therefore the Participant, on cashless exercise under this clause, would be issued 20 Shares.

8.4 Actions on Exercise

As soon as practicable after the exercise of any Options and the payment of the Exercise Price (if any) in accordance with clause 8.2 or the election under clause 8.3, the Company must:

- (a) cancel the Options; and
- (b) subject to clause 15, procure the transfer of existing Shares or issue of new Shares to a Participant to satisfy the rights attaching to the Vested Options.

8.5 Ranking

Unless otherwise specified in an Offer, Shares issued or transferred on the exercise of Vested Options will rank equally with all existing Shares from the date of issue or transfer.

9 Delivery of Shares on vesting of Performance Rights

9.1 Issue or Transfer of Shares

Within 30 days from the Vesting Date in respect of a Participant's Vested Performance Rights, the Company must cause to be issued or transferred to the Participant, the number of Shares (expressed to one decimal place) comprised in each Vested Performance Right multiplied by the number of Vested Performance Rights held by that Participant, rounded down to the nearest whole number of Shares.

9.2 Ranking

Unless otherwise specified in an Offer, Shares issued or transferred on the vesting of a Participant's Performance Rights will rank equally with all existing Shares from the date of issue or transfer.

10 Claw Back

If the Board becomes aware of a material misstatement in the Company's financial statements or some other event has occurred which, as a result, means that the Vesting Conditions in respect of certain Vested Options and/or Vested Performance Rights were not, or should not have been determined to have been, satisfied, then the Participant will cease to be entitled to those Vested Options (**Affected Options**) and/or Vested Performance Rights (**Affected Rights**) and the Board may:

- (a) by written notice to the Participant cancel the relevant Affected Options for no consideration;
- (b) by written notice to the Participant require that the Participant pay to the Company the after tax value of the Affected Options and/or Affected Rights which have been converted into Shares, with such payment to be made within 30 Business Days of receipt of such notice; or
- (c) adjust fixed remuneration, incentives or participation in this Plan of a relevant Participation in the current year or any future year to take account of the after tax value of the Affected Options and/or Affected Rights.

11 New issues and capital reconstructions

- (a) Performance Rights and/or Options do not confer on a Participant the right to participate in new issues of Shares or other securities in the Company, including by way of bonus issues, rights issues or otherwise.
- (b) If the Company makes a pro rata bonus issue of Shares or other securities to holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and Shares in respect of Performance Rights and/or Options held by a Participant have not been issued or purchased and transferred, as applicable, to and registered in the name of, the Participant before the record date for determining entitlements to the bonus issue, then the number of Shares the subject of the Performance Rights and/or Options held by the Participant shall be increased by the number of Shares that the Participant would have received if the Shares the subject of the Performance Rights and/or Options had been registered in the name of the Participant before the record date for the bonus issue.
- (c) If the Company makes a pro rata issue of Shares or other securities to holders of Shares (other than under a bonus issue of Shares for no consideration under paragraph (b) or an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and Shares in respect of Performance Rights and/or Options held by a Participant have not been issued or purchased and transferred, as applicable, to and registered in the name of, the Participant as a result of the pro rata issue of Shares, the exercise price of any Performance Rights and/or Options held by a Participant as at the record date for determining entitlements to the pro rata issue of Shares will be adjusted in accordance with Listing Rule 6.22.2.
- (d) In the event of any reorganisation of the issued ordinary share capital of the Company which is not otherwise dealt with in this clause 9, the number of Shares to be delivered in respect of each Performance Right and/or Option or the amount payable, if any, by a Participant in respect of Shares to be delivered to a Participant will be reorganised in the manner specified in the Listing Rules as applicable to Performance Rights and/or Options at the time of the reorganisation.

- (e) Subject to the Listing Rules, where the Board determines that any of the provisions of clauses 11(a) to (d) are not appropriate in any particular circumstance or that an event which is not dealt with by any of clause 11(a) to (d) should have been dealt with, it may make any alterations to the these Rules that it considers to be appropriate.
-

12 Cessation of employment

12.1 Bad Leaver

If a Participant ceases employment by the Group during the Performance Period due to:

- (a) resignation (other than due to terminal illness or total permanent incapacitation);
- (b) dismissal for cause or poor performance; or
- (c) any other circumstances (other than due to genuine redundancy or death)determined by the Board to constitute a Bad Leaver,

(Bad Leaver)

then, subject to compliance with the Listing Rules and the Corporations Act, any Unvested Performance Rights and/or Unvested Options held by the Participant will immediately lapse and any Vested Options held by the Participants must be exercised within 60 days of cessation of employment or they will also lapse.

12.2 Good Leaver

- (a) If a Participant ceases to be employed by the Group during the Performance Period due to genuine redundancy or death or otherwise for reasons other than as a Bad Leaver:
 - (i) the Participant will be entitled to retain a pro-rata amount of their Unvested Performance Rights and/or Unvested Options (based on the proportion of the Performance Period that the Participant was employed by the Group, by reference to the number of whole months employed); and
 - (ii) all other Unvested Performance Rights and/or Unvested Options held by that Participant will lapse.
- (b) Any Unvested Performance Rights and/or Unvested Options which continue to be held by the Participant will be tested at the end of the Performance Period, in accordance with the Vesting Conditions set out in the Offer.

12.3 Board Discretion

Notwithstanding the provisions of clause 12.1 or 12.2, the Board may, subject to compliance with the Listing Rules and the Corporations Act 2001, determine to treat any Unvested Options and/or Unvested Performance Rights held by a Participant who ceases to be employed by the Group during the Performance Period other than in the manner set out in clause 12.1 or 12.2 if the Board determines that the relevant circumstances warrant such treatment.

13 Administration of Plan

13.1 Board to administer Plan

- (a) The Plan is to be administered by the Board in accordance with these Rules. The Board may make further provisions for the operation of the Plan which are consistent with these Rules.
- (b) The Board may appoint a third party manager to administer the Plan.

13.2 Powers and discretions

Any power or discretion which is conferred on the Board by these Rules may be exercised by the Board in its absolute discretion and in the interests or for the benefit of the Company, and the Board is not, in exercising any power or discretion, under any fiduciary or other obligation to any other person.

13.3 Delegation of powers and discretions

Any power or discretion which is conferred on the Board by these Rules, including the power to invite Employees to participate in the Plan and to determine the terms and conditions of the issue or transfer of Performance Rights and/or Options to a Participant, may be delegated by the Board to a committee consisting of such directors, other officers or employees of the Company or other Group Member, or any combination of such persons as the Board thinks fit for such periods and on such conditions as the Board thinks fit.

13.4 Documents

The Company may from time to time require a person invited to participate in the Plan or a Participant to complete and return such other documents as may be required by law to be completed by that person or Participant, or such other documents which the Company considers should, for legal, taxation or administrative reasons, be completed by that person or Participant.

13.5 Board decision - final and conclusive

The decision of the Board as to the interpretation, effect or application of these Rules and all calculations and determination made by the Board under these Rules are final, conclusive and binding in the absence of manifest error.

13.6 Suspension and cancellation of Plan

The Board may from time to time suspend the operation of the Plan and may at any time cancel the Plan. The suspension or cancellation of the Plan must not prejudice any existing rights of Participants.

14 Appointment of Trustee

- (a) The Company may appoint a Trustee, on terms and conditions that it considers appropriate, to do all such things and perform all such functions as considered appropriate to enable the implementation of the Plan, including to acquire and hold Shares, or other securities of the Company, on behalf of Participants, for transfer to future Participants or otherwise for the purposes of the Plan.

- (b) In the event the Company appoints a Trustee, subject to the terms of the relevant trust deed appointing that Trustee:
 - (i) every exercise of power or discretion by the Company or the Board in these Rules may be exercised by the Trustee;
 - (ii) any reference to the Company or the Board in these Rules will accordingly be interpreted as a reference to the Trustee (as applicable);
 - (iii) Shares may be issued or transferred to the Trustee on behalf of the Participant; and
 - (iv) any rights which accrue to Shares that have been allocated to a Participant are held for the benefit of the relevant Participant.
-

15 General transfer provisions

15.1 General transfer provisions

No Participant may Transfer any Performance Right or Option except with the prior written consent of the Board.

15.2 No Encumbrance without consent

No Participant may Encumber any of its Performance Rights or Options or any interest in any of them, except with the prior written consent of the Board.

15.3 Restriction on the disposal of Shares

The Board may apply Disposal Restrictions as set out in the Offer to any Shares issued or transferred in relation to Vested Performance Rights and/or Vested Options. The Board may implement any procedure it considers appropriate, including entering into arrangements with the Company's share registry, to enforce the Disposal Restrictions and restrict the Participant from dealing with any relevant Shares for the restriction period, including determining that the relevant Shares will be subject to a Holding Lock or held on trust by a trustee.

16 Amendment of the Plan

16.1 Board may amend

The Plan may be varied, amended, terminated or suspended at any time by the Company, but any such variation, amendment, termination or suspension will not adversely affect or prejudice rights of Participants holding Performance Rights and/or Options at that time.

16.2 Retrospective amendment possible

Any amendment made under clause 16.1 may be given retrospective effect as specified in the written instrument by which the amendment is made.

17 Miscellaneous provision

17.1 Rights of Participants

Nothing in these Rules:

- (a) confers on any person any expectation to become a Participant;
- (b) confers on any Employee the right to be invited to apply for, to be offered or to receive any Performance Rights or Options;
- (c) confers on any Participant the right to continue as an employee of any Employer;
- (d) affects any rights which any Employer may have to terminate the employment of any Employee; or
- (e) may be used to increase damages in any action brought against any Employer in respect of any termination of employment.

17.2 No claim

No person, whether a Participant or otherwise, has any claim, right or interest in respect of the Plan or other property of the Plan, whether against the Company, or any other person, as a consequence of termination of the Employee's employment or appointment or otherwise, except under and in accordance with these Rules.

17.3 Instructions by Participants

For the purposes of these Rules the Company and any Employer is entitled to regard any notice, direction or other communication given or purported to be given by or on behalf of a Participant (or a legal personal representative of a Participant) as valid, whether given orally or in writing.

17.4 Compliance with law

Despite any other provision of these Rules or any term or condition of the participation of any Participant in the Plan, no Performance Right or Option may be issued to a Participant if to do so would contravene the Corporations Act or the Listing Rules.

17.5 Waiver

No failure, delay or indulgence by the Company or a Participant in exercising any power or right under these Rules operates as a waiver of such power or right. No single exercise of any power or right under this Plan precludes any other or future exercise of that (or any other) power or right.

17.6 Severance

If any provision of these Rules is rendered void, unenforceable or otherwise ineffective, such avoidance, unenforceability or ineffectiveness shall not affect the enforceability of the remaining provisions.

17.7 Notices

Any notice, certificate, consent, approval, waiver or other communications given by the Company or any Employer is taken to have been duly given if:

- (a) sent by electronic mail or delivered by hand; or
 - (b) sent by ordinary prepaid mail,
- and is taken to have been served:
- (c) if sent by electronic mail or delivered by hand, at the time of sending or delivery; or
 - (d) if posted, on the first Business Day (or, if posted to a Participant's address outside Australia, seven Business Days) after the date of posting.

Delivery, transmission and postage is to the address of any Participant as indicated on the Application Form, any other address as the Company or any Participant may notify to the other or in the case of a Participant who is an Employee, the address of the place of business at which the Participant performs the whole or substantially the whole of the duties of his or her office or employment.

17.8 Expenses of the Plan

The costs and expenses of establishing, managing and administering the Plan must be borne by the Company.

17.9 Independent legal advice

Each Participant acknowledges that he or she has been given the opportunity to seek independent legal advice in relation to the Plan and these Rules.

17.10 Payments net of tax

- (a) If, when the Company makes or is deemed to make a payment to a Participant under these Rules, the Company is obliged to deduct or withhold any amount of tax or other government levy or impost, the payment to the Participant is to be made net of the deduction or withholding.
- (b) If the Company is obliged to deduct or withhold any amount of tax or other government levy or impost in connection with the grant, vesting or exercise of Performance Rights and/or Options of a Participant, the Company is entitled to sell, on behalf of the Participant, some or all of the Participant's Shares resulting from the vesting or exercise of those Performance Rights and/or Options to pay that tax or other government levy or impost, unless the Participant pays to the Company the amount of that tax or other government levy or impost prior to such sale.

17.11 Rounding

Any calculation of a number of Performance Rights or Options under the Plan is to be rounded down to the nearest whole number.

17.12 Further steps

Each of the Company and each Participant agrees, at its own expense, to do anything reasonably requested by the Company to give effect to the provisions of these Rules and the transactions contemplated by them.

17.13 Construction

No rule of construction applies to the disadvantage of the Company or a Participant (as applicable) because that person was responsible for the preparation of, or seeks to rely on, these Rules or any part of them.

17.14 Inconsistency

If there is any inconsistency between these Rules and the Offer, these Rules prevail to the extent of the inconsistency, unless the Offer provides otherwise.

17.15 Governing law

These Rules, and Offer and any contract formed on acceptance of an Application are governed by the laws in force in New South Wales, Australia and are construed and take effect in accordance with those laws.

17.16 Jurisdiction

The Company and each Participant submits to the non-exclusive jurisdiction of the courts of Victoria, Australia and courts of appeal from them. The Company and each Participant waives any right it has to object to an action being brought in those courts including by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

17.17 Attorney

Each Participant, in consideration of a grant of Performance Rights and/or Options:

- (a) irrevocably appoints the Company and any person nominated from time to time by the Board (each an "attorney"), severally, as the Participant's attorney to complete and execute any document or other agreement to give effect to these Rules and to do all acts or things on behalf of and in the name of the Participant which may be convenient or necessary for the purpose of giving effect to the provisions of these Rules;
- (b) covenants that the Participant shall ratify and confirm any act or thing done pursuant to this power;
- (c) releases the Company, the Board, each Group Member and each attorney from any liability whatsoever arising from the exercise of the powers conferred by this clause; and
- (d) indemnifies and holds harmless the Company, the Board, each Group Member and the attorney in respect of such liability.

17.18 Non-residents of Australia

- (a) The Board may adopt additional rules of the Plan applicable in any jurisdiction outside of Australia under which Performance Rights and/or Options granted under the Plan may be subject to additional or modified terms, having regard to any securities, exchange control or taxation laws or regulations or similar factors which may apply to the Participant or to any Group Member in relation to the Performance Rights and/or Options. Any additional rule must conform to the basic principles of the Plan.
- (b) When a Performance Right or Option is granted under the Plan to a person who is not a resident of Australia the provisions of the Plan apply subject to such alterations or additions as the Board determines having regard to any securities, exchange control or taxation laws or regulations or similar factors which may apply to the Participant or to any Group Member in relation to the Performance Rights and/or Options.

Schedule 1 — Dictionary

1 Dictionary

In these Rules:

5% Limit has the meaning given in clause 5(a).

Acquisition Date for an Option held by an Employee means the first date on which the Option was issued to that Employee.

Application means an application for Performance Rights made by an Employee under the terms of an Offer.

Application Form means an application form (if any) attached to an Offer in the form determined by the Board from time to time.

ASX means the ASX Limited.

Bad Leaver has the meaning in clause 12.1.

Board means the board of directors of the Company.

Business Day means a day on which banks are open for business excluding Saturdays, Sundays and public holidays in Melbourne.

Change of Control means:

- (a) a takeover bid is announced for all of the Shares and the bidder has acquired voting power in more than 50% of the Shares;
- (b) a court sanctions a compromise or arrangement for the purposes of, or in connection with, a scheme for the amalgamation of the Company with any other company or companies under Part 5.1 of the Corporations Act; or
- (c) any other a transaction which, in the reasonable opinion of the Board, would constitute a change of control in the Company.

Claim means any allegation, debt, cause of action, liability, claim, proceeding, suit or demand of any nature howsoever arising and whether present or future, fixed or unascertained, actual or contingent whether at law, in equity, under statute or otherwise.

Company means Pacific Smiles Group Limited (ACN 103 087 449).

Corporations Act means *Corporations Act 2001* (Cth).

Disposal Restrictions means, in relation to a Performance Right or Option, each restriction specified as such in the Offer for the Performance Right or Option.

Employee means a person who is in the full-time or part-time permanent employment of a Group Member.

Employer means any Group Member and in relation to any particular Participant means the Group Member by which that Participant is employed.

Encumbrance means any mortgage, lien, charge, pledge, assignment by way of option, option interest, title retention, preferential right or trust arrangement, Claim, covenant, profit a prendre, easement or any other option arrangement or any other arrangement having the same effect or any agreement to create any of them and “**Encumber**” has a corresponding meaning.

Good Leaver has the meaning given in clause 12.2.

Government Agency includes any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity.

Group means the Company and its subsidiaries and **Group Member** has a corresponding meaning.

GST means a goods and services tax, or a similar value added tax, levied or imposed under the GST Law.

GST Law has the meaning given to it in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Holding Lock means a “holding lock” as defined in the Listing Rules.

Interest means in relation to a person, all legal or equitable interests in the subject matter held or acquired by that person whether direct or indirect, and includes any economic interest in the subject matter arising under any transaction entered into by the person in respect of the subject matter.

Invitation means the invitation containing the Offer to participate in the Plan.

Law includes:

- (a) any law, regulation, authorisation, ruling, judgment, order or decree of any Government Agency; and
- (b) any statute, regulation, proclamation, ordinance or by-law in:
 - (i) Australia; or
 - (ii) any other jurisdiction.

Listing Rules means the listing rules of the ASX.

Market Value means the value of Shares as determined by the volume weighted average trading price of Shares sold on the ASX over the last 5 trading days immediately before the relevant date, or any other valuation methodology approved by the Board.

Notice of Exercise means a notice provided to the Company within the relevant exercise period (if any) as described in the Offer notifying the Company that the Participant wishes to exercise their Vested Options.

Offer means an offer of Performance Rights and/or Options to an Employee under the Plan made in accordance with clause 3.

Option means the option to acquire a fully paid Share subject to the terms of the Offer and these Rules.

Participant means an Employee who is participating in the Plan.

Performance Period means the performance period specified in an Offer.

Performance Right means the right to acquire a fully paid Share subject to the terms of the Offer and these Rules.

Plan means the Company Long Term Incentive Plan constituted by these Rules.

Rights Issue means the granting by the Company to its members in that capacity a pro rata right to acquire securities, whether or not that right is renounceable.

Share means an ordinary share in the Company.

Tax Acts means the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth), as the context requires.

Transfer means sell, transfer, assign, swap or otherwise dispose of or deal with any Interest, and includes taking any steps or attempting to dispose of or deal in any Interest.

Unvested Option means an Option that is not a Vested Option.

Unvested Performance Right means a Performance Right that is not a Vested Performance Right.

Vested Option means an Option in respect of which all of the Vesting Conditions have been satisfied or waived.

Vested Performance Right means a Performance Right in respect of which all of the Vesting Conditions have been satisfied or waived.

Vesting Condition means, in relation to a Performance Right or an Option, any condition which as set out in the Offer that must be satisfied or waived before that Performance Right or Option becomes vested in its holder for the purposes of these Rules.

Vesting Date means the date specified as such in the Offer, being the date of issue of a Vesting Notice.

Vesting Notice has the meaning given to it in clause 7.1(b).

2 Interpretation

In these Rules the following Rules of interpretation apply unless the contrary intention appears:

- (a) headings are for convenience only and do not affect the interpretation of these Rules;
- (b) the singular includes the plural and vice versa;
- (c) words that are gender neutral or gender specific include each gender;
- (d) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (e) the words 'such as', 'including', 'particularly' and similar expressions are not used as, nor are intended to be, interpreted as words of limitation;
- (f) a reference to:

- (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation or other body corporate;
 - (ii) a thing (including, but not limited to, a chose in action or other right) includes a part of that thing;
 - (iii) a party includes its successors and permitted assigns;
 - (iv) a document includes all amendments or supplements to that document;
 - (v) a clause, term, party, schedule or attachment is a reference to a clause or term of, or party, schedule or attachment to these Rules;
 - (vi) these Rules includes all schedules and attachments to it;
 - (vii) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity and is a reference to that law as amended, consolidated or replaced;
 - (viii) an agreement other than these Rules includes an undertaking, or legally enforceable arrangement or understanding, whether or not in writing; and
 - (ix) a monetary amount is in Australian dollars;
- (g) an agreement on the part of two or more persons binds them severally;
 - (h) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day;
 - (i) in determining the time of day, where relevant to these Rules, the relevant time of day is:
 - (i) for the purposes of giving or receiving notices, the time of day where a party receiving a notice is located; or
 - (ii) for any other purpose under these Rules, the time of day in the place where the party required to perform an obligation is located; and
 - (j) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of these Rules or any part of it.