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16 October 2013

Dear Shareholder

I am pleased to invite you to attend our Annual General Meeting and have enclosed the Notice of Meeting which sets out the items of business.

The meeting will be held at the offices of Norton Rose Fulbright, Level 15, RACV Tower, 485 Bourke Street, Melbourne, Victoria at 4.00pm on Friday, 22 November 2013.

If you are attending this meeting, please bring this letter with you to facilitate registration for the meeting.

If you are unable to attend the meeting, you are encouraged to complete the enclosed proxy form. The proxy form should be returned in the envelope provided or faxed to our share registry, Computershare Investor Services Pty Ltd, on (03) 9473 2555 so that it is received by 4.00pm on Thursday, 21 November 2013. Alternatively, it should be returned by that time to the Company's registered office at Level 6, Baker IDI Building, 75 Commercial Road, Melbourne, Victoria 3004 or faxed to (03) 9510 5955.

Corporate Shareholders should complete a "Certificate of Appointment of Representative" to enable a person to attend the meeting on their behalf. A form of this certificate may be obtained from the Company's share registry at www.investorcentre.com.

The Starpharma Annual Report for the year ended 30 June 2013 is available on our website at www.starpharma.com. Hard copies of the report are distributed only to those Shareholders who have elected to receive it in printed form.

I look forward to your attendance at the meeting.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Peter T Bartels".

Peter T Bartels, AO
Chairman



Notice of Annual General Meeting

Starpharma Holdings Ltd ABN 20 078 532 180

Notice is hereby given that the Annual General Meeting of the Shareholders of Starpharma Holdings Ltd (**Company**) will be held at the offices of Norton Rose Fulbright, Level 15, RACV Tower, 485 Bourke Street, Melbourne, Victoria at **4.00pm (Melbourne time) on Friday, 22 November 2013**.

The Explanatory Memorandum accompanying this Notice of Meeting is incorporated in and forms part of this Notice of Meeting.

Ordinary Business

Financial Statements and Reports

To receive and consider the Company's financial statements and the related Directors' Report, Directors' Declarations and Auditors' Report for the year ended 30 June 2013.

No vote is required on this item.

Resolutions

1. Adoption of Remuneration Report (Resolution 1)

To consider, and if thought fit, pass the following as an **advisory resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act 2001 (Cth), the Company's Remuneration Report for the financial year ended 30 June 2013 be adopted."

Under the Corporations Act, this resolution is advisory only and does not bind the Directors or the Company. However, please refer to the Explanatory Memorandum for an explanation of the consequences of 25% or more eligible votes being cast against this advisory resolution under recent amendments to the Corporations Act.

Voting exclusion statement

Except to the extent otherwise permitted by law, a vote must not be cast on Resolution 1 by or on behalf of a member of the Company's key management personnel (**KMP**), details of whose remuneration are included in the Remuneration Report for the Company, and their closely related parties, whether as a Shareholder or as a proxy. However, the Company need not disregard a vote by such person if either:

- the person is voting as a proxy appointed by writing that specifies how the proxy is to vote on the resolution; or
- the person is the chair of the meeting voting an undirected proxy which expressly authorises the chair to vote the proxy on a resolution connected with the remuneration of a member of the KMP,

and in each case the vote is not cast on behalf of a member of the KMP or their closely related parties.

2. Re-election of Mr Richard Hazleton (Resolution 2)

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

"That Mr Richard Hazleton, who retires in accordance with the constitution of the Company and being eligible for re-election, is re-elected as a Director of the Company."

3. Re-election of Mr Peter Bartels (Resolution 3)

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

"That Mr Peter Bartels, who retires in accordance with the constitution of the Company and being eligible for re-election, is re-elected as a Director of the Company."

4. Approval of Issue of Performance Rights to Dr Jacinth Fairley (Resolution 4)

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

"That, for the purposes of ASX Listing Rule 10.14 and all other purposes, Shareholders approve the issue of 950,000 Rights to Dr Jacinth Fairley under the Starpharma Holdings Ltd Employee Performance Rights Plan on the terms set out in the Explanatory Memorandum accompanying the Notice of Meeting."

Voting exclusion statement

The Company will disregard any votes cast on Resolution 4 by any Director of the Company and any associate of those persons.

However, the Company need not disregard a vote on Resolution 4 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Chairman of the Meeting may be appointed as a proxy (or become a proxy by default) in relation to Resolution 4, even though the Chairman is a member of the KMP of the Company and Resolution 4 is connected directly or indirectly with the remuneration of a member of the KMP of the Company. However, the Chairman may only exercise the proxy in respect of Resolution 4 if:

- the member directs the Chairman on the proxy form to vote on Resolution 4 in a particular way; or
- the member marks the proxy form (in accordance with the direction on the proxy form) to indicate that the member acknowledges that the Chairman may exercise the proxy even if the Chairman has an interest in the outcome of Resolution 4 and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

In relation to Resolution 4, if a member of the KMP (other than the Chairman) or their closely related parties is appointed as proxy in relation to Resolution 4, that person will not be able to exercise that proxy unless it is cast by that person in accordance with the direction on the proxy form.

Special Business

5. Adoption of new Constitution

To consider and, if thought fit, to pass the following as a **special resolution**:

"That the new Constitution tabled at the meeting, and signed by the Chairman of the Meeting for the purpose of identification, is approved and adopted as the Constitution of the Company, in place of the current Constitution, with immediate effect prior to the close of the meeting."

By order of the Board



B P Rogers
Company Secretary
16th October 2013

Voting Entitlements

The Company has determined that all securities of the Company that are quoted securities as at 7.00pm (Melbourne time) on 20 November 2013 will be taken, for the purpose of the Meeting, to be held by the person who held them at the time.

Important voting information

The Company encourages all Shareholders who submit proxies to direct their proxy how to vote on the Resolutions.

The Chairman of the Annual General Meeting intends to vote all undirected proxies in favour of each Resolution. In respect of Resolutions 1 and 4, if the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1 and 4, by signing and returning the Proxy Form (and, in the case of Resolution 4, marking the appropriate box), you are considered to have provided the Chairman with an express authorisation to vote the proxy in accordance with the Chairman's intention, notwithstanding the fact that the resolution may be related to the remuneration of a KMP or closely related party of a KMP.

In respect of Resolutions 1 and 4, if your proxy is a KMP (other than the Chairman), or a closely related party of a KMP, the person may still vote as your proxy provided you have directed your proxy on the Proxy Form how to vote and your proxy does vote as directed.

Proxies

A Shareholder has the right to appoint a proxy, who need not be a Shareholder of the Company.

If a Shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise. The Proxy Form must be received by no later than 4:00pm on Thursday 21 November 2013 at the share registry of the Company, Computershare Investor Services Pty Limited, located at Yarra Falls, 452 Johnston Street, Abbotsford, Vic 3067 or at the Company's registered office, Level 6, Baker IDI Building, 75 Commercial Road, Melbourne, Vic 3004 or by facsimile to Computershare on (03) 9473 2555 or to the Company on (03) 9510 5955.

Shareholders may lodge proxies electronically via:
www.investorvote.com.au using the details printed on the personalised proxy form.

For Intermediary Online subscribers only (custodians):
www.intermediaryonline.com

EXPLANATORY MEMORANDUM

Starpharma Holdings Ltd ABN 20 078 532 180

This Explanatory Memorandum has been prepared to assist Shareholders with their consideration of the Resolutions to be put to the Annual General Meeting on Friday, 22 November 2013. This Explanatory Memorandum should be read with, and forms part of, the accompanying Notice of Meeting.

Terms and expressions used in this Explanatory Memorandum, the Notice of Meeting and the Proxy Form have the meaning given to them in the 'Definitions' section located at the end of this Explanatory Memorandum.

FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires the Annual Financial Report of the Company (which includes the Financial Statements and Directors' Declaration), the Directors' Report (which includes the Remuneration Report) and the Auditors' Report in respect of the financial year ended on 30 June 2013 to be put before the Annual General Meeting. There will be an opportunity for Shareholders to ask questions and comment on these documents and on the business, operations and management of the Company. No resolution is required to be passed on this item.

Shareholders will also have the opportunity to ask the auditors or their representative questions relating to the conduct of the audit, the preparation and content of the Auditors' Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements, and the independence of the auditors. Shareholders may also submit written questions to the auditors in respect of the Auditors' Report or the conduct of the audit. The questions should be received by the Company no later than 5 business days before the meeting.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Corporations Act requires publicly listed companies to disclose certain information relating to the remuneration of Directors and executives. This disclosure is contained in a separate section of the Directors' Report called the Remuneration Report, which is set out on pages 18 to 24 of the Annual Report.

The Corporations Act also requires publicly listed companies to put their Remuneration Report for each financial year to a resolution of members at the Company's Annual General Meeting. Under section 250R(3) of the Corporations Act, the vote is advisory only and does not bind the Directors or the Company.

However, under the Corporations Act, if at least 25% of the votes cast on the resolution are voted against adoption of the Remuneration Report at the Annual General Meeting and then again at the 2014 Annual General Meeting of the Company, the Company will be required to put to Shareholders a resolution at the 2014 Annual General Meeting proposing the calling of an Extraordinary General Meeting to consider the election of Directors of the Company (known as a "**spill resolution**").

If more than 50% of Shareholders vote in favour of the spill resolution, the Company must convene the Extraordinary General Meeting (known as a "**spill meeting**") within 90 days of the 2014 Annual General Meeting. All of the Directors who were in office when the 2014 Remuneration Report was approved by the Board, other than the Managing Director of the Company, will cease to hold office immediately before the end of the spill meeting but may stand for re-election at the spill meeting. Following the spill meeting, those persons whose election or re-election as Directors is approved will be the Directors of the Company.

In compliance with section 300A of the Corporations Act, the Remuneration Report sets out the Company's policy for determining the nature and amount of remuneration for the Directors and specified executive officers of the Company. The Board has a policy of ensuring that remuneration paid to Directors and executives is competitive with its peers and the market more broadly while at the same time aligned to the achievement of strategic objectives and the creation of value for Shareholders.

Recommendation

The Board makes no recommendation in respect of Resolution 1 given their interest in the resolution.

RESOLUTION 2 – RE-ELECTION OF MR RICHARD HAZLETON

Mr Richard Hazleton retires in accordance with the constitution of the Company and being eligible, offers himself for re-election.

Mr Richard Hazleton BScE, MScE, MBA, HonDrEng, HonDrCommSci has been a non-executive Director of Starpharma Holdings Ltd since December 2006. He is the former Chairman of US-based global corporation Dow Corning. He joined Dow Corning in 1965 and held numerous positions in engineering, manufacturing and finance, both in the US and Europe, before becoming Chief Executive Officer of the company in 1993, and Chairman of the Board of Directors and CEO in 1994. He retired from Dow Corning in 2001. He was Chairman of the Board of Dendritic Nanotechnologies Inc (DNT) from 2004 until Starpharma's acquisition of the company in October 2006. He has served on the Boards of the American Chemistry Council and the Chemical Bank and Trust Company (Midland, MI, USA) as well as several non-profit social service agencies in Michigan and Belgium.

Mr Hazleton is a member of the Audit & Risk Committee.

Recommendation

The Board recommends that Shareholders vote in favour of this ordinary resolution.

RESOLUTION 3 – RE-ELECTION OF MR PETER BARTELS

Mr Peter Bartels retires in accordance with the constitution of the Company and being eligible, offers himself for re-election.

Mr Peter Bartels, AO, FAISM, FRSA, has been an independent non-executive Director and Chairman of the Company for 10 years. Mr Bartels has considerable experience in the pharmaceutical industry; while working for Abbott Laboratories he was responsible for the introduction of a wide range of industrial, agricultural, veterinary and human pharmaceuticals into the Australian market. He was a Director of Drug Houses of Australia and was Managing Director of DHA Pharmaceuticals. He has been a major player in corporate Australia, having held the positions of CEO and Managing Director of both Coles Myer Ltd and Foster’s Brewing Company Ltd.

Mr Bartels is a past Chairman of the Australian Sports Commission, the Australian Institute of Sport, the Commonwealth Heads of Government Committee for Sport and the Royal Women’s and Royal Children’s Hospitals. Mr Bartels is presently Chair of the Dean’s external Advisory Council, for the Faculty of Medicine, Dentistry and Health Sciences at The University of Melbourne.

Mr Bartels is a member of the Audit & Risk Committee and the Remuneration & Nomination Committee.

Recommendation

The Board recommends that Shareholders vote in favour of this ordinary resolution.

RESOLUTION 4 – APPROVAL OF ISSUE OF RIGHTS TO DR JACINTH FAIRLEY

Background

In order to continue to optimally align the CEO’s performance based rewards with the interests of shareholders, the Board proposes to issue 950,000 Rights to Dr Fairley under the Company’s Employee Performance Rights Plan (which was approved by Shareholders on 10 November 2011). The proposed terms and conditions attaching to these Rights, including applicable vesting conditions, are set out below.

ASX Listing Rule Requirements

ASX Listing Rule 10.14 provides that Shareholders of an ASX listed company must approve the issue of securities to a Director under an employee incentive scheme.

The 950,000 Rights proposed to be granted to Dr Fairley under the Company’s Employee Performance Rights Plan represent securities to be issued to a Director under an employee incentive scheme within the meaning of the ASX Listing Rules. Accordingly, the Board seeks Shareholder approval under Resolution 4 for the grant of 950,000 Rights to Dr Fairley.

Rights

The 950,000 Rights proposed to be issued to Dr Fairley will be split into 3 tranches, as set out in the table below.

The Shares issued to Dr Fairley upon vesting of the Rights will be issued subject to a holding lock (so that they cannot be transferred) for a period of 1 year from the Vesting Date. The Shares may be released from the holding lock early if certain events occur which are outside of Dr Fairley’s control (e.g. if a change of control occurs in respect of the Company). Further, if Dr Fairley ceases to be employed by the Company (or a related body corporate of the Company), the Shares will be released from the holding lock.

Vesting of the Rights will be conditional upon the following vesting conditions being satisfied. All tranches are conditional upon Dr Fairley still being employed by the Company (or a subsidiary of the Company) at the applicable Vesting Date. All or part of the Rights may vest earlier, at the Board’s discretion, if certain events occur which are outside of Dr Fairley’s control (e.g. if a change of control occurs in respect of the Company).

Tranche	No of Rights	Vesting Conditions	Vesting Date
A	500,000	The achievement of certain key business performance indicators specified by the Board of Starpharma. These key business performance indicators are linked to the following matters which the Board believes are key drivers of Shareholder value: <ul style="list-style-type: none"> To advance the development of VivaGel® for bacterial vaginosis through completion of Phase III prevention of recurrence trials; 	30 September 2014

		<ul style="list-style-type: none"> • To pursue the opportunity for VivaGel® for BV symptomatic relief including filing for registration as appropriate and to advance commercial discussions and secure licensing arrangements for VivaGel® for BV as agreed with the Board; • To actively work with the Company's commercial partners to complete all requisite registration and pre-launch activities to facilitate timely and successful commercial launches of VivaGel® as a condom coating; • To advance dendrimer-docetaxel into clinical trials; • To actively manage existing partnerships, and execute further commercial arrangements to build Shareholder value in drug delivery and agrochemicals; • To manage the Company's capital and finances in a prudent manner and secure appropriate personnel to execute the Company's plans. 	
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B	200,000	The Tranche B Rights are subject to the following vesting conditions:	22 November 2015
		i. 50,000 Rights will vest if Dr Fairley remains employed by the Company until the Vesting Date (22 November 2015);	
		ii. 50,000 Rights will vest if the Company achieves a TSR, relative to the Index for the Vesting Period, which is equal to or greater than the Index; and	
		iii. 100,000 Rights will vest if the Company achieves a TSR, relative to the Index for the Vesting Period, which is 10% or more greater than the Index.	

C	250,000	The Tranche C Rights are subject to the following vesting conditions:	22 November 2016
		i. 100,000 Rights will vest if Dr Fairley remains employed by the Company until the Vesting Date (22 November 2016);	
		ii. 50,000 Rights will vest if the Company achieves a TSR, relative to the Index for the Vesting Period, which is equal to or greater than the Index; and	
		iii. 100,000 Rights will vest if the Company achieves a TSR, relative to the Index for the Vesting Period, which is 10% or more greater than the Index.	

Other ASX Listing Rule Requirements

In accordance with ASX Listing Rule 10.15, the following information is provided to Shareholders for the purpose of assisting Shareholders to make a decision on Resolution 4:

- (a) Dr Fairley is the Chief Executive Officer and a Director of the Company.
- (b) The maximum number of Rights to be issued to Dr Fairley is 950,000.
- (c) No consideration is payable by Dr Fairley for the grant of the Rights or for the issue of Shares on vesting of the Rights. However, the Rights will be subject to the vesting conditions set out above.
- (d) No person referred to in ASX Listing Rule 10.14 other than Dr Fairley has been granted Rights under the Plan to date. Dr Fairley was granted 960,000 Rights to fully paid ordinary shares under the Starpharma Employee Performance Rights Plan following Shareholder approval on 30 November 2012. These Rights were granted for no consideration. 200,000 of these Rights vested on 30 September 2013 and were converted into Shares for no consideration. These Shares are escrowed until 30 September 2014 provided that they may be released early if certain events occur (as set out in the Explanatory Memorandum that accompanied the Notice of General Meeting mailed to Shareholders on 22 October 2012). 100,000 of these Rights lapsed as the applicable vesting condition – that the volume weighted average price of Starpharma's fully paid ordinary shares in the 3 months ending on 30 September 2013 be equal to or greater than \$1.86 – was not satisfied. Similarly, 100,000 of these Rights lapsed as the applicable vesting condition – that the volume weighted average price of Starpharma's fully paid ordinary shares in the 3 months ending on 30 September 2013 be equal to or greater than \$2.09 – was not satisfied.
- (e) All Directors of the Company are entitled to participate in the Plan.
- (f) A voting exclusion statement in respect of Resolution 4 is set out in the Notice of Meeting.

- (g) The Company has **not** implemented any loan or financing arrangements in respect of the issue of the Rights to Dr Fairley.
- (h) The 950,000 Rights, if approved, will be issued within 10 business days of approval.

Recommendation

Noting that each Director is excluded from voting their Shares on Resolution 4 (as set out in the voting exclusion statement in the Notice of Meeting), the Directors (other than Dr Fairley) recommend that Shareholders vote in favour of Resolution 4.

Voting Exclusion Statements

For the purpose of the voting exclusion statements set out in the Notice of Meeting and Explanatory Memorandum:

- The '**key management personnel of the Company**' or '**KMPs**' are those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. It includes all Directors (Executive and Non-Executive). The KMPs during the year ended 30 June 2013 are listed in the Remuneration Report contained in the Directors' Report for the year ended 30 June 2013.
- A '**closely related party**' of a KMP means:
 - a spouse or child of the KMP; or
 - a child of the KMP's spouse; or
 - a dependant of the KMP or of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealings with the Company; or
 - a company which the KMP controls.

The Company will also apply the voting exclusions, on an equivalent basis, to persons appointed as attorney by a Shareholder to attend and vote at the Annual General Meeting under a power of attorney.

RESOLUTION 5 – ADOPTION OF NEW CONSTITUTION

Background

Section 136 of the Corporations Act allows a company to replace its constitution by passing a special resolution approving and adopting the new constitution in place of the existing constitution.

The Company's existing constitution was adopted at the 2004 Annual General Meeting. Since that time, important changes have been made to the Corporations Act and the ASX Listing Rules. There have also been a number of significant developments in corporate governance principles and general commercial practice for ASX listed companies. Rather than make significant (almost wholesale) amendments to the existing constitution, the Board proposes to adopt a new constitution, which reflects these changes and developments, and which is consistent with current market practice.

Many of the proposed changes are administrative, stylistic or minor in nature. An overview of the material differences between the existing constitution and the new constitution is set out below. Unless otherwise stated, references to rule numbers correspond to rules in the new constitution.

Copies of the Company's existing constitution and the new constitution can be found on the Company's website at www.starpharma.com/corporate_governance. You can also request copies from the Company Secretary by emailing ben.rogers@starpharma.com. A copy of the new constitution will also be available at the meeting for review.

Definitions and interpretation

Definitions

The new constitution updates the definitions to reflect current terminology and where possible relies on terms defined in the Corporations Act, ASX Listing Rules and ASX Settlement Operating Rules.

Transitional provisions

Rule 4 contains transitional provisions to ensure continuity, despite the change in constitution. The transitional provisions ensure the continuity of director and officer appointments, continued validity of company registers and seals, and a smooth transition for other administrative matters.

Share Capital

The new constitution contains additional rules regarding the share capital of the Company, which reflect the existing requirements of the Corporations Act. Except as outlined below, these rules do not materially affect shareholders.

Classes of shares

Rule 6 allows the Board to create different classes of shares, subject to the requirements of the Corporations Act. At present the Board has no intention to create different classes of shares but welcomes the additional flexibility this could provide in the future.

Rule 9 provides a mechanism for the Company to issue preference shares. The Company currently has only ordinary shares on issue and, at present, the Board has no intention to issue preference shares. This provision is included to provide the Company with the flexibility to make preference shares available to shareholders in the future.

Rule 13 reflects the requirements of the Corporations Act for the variation of class rights.

Small scale holdings

Rule 14 allows the Company to sell shareholdings valued at less than \$500 (referred to in the new constitution as “unmarketable parcels”) on behalf of a shareholder unless the shareholder opts out of the small scale holdings sale process. The Board has no intention of exercising this right immediately but it will allow the Company to reduce the administrative burden of many small shareholdings, should this become a material cost to the Company in the future. This mechanism also gives shareholders with very small shareholdings the ability to dispose of their shares without brokerage and other expenses. The provisions in rule 14 reflect the ASX Listing Rules.

Liens

Rules 21 and 22 provide shareholders with greater certainty regarding how the Company deals with, and exercises, liens over its shares:

- a) rule 21 gives shareholders clarity over the circumstances in which the Company has a lien over its shares; and
- b) rule 22 sets out in detail when shares over which the Company has a lien may be sold, and how the proceeds must be applied.

Transfers of shares

The new constitution contains more detail regarding the transfer of shares.

Rule 26 clarifies the circumstances in which the Company is entitled to prevent or refuse transfers, such as if registration of the transfer will break Australian law.

Rule 27 requires the Company to comply with and enforce restriction agreements, and to ensure compliance with the requirements of the ASX for restricted securities.

Rule 29 contains detailed provisions regarding transfer documents and processing, and assists shareholders by clarifying the process for completing, executing and processing transfer documents.

Holding locks

Rule 28 allows the Company to request ASX Settlement to apply a ‘holding lock’. A holding lock is a facility which acts to prevent transactions being applied against specific holdings of shares. A holding lock may be used to prevent a transfer of shares in certain, restricted circumstances which comply with the ASX Listing Rules, for example in the case of shares issued under certain employee incentive schemes.

Dividends

Rule 113 provides greater flexibility for the payment of dividends to members. The rule allows the members in general meeting or the directors to resolve to direct payment of a dividend wholly or partly by the distribution of specific assets, including paid up shares in, or debentures of, the Company or another body corporate.

General meetings

The new constitution incorporates a number of changes to assist with the organisation and orderly conduct of the Company’s general meetings.

Notices of meeting

Rule 37 codifies the general law and Corporations Act requirements regarding notices of meeting, and sets out in detail the eligible recipients of notices of meeting.

Cancellation or postponement of general meeting

Rule 39 allows the directors to change the venue for, postpone or cancel a general meeting in certain circumstances.

Technology

Rule 40 permits the Company to hold a meeting of its members at multiple venues simultaneously, using technology approved by the Board.

Powers of Chairman

The new constitution clearly articulates the Chairman's powers at general meetings, including adjournments, dealing with questions from the floor and putting matters to a vote.

The Chairman is expressly responsible for the conduct of meetings and procedures adopted at meetings. The Chairman will be able to exclude any persons' admission to a meeting, or require them to leave and remain out of a meeting, in certain circumstances. These circumstances include persons who are behaving in a dangerous, offensive or disruptive manner.

Proxies

The new constitution contains detailed provisions relating to:

- a) appointment of proxies (rule 48);
- b) rights of proxies (rule 49);
- c) proxy forms (rule 50);
- d) receipt of proxy documents (rule 51); and
- e) the validity of a proxy vote (rule 52),

all of which reflect the provisions of the Corporations Act.

Rule 53 sets out the manner in which a body corporate representative may be appointed.

Rule 51 increases the minimum time for the submission of proxy appointment documents, bringing the Company's practices into line with the requirements of the Corporations Act. It requires that proxy appointment documents be received by the Company at least 48 hours before the commencement of the meeting.

Direct voting

Rule 63 introduces the convenient concept of direct voting. Where direct voting is approved by the Board, this allows members entitled to attend and vote at a meeting to place their vote by post, facsimile transmission or other electronic means approved by the directors. At this stage, the Board has no plans to implement direct voting but as direct voting becomes more common, the Board will re-examine its position as it believes that direct voting can be a valuable tool to maximise shareholder participation.

Notices

The time within which a notice sent by post is considered to be received by the Company has been reduced. Under the new constitution, a notice sent by post is taken to be served on the day after the day on which it is posted or couriered. This change will improve efficiency by reducing the administration time required to convene a meeting.

Directors

Maximum number of directors

Rule 64 reduces the maximum number of directors from 15 to 7. The Board is of the view that a maximum of 7 directors is appropriate for the size of the Company, however the ability of the members in general meeting to increase or reduce this number by ordinary resolution is unchanged.

Nomination of new directors

Rule 70 sets out a new procedure for nominating directors for election to the Board, which reflects current corporate practice for ASX listed companies. A candidate for election as a director must be proposed by a member and seconded by another member, and no member may propose more than 1 person for election. A nomination must be in writing, and must be signed by the candidate for election, the proposer, and the seconder. A nomination must be received at the registered office of the Company at least 35 business days before the AGM where the election will take place, which is consistent with the ASX Listing Rules.

Retirement of directors

The new constitution no longer requires 1/3 of directors to retire at each AGM and instead adopts the current position under the ASX Listing Rules which provides that:

- a) there must be an election of directors each year; and
- b) a director must retire (and may seek re-election) at the later of the 3rd annual general meeting following the director's appointment or the date which is 3 years after his or her appointment.

This approach to Board rotation is consistent with the approach now adopted by many large ASX-listed companies.

The new constitution does not require a retiring director to give notice of his or her intention to submit for re-election.

The existing constitution provides for the office of a director to become vacant at the conclusion of the first annual general meeting commencing after the director attains the age of 72 years, when the director may be re-appointed. The legal requirement for directors to retire at the age of 72 was repealed from the Corporations Act in 2003 on the basis that such age-based limits were outdated. For consistency with the Corporations Act, the new constitution has no required retirement age for directors.

Alternate directors

Section 13.4 of the existing constitution permitted the appointment of alternate directors. The directors have decided that there is no longer a need for directors to have the ability to nominate alternate directors and, therefore, the new constitution does not contain any provisions for alternate directors.

Associate directors

The new constitution does not contain the concept of associate directors. This concept was not typical of current constitutions for ASX listed companies and is inconsistent with modern corporate governance principles.

Indemnities and insurance

The new constitution contains new rules regarding director and officer indemnity and insurance. The indemnity contained in the existing constitution is very broad, and could possibly extend to every agent and auditor of the Company. The new rules provide for the indemnification of directors and officers, and contain typical and detailed indemnity and insurance provisions which mirror and are subject to the Corporations Act.

Directors' interests

Rules 94 and 95 provide protection for shareholders by expressly requiring directors to give notice of their material personal interests, and prohibiting them from voting on matters in which they have a material personal interest, unless permitted to do so by the Corporations Act or the ASX Listing Rules.

Directors' remuneration

The new constitution contains detailed rules relating to director remuneration, including:

- a) cancellation, suspension, reduction or postponement of director remuneration;
- b) payment of superannuation contributions;
- c) financial benefits given to directors; and
- d) additional remuneration for the Managing Director.

These additional rules have been included in the new constitution to give greater flexibility and transparency to the Company's remuneration policies. They are not intended to facilitate any improvements or changes to directors' remuneration.

Proportional takeovers

The new constitution contains a rule relating to proportional takeovers, and the Corporations Act requires the Company to provide you with sufficient information to make an informed decision on whether to support or oppose the resolution. This information is set out below.

The reason for the proportional takeover approval provisions

In a proportional takeover bid, the bidder offers to buy only a proportion of each shareholder's shares in the Company. This could result in control of the Company passing to a bidder without shareholders having the chance to sell all their shares to the bidder, or a bidder may take control of the Company without paying a proper price.

The directors consider it in the best interest of the shareholders to have a proportional takeover approval provision included in the new constitution.

The effect of the proportional takeover approval provisions

Rule 35 of the new constitution contains the proportional takeover approval provisions. It states that if a proportional takeover bid is made, the directors must ensure that a general meeting is convened at least 14 days before the last day of the bid period. The proportional takeover bid must be approved by a 50% majority of the shareholders.

Each person who holds bid class shares (as at the end of the day on which the first offer under the bid was made) is entitled to vote on the resolution. The bidder and its associates are excluded from voting.

If the proportional takeover bid is not approved by the shareholders, then no transfers of shares under the bid will be registered and the proportional takeover offer will be taken to be withdrawn. If the shareholders do not vote to approve the bid, then the bid will be taken to have been approved. If the shareholders approve the bid, then all legally valid transfers must be registered.

The proportional takeover approval provisions do not apply to full takeover bids – that is, they do not in any way restrict a bidder from making a bid for all of the shares in the Company.

No person to acquire or increase its substantial interest

As at the date this statement was prepared, none of the directors of the Company are aware of a proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages

The directors do not consider that the proportional takeover approval provisions have any potential advantages or disadvantages for them.

The potential advantages of the proportional takeover approval provisions for shareholders of the Company are:

- a) shareholders will have the right to decide by majority vote whether a proportional takeover bid should proceed;
- b) the provision may help shareholders avoid being locked in as a minority;
- c) the provision may prevent a bidder gaining control of the Company without paying a proper price;
- d) the provision increases shareholder bargaining power which may ensure that any proportional takeover offer is properly priced; and
- e) knowing the view of the majority of shareholders may assist individual shareholders with deciding whether to accept or reject the offer, if it is approved.

The potential disadvantages of the proportional takeover approval provisions for shareholders of the Company are:

- a) it may discourage proportional takeover bids being made for shares in the Company;
- b) shareholders may lose an opportunity to sell some of their shares at a premium; and
- c) the probability of a proportional takeover bid succeeding may be reduced.

Renewal every 3 years

The Corporations Act requires that the proportional takeover approval provisions of the new constitution be renewed every 3 years. This 3 year period commences after the new constitution is adopted.

The directors consider that the potential advantages for shareholders of the inclusion of proportional takeover approval provisions in the new constitution for the next 3 years outweigh any potential disadvantages.

Recommendation

The Board unanimously recommends the adoption of the new constitution, including the approval of the proportional takeover approval provisions.

DEFINITIONS

Unless the context requires otherwise, the following words shall have the following meanings in this Explanatory Memorandum, the Notice of Meeting and the Proxy Form:

- (1) **Annual General Meeting** means the 2013 annual general meeting of the Company convened by the Notice of Meeting.
- (2) **ASX** means ASX Limited ACN 008 624 691 or, as the context requires, the market operated by it.
- (3) **ASX Listing Rule** means a listing rule of ASX as amended or waived.
- (4) **Board** means the board of Directors of the Company.
- (5) **Company** means Starpharma Holdings Limited ABN 20 078 532 180.
- (6) **Corporations Act** means the *Corporations Act 2001* (Cth).
- (7) **Directors** means the directors of the Company from time to time.
- (8) **Explanatory Memorandum** means this Explanatory Memorandum.
- (9) **Index** means the S&P/ASX 300 Accumulation Index.
- (10) **KMP** means the key management personnel of the Company.
- (11) **Notice of Meeting** means the notice of Annual General Meeting accompanying this Explanatory Memorandum.
- (12) **Plan** means the *Starpharma Holdings Limited Employee Performance Rights Plan*, a summary of which was included in the Explanatory Memorandum to the Notice of Meeting dated 7 October 2011 for the Company's 2011 Annual General Meeting.
- (13) **Proxy Form** means the proxy form accompanying this Explanatory Memorandum.
- (14) **Shares** means fully paid ordinary shares in the capital of the Company quoted on the ASX under the code "SPL".
- (15) **Right** means a right granted by the Company under the Plan which entitles the holder to one Share upon vesting of the right;
- (16) **Resolutions** means the resolutions set out in the Notice of Meeting.
- (17) **Shareholder** means a person or entity entered in the Company's register of members from time to time as the holder of Shares.
- (18) **Total Shareholder Return** (or TSR) is measured by the following formula:

$$\text{TSR} = \frac{((\text{Share Price End of Period} - \text{Share Price Begin of Period}) + \text{Dividends per share})}{\text{Share Price Begin of Period}}$$

The Share Price Begin of Period will be the volume weighted average price of Starpharma's fully paid ordinary shares calculated for the 3 month period ending 23 November 2013. The Share Price End of Period will be measured as the volume weighted average price of Starpharma's fully paid ordinary shares calculated for the 3 month period ending on the Vesting Date.

- (19) **Vesting Date** means:

In relation to Tranche A of Resolution 4:	30 September 2014;
In relation to Tranche B of Resolution 4:	22 November 2015; and
In relation to Tranche C of Resolution 4:	22 November 2016.
- (20) **Vesting Period** means the period commencing on 23 November 2013 and ending on the Vesting Date.

All references to time in the Notice of Meeting are to Melbourne time.

Lodge your vote:

 **Online:**
www.investorvote.com.au

 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000



Proxy Form



Vote and view the annual report online

Go to www.investorvote.com.au or scan the QR Code with your mobile device.
Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

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



**For your vote to be effective it must be received by
4:00pm (Melbourne time) Thursday, 21 November 2013**

How to Vote on Items of Business

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

Appointment of Proxy

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

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

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

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

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

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

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

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of hereby appoint

the Chairman of the Meeting OR

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Starpharma Holdings Ltd to be held at the offices of Norton Rose Fulbright, Level 15, RACV Tower, 485 Bourke Street, Melbourne, Victoria at 4:00pm (Melbourne time) on Friday, 22 November 2013 and at any adjournment or postponement of that Meeting.

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

Important Note: For Item 4, this express authority is also subject to you marking the box in the section below.

If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 1 & 4 by marking the appropriate box in step 2 below.

Important for Item 4: If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on Item 4 below, please mark the box in this section. If you do not mark this box and you have not otherwise directed your proxy how to vote on Item 4, the Chairman of the Meeting will not cast your votes on Item 4 and your votes will not be counted in computing the required majority if a poll is called on this item. The Chairman of the Meeting intends to vote undirected proxies in favour of Item 4 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my/our proxy even if the Chairman has an interest in the outcome of Item 4 and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business

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

Ordinary Business

	For	Against	Abstain
Item 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 Re-election of Mr Richard Hazleton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Re-election of Mr Peter Bartels	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Approval of Issue of Performance Rights to Dr Jacinth Fairley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Special Business

Item 5 Adoption of new Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /