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## REPORT OF EXTRAORDINARY GENERAL MEETING HELD 15 MARCH 2002

An Extraordinary General Meeting was held today for shareholders to consider a special resolution to amend the Constitution of the company, to enable it to become listed on ASX and to bring the Constitution into line with the normal standard for listed companies.

There was one resolution: that the Constitution of the company be amended in the manner set out in the attachment to the notice of meeting, the amendments referred to in Part 1 of the attachment to come into effect immediately and those in Part 2 to come into effect on the later of 30 June 2002 and the date on which the last Participant Share on issue is redeemed by the company. A description of the purposes of the amendments appears below and the attachment referred to in the resolution appears at the end of this notice.

The resolution was passed on a show of hands. Details of the proxies received are:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Discretionary</u>	<u>Total</u>
51,291,174	388,299	0	9,940,537	61,620,101

Purpose of the changes:

1. *ASX 'override' provision.* As a listed company, SFE will be required to conform with the Listing Rules of ASX, as they are amended from time to time. An ASX 'override' provision provides that, in the event of any inconsistency between the constitution and the Listing Rules, the Listing Rules would prevail. This is provided for in the new Articles 1A and 6.5.
2. *Divestment provisions.* These amendments align the constitution's 'Unacceptable Ownership' threshold (previously 10%), with the limit of 15% imposed by the Corporations Act 2001 (Cwlth).
3. *Preference shares.* These amendments (to Article 2.30, and a new Schedule) include a power to issue preference shares.
4. *Share Plan.* A new Article 18A empowers the Board to introduce a dividend investment plan.
5. *Unmarketable Parcels.* A new Article 7A enables the Board, in certain limited circumstances, to dispose 'unmarketable share parcels'.

6. *Terms of Chairman and Deputy Chairman.* Amendments to Article 11.30 remove the limitation on the terms for which the Chairman and Deputy Chairman can be appointed by the Board (without varying the terms of their appointment as directors by the shareholders). Prior to the amendments the board could make appointments of only a period of 12 months or until the next Annual General Meeting.
7. *Consequential and clarifying amendments* have been made to Article 12.10 and to the definition section (Article 1.1).
8. *Participation Shares.* Pursuant to amendments to the Corporations Act 2001 (Cwlth) which came into effect on 11 March 2002, membership of a futures organisation will no longer be a condition of holding a licence to deal in futures contracts. Therefore the company's existing Participation Shares (which are redeemable preference shares) which have been issued to Participants, will be redeemed and amendments to Article 8 provide for this.

Should you have any queries please contact Ms Barbara Jones on 9256-0560 or [bjones@sfe.com.au](mailto:bjones@sfe.com.au)



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## AMENDMENTS TO THE CONSTITUTION OF SFE CORPORATION LIMITED

### PART 1

**The amendments in Part 1 came into effect immediately on the passing of the special resolution to make them – ie on 15 March 2002.**

#### **1. ASX LISTING RULES OVERRIDE**

1.1 New Article 1A was inserted after Article 1, to read:

##### **"ASX Listing Rules**

- 1A If the Company is admitted to an official list of the ASX, it must comply with the following:
- (a) Notwithstanding anything contained in this Constitution, if the Listing Rules prohibit an act being done, the act shall not be done.
  - (b) Nothing contained in this Constitution prevents an act being done that the Listing Rules require to be done.
  - (c) If the Listing 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 Listing Rules require this Constitution to contain a provision and it does not contain such a provision, this Constitution is deemed to contain that provision.
  - (e) If the Listing Rules require this Constitution not to contain a provision and it contains such a provision, this Constitution is deemed not to contain that provision.
  - (f) If any provision of this Constitution is or becomes inconsistent with the Listing Rules, this Constitution is deemed not to contain that provision to the extent of the inconsistency."

1.2 New Article 6.5 was inserted:

- "6.5 The Company:
- (a) may do anything permitted by the Corporations Act 2001 (Cwlth), the Listing Rules and the SCH business rules that the Board thinks necessary or desirable in connection with the Company taking part in a computerised or electronic system established or recognised by the Corporations Act 2001 (Cwlth), the Listing Rules, or the SCH business rules for the purpose of facilitating dealings in Shares; and
  - (b) must comply with obligations imposed on it by the Listing Rules or the SCH business rules in relation to transfers of Shares."

#### **2 DIVESTMENT PROVISIONS - UNACCEPTABLE OWNERSHIP SITUATION**

2.1 Article 8.1(a)

- "the amount of" was replaced by "10%"
- "that is permitted by law in respect of that person" was inserted at the end of paragraph (a)

2.2 Article 8.1(c)(i)

- the words 'received by the Exchange under Article 8.7' were deleted and inserted in their place were the words 'given to the Company under section 671B of the Corporations Act 2001 (Cwlth)'

- 2.3 Article 8.1(d)
- the first reference to "10%" was replaced with "the amount of"
  - "that the person is permitted by law to hold" was inserted after the first reference to "voting power"
  - the second reference to "10%" was replaced with "that amount of"

- 2.4 Article 8.3(a)
- "10%" was replaced with "the amount"
  - the words "permitted by law" were inserted after "voting power"

2.5 Article 8.7 – deleted

2.6 Article 8.9 – deleted

2.7 Article 10.2 was replaced with:

"Notwithstanding anything express or implied in the Constitution, a Member:

- (a) is not entitled to vote nor to be counted in a quorum at any General Meeting in respect of any Shares which for the time being are Default Shares; and
- (b) in respect of each partly paid Share held, has a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the Share".

### **3 PREFERENCE SHARES**

The following: new Article 2.30 was inserted:

**"Preference Shares**

2.30 The Company may issue preference Shares (including preference Shares that are liable to be redeemed). The rights attached to preference Shares are, unless other rights have been approved by special resolution of the Company, the rights set out in or determined in accordance with the Schedule."

*NB The Schedule appears at the end of this document.*

### **4 SHARE PLANS**

The following new Article 18A was inserted:

**"8A SHARE PLANS**

**18A.1 Board obligations and discretions**

The Board:

- (a) must do everything necessary or desirable to give effect to a plan implemented under Article 18A.2 and the rules governing it; and
- (b) may:
  - (i) vary the rules governing; or
  - (ii) suspend or terminate the operation of, a plan implemented under Article 18A.2 as it thinks appropriate.

## 18A.2 Implementing share plans

If approved by the Company in General Meeting, the Board may implement one or more of:

- (a) a re-investment plan under which any dividend or other cash payment in respect of a Share or convertible security may, at the election of the person entitled to it, be:
  - (i) retained by the Company and applied in payment for fully paid Shares issued or acquired on behalf of the person under the plan; and
  - (ii) treated as having been paid to the person entitled and simultaneously repaid by that person to the Company to be held by it and applied in accordance with the plan;
- (b) any other plan under which Members or security holders may elect that a dividend or other cash payment in respect of Shares or other securities:
  - (i) be satisfied by the allotment or acquisition on behalf of the person of Shares or other securities of the Company or a related body corporate, or that issues or acquisitions of Shares or other securities of the Company or a related body corporate be made in place of dividends or other cash payments;
  - (ii) be paid out of a particular reserve or out of profits derived from a particular source; or
  - (iii) be forgone in consideration of another form of distribution from the Company, another body corporate or a trust; or
- (c) a plan under which Shares or other securities of the Company or a related body corporate may be issued or otherwise provided for the benefit of employees or Directors of the Company or any of its related bodies corporate.”

## 5 UNMARKETABLE PARCELS

The following new Article 7A was inserted:

### “Unmarketable Parcels

- 7A.1 The Board may sell a Share that is part of an Unmarketable Parcel only if it does so in accordance with this Article. The Board's power to sell lapses if a takeover (as defined in the Listing Rules) is announced after the Board gives a notice under Article 7A.2 and before the Board enters into an agreement to sell the Share.
- 7A.2 Once in any 12-month period, the Board may give written notice to a Member who holds an Unmarketable Parcel:
  - (a) stating that it intends to sell the Unmarketable Parcel; and
  - (b) specifying a date at least 6 weeks (or any lesser period permitted under the Corporations Act 2001 (Cwlth) or the Listing Rules) after the notice is given by which the Member may give the Company written notice that the Member wishes to retain the holding.

If the Board's power to sell lapses under Article 7A.1, any notice given by the Board under this Article is taken never to have been given and the Board may give a new notice after the close of the offers made under the takeover.

- 7A.3 The Company must not sell an Unmarketable Parcel if, in response to a notice given by the Company under this rule 7A, the Company receives a written notice that the Member wants to keep the Unmarketable Parcel.

- 7A.4 A sale of Shares under this Article includes all dividends payable on and other rights attaching to them. The Company must pay the costs of the sale. Otherwise, the Board may decide the manner, time and terms of sale.
- 7A.5 For the purpose of giving effect to this rule each Director and Secretary has power to:
- (a) effect a Market Transfer; or
  - (b) execute a Share transfer under Article 6.1, as agent for a Member who holds an Unmarketable Parcel.
- 7A.6 The Company must:
- (a) deduct any Called Amount in respect of the Shares sold under this rule from the proceeds of sale and pay the balance into a separate bank account it opens and maintains for the purpose only;
  - (b) hold that balance in trust for the previous holder of the Shares (the "Divested Member");
  - (c) as soon as practical give written notice to the Divested Member stating:
    - (i) what the balance is; and
    - (ii) that it is holding the balance for the Divested Member while awaiting the Divested Member's instructions and return of the certificate (if any) for the Shares sold or evidence of its loss or destruction;
  - (d) if the Shares sold were certificated, not pay the proceeds of sale out of the trust account until it has received the certificate for them or evidence of its loss or destruction; and
  - (e) subject to paragraph (d), deal with the amount in the account as the Divested Member instructs.
- 7A.7 The title of the new holder of a Share sold under this Article is not affected by any irregularity in the sale. The sole remedy of any person previously interested in the Share is damages which may be recovered only from the Company."

## **6 TERMS OF CHAIRMAN AND DEPUTY CHAIRMAN**

### Article 11.30

- the words "in each case during their term of office as Director" were inserted immediately after the word "capacities" in line 2 of Article 11.30.
- the words "of twelve (12) months or until the next Annual General Meeting" in the first sentence of Article 11.30 were deleted and inserted in their place were the words "determined by the Board"

## **7 CONSEQUENTIAL AND CLARIFYING AMENDMENTS**

Inserted at the end of Article 12.10:

"unless there are fewer than 3 Directors present who are entitled to vote"

Existing definitions:

- every reference to "Corporations Law" was amended to a reference to "Corporations Act 2001 (Cwlth)" and every reference to the "Exchange" was amended to a reference to the "Company"
- at the end of the definition of "Register" the words "and includes a computerised or electronic subregister established and administered under the SCH business rules" were inserted.

New definitions added:

- "**ASX**" means Australian Stock Exchange Limited.

- "**Unmarketable Parcel**" means a parcel of Shares of a single class registered in the same name or the same joint names which is:
  - (a) less than the number that constitutes a marketable parcel of Shares of that class under the business rules of ASX; or
  - (b) subject to the Corporations Act 2001 (Cwlth), the Listing Rules and the business rules of ASX, any other number determined by the Board from time to time.
- "**Listing Rules**" means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the Official List of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
- "**Market Transfer**" means a transfer (within the meaning of the Corporations Act 2001 (Cwlth)) that:
  - (a) according to the SCH business rules, is a proper SCH regulated transfer; or
  - (b) is a valid transfer under a computerised or electronic system established or recognised by the Corporations Act 2001 (Cwlth), the Listing Rules or the SCH business rules for the purpose of facilitating dealings in shares.
- "**Called Amount**" in respect of a Share means:
  - (c) the amount of a call on that Share which is due and unpaid; and
  - (d) any amount the Board requires a Member to pay under Article 5.1.

## **PART 2**

**Amendments in Part 2 to come into effect on the later of 30 June 2002 and the date on which the last Participation Share on issue is redeemed by the company.**

### **8 PARTICIPATION SHARES**

- 8.1 Articles 2.18 to 2.27 – deleted
- 8.2 Article 14.1 – words between "Markets" (where appearing in line 4) and "and all other incidental matters" were deleted.
- 8.3 Articles 14.4, 14.5 and 14.6 - deleted
- 8.4 Article 20.1 –the following expressions deleted:
  - "or any Participant"
  - "or Participant"
  - "or in the register of Participants"
- 8.5 Article 20.4 – the Participants or any of them" were deleted
- 8.6 Existing Definitions - definitions of "Participant", "Participation Shares" and "Participation Shareholder" were deleted.

## SCHEDULE

## TERMS OF ISSUE OF PREFERENCE SHARES

## 1. Definitions

The following definitions apply in relation to a preference Share issued under Article 2.30.

"Dividend Amount" for any Dividend Period means the amount calculated as

$$DA = \frac{DR \times N}{365}$$

where:

DA = Dividend Amount;

DR = Dividend Rate; and

N = number of days in the relevant Dividend Period.

"**Dividend Date**" means a date specified in the Issue Resolution on which a dividend in respect of that preference Share is payable.

"**Dividend Period**" means:

- (a) the period that begins on and includes the Issue Date and ends on and includes the day before the first Dividend Date after the Issue Date; and
- (b) the period that begins on and includes each Dividend Date and ends on and includes the day before the next Dividend Date; and
- (c) the period that begins on and includes the last Dividend Date and ends on and includes the day before the Redemption Date.

"**Dividend Rate**" means the rate specified in the Issue Resolution for the calculation of the amount of dividend to be paid on that preference share on any Dividend Date.

"**Franked dividend**" has the meaning given to that term by section 160APA of the Tax Act.

"**Issue Date**" means the date on which the Share is issued.

"**Issue Resolution**" means the resolution passed under clause 2 of this schedule.

"**Redeemable preference share**" means a preference Share which the Issue Resolution specifies is liable to be redeemed:

- (a) at a fixed time or on the happening of a particular event;
- (b) at the Company's option; or
- (c) at the holder's option.

"**Redemption Amount**" in relation to a redeemable preference share means the amount specified in the Issue Resolution to be paid on redemption of that Share.

"**Redemption Date**" in relation to a redeemable preference Share, means the date on which the Issue Resolution requires the Company to redeem that Share.

"**Tax Act**" means the Income Tax Assessment Act 1936, the Income Tax Assessment Act 1997, or both, as applicable.

## 2. Issue Resolution

If the Board resolves to issue a preference Share, it must pass an Issue Resolution which specifies:

- (a) the Dividend Date;
- (b) the Dividend Rate;
- (c) whether dividends are cumulative or non-cumulative;
- (d) the priority with respect to payment of dividends and repayment of capital over other classes of Shares;
- (e) whether the share is a redeemable preference Share or not, and if so:
  - (i) the Redemption Amount; and
  - (ii) if the Share is redeemable at the end of a fixed period, the Redemption Date, or otherwise the circumstances (if any) in which the share is redeemable at the option of the holder or of the Company, the way in which that option must be exercised and the way in which the resulting Redemption Date is ascertained,

and may also specify that the dividend must be a franked dividend or must not be a franked dividend.

**3. Franked dividends**

If the Issue Resolution specifies that the dividend on preference Shares must be a franked dividend, it may also specify:

- (a) the extent to which the dividend must be franked (within the meaning of the Tax Act); and
- (b) the consequences of the dividend not being franked, which may include an increase of the dividend by the amount of franking credit which would have been imputed to the holder of the Share under the Tax Act if the dividend had been franked in accordance with the Issue Resolution.

**4. Dividend entitlement**

The holder of a preference Share is entitled to be paid on each Dividend Date, in priority to any payment of dividend on any other class of Shares, a preferential dividend of the Dividend Amount for the Dividend Period ending on the day before that Dividend Date. The dividend entitlement is cumulative if the Issue Resolution states that it is cumulative and otherwise is non-cumulative.

**5. Priority on winding up**

The holder of a preference Share is entitled, on a winding up, to payment in cash of:

- (a) the amount then paid up on the Share; and
- (b) if the Issue Resolution states that dividends are cumulative, any arrears of dividend, in priority to any payment to the holders of ordinary Shares and any other class of preference Share over which the relevant Issue Resolution or rights conferred under Article 2.30 give it priority, but has no right to participate in surplus assets and profits of the Company or to vote on a winding up.

**6. Voting**

The holder of a preference Share has no right to vote at any meeting of Members except:

- (a) if the Issue Resolution states that dividends are cumulative, during a period during which a dividend (or part of a dividend) on the share is in arrears;
- (b) on a proposal to reduce the Company's Capital;
- (c) on a resolution to approve the terms of a buy-back agreement;
- (d) on a proposal that affects rights attached to the Share;
- (e) on a proposal to wind up the Company;
- (f) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
- (g) during the winding up of the Company; and
- (h) in any other circumstances as the Board determines prior to the issue of preference Shares.

**7. Notices and financial reports**

The Company must give the holder of a preference Share notice of each meeting of Members in accordance with the Constitution and send the holder financial reports in accordance with the Constitution.

**8. Redemption of redeemable preference shares**

Subject to the Corporations Act 2001 (Cwlth), the Company must redeem a redeemable preference share on the Redemption Date by paying the Redemption Amount to the holder in cash, by cheque or in any other form that the holder agrees to in writing. If the Company sends the holder of a redeemable preference Share a cheque for the Redemption Amount, the Share is redeemed on the date on which Article 20 would treat the cheque as being received by the holder, whether or not the holder has presented the cheque. If the holder of a redeemable preference Share does not present a cheque for the Redemption Amount within a reasonable period after it is sent, the Company must deal with the Redemption Amount in accordance with the law relating to unclaimed money in the Company's jurisdiction of registration.

**9. Equal ranking issues**

Subject to the terms of issue of any particular class of preference Share, the issue of further preference Shares that rank equally with any issued preference shares is not taken to affect the rights of the holders of the existing preference share whether or not the Dividend Rate for the new preference Share is the same as or different from that applicable to that preference Share.