



Henry Morgan

Announcement

Henry Morgan Limited

ACN 602 041 770

19 January 2017

Dividend announcement & DRP

Summary

- Dividend of 20 cents per Share payable 13 March 2017
- Dividend record date is 17 February 2017
- Opportunity to participate in Dividend Reinvestment Plan
- Shares will be issued under DRP at 7.5% discount to 10 day VWAP
- Optionholders must convert their Options in order to be entitled to the dividend

Henry Morgan Limited (**ASX:HML**) refers to its earlier market announcement today regarding the Company's special dividend (**Dividend Announcement**).

Dividend amount and franking

As set out in the Dividend Announcement, Shareholders as at the record date of 17 February 2017 will receive a dividend of 20 cents per Share.

The level of franking will depend on the number of Optionholders in Henry Morgan Limited who elect to convert their Options into Shares prior to the dividend record date. For example:

Number of Options converted	Approximate % of dividend which will be franked
If no further Options are converted before the Record Date	71% franked
If all Options are converted before the Record Date	38% franked

Dividend Reinvestment Plan

Henry Morgan Limited is also offering Shareholders the opportunity to participate in a Dividend Reinvestment Plan (**DRP**), under which Shareholders have the option of automatically reinvesting their dividends into additional HML shares without the need to pay brokerage, rather than receiving those dividends in cash.

Shares will be issued under the DRP at a 7.5% discount to the average daily VWAP of HML shares over the 10 trading day period commencing on the second trading day after the record date for the dividend.

A copy of the DRP Rules is **attached** to this announcement and will be placed on the Henry Morgan Limited website. In order to participate in the DRP, Shareholders must complete and return the Reinvestment Plan Application Form, which will be despatched to Shareholders today, with a copy of the DRP Rules.

Alternatively, Shareholders may go online to the Link Market Services Investor Centre (<https://investorcentre.linkmarketservices.com.au/Login/Login>) to record their instructions.

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Option Holders not eligible unless Options are exercised

As noted in the Company's market announcement on 19 December 2016, Optionholders will not receive a dividend unless they exercise their Options. If you exercise your Options BEFORE the dividend record date, your new Shares will be eligible for dividends.

Options may be converted by completing the Notice of Exercise of Option Form, and following the instructions on the Form. Optionholders may download the Form from the Company's website: www.henrymorgan.com.au, or obtain a copy by contacting the Company's share registry, Link Market Services, at registrars@linkmarketservices.com.au.

Optionholders must ensure the Company receives both the completed Notice of Exercise of Option Form and the relevant exercise price prior to 15 February 2017, in order for new shares to be issued before the record date, to be entitled to dividends.

Key dates

Event	Date
Despatch of DRP Rules & Application Forms	19 January 2017
Date by which the Company must receive Notice of Exercise of Option Forms and funds to exercise Options	15 February 2017
Ex-date	16 February 2017
Record date for dividend	17 February 2017
DRP election date	20 February 2017
Dividend payment date	13 March 2017
Issue of new shares under DRP	13 March 2017

ENDS

Stuart McAuliffe
Managing Director
Henry Morgan Limited
stuart@henrymorgan.com.au

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“Aut pax aut bellum”

Dividend Reinvestment Plan Rules

HENRY MORGAN LIMITED

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Dividend Reinvestment Plan summary

The Henry Morgan Limited Dividend Reinvestment Plan provides holders of ordinary shares in Henry Morgan Limited (**Company**) with a convenient method of reinvesting all or part of their dividends in ordinary shares in the Company, as follows:

If you elect to participate in the Plan, at each dividend payment date, the dividend otherwise payable on your ordinary shares participating in the Plan will be reinvested in Henry Morgan Limited ordinary shares. These shares will either be issued to you or acquired on-market and transferred to you.

These shares are allocated at an amount equal to 100% (or such lesser percentage, not less than 90%, as the Directors determine in respect of a particular dividend) of the average of the daily volume weighted average market price of ordinary shares of the Company sold on the trading system operated by ASX Limited (**ASX**) and, if the Directors determine, such other platforms or systems (including that operated by Chi-X Australia Pty Ltd) on which Shares may be traded, over the period of 10 trading days commencing on the second trading day after the record date for the dividend or such other period determined by either the Directors or a committee of the Directors validly appointed in accordance with the Company's Constitution. The allocation price you will pay for the shares will be the same regardless of whether the Company issues new shares or acquires them on-market.

Any Shareholder having a registered address or being resident in a country other than Australia or New Zealand is not eligible to participate in the Plan, unless the Directors, in their absolute discretion, determine otherwise.

Participating shareholders may vary the level of participation or withdraw from the Plan by properly completing and lodging a Reinvestment Plan Application or Variation in accordance with the instructions provided by the Company and authenticated by any means authorised by the Directors from time to time. The Reinvestment Plan Application or Variation must be received by the Share Registry on or before 5pm on the Business Day after the record date for that Dividend. Shareholders participating in the Plan may sell any of their shares at any time.

A Plan Statement is sent to you at the time of each dividend payment which includes, for each holding, full details of the amount of dividend entitlement, allocation price and the number of shares allocated. Some of the more specific features of the Plan are explained below. The Rules of the Plan are set out on pages 6 to 11 of this document.

To Join the Plan

Application to participate in the Plan should be made on the Reinvestment Plan Application or Variation specifying either full or partial participation. Upon receipt by the Share Registrar of the Reinvestment Plan Application or Variation properly completed in accordance with the instructions provided by the Company and authenticated by any means authorised by the Directors from time to time, a Shareholder will participate commencing on the next Record Date in respect of an Eligible Dividend. If partial participation is elected, the number of ordinary shares to participate in the Plan must be nominated.

Level of Participation

Eligible shareholders may elect to participate in the Plan in respect of all or part of their holding, subject to any minimum and/or maximum number of shares to participate in the Plan that the Directors may specify.

A shareholder may, subject to the terms of the Plan, vary the level of participation or withdraw from the Plan by properly completing and lodging a Reinvestment Plan Application or Variation as provided in the Plan Rules. Shares allocated under the Plan will be deemed to be Plan Shares for the purposes of future dividend payments.

Entitlements

Participating shareholders will be entitled, on each dividend payment date, to be allocated that whole number of ordinary shares (after deducting any withholding tax or other sum the Company is entitled

to) which the cash dividend on Plan Shares in the participant's holding would purchase at the allocation price. The participant will be deemed to have applied that part of the relevant dividend declared on the Plan Shares as is necessary to apply for, at the allocation price, the number of Plan Shares so calculated and shall not be entitled to any fractional entitlements to additional Plan Shares. Any amount of the cash dividend on Plan Shares remaining will be carried forward to the next dividend.

Variation of Level of Participation or Withdrawal from the Plan

Participating shareholders may at any time, vary the level of participation or withdraw from the Plan by properly completing a Reinvestment Plan Application or Variation in accordance with the instructions provided by the Company and authenticated by any means authorised by the Directors from time to time. A Reinvestment Plan Application or Variation will be effective in relation to a forthcoming dividend if received by the Registrar on or before 5pm on the Business Day after the record date for that Dividend.

Allocation Price of the Plan Shares

Shares allocated under the Plan will be allocated at an amount equal to 100% (or such lesser percentage, not less than 90%, as the Directors determine in respect of a particular dividend) of the average of the daily volume weighted average market price of ordinary shares of the Company sold on the trading system operated by ASX Limited (ASX) and, if the Directors determine, such other platforms or systems (including that operated by Chi-X Australia Pty Ltd) on which Shares may be traded over the Pricing Period.

Cost to Participating Shareholders

The allocation of shares under the Plan will not be subject to brokerage, commissions, or other transaction costs. All administrative costs will be borne by the Company. Participating shareholders are responsible for any taxes or other imposts assessed against or imposed on a participant.

Shares Allocated under the Plan

Shares allocated under the Plan will rank equally in every respect with existing issued fully paid ordinary shares of the Company and (subject to the Rules of the Plan) will participate as Plan Shares in all dividends subsequently declared or paid unless varied by the provision of a Reinvestment Plan Application or Variation by the participating shareholder.

Sales of Shares

Shareholders participating in the Plan may sell any of their shares including shares participating in the Plan at any time. If participating shareholders dispose of part of their shareholding and do not notify the Share Registry otherwise, the shares disposed of will be taken to be, firstly, shares which are not Plan Shares then, if relevant, Plan Shares.

Shares which are sold or otherwise disposed of are automatically withdrawn from the Plan on registration of a valid transfer.

Note: Plan Shares sold after the record date for a relevant dividend will remain Plan Shares for that dividend unless Plan participation is altered or cancelled by the shareholder providing a Reinvestment Plan Application or Variation which is received by the Registrar on or before 5pm on the Business Day after the record date for that Dividend.

Taxation

Dividends reinvested in shares under the Plan will be treated by the Australian Taxation Office in the same manner as dividends received in cash. Any franking credit attached to dividends paid by the Company is also applicable to shares participating in the Plan.

The amount of the franking credit will be notified to shareholders participating in the Plan at the time of payment of the dividend.

Overseas residents are advised to make their own enquiries regarding their tax liability.

The Company takes no responsibility for any taxation liabilities of participants. It is recommended that professional financial advice be obtained by participants in the Plan.

Modification and Termination of the Plan

The Plan may be varied, suspended or terminated by the Directors of the Company at any time by giving participants notice in such form as the Directors or a committee of the Directors validly appointed in accordance with the Company's Constitution, determine is appropriate.

Note: Shareholders should read the detailed Rules of the Plan set out in this document and not rely on this Summary. In the event of any inconsistency between the Rules of the Plan and this Summary, the Rules of the Plan will prevail.

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Rules of the Plan

1 Interpretation

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

"Allocation Price"	in respect of any allocation of Shares under the Plan, means the amount which is 100% (or such lesser percentage, not less than 90%, as the Directors otherwise determine in respect of a particular dividend) of the average of the daily volume weighted average market price for a fully paid Ordinary Share sold on the trading system operated by ASX Limited (ASX) and, if the Directors determine, such other platforms or systems (including that operated by Chi-X Australia Pty Ltd) on which Shares may be traded, over the Pricing Period. The Allocation Price calculation excludes; Shares which are sold otherwise than in the ordinary course of trading on those systems, including any transaction defined in the ASX Operating Rules as a "Special Crossing", crossings prior to the commencement of normal trading, crossings during the closing phase and the after hours adjust phase and any overseas trades or trades pursuant to the exercise of options over Shares, any overnight crossings and any other sales which the Directors consider may not be fairly reflective of genuine supply and demand.
"Business Day"	means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.
"Company"	means Henry Morgan Limited.
"Directors"	means the directors of the Company acting as a board or any duly appointed committee of the board.
"Dividend"	means a cash dividend or cash component of a dividend paid by the Company.
"Eligible Members"	means any Shareholder having a registered address or being resident in Australia or New Zealand, unless the Directors, in their absolute discretion, determine otherwise.
"Holding"	means each registered holding of Shares in respect of a shareholder.
"Reinvestment Plan Application or Variation"	means an application to participate in the Plan, increase or decrease the number of a participant's Plan Shares, or to terminate participation in the Plan, in respect of a particular Holding which is communicated to the Share Registrar by any means authorised by the Directors from time to time, including by written notification, electronic communication or telecommunication, by which the application is effectively notified to the Share Registrar.
"Ordinary shares"	means fully paid ordinary shares in the capital of the Company.
"Participant"	means an Eligible Member whose application to participate in the Plan in respect of a particular Holding has been accepted by the Directors.
"Plan"	means the Henry Morgan Limited Dividend Reinvestment Plan, the terms of which are set out in these Rules.

"Plan Shares"	means the Shares comprised in a particular Holding which are designated (subject to these Rules) by a Participant as Shares the dividend on which is to be applied in applying for Ordinary Shares under the Plan.
"Pricing Period"	means the period of 10 trading days commencing on the second trading day after the record date to determine entitlements to that dividend or such other period determined by the Directors or a committee of the Directors validly appointed in accordance with the Company's Constitution (in their absolute discretion).
"Share Registrar"	means the Company's Share Registrar from time to time.
"Shares"	means ordinary shares in the capital of the Company.

A reference to a person includes a corporation and the singular includes the plural and vice versa.

2 Applications to Participate in the Plan

- 2.1 No persons other than an Eligible Member may apply to participate in the Plan.
- 2.2 Participation in the Plan is optional and not transferable.
- 2.3 Every Eligible Member who wishes to participate in the Plan must lodge with the Share Registrar a properly completed Reinvestment Plan Application or Variation in accordance with the instructions provided by the Company and authenticated by any means authorised by the Directors from time to time.
- 2.4 A Reinvestment Plan Application or Variation must be authenticated (by any means authorised by the Directors from time to time) by all joint holders of Shares for it to be valid.
- 2.5 A properly completed and authenticated Reinvestment Plan Application or Variation must be lodged for each Holding and each Holding of an Eligible Member will be treated separately for all purposes under the Plan.

3 Degree of Participation

- 3.1 An Eligible Member must specify on the Reinvestment Plan Application or Variation the degree to which the shareholder wishes to participate in the Plan in respect of the nominated Holding. Subject to any minimum and/or maximum number of Shares in a Holding that may be or become Plan Shares determined by the Directors from time to time in respect of an Eligible Member or Eligible Members, participation in the Plan may be either:
 - (a) full participation for all the Participant's Shares from time to time however acquired (including Ordinary Shares allocated under the Plan); or
 - (b) partial participation for a specific number of Shares nominated by the Participant together with the Ordinary Shares allocated under the Plan. If at the record date for a dividend, the number of the Shares held by the Participant is fewer than the number nominated by the Participant, then the Plan will apply only to that lesser number for that dividend.
- 3.2 Reinvestment Plan Application or Variation forms received by the Share Registrar which do not indicate the degree of participation in the Plan will, without notice to the applicant, be deemed (subject to any maximum determined in accordance with rule 3.1) to be an application for full participation in the Plan.
- 3.3 For the avoidance of doubt, when determining a minimum and/or maximum number of Shares that may be or become Plan Shares for the purposes of rule 3.1, the Directors may differentiate between Eligible Members or categories of Eligible Members.

3.4 Without limiting rule 3.3, the Company may require an Eligible Member to provide such supporting evidence (for example, a statutory declaration) as the Company requires to establish that the Eligible Member meets any requirements relevant to the application of a minimum or maximum number of Shares for the purposes of rule 3.1, including (without limitation):

- as to the capacity in which the Eligible Member holds Shares which are or are proposed to be Plan Shares;
- as to the number and identity of the underlying beneficial owners of such Shares; and
- as to compliance or otherwise with those requirements;

and such undertakings regarding continued compliance with those requirements as the Directors consider appropriate.

4 Acceptance of Applications

4.1 The Directors may in their absolute discretion:

- (a) accept or reject any Reinvestment Plan Application or Variation, or discontinue participation of a Participant at any time, without being bound to give any reason for doing so; and
- (b) correct any error in, or omission from, a Reinvestment Plan Application or Variation.

4.2 Each Reinvestment Plan Application or Variation accepted by the Directors will be effective in respect of the first dividend payment after receipt of the Reinvestment Plan Application or Variation, provided it is received on or before 5pm on the Business Day after the record date for that Dividend.

4.3 The Company will record for each Holding particulars of:

- (a) the name and address of the Participant; and
- (b) the number of Plan Shares in respect of that Holding, and the Company's records will be conclusive evidence of the matters so recorded.

5 Reinvestment of Dividend

5.1 Dividends on Plan Shares will be applied by the Directors on the Participant's behalf in applying for Ordinary Shares. Any dividends on Plan Shares which the Company is entitled to retain under its Constitution or otherwise will not be available for applying for Ordinary Shares. If withholding tax is payable in respect of a dividend, that tax will be deducted and only the balance will be applied in applying for Ordinary Shares.

5.2 The Directors will establish and maintain a Plan account for each Holding of a participant. At the time of each dividend payment, the Directors will:

- (a) determine the dividend payable in respect of the Plan Shares;
- (b) determine (where applicable), the Australian withholding tax deductible by the Company in respect of the dividend, and any other sum the Company is entitled to retain in respect of the Plan Shares;
- (c) credit the amount in 5.2(a) above and debit any amount in 5.2(b) above to the Participant's Plan account;
- (d) determine the maximum whole number of Ordinary Shares which can be allocated under these Rules by using the amount in the Participant's Plan account and issue or acquire on-market such number of Ordinary Shares;
- (e) apply for Ordinary Shares in the name of the Participant and debit the Allocation Price for those shares against the amount available for reinvestment in the Participant's Plan account;

- (f) add the number of Ordinary Shares applied for to the total number of Shares comprised in the relevant Holding; and
- (g) carry forward any residual positive balance in the Participant's Plan account.

5.3 The number of Ordinary Shares allocated to each Participant in respect of a Holding will be the whole number equal to, or when not a whole number, the nearest whole number below the number calculated by the formula:

$$\text{Number of Ordinary Shares} = \frac{D - T + R}{C}$$

D is the dividend payable on the Shares in respect of that Holding as at the record date for that dividend
 T is any withholding tax or other sum the Company is entitled to retain in relation to the dividend or the Plan Shares
 R is any residual positive balance carried forward in the Participant's Plan account
 C is the Allocation Price

5.4 The participant will be deemed to have applied all of the relevant dividend declared on the Plan Shares in applying for the number of Ordinary Shares so calculated and shall not be entitled to any fractional entitlements to Ordinary Shares. No interest will accrue in respect of residual positive balances referred to in rule 5.2(g). Following the termination of a participant's participation in the Plan, any residual positive balance referred to in rule 5.2(g) remaining in that participant's Plan account will be donated to one or more registered charities selected by Henry Morgan Limited after the last Dividend to be paid in that financial year. Participants will not be issued with a receipt in relation to such a donation.

5.5 As soon as practicable after each allocation of Ordinary Shares under the Plan, the Company will send to each Participant, in respect of each Holding, a statement setting out:

- (a) the number of the Participant's eligible Plan Shares on the record date for the relevant Dividend;
- (b) the Dividend payable in respect of that Participant's Plan Shares which has been applied towards application for additional Ordinary Shares;
- (c) the number of additional Ordinary Shares allocated;
- (d) the number of Shares participating in the Plan after the allocation;
- (e) the extent to which the relevant dividend is franked; and
- (f) the amount of the Participant's residual positive balance referred to in rule 5.2(g), if any.

5.6 All Ordinary Shares allocated under the Plan will from the date of allocation rank equally in all respects with existing Ordinary Shares.

5.7 Ordinary Shares to be allocated under the Plan will be allocated within the time required by the ASX and shareholder statements for the Ordinary Shares will be issued as soon as practicable after allocation if so required by the Company's Constitution.

- 5.8 If new Shares are issued by the Company to Participants under the Plan, the Company will make application within the time permitted by the Listing Rules after each allocation of Ordinary Shares under the Plan for quotation of those Ordinary Shares on the ASX, if other Ordinary Shares of the Company are quoted at that time.

6 Variation or Termination of Participation

- 6.1 A Participant may, by lodging with the Share Registrar a properly completed Reinvestment Plan Application or Variation in accordance with the instructions provided by the Company and authenticated by any means authorised by the Directors from time to time, increase or decrease the number of Plan Shares or terminate the participation in the Plan. A separate Reinvestment Plan Application or Variation must be lodged for each Holding. To be effective for a forthcoming dividend, the Reinvestment Plan Application or Variation must be received by the Share Registrar on or before 5pm on the Business Day after the record date for that Dividend.
- 6.2 The Directors may in their absolute discretion:
- (a) accept or reject any Reinvestment Plan Application or Variation, without being bound to give any reason for doing so; and
 - (b) correct any error in, or omission from, a Reinvestment Plan Application or Variation.
- 6.3 If a Participant disposes of all the Shares comprising a Holding without giving the Share Registrar a Reinvestment Plan Application or Variation and is not registered as a Holder of any Shares when the Company's share register is next closed for payment of a dividend, the Participant will be deemed to have terminated participation on the last date when the Company registered a transfer of the Participant's Shares.
- 6.4 When a Participant disposes of part of a Holding and does not notify the Share Registrar otherwise, the Shares disposed of will, to the extent possible, be taken to be:
- (a) first, Shares which are not Plan Shares; and
 - (b) secondly, Plan Shares.
- 6.5 A participant will be taken to have terminated participation in the Plan upon receipt by the Share Registrar of the notice of death, bankruptcy or liquidation of the participant. However, the death, bankruptcy or winding up of one or more joint holders does not automatically terminate participation in the Plan for the remaining joint holders.
- 6.6 A participant will be taken to have terminated participation in the Plan upon the participant ceasing to be eligible to participate in the Plan.

7 Modification, Suspension and Termination of the Plan

- 7.1 The Plan may be modified by the Directors at any time, such modification to be effective one month after giving notice to all Participants.
- 7.2 The Plan may be suspended or terminated by the Directors at any time, after giving such notice (if any) as the Directors determine is appropriate.
- 7.3 The notice referred to in rules 7.1 and 7.2 may be provided in any manner as the Directors determine is appropriate, including, but not limited to, public announcement, advertisements in any newspapers generally circulated in Australia, notice on the Company's website, announcement to the ASX or written notice mailed to Participants.
- 7.4 The accidental omission to give notice of modification, suspension or termination in accordance with rule 7.3 will not invalidate the modification, suspension or termination of the Plan.

8 Administration of the Plan

- 8.1 This Plan will be administered by the Directors who have the power to:
- (a) determine procedures for administration of the Plan consistent with the Rules;
 - (b) determine any ambiguity or uncertainty in the interpretation of these Rules and settle in such manner as they think expedient any difficulties, anomalies or disputes which may arise in connection with, or by reason of, the operation of the Plan, whether generally or in relation to any Participant or any Shares and the determination of the Directors is to be conclusive and binding on all Participants and other persons to whom the determination relates; and
 - (c) delegate to any one or more persons, for such period and on such conditions as they may determine, the exercise of any of their powers or discretions arising under the Plan.

References in these rules to documents being lodged with or sent to or by the Company or the Share Registrar include communication by such means as the Directors from time to time determine.

9 Participants to be Bound

Participants are at all times bound by the Rules of the Plan as modified from time to time.

10 Costs to Participants

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

All correspondence regarding the Dividend Reinvestment Plan is to be directed to the Company's share registry:

Postal Address	Link Market Services Limited Locked Bag A14 Sydney South NSW 1235	Address	Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138
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