

registered agent number 190
lodging party or agent name ACIS SERVICES PTY LTD
address LOCKED BAG 1
FORTITUDE VALLEY QLD 4006
DX no DX location

COPY

Australian Securities and Investments Commission
Application for
registration as an Australian company

Form 201
Corporation Act 2001
117

Application

I/We apply for registration of the company under the Corporations Act 2001, and nominate as the State or Territory in which the company will be taken to be registered.

QLD

Proposed details of the company

Does the company have a proposed company name? yes ☒ no ☐

if yes, proposed company name **PHOEBE HOLDINGS**

Name reservation number (if any)

if no, the company name on registration will be its Australian Company Number (ACN).

Legal elements to apply: **PTY LTD**

Is the proposed name identical to a registered business name(s)? yes ☐ no ☒

If yes, provide business names(s) registration details.

I DECLARE that I own, or am registering the company for the owner(s) of the identical business name(s), the registration details of which are listed.

Type and class of company	type of company	class of company	sub class of company
	<input checked="" type="checkbox"/> proprietary company	<input checked="" type="checkbox"/> limited by shares	<input type="checkbox"/> home unit proprietary company
		<input type="checkbox"/> unlimited with a share capital	<input type="checkbox"/> non profit proprietary company
			<input checked="" type="checkbox"/> proprietary company
			<input type="checkbox"/> superannuation trustee prop
	<input type="checkbox"/> public company	<input type="checkbox"/> limited by shares	<input type="checkbox"/> entitled to omit "LIMITED" under S.150
		<input type="checkbox"/> limited by guarantee	<input type="checkbox"/> unlisted public company - non profit
		<input type="checkbox"/> no liability	<input type="checkbox"/> non profit unlisted public & superannuation
		<input type="checkbox"/> unlimited with a share capital	<input type="checkbox"/> unlisted public company
	<input type="checkbox"/> I DECLARE that this company is a special purpose company as defined under Regulation 3 of the Corporations (Fees) Regulations 2003.		

governance of a public company

Will the company rely entirely on replaceable rules? yes ☐ or

Does the company have a constitution? yes ☐

A proposed public company which has adopted a 'constitution' must lodge a copy of the constitution with this application

If the proposed company is to be a public company limited by guarantee, state the amount of the guarantee that each member agrees to.

The amount of the member's guarantee is:

registered office

**C/- MARSH TINCKNELL ACCOUNTANTS
1/1454 LOGAN ROAD
MOUNT GRAVATT QLD 4122**

Does the company occupy these premises? yes ☐ no ☒

if no, name of occupier

MARSH TINCKNELL ACCOUNTANTS

☒ The occupier of the premises has consented in writing to the use of the specified address as the address of the registered office of the company and has not withdrawn that consent.

office hours

- (a) ☐ Registered office of a public company is open to the public each business day from at least 10am to 12 noon and 2pm to 4pm
- (b) ☐ Registered office of a public company is open to the public each business day for at least 3 hours between 9pm to 5pm

if (b), insert hours

principal place of business
in Australia

**8 PHOEBE CRESCENT
KENSINGTON QLD 4670**

Ultimate Holding Company

☐ Yes

Company Name

ACN/ARBN/ABN

Country of incorporation

☒ No

Director and Secretary Details

name **RUSSELL ANDREW ROWLAND**

address **29 SERENITY DRIVE
KALKIE QLD 4670**

birth details **21/07/1966 BRISBANE QLD**

office **Director**

name **JOSHUA PAUL ROWLAND**

address **6 FREESIA COURT
KALKIE QLD 4670**

birth details **17/03/1994 BUNDABERG QLD**

office **Director
Secretary**

Share Structure Table

class code	title	total number issued	total amount paid	total amount unpaid
ORD	Ordinary Shares	12	\$12.00	\$0.00

Members

Members full name and address	class of share	no. of shares taken up	amount agreed to pay per share	total \$ paid on these shares	amount unpaid per share	total \$ unpaid on these shares	are shares fully paid	are shares beneficially owned
shareholding member name address	ORD	12	\$1.00	\$12.00	\$0.00	\$0.00	Y	Y
	RUSSELL ANDREW ROWLAND 29 SERENITY DRIVE KALKIE QLD 4670							

Shares issued other than for cash

For a public company that is limited by shares or is an unlimited company, will any shares be issued for a non-cash consideration? yes ☐ no ☐

If yes and the issue of shares is not under a written contract, then attach to this application a form 208 giving details of the prescribed particulars about the share issue; **OR**

If yes and the shares will be issued under a written contract, then attach a copy of the contract to this application plus a Form 207Z certifying compliance with stamp duty law

Details of the applicant

name of applicant **ACIS SERVICES PTY LTD**
A.C.N./A.R.B.N. **069 187 140**
address of applicant **LEVEL 8**
100 SKYRING TERRACE
NEWSTEAD QLD 4006

I apply for the registration of a company on the basis of the information in this form and any attachments. I have the necessary consents and agreements referred to in this application concerning the members and officeholders and I shall give the consents and agreements to the company after the company becomes registered. The information provided in this application and in any annexures is true and correct at the time of signing.

Signature

Name **MATTHEW JAMES NEIBLING**
Capacity **Director** Date **30/08/2019**

Member/s Resolution

PHOEBE HOLDINGS PTY LTD

The persons signing below, being the members of the Company resolve as follows:

Registration

It was confirmed that the Company had been registered by the ASIC on 30/08/2019 with Australian Company Number 635 882 665.

Officer Appointment

The appointment of the following persons as officers of the Company is confirmed:

Officer Name	Director	Secretary
RUSSELL ANDREW ROWLAND	✓	
JOSHUA PAUL ROWLAND	✓	✓

Share Issue

Applications for shares were received and it was resolved to issue the following shares in the Company and to issue share certificates to the allottees and to enter the information contained on the applications into the Register of Members:

Member Name	No. of Shares	Class	Cert. No.	Serial No's	
				From	To
RUSSELL ANDREW ROWLAND					
	12	ORD	1	ORD1	ORD12

Resolved

To adopt the constitution tabled as the initial constitution for the Company.

Signature:

Dated: 30/08/2019

RUSSELL ANDREW ROWLAND

Register of Directors and Secretaries

PHOEBE HOLDINGS PTY LTD
ACN 635 882 665

Full Name	RUSSELL ANDREW ROWLAND	
Former Names		
Date and Place of Birth	21/07/1966 BRISBANE, QLD	
Residential Address	29 SERENITY DRIVE KALKIE QLD 4670	
Office Held (as marked)	Nature of Change and Date	
Director <input checked="" type="checkbox"/>	Date Appointed	30/08/2019
	Date Ceased	
Company Secretary <input type="checkbox"/>	Date Appointed	
	Date Ceased	
Alternate Director <input type="checkbox"/>	Date Appointed	
	Date Ceased	

Full Name	JOSHUA PAUL ROWLAND	
Former Names		
Date and Place of Birth	17/03/1994 BUNDABERG, QLD	
Residential Address	6 FREESIA COURT KALKIE QLD 4670	
Office Held (as marked)	Nature of Change and Date	
Director <input checked="" type="checkbox"/>	Date Appointed	30/08/2019
	Date Ceased	
Company Secretary <input checked="" type="checkbox"/>	Date Appointed	30/08/2019
	Date Ceased	
Alternate Director <input type="checkbox"/>	Date Appointed	
	Date Ceased	

Full Name		
Former Names		
Date and Place of Birth		
Residential Address		
Office Held (as marked)	Nature of Change and Date	
Director <input type="checkbox"/>	Date Appointed	
	Date Ceased	
Company Secretary <input type="checkbox"/>	Date Appointed	
	Date Ceased	
Alternate Director <input type="checkbox"/>	Date Appointed	
	Date Ceased	

Consent to Act

PHOEBE HOLDINGS PTY LTD

I hereby consent to act as a Director of the Company and I require the following information to be recorded:

Full Name: RUSSELL ANDREW ROWLAND

Residential Address: 29 SERENITY DRIVE
KALKIE QLD 4670

Date of Birth: 21/07/1966

Place of Birth: BRISBANE, QLD

Dated: 30/08/2019

Signature:

RUSSELL ANDREW ROWLAND

Consent to Act

PHOEBE HOLDINGS PTY LTD

I hereby consent to act as a Director and Secretary of the Company and I require the following information to be recorded:

Full Name: JOSHUA PAUL ROWLAND

Residential Address: 6 FREESIA COURT
KALKIE QLD 4670

Date of Birth: 17/03/1994

Place of Birth: BUNDABERG, QLD

Dated: 30/08/2019

Signature:

JOSHUA PAUL ROWLAND

PHOEBE HOLDINGS PTY LTD
ACN 635 882 665

**Date of entry
as a member:** 30/08/2019

[illegible]

Date of cessation as a Member:

Application for Shares

PHOEBE HOLDINGS PTY LTD

Applicant Name	Applicant Address
RUSSELL ANDREW ROWLAND	29 SERENITY DRIVE KALKIE QLD 4670

applies for the following shares:

Number of Shares	Class of Shares	Amount Paid per Share	Amount Unpaid per Share
12	ORD	\$1.00	\$0.00

The Applicant:

1. consents to become a member of the Company; and
2. agrees to terms and to be bound by the constitution (if any) of the Company.

Dated: 30/08/2019

Signature:

RUSSELL ANDREW ROWLAND

Allotment Journal
PHOEBE HOLDINGS PTY LTD
ACN 635 882 665

Member Name: RUSSELL ANDREW ROWLAND

Date Issued	Cert No.	Shares		Serial Numbers		Amount Paid/Share	Amount Unpaid/Share
		No.	Class	From	To		
30/08/2019	1	12	ORD	ORD1	ORD12	\$1.00	\$0.00

Member Name:

Date Issued	Cert No.	Shares		Serial Numbers		Amount Paid/Share	Amount Unpaid/Share
		No.	Class	From	To		

Member Name:

Date Issued	Cert No.	Shares		Serial Numbers		Amount Paid/Share	Amount Unpaid/Share
		No.	Class	From	To		

Member Name:

Date Issued	Cert No.	Shares		Serial Numbers		Amount Paid/Share	Amount Unpaid/Share
		No.	Class	From	To		

Member Name:

Date Issued	Cert No.	Shares		Serial Numbers		Amount Paid/Share	Amount Unpaid/Share
		No.	Class	From	To		

Member Name:

Date Issued	Cert No.	Shares		Serial Numbers		Amount Paid/Share	Amount Unpaid/Share
		No.	Class	From	To		

Share Certificate

Company Name: PHOEBE HOLDINGS PTY LTD
ACN: 635 882 665
Registered Office: C/- MARSH TINCKNELL ACCOUNTANTS
1/1454 LOGAN ROAD
MOUNT GRAVATT QLD 4122
Certificate Number: 1
Date of Issue: 30/08/2019

This is to certify that:

Member Name	Member Address
RUSSELL ANDREW ROWLAND	29 SERENITY DRIVE KALKIE QLD 4670

is/are the registered Member of the Shares in the Company as shown in the panel below, subject to the terms of the Constitution (if applicable).

Number of Shares	Class of Shares	Serial Numbers		Amount Paid per Share	Amount Unpaid per Share
		From	To		
12	ORD	ORD1	ORD12	\$1.00	\$0.00

Signed on behalf of PHOEBE HOLDINGS PTY LTD ACN 635 882 665 by:

RUSSELL ANDREW ROWLAND
Director

This Certificate must be delivered to the Company on disposal of any or all of the shares comprised in it.

**Constitution of
PHOEBE HOLDINGS
PTY LTD**

Drawn by:
Redchip Lawyers
redchip.com.au
redchip@redchip.com.au
P 07 3223 6100

Solicitors for:
Acis
acis.net.au
acis@acis.net.au
P 1800 773 477

Certificate of Registration of a Company

This is to certify that

PHOEBE HOLDINGS PTY LTD

Australian Company Number 635 882 665

is a registered company under the Corporations Act 2001 and
is taken to be registered in Queensland.

The company **is limited by shares.**

The company is a **proprietary** company.

The day of commencement of registration is
the thirtieth day of August 2019.



ASIC

Australian Securities & Investments Commission

Issued by the
Australian Securities and Investments Commission
on this thirtieth day of August, 2019.

A handwritten signature in black ink that reads "James Shipton".

James Shipton
Chair

CERTIFICATE

**CORPORATIONS ACT 2001 (CTH)
A COMPANY LIMITED BY SHARES
CONSTITUTION AGREEMENT**

PHOEBE HOLDINGS PTY LTD

EFFECT OF THE CONSTITUTION

This Constitution shall have effect as a contract:

- (a) between the Company and each member;
- (b) between the Company and each director and Company secretary; and
- (c) between a member and each other member,

pursuant to which each member agrees to observe and perform the Rules within the Constitution so far as they apply to that member.

MODIFICATION AND AMENDMENT

Unless a member of the Company shall agree in writing, they shall not be bound by any modification of the Constitution after the date upon which they became a member insofar as that modification:

- (a) requires the members to take up additional shares;
- (b) increases the members liability to contribute to the share capital of, or otherwise to pay money to the Company;
- (c) imposes or increases restrictions on the right to transfer the shares held by the member, unless the modification is made to change from a public company to a proprietary company; or
- (d) inserts take over approval provisions of the kind referred to in Section 648D of the Corporations Act 2001 (Cth).

OPERATION FOR SINGLE DIRECTOR AND SHAREHOLDER

Where the sole director and sole member of this Company is the same person:

- (a) any reference in this Constitution to more than one (1) director or member shall be deemed to be a reference to one (1) director or member;
- (b) this Constitution shall in all respects be interpreted so as to give legal effect and validity to its terms with application to a single director or single member.

SUPERANNUATION INDUSTRY (SUPERVISION) ACT 1993

If the Company acts solely as a trustee of a regulated Superannuation Fund within the meaning of Section 19 of the Superannuation Industry (Supervision) Act 1993, then notwithstanding any Rule of this Constitution to the contrary, the distribution of the Company's income or property among its members is strictly prohibited.

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1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In the interpretation of this Constitution, unless the context or subject matter requires otherwise, references to:

Act means the *Corporations Act 2001 (Cth)*;

Associate when used in Rule 33, has the meaning given for the purposes of Division 7A of the Income Tax Assessment Act 1936;

Company means the Company whose Members have adopted this Constitution;

Constitution means this Constitution containing the rules for the operation of the Company;

Director means each person appointed as, and who, at the relevant time, remains, a director of the Company and:

- (a) includes any person appointed as an alternative for any other Director; and
- (b) excludes any person who is disqualified from acting as a director or who is removed or resigns from that office;

Interest Rate means the Benchmark Interest Rate defined in the *Income Tax Assessment Act 1936* expressed as a rate per cent per annum;

Member means each person holding a share or shares in the Company at the relevant time;

Notice Address means the last address specified by a person in the records of the Company and includes:

- (a) each address listed for each relevant person in the records of the Australian Securities and Investments Commission;
- (b) any other address nominated by the relevant person as an additional, alternative or substituted Notice Address for the purposes of this Constitution; and
- (c) the then current facsimile number or email address nominated as a Notice Address by a person;

Prescribed Rate means the rate specified by the Directors from time to time expressed as a rate per cent per annum or if no rate is specified, the Interest Rate plus 2 percent;

Related Body Corporate means:

- (a) in the case of a body corporate, the body corporate which is related to that body corporate within the meaning of the Act; and
- (b) in the case of a transfer by an individual Member under Rule 16, an entity in which that Member beneficially owns or controls all the issued shares;

Right includes a legal, equitable, contractual, statutory or other right, power, authority, benefit, privilege, remedy, entitlement, discretion or cause of action;

Rules means the provisions of this Constitution and **Rule** means any one of them.

1.2 Interpretation

- (a) In the interpretation of this Constitution, unless the context or subject matter requires otherwise, references to:
 - (i) **singular** words include the **plural** and vice versa;
 - (ii) any **gender** include every gender;
 - (iii) **persons** include natural persons, firms, companies, corporations, bodies corporate, trustee, trusts, charities, associations, partnerships, government authorities, and other legal entities. It will include references to that person's estate, personal representatives, executors, administrators, substitutes, successors and assigns;

- (iv) **writing** include printing, typing, facsimile and other means of representing or reproducing words, figures, drawings or symbols in a visible and tangible or electronic form, in English;
 - (v) **signature** and/or **signing** mean due execution of a document and include signing by an agent or attorney or representative;
 - (vi) **months** mean calendar months;
 - (vii) **statutes** include statutes amending, modifying, rewriting, re-enacting, consolidating or replacing the statutes referred to and all regulations, orders-in-council, rules, by-laws, orders in council and ordinances made under those statutes;
 - (viii) **sections** of statutes or terms defined in statutes refer to corresponding sections or defined terms in amended, consolidated or replacement statutes;
 - (ix) an **agreement** or **document** (including this Constitution) mean that agreement or document as varied, amended, novated or supplemented and include all recitals, schedules, appendices and exhibits to it;
 - (x) **clauses** or **schedules** are references to the clauses or schedules of this Constitution;
 - (xi) **a party** include that party's executors, administrators, substitutes, successors and assigns;
 - (xii) **sell** or **sold** include transfer, lease, assign, grant options and/or any other form of disposing of or creating an interest in the thing being considered and **buy** or **purchase** will be interpreted correspondingly.
- (b) The following rules apply, unless the context or subject matter requires otherwise:
- (i) **headings** and the **table of contents** are used for convenience only and must be disregarded in the interpretation of this Constitution;
 - (ii) if a word or phrase is given a **defined meaning**, another grammatical form of that word or phrase has a corresponding meaning; and
 - (iii) where a person is entitled to **vote** or holds the **right to vote** on any matter under this Constitution, the person may vote by proxy or attorney or representative. A reference to a person being present means present in person or by proxy;
 - (iv) **each paragraph** or sub-paragraph in a list is to be **read independently** from the others in the list.

1.3 Actions authorised under the Act

Where the Act authorises or permits a company to do any thing if authorised by its constitution, the Company is authorised or permitted by this Constitution to do that thing subject to any express limitation contained in this Constitution.

1.4 Corporations Act prevails

Where any provision in this Constitution conflicts with or is inconsistent with any provision of the Act, that provision will be read and interpreted as being subject to the provisions of the Act and will be ineffective, but only to the extent of any conflict or inconsistency.

1.5 Invalidity

This Constitution will, to the extent possible, be interpreted and construed so as not to be invalid, illegal or unenforceable in any respect. If a provision, on its true interpretation or construction is found to be illegal, invalid or unenforceable:

- (a) that provision will, be read down to the extent that it may be necessary to ensure that it is not illegal, invalid or unenforceable and as may be reasonable in the circumstances to give it a valid operation; or

- (b) if the provision or part of it cannot effectively be read down, that provision or part of it will be deemed to be void and severable and the remaining provisions of this Constitution will not in any way be affected or impaired and will continue regardless of that illegality, invalidity or unenforceability.

1.6 No limit on powers

Where the Company or the Directors or any other person is given a Right under this Constitution:

- (a) the Right is exercisable absolutely and with unfettered discretion and without restriction unless the Right is expressly limited; and
- (b) any exercise of that Right on any occasion will not restrict the further exercise of the Right on any other occasion or at any time; and
- (c) This Rule 1.6 applies, subject to any provision of this Constitution, the Act or any other law, to the contrary.

2. RIGHTS, POWERS AND PRIVILEGES

2.1 General powers

The Company has:

- (a) the rights, powers and privileges of a natural person; and
- (b) the rights, powers and privileges of a body corporate; and
- (c) the rights, powers and privileges specified in this Constitution and the Act.

2.2 Specific powers

Without limiting Rule 2.1, the Company has the Right to:

- (a) issue and allot fully or partly paid shares;
- (b) issue debentures;
- (c) distribute Company property to its Members, in kind or otherwise;
- (d) grant options over unissued shares;
- (e) give security by charging uncalled capital;
- (f) grant a fixed and/or floating charge over Company property;
- (g) register the Company as a body corporate in any place outside Australia; and
- (h) do anything that it is authorised to do or permitted to do by law anywhere in the world.

2.3 Legal capacity

The Company's legal capacity to do something is not affected by the fact the Company's interests are not, or would not be, served by doing it.

3. PROPRIETARY LIMITED COMPANY

3.1 Limitations

The Company is registered as a proprietary company limited by shares and:

- (a) the liability of Members is limited; and
- (b) the right to transfer shares in the Company is restricted by this Constitution.

3.2 Prohibitions

The Company is prohibited from:

- (a) issuing any offer for the acquisition of any shares in, or debentures of, the Company;
- (b) issuing any invitation to subscribe for any shares in, or debentures of, the Company; or

- (c) issuing any offer to accept subscriptions for any shares in, or debentures of, the Company, except in compliance with the Act.

3.3 Maximum Members

The number of Members of the Company must not exceed 50 and when counting the Members of the Company under this Rule:

- (a) joint holders of shares will be counted as 1 person;
- (b) any employee of the Company or a Related Body Corporate who is a Member of the Company will not be counted; and
- (c) any former employee of the Company or a Related Body Corporate who was, during the term of that employment and has continued, uninterrupted, to be a Member of the Company, will not be counted.

4. SHARE CLASSES

- (a) The Company may issue shares of any class and with any Rights as determined by the Directors and may issue shares:
 - (i) in the classes and with the Rights attached to them in Rule 5 (with or without other Rights); and/or
 - (ii) in any other classes and with any other Rights attached to them as determined by the Directors from time to time.
- (b) The Company may issue shares by resolution of the Directors.
- (c) Shares may be issued with any preferred or other special Rights or restrictions relating to dividends, voting, return of or entitlement to capital or otherwise as the Directors determine.
- (d) The Company may issue shares which are redeemable.
- (e) Any issue of any shares will not affect any special Rights or restrictions previously given to or imposed on any existing shares or class of shares unless varied in compliance with Rule 7.
- (f) Any issue of shares will be subject to the Act.

5. SHARE RIGHTS

5.1 Ordinary shares and A Class/B Class shares

Holders of Ordinary shares and A Class and B Class shares have:

- (a) the right to vote at all meetings of the Company;
- (b) the right to participate in any dividend declared on the class of shares held; and
- (c) the right to participate in any division or distribution of any surplus assets or profits of the Company equally with all other Members having similar rights.

5.2 C Class/D Class/E Class shares

Holders of C Class, D Class and E Class shares have:

- (a) no right to vote at any meeting of the Company;
- (b) the right to participate in any dividend declared on the class of shares held; and
- (c) the right to participate in any division of any surplus assets or profits of the Company equally with all other Members having similar rights.

5.3 F Class Redeemable Preference shares

- (a) Holders of F Class Redeemable Preference shares have:

- (i) the right to vote at all meetings of the Company;
 - (ii) the right to participate in any dividend declared on the class of shares held; and
 - (iii) no right to participate in the division of any surplus assets or profits of the Company.
- (b) The Company may at any time redeem all or redeem any one or more F Class Redeemable Preference shares. If the Company elects to do so:
- (i) the Company will give the holder of the shares to be redeemed seven days written notice of the redemption;
 - (ii) the redemption may only be exercised by resolution of the Directors;
 - (iii) the notice must be signed by a Director and will be delivered or posted to the Notice Address for the holder of those shares with a cheque for the amount paid up in respect of those shares; and
 - (iv) any redemption under this Rule will be effective immediately upon the expiry of seven days from the delivery or posting of the notice of redemption.

5.4 G Class Redeemable Preference shares

- (a) Holders of G Class Redeemable Preference shares have:
- (i) no right to vote at any meeting of the Company;
 - (ii) the right to receive from the profits of the Company as a first charge a non-cumulative preferential dividend at the Prescribed Rate of the amount then paid up (and not previously redeemed) on the G Class Redeemable Preference shares held; and
 - (iii) no right to participate in the division of any surplus assets or profits of the Company.
- (b) The Company may at any time redeem all or redeem any one or more G Class Redeemable Preference shares. If the Company elects to do so:
- (i) the Company will give the holder of the shares to be redeemed seven days written notice of the redemption;
 - (ii) the redemption may only be exercised by resolution of the Directors;
 - (iii) the notice must be signed by a Director and will be delivered or posted to the Notice Address for the holder of those shares with a cheque for the amount paid up in respect of those shares; and
 - (iv) any redemption under this Rule will be effective immediately upon the expiry of seven days from the delivery or posting of the notice of redemption.

5.5 H Class shares

Holders of H Class shares have:

- (a) the right to vote at all meetings of the Company;
- (b) no right to receive any dividends; and
- (c) the right to participate in the division of any surplus assets or profits of the Company equally with all other Members having similar rights.

5.6 I Class/J Class/K Class shares

Holders of I Class, J Class and K Class shares have:

- (a) no right to vote at any meeting of the Company;
- (b) the right to participate in any dividends declared on the class of shares held; and
- (c) no right to participate in the division of any surplus assets or profits of the Company.

5.7 L Class shares

Holders of L Class shares have:

- (a) the right to vote at all meetings of the Company;
- (b) no right to receive any dividends; and
- (c) no right to participate in any division of any surplus assets or profits of the Company.

5.8 M Class shares

Holders of M Class shares have:

- (a) no right to vote at any meeting of the Company;
- (b) no right to receive any dividends; and
- (c) the right to participate in the division of any surplus assets or profits of the Company equally with all other Members having similar rights.

5.9 Repayment of capital

Regardless of any other provision in this Constitution but subject to any agreement between the Members of the Company otherwise, on a winding up or a reduction of the capital of the Company, the amount paid up on the shares in each class then issued will be repaid to the holders of those shares in the following order of priority:

- (a) G Class Redeemable Preference Shares;
- (b) F Class Redeemable Preference Shares;
- (c) Ordinary Shares;
- (d) A Class Shares;
- (e) B Class Shares;
- (f) C Class Shares;
- (g) D Class Shares;
- (h) E Class Shares;
- (i) H Class Shares;
- (j) I Class Shares;
- (k) J Class Shares;
- (l) K Class Shares;
- (m) L Class Shares;
- (n) M Class Shares.

5.10 Surplus assets and profits

Regardless of any other provision in these Rules, but subject to any agreement between the Members of the Company otherwise, on a division of surplus assets or profits of the Company, the holders of shares having Rights to surplus assets or profits of the Company, will share in a division equally with all other holders of such shares in proportion to the numbers of shares held.

6. VOTING RIGHTS

Unless otherwise stated in these Rules or on the issue of any shares but subject to any agreement between the Members of the Company otherwise:

- (a) where a share has voting Rights attached to it, the holder of those shares has the Right to cast 1 vote upon a show of hands and upon a poll to cast 1 vote for each share held;

- (b) the holders of each class of shares issued with voting Rights have the Right to receive notice of each general meeting of the Company; and
- (c) the holders of each class of shares issued with voting Rights have the Right to attend each general meeting of the Company.

7. VARYING SHARE CLASS RIGHTS

7.1 Special resolution

- (a) The Rights or restrictions attached to any shares or class of share may be varied by resolution of the Directors:
 - (i) with the consent in writing of the holders of at least seventy-five percent (75%) of the issued shares of the same class; or
 - (ii) with the sanction of a special resolution passed at a separate meeting of the holders of the shares of the same class.
- (b) The Rights or restrictions attaching to any shares or class of shares may be varied whether or not the Company is being wound up.

7.2 Deemed variation

The Rights conferred upon the holders of preference shares will, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking equally with the first-mentioned shares.

8. COMMISSION

8.1 Payment

The Company may make payments by way of brokerage or commission for the issue of shares in accordance with the Act.

8.2 Allotment as commission

Payments by way of brokerage or commission may be satisfied by any combination of:

- (a) the payment of cash; and/or
- (b) the allotment of fully or partly paid shares.

9. THIRD PARTY INTERESTS

9.1 No requirement

The Company may, but is not required to, recognise a person as holding a share upon any trust unless required to do so by the Act or by law.

9.2 Recognition of interests

Whether or not the Company has notice of the rights or interests concerned, the Company is not bound to recognise:

- (a) any equitable, contingent, future, or partial interest in any share or part of a share; or
- (b) any other right in respect of a share,

except an absolute right of ownership of a Member, unless otherwise provided by this Constitution or the Act.

10. LIEN ON SHARES

10.1 Company lien

The Company has a first and paramount lien on each share in the Company (other than a fully paid share) for all money called or payable in respect of those shares whether presently payable or not.

10.2 Moneys payable

The Company has a first and paramount lien on all shares (other than fully paid shares) registered in the name of a Member for all money presently payable by that Member or their estate to the Company.

10.3 Exempt from lien

The Directors may exempt a share wholly or partially from the provisions of this Rule.

10.4 Lien extends to dividends

The Company's lien on a share extends to all dividends payable in respect of the share. The Company may retain those dividends and apply them towards payment of any amounts due to the Company in satisfaction of the lien.

10.5 Sale of share

- (a) The Company may sell any shares on which the Company has a lien by any means and on any terms as the Directors decide.
- (b) A share on which the Company has a lien must not be sold unless:
 - (i) a sum in respect of which the lien exists is presently payable; and
 - (ii) the Company has given the registered holder of the share at least 14 days notice within which to pay the amount claimed.

10.6 Company as attorney

The Company may, as the attorney of the holder of any shares, execute a transfer of the shares sold under a lien or may authorise any person to execute a transfer of the shares sold under a lien.

10.7 Register transfer

The Company will register the purchaser as the holder of the shares comprised in the transfer and the purchaser is not bound to see to the application of any purchase money.

10.8 Title to shares

- (a) The title of the purchaser to the shares is not affected by any irregularity or invalidity in connection with the sale. The purchaser is not liable for any calls which were due before the purchase of the shares unless otherwise agreed.
- (b) The remedy of any person aggrieved by any sale will be in damages only and against the Company exclusively.

10.9 Application of proceeds

The proceeds of a sale of shares under a lien will be applied by the Company in payment of the part of the amount claimed which is presently payable. Any residue will be paid to the person entitled to the shares at the date of the sale except that the Directors may withhold any residue which is subject to any lien that existed before the sale for sums not presently payable.

11. CALLS ON SHARES

11.1 Calls by the Company

- (a) The Company may, by resolution of the Directors, make calls upon a Member for any money unpaid on shares held by them.
- (b) A call for payment must be made by notice to the Member:

- (i) signed by a Director;
 - (ii) given not less than 14 days before the due date for payment;
 - (iii) specifying the amount claimed and the place and manner of payment;
 - (iv) specifying that the call is to be paid in instalments if required by the Directors.
- (c) If a Member does not receive a call notice or the Company accidentally omits to give the Member a call notice, that omission will not invalidate the call or the liability of the Member for that call.

11.2 Member to pay

A Member must pay the amount claimed in a call notice to the Company in accordance with that notice.

11.3 Company may postpone

The Company may revoke or postpone a call by resolution of the Directors.

11.4 Joint holders

The joint holders of any shares are jointly and severally liable to pay all calls on those shares.

11.5 Interest payable

If a call is not paid within the required time, the Member will pay interest at the Prescribed Rate on the outstanding amount from the due date to the date payment is made. The Company may, by resolution of the Directors, waive the payment of interest wholly or partly.

11.6 Failure to pay call

If a Member does not pay any call or any other amount due in relation to a share, then all Rules relating to payment of interest and expenses, forfeiture or otherwise apply.

11.7 Company may differentiate

The Company may differentiate between Members as to the amount of calls to be paid and the times of payment.

11.8 Acceptance of money

- (a) The Company may accept from a Member any part of the amount unpaid on a share whether or not an amount has been called.
- (b) The Company may, by resolution of the Directors, authorise the payment of interest on any amount accepted in advance of a call until the amount becomes due at a rate agreed by the Directors and the Member not exceeding the Interest Rate.

12. TRANSFER OF SHARES

12.1 Form of transfer

- (a) A Member may transfer all or any of the Member's shares only as provided in these Rules. Any transfer will be subject to this Constitution and the Act.
- (b) A transfer of shares must be:
 - (i) in the form in Schedule 1 or in any other form that the Directors approve;
 - (ii) signed by the transferor and the transferee; and
 - (iii) approved by the Directors.
- (c) If the Directors have not expressly approved the transfer, the Directors will be deemed to have approved the transfer only if:
 - (i) the transfer is permitted under an agreement between all of the Members and the terms of that agreement (if any) relating to the transfer have been fully satisfied; or

- (ii) the transfer is a permitted transfer under Rule 16 and all conditions set out in that Rule have been fully satisfied.

12.2 Refusal to approve transfer

The Directors may refuse to approve a transfer of shares without giving reasons but only if the Directors have not previously approved or deemed to have approved a transfer of shares.

12.3 Effect of registration

- (a) A transferor of shares is the holder of those shares until a transfer is registered.
- (b) A transferee of shares does not become the holder of the shares until the name of the transferee is entered in the register of Members.

12.4 Transferee bound

Any person who acquires shares from another person is deemed to be bound by the terms of this Constitution, as if the person were an original party to it, immediately upon registration of the person as a Member.

12.5 Conditions of registration

- (a) A transfer of shares must not be delivered to the Directors for registration unless the Directors have approved or are deemed to have approved the transfer. The Directors may refuse to accept delivery of a transfer of shares or refuse to register a transfer delivered prior to the approval or deemed approval.
- (b) In order to be registered, a transfer of shares must be delivered to the registered office of the Company, with:
 - (i) the transfer properly signed by the seller and the buyer and properly witnessed;
 - (ii) any registration fee not exceeding \$100.00 as the Directors require;
 - (iii) evidence of the payment of any applicable stamp duty;
 - (iv) the relevant share certificate; and
 - (v) any other information the Directors require to establish the transferor's right to transfer the shares.

12.6 Registration of transfer

The Company will:

- (a) register a transfer of shares in accordance with this Rule;
- (b) register the transferee as the holder of the shares in the books of the Company, subject to any other Rule.

12.7 Suspension of registration

- (a) The registration of transfers may be suspended by the Directors.
- (b) Any suspension will continue for the period the Directors specify.

13. TRANSMISSION ON DEATH

13.1 Personal representative or joint holder

When a Member dies, the Company will recognise:

- (a) the personal representative of that Member, where a share is not held jointly; or
- (b) a surviving joint holder or holders of that share, where a share is held jointly, as being entitled to the deceased Member's interest in the share.

13.2 Representative as holder

If Rule 13.1(a) applies, after the Member's personal representative establishes their entitlement to the satisfaction of the Directors, the personal representative:

- (a) may elect to be and will be registered as a holder of the Member's shares;
- (b) may transfer the Member's shares to another person in accordance with Rule 12 but subject to Rule 16; and
- (c) is entitled to the Member's rights under this Constitution.

13.3 Estate remains liable

When a Member dies, the estate of that Member is not released from any liability in respect of the Member's shares.

14. TRANSMISSION ON BANKRUPTCY

14.1 Trustee in bankruptcy

- (a) If a Member who is a natural person becomes bankrupt, the Company will recognise:
 - (i) the trustee in bankruptcy of that Member, where a share is not held jointly; or
 - (ii) a joint holder or holders of that share, where a share is held jointly,
 as being entitled to the Member's interest in the shares.
- (b) If a Member who is a company:
 - (i) has a receiver or receiver and manager appointed, or enters into official management, administration or liquidation; or
 - (ii) has a petition for its winding up presented to a Court having appropriate jurisdiction, or passes a resolution of its Members for its winding up, or enters into a scheme or arrangement (not being merely for the purpose of amalgamation or reconstruction),
 the Company will recognise the person appointed to administer the assets of the Member as being entitled to the Member's interest in the shares.

14.2 Trustee as holder

If Rule 14.1 applies, after the Member's trustee in bankruptcy or other person establishes their entitlement to the satisfaction of the Directors, the trustee or that person:

- (a) may elect to be and will be registered as the holder of the Member's shares to the extent of the Member's entitlement;
- (b) may transfer the Member's shares to another person in accordance with Rule 12 if the share is held solely by that Member but subject to Rule 16; and
- (c) is entitled to the Member's rights under this Constitution.

14.3 Bankruptcy Act

Rule 14 has effect subject to the Act and the *Bankruptcy Act 1966 (Cth)*.

15. TRANSMISSION ON MENTAL INCAPACITY

15.1 Trustee or guardian etc

If a Member who is a natural person becomes mental incapacitated, the Company will recognise:

- (a) the personal representative of that Member, where a share is not held jointly; or
- (b) a joint holder or holders of that share, where a share is held jointly,

as being entitled to the Member's interest in the shares.

15.2 Trustee or guardian as holder

If Rule 15.1 applies, after the Member's personal representative establishes their entitlement to the satisfaction of the Directors, the personal representative:

- (a) may elect to be and will be registered as the holder of the Member's shares;
- (b) may transfer the Member's shares to another person in accordance with Rule 12 if the share is held solely by that Member but subject to Rule 16; and
- (c) is entitled to the Member's rights under this Constitution.

16. VOLUNTARY TRANSFER OF SHARES

16.1 Shares not to be sold

A Member must not sell any interest in its shares to any person without first complying with this Rule 16. Any sale of shares under this Rule 16 must be of whole numbers of shares only.

16.2 Sale Notice

If a Member (the "Selling Member") proposes or wishes to sell any interest in its shares, that Member must give notice in accordance with Rule 16.3 (a "Sale Notice") to the Company.

16.3 Content and effect of Sale Notice

- (a) A Sale Notice must be in a form acceptable to the Company and:
 - (i) must include the identity of the buyer;
 - (ii) must include the price per share offered by the buyer;
 - (iii) must include all other terms and conditions applicable to the proposed purchase by the buyer, including the date for completion;
 - (iv) must state the number of the Member's shares the Member wishes to sell;
 - (v) constitutes an offer to sell the relevant shares to the other Members in proportion to the other Members' share holdings at the date of the Sale Notice; and
 - (vi) constitutes the Company as the agent of the Member for a sale of the shares.
- (b) A Sale Notice is irrevocable unless the Company agrees otherwise.
- (c) A Selling Member must provide further information to supplement the Sale Notice when requested by the Company.

16.4 First offer

If the Company receives a Sale Notice, the shares specified in the Sale Notice will first be offered for sale to the other Members in proportion to their share holdings.

16.5 Response to Sale Notice

During the period of 14 days immediately after the receipt of a Sale Notice (the "Offer Period") any Non-Selling Member may by written notice:

- (a) elect to purchase the shares on the terms in the Sale Notice; or
- (b) notify the Selling Member that the proposed buyer is not acceptable to them.

16.6 Transfer to third party

- (a) If no Member gives a notice under Rule 16.5 before the end of the Offer Period:
 - (i) the Selling Member may sell the shares to the buyer named in the Sale Notice; and
 - (ii) any sale of the shares must be made on the terms in the Sale Notice.
- (b) A transfer under this Rule will be registered within 14 days after the last day of the Offer Period.

16.7 Sale to other Members

- (a) Any Member who gives a notice under Rule 16.5(a) is entitled to purchase the relevant shares.
- (b) Where more than 1 Member gives notice under Rule 16.5(a), a sale of shares to those Members will be effected in equal shares unless those Members agree otherwise.

16.8 Default by Selling Member

If a Selling Member defaults in transferring the shares, the Company:

- (a) may execute a transfer of the shares;
- (b) may receive the purchase moneys for the Selling Member;
- (c) will, on receipt of the purchase price, register the buyer's name in the share register once approved by the Directors; and
- (d) will hold the purchase moneys on trust for the Selling Member.

16.9 If transferee unacceptable

If any Non-Selling Members give notice under Rule 16.5 that a proposed buyer is not acceptable, the Selling Member:

- (a) must not sell the shares to the proposed buyer; and
- (b) may require the Non-Selling Members to purchase the shares on the terms in the Sale Notice.

This Rule 16.9 will not apply if any Non-Selling Member elects to buy the shares in the Sale Notice.

16.10 Conditional purchase

A purchase of shares by any person is conditional on the receipt of all approvals and consents required by law or by any government policy in Australia as far as they are applicable. If any approvals or consents are required, the purchase will be completed within 14 days after all required approvals or consents are received.

16.11 No encumbrances

A Member must not pledge, mortgage, charge or otherwise encumber its shares without the prior written consent of the other Members. Any consent may be given or withheld by the other Members in their absolute discretion.

16.12 Related Body Corporate

- (a) Rules 16.4 to 16.8 inclusive do not apply to any transfer by a Selling Member to any Related Body Corporate of the Selling Member;
- (b) If a Selling Member proposes to transfer shares to a Related Body Corporate, that Member must and is deemed to give an undertaking satisfactory to the Non-Selling Members that it will not sell the shares in the Related Body Corporate without first offering them to the Non-Selling Members under Rule 16 as if the shares in the Related Body Corporate were shares in the Company;
- (c) After a transfer to a Related Body Corporate under this Rule, the Selling Member remains liable to perform its obligations under this Constitution to the same extent as if the transfer had not taken place.

16.13 Non-complying transfer

A transfer or purported transfer of shares otherwise than in accordance with this Rule is void unless the Members unanimously determine otherwise.

16.14 Rule to apply

Rule 16 will apply to transfers of shares effected under Rules 13, 14 and/or 15.

17. FORFEITURE OF SHARES

17.1 Liability to a call

- (a) Any Member holding shares, in respect of which the full face value or issue has not been paid, may be called by the Company to pay any amount remaining unpaid on those shares at any time, subject to any conditions to the contrary to which the shares are subject at the time of their issue.
- (b) Any Member holding shares, in respect of which any other amount is owing or has not been paid, may be called by the Company to pay that amount at any time, subject to any conditions to the contrary to which the shares are subject at the time of their issue.
- (c) Paragraph (a) and (b) above apply whether or not:
 - (i) the Member is the original holder of those shares at the time of their issue; and/or
 - (ii) the records of the Company and/or the Australian Securities & Investments Commission show that the shares are paid to any amount or are fully paid if the amount so recorded has not actually been received by the Company.

17.2 Failure to pay

If a Member does not pay a call or instalment of a call by the due date, the Directors may serve a notice on that Member while an amount remains unpaid which requires payment of that amount, with any interest that has accrued.

17.3 Forfeiture

The notice must:

- (a) nominate another day not less than 14 days after the service of the notice by which the payment must be made; and
- (b) state that the relevant shares may be forfeited by the Company if the amount is not paid by the due date.

17.4 Resolution

If the Member does not pay the amount claimed in accordance with the notice, the relevant shares may be forfeited by a Director's resolution unless the amount has then been paid.

17.5 Dividends

A forfeiture of shares will include the forfeiture of all dividends declared but unpaid relating to those shares.

17.6 Sale of forfeited share

A forfeited share may be cancelled or sold on any terms determined by the Directors decide. A forfeiture may be cancelled before a sale or disposition on any terms determined by the Directors.

17.7 Liability to the Company

A person whose shares have been forfeited:

- (a) ceases to be a Member in relation to those shares; and
- (b) has no claims or demands against the Company relating to those shares; and
- (c) has no other rights relating to the shares except any residual rights provided by this Constitution or the Act; and
- (d) remains liable to pay to the Company all money that was payable by that person; and
- (e) is liable to pay interest at the Prescribed Rate on unpaid amounts from the due date until paid in full.

17.8 Statement is evidence

A written statement declaring that the person making the statement is a Director or a secretary, and that a share in the Company has been forfeited on a date specified in the statement or that an amount is payable by a Member or former Member to the Company in relation to a call including interest, is *prima facie* evidence of those facts against any person claiming to be entitled to the share.

17.9 Consideration

The Company may receive any consideration paid on any sale of a forfeited share and may execute a transfer to the buyer of that share.

17.10 Registration

The transferee will be registered as the holder of the relevant shares on the execution of the transfer and is not bound to see to the application of any money paid as consideration.

17.11 Title not affected

The title of the transferee is not affected by any irregularity or invalidity in connection with the forfeiture or sale of a share.

17.12 Non-payment

The Rules as to forfeiture apply in the case of non-payment of any sum payable in respect of a share that becomes payable at a fixed time, as if that sum had been payable in relation to a call for payment.

18. CHANGES TO SHARE CAPITAL

The Company may by resolution:

- (a) increase its share capital by the creation or issue of new shares or new classes of shares;
- (b) consolidate or divide any of its share capital into shares of a larger face value than its existing shares;
- (c) subdivide any of its shares into shares of a smaller face value provided that the proportion between the amount paid and the amount unpaid on each share is the same as it was per share prior to the subdivision;
- (d) buy back its shares in accordance with the Act;
- (e) reduce its share capital and/or reduce the amount paid up in respect of its issued shares in accordance with the Act;
- (f) cancel shares that have not been taken or agreed to be taken by any person; and
- (g) cancel shares that have been bought back by the Company or forfeited and reduce its issued share capital by the amount of the shares cancelled.

19. PRE-EMPTION ON ISSUE OF SHARES

19.1 Offer to existing Members

If the Company proposes to issue shares of a particular class:

- (a) those shares must first be offered to the existing Members of that class: and
- (b) the number of shares offered to each Member must be the nearest whole number resulting from:

$$\begin{array}{l} \text{Total number new} \\ \text{Shares in the class} \\ \text{to be issued} \end{array} \times \frac{\text{shares currently held by the Member in the class}}{\text{total shares currently issued in the class}}$$

19.2 Directors statement

The offer in Rule 19.1 must be made by giving the Members a Directors' statement setting out the terms of the offer, including:

- (a) the number of shares offered; and
- (b) the date on which the offer will expire.

19.3 Directors discretion

Shares not taken up under an offer made under this Rule 19 may be issued at the Directors' discretion:

- (a) firstly to Members in other classes; and
- (b) secondly to persons approved by the Directors in their discretion,

in the same way as specified in Rule 19.1.

19.4 Company may authorise

- (a) The Company may authorise the Directors to issue shares without complying with Rule 19.
- (b) The power to waive compliance with Rule 19 may only be exercised by the Company in general meeting.
- (c) The exercise by the Company of that power on any occasion will not restrict the Company from doing so on any further occasion.

20. GENERAL MEETINGS

20.1 Director may convene

Any Director may convene a general meeting of Members whenever that Director decides. A director may cancel any meeting convened by that Director.

20.2 Member's request

The Directors must call and arrange to hold a general meeting on the request of any Member or Members holding at least 5% of the votes that may be cast at a general meeting.

20.3 Form of request

The request from the Members must:

- (a) state any resolution to be proposed at the meeting;
- (b) be signed by the Members making the request; and
- (c) be given to the Company.

20.4 Refusal to convene

The Directors may refuse to convene the general meeting if the voting on the proposed resolution is not within the power of the Members.

20.5 Members may convene

Two or more Members holding, between them, at least 5% of the votes that may be cast at a general meeting, may call and arrange to hold a general meeting. The Members calling the meeting must pay the expenses of calling and holding the meeting.

20.6 Notice of meeting

- (a) A general meeting can only be convened by giving the Members notice of the meeting.
- (b) A notice of general meeting does not need to be given to Members who are not entitled to notice of meetings.
- (c) A notice of a general meeting must:

- (i) be given at least 21 days before the date of the meeting; and
 - (ii) specify the place, the day and the time of the meeting; and
 - (iii) describe the nature of the business to be transacted at the meeting; and
 - (iv) contain any other information required by the Act.
- (d) The Directors may postpone a general meeting or change the venue for the meeting by giving written notice to all Members who received the original notice of meeting at least 48 hours before the appointed time. That notice must specify the time and place for the postponed meeting.
- (e) If a Member does not receive a meeting notice or the Directors accidentally omit to give the Member a meeting notice, that omission will not invalidate the proceedings or any resolution passed at the meeting.
- (f) No business is to be transacted at any general meeting except that contained in the meeting notice unless all the Members agree otherwise.

20.7 Quorum

- (a) Business must not be transacted at a general meeting if a quorum of Members is not present when the meeting proceeds to business.
- (b) A quorum will be:
- (i) if the Company has only 1 Member entitled to receive notice of and vote at the meeting, that Member; or
 - (ii) in every other case, 2 Members who are entitled to receive notice of and vote at the meeting.
- (c) A quorum of Members must be present throughout each general meeting. If a quorum is not present at any time, the meeting is not validly convened but without affecting the validity of any business conducted before the absence of a quorum occurs.

20.8 Determine a quorum

In determining whether a quorum is present, a person attending as a proxy, or representing a body corporate that is a Member, is deemed to be a Member.

20.9 Procedure where no quorum

- (a) If a quorum is not present within 30 minutes after the time appointed for the meeting, the meeting will be adjourned.
- (b) The adjourned meeting will be rescheduled to take place on a day and time and at the place that the Directors decide.
- (c) If no Directors are present at the meeting or if no decision is made by the Directors, the meeting will take place on the same day and at the same time and place as originally notified, but in the next succeeding week.
- (d) If at the rescheduled meeting a quorum is not present within 30 minutes after the appointed time, then:
- (i) when the meeting is convened on the requisition of Members the meeting will be dissolved unless it is adjourned under Rule 20.12; or
 - (ii) in any other case, the Members present will be deemed to constitute a quorum or, if no Members are present, the meeting will be dissolved.

20.10 Election of chairman

- (a) The Directors will elect 1 Director to preside as chairman at every general meeting. If the Directors have elected a chairman of Directors, that person will be deemed to be elected as the chairman at each general meeting.
- (b) Where a general meeting is held and:

- (i) a chairman of Directors has not been elected;
 - (ii) the chairman of Directors is not present within 15 minutes after the appointed time; or
 - (iii) the chairman of Directors is unwilling to act;
- the Members present will elect one Member to be chairman of the meeting.

20.11 No casting vote

The chairman does not have a casting vote in addition to any vote the chairman has as a Member.

20.12 Adjournment

- (a) The chairman may adjourn any meeting of Members.
- (b) An adjournment of a meeting of Members must only be made:
 - (i) with the consent of the meeting provided a quorum is present; or
 - (ii) in the case of an adjournment under Rule 20.9(d), with the consent of Members present and entitled to vote; or
 - (iii) if directed by the meeting to do so.
- (c) Any adjournment may change the time or the venue for the meeting.
- (d) Only business left unfinished from the meeting adjourned must be transacted at any rescheduled meeting.

20.13 Adjournment

- (a) If a meeting is to be adjourned for 30 days or more, notice of the adjourned meeting must be given as if it was an original meeting.
- (b) A notice of meeting is not required to be given for an adjourned meeting where the adjournment is for less than 30 days.

20.14 Voting

Any vote taken at a general meeting is decided on a show of hands unless a poll is demanded:

- (a) by the chairman; or
- (b) by at least 2 Members present in person or by proxy; or
- (c) Members with at least 5% of the votes that may be cast on the resolution on a poll present in person or by proxy; or
- (d) by a Member or Members holding voting shares on which an aggregate sum has been paid up equal to at least one-tenth of the total sum paid up on all the voting shares.

20.15 Declaration

If a poll is not demanded, the chairman's declaration that a resolution has been carried or lost with an entry to that effect in the minute book is conclusive evidence of that fact. It is not necessary to record the number or proportion of votes recorded for or against the resolution.

20.16 Demand for poll

A poll will be taken immediately if one is demanded or at any other time after an interval or adjournment or otherwise as the chairman decides. The result of the poll will be recorded as the resolution of the meeting at which the poll was demanded.

20.17 Withdraw demand

The demand for a poll may be withdrawn at any time.

20.18 Poll for chairman

Any poll demanded on the election of a chairman or on a question of adjournment must be taken immediately.

20.19 Voting

Subject to any rights or restrictions attached to any class of shares:

- (a) at meetings of Members or classes of Members, each Member entitled to vote may vote in person or by proxy or attorney or by representative (if a body corporate); and
- (b) on a show of hands every person present who is a Member or a representative of a Member has 1 vote, and on a poll every person present in person or by proxy or attorney has 1 vote for each share the person holds.

20.20 Joint holders

When shares are held jointly, the senior Member's vote will be accepted to the exclusion of the votes of other joint Member. Seniority is determined by the order in which the Member's names stand in the register of Members.

20.21 Members fully paid

A Member is only entitled to vote at a general meeting if all calls and other amounts presently payable by the Member in respect of those shares have been paid.

20.22 Objection to qualification

Any objection to the qualification of a person to vote must be made at the same meeting at which that person's vote is tendered. Any objection must be referred to the chairman of the meeting whose decision is final and:

- (a) any vote approved will be valid for all purposes; or
- (b) any vote disallowed will be invalid and must be disregarded.

20.23 Circular resolution

The Company may pass a resolution without a general meeting if all of the Members entitled to vote on the resolution sign a document stating that they are in favour of the resolution. Duplicate copies of the document may be used for signing. The resolution is deemed to be passed when the last Member signs.

20.24 Members entitled

Only those Members who belong to a class of Members who are entitled to vote at a general meeting whether in person or by proxy will be entitled to vote or participate in a circular resolution.

20.25 Third parties

Even if they are not Members of the Company, the following persons have the right to attend any general meeting and, if requested by the Directors, to speak at the general meeting:

- (a) any Director; and
- (b) any secretary of the Company; and
- (c) any other person invited by the Directors.

21. RULES FOR VOTING BY PROXY**21.1 In writing**

An instrument appointing a proxy must be in writing and signed by:

- (a) the appointor; or
- (b) the appointor's attorney; or
- (c) the person authorised under the Act or by an authorised officer or attorney of the appointor, where the appointor is a body corporate.

21.2 How to vote

If the document appointing a proxy specifies how the proxy is to vote in relation to a resolution, the proxy must vote as specified in the document. Any vote tendered otherwise is invalid and must be disregarded.

21.3 Authority

A document appointing a proxy confers the authority to demand a poll.

21.4 Form of proxy

The appointment of a proxy must be substantially in the form in Schedule 2.

21.5 Delivery before meeting

- (a) The appointment of a proxy is not valid unless the appointment document and a certified copy of any power of attorney or other authority under which that document is signed are delivered to the Company.
- (b) The relevant documents must be delivered, not less than 48 hours before the appointed meeting time.
- (c) The relevant documents must be delivered to the Company's registered office or to any other place in Australia specified in the notice convening the meeting.

21.6 Validity

A vote tendered in accordance with a proxy or a power of attorney is valid even if:

- (a) the appointor or principal dies or becomes mentally incapacitated;
 - (b) the proxy or power of attorney is revoked in any way; or
 - (c) any share in relation to which the authority is given is sold or transferred,
- but only if the Company had no written notice of any defect before any authority is exercised.

22. APPOINTMENT, REMOVAL AND REMUNERATION OF DIRECTORS

22.1 Appointment

- (a) The Directors have the power to appoint any person as a director to fill a casual vacancy or as an addition to the board provided that the number of Directors does not exceed any maximum number of Directors fixed by the Company.
- (b) Subject to these Rules and the Act, a Director appointed to the Company holds office for life.

22.2 Removal

- (a) The Company may remove any Director and appoint another Director as a replacement.
- (b) The removal or replacement of a Director must be effected by ordinary resolution of the Company.

22.3 Remuneration

The Directors will be entitled to be paid the remuneration determined by the Company in general meeting.

22.4 Director's expenses

The Directors will be entitled to be paid all travelling and other expenses properly incurred by them:

- (a) in attending meetings of the directors or any committee of the Directors;
- (b) in attending general meetings of the Company; or
- (c) in connection with the Company's business.

22.5 No shareholding

Directors are not required to hold shares in the Company.

22.6 Vacation of office

The office of a Director becomes vacant if:

- (a) required by the Act;
- (b) the Director is removed under these Rules;
- (c) the Director dies or becomes mentally incapacitated or the Director's estate is liable to be dealt with under a law relating to mental health;
- (d) the Director becomes bankrupt or makes any arrangement or composition with creditors;
- (e) the Director resigns;
- (f) the Director is absent from Directors' meetings for at least 6 months without the consent of the other Directors; or
- (g) the Director holds any other office of profit under the Company, except that of managing Director, without the consent of the Company in general meeting.

23. POWERS AND DUTIES OF DIRECTORS

23.1 Directors manage

- (a) Subject to the Act and to these Rules, the Company's business will be managed by the Directors.
- (b) The Directors are entitled to pay or reimburse all expenses incurred in promoting and forming the Company.
- (c) The Directors may exercise all powers of the Company except where those powers must be exercised by the Company in general meeting under the Act or these Rules.

23.2 All powers of Company

Without limiting Rule 23.1, the Directors may exercise all the powers of the Company to:

- (a) borrow money;
- (b) charge any property or business of the Company or all or any of its uncalled capital;
- (c) issue debentures; or
- (d) give any other security for a debt, liability or obligation of the Company or of any other person.

23.3 Corporate groups

- (a) If the Company is a wholly owned subsidiary of another Company (the "Holding Company"), the Directors may act:
 - (i) in the best interests of the Holding Company; and
 - (ii) contrary to the best interests of the Company.
- (b) The Directors must not act in the way referred to in Rule 23.3(a) if the Company is insolvent at the time or would by virtue of the Directors' actions become insolvent.

23.4 Appointment of attorney

- (a) The Directors may appoint any person or persons under a power of attorney to be the attorney or attorneys of the Company.
- (b) The appointment may be:
 - (i) for any purpose; or

- (ii) in relation to any of the Directors powers, authorities and discretions; or
- (iii) for any period; and/or
- (iv) subject to any conditions as the Directors decide.

23.5 Provisions of power of attorney

Any power of attorney may contain provisions for the protection and convenience of persons dealing with the attorney as the Directors decide and may authorise the attorney to delegate all or any of the powers, authorities and discretions vested in him.

23.6 Cheques and promissory notes

All cheques, promissory notes, bankers drafts, bills of exchange and other negotiable instruments, and all receipts for money paid to the Company, must be signed, drawn, accepted, endorsed or otherwise executed:

- (a) by 1 Director in the case of a single director company; or
- (b) if more than 1 Director is appointed, then by any 2 Directors; or
- (c) in any other manner as the Directors decide.

24. PROCEEDINGS OF DIRECTORS

24.1 Use of technology

Any Directors' meeting may be conducted at more than 1 venue by using any technology that gives each Director a reasonable opportunity to participate in the meeting and permits each director present to hear and be heard by each other Director present.

24.2 Directors' meetings

- (a) Any Director may convene a Directors' meeting. The secretary must convene a meeting at the request of a Director.
- (b) A written notice of a Directors' meeting must be sent to each Director within 7 days after a request to convene a meeting.
- (c) The notice may be given by telephone or other electronic means of communication. The notice must specify:
 - (i) the date and time for the proposed meeting;
 - (ii) the venue for the meeting unless the meeting is conducted under Rule 24.1;
 - (iii) if the meeting is to be conducted under Rule 24.1, the method for conducting the meeting; and
 - (iv) the nature of the business to be transacted at the meeting.

24.3 Director's personal interest

- (a) A Director is not disqualified from contracting with the Company or any Related Body Corporate in any capacity by reason of holding the office of Director.
- (b) If a Director has a material personal interest in any matter that relates to the affairs of the Company, the Director must disclose that interest to the other Directors unless the Director is not required to disclose the interest in the circumstances listed in Section 191(2) of the Act.
- (c) The notice disclosing the Director's material personal interest must:
 - (i) give details of the nature and extent of the interest and how it relates to the affairs of the Company;
 - (ii) be given at a Directors' meeting as soon as practicable after the Director becomes aware of the interest; and

- (iii) be recorded in the minutes of the Directors' meeting at which the notice is given.
- (d) If the Director properly discloses the interest:
 - (i) the Director may attend at Directors meetings and vote on whether the Company enters into any arrangement;
 - (ii) the arrangement may be entered into;
 - (iii) the Director may vote on matters involving the arrangement;
 - (iv) the Director will not be liable to account for any profit or benefit received by the Director under the arrangement;
 - (v) the Director may sign any document relating to the arrangement which will not affect its validity in any way;
 - (vi) the arrangement may not be avoided because of the Director's interest.
- (e) This Rule 24.3 does not apply if the Company has only 1 Director.

24.4 Quorum

- (a) A quorum at a Directors' meeting will be:
 - (i) if the Company has only 1 Director, that Director; or
 - (ii) if the Company has 2 or more Directors:
 - A at least 2 Directors; or
 - B that number of Directors specified by a resolution of the Directors.
- (b) A quorum of Directors must be present throughout each Director's meeting. If a quorum is not present at any time the meeting is not validly convened but without affecting the validity of any business conducted before the absence of a quorum occurs.

24.5 Directors to continue

Where a vacancy in the office of a Director occurs, the remaining Directors may continue to act. If the number of remaining Directors is insufficient to constitute a quorum, the Directors may act only for the purpose of increasing the number of Directors to that required to constitute a quorum or to convene a general meeting.

24.6 Election of chairman

The Directors may elect 1 director as chairman of their meetings and may determine the period for which the chairman is to hold office.

24.7 Chairman not present

Where a Directors' meeting is held and the chairman:

- (a) has not been elected; or
- (b) is not present within 15 minutes after the appointed time; or
- (c) is unwilling to act,

then the Directors present will elect 1 other director to be chairman of the meeting.

24.8 No casting vote

The chairman does not have a casting vote in addition to any vote the chairman has as a Director.

24.9 Circular resolution

The Directors may pass a resolution without a Directors' meeting if all of the directors entitled to vote on the resolution sign a document stating that they are in favour of the resolution. Duplicate copies of the document may be used for signing. The resolution is deemed to be passed when the last Director signs.

24.10 Validity of acts

All things done by any Directors' meeting or by a committee of Directors or by any person acting as a Director will be valid even though it subsequently becomes known:

- (a) that there was some defect in the appointment of a person to be a Director or a Member of the committee, or to act as a Director; or
- (b) that a person appointed was disqualified.

24.11 Decisions of the Directors

Any question arising at a Directors' meeting or any committee of Directors is determined by a simple majority of votes of the Directors unless otherwise stipulated in these Rules or the Act.

25. ALTERNATE DIRECTORS

25.1 Appointment

A Director may appoint any person to be an alternate director in his or her place during any period as the Director requires, but only:

- (a) with the approval of the other Directors; and
- (b) while the appointor is not available to act.

25.2 Notice of meetings

- (a) An alternate director is entitled to notice of all Directors' meetings unless the appointor is available to act.
- (b) An alternate director is entitled to vote at Directors' meetings unless the appointor is present at the meeting.

25.3 Power of alternate

An alternate director may exercise any of the appointor's powers during any period that the appointor is unavailable to do so. The exercise of any power by the alternate director is deemed to be the exercise of that power by the appointor.

25.4 Termination of appointment

The appointment of an alternate director will terminate:

- (a) on notice by the appointor even though the appointment period has not expired;
- (b) automatically if the appointor ceases to be a Director.

25.5 Responsibility

An alternate director will, whilst acting as Director, be responsible to the Company for his or her own acts and defaults and will not be deemed to be the agent of the Director by whom he or she was appointed.

26. COMMON SEAL

26.1 Election may adopt

The Directors may resolve that the Company adopt a common seal. If the Company adopts a common seal, it will include:

- (a) only the Company's name where the Company has its ACN as its name; or
- (b) the Company's name, the expression "ACN" and its Australian Company Number in all other cases.

26.2 Duplicate

The Directors may adopt a duplicate common seal. Any duplicate common seal must be a copy of the common seal with the words "Duplicate Seal", "Share Seal" or "Certificate Seal" added to it.

26.3 Prohibited use

A Director must not use, or authorise the use of, a seal which purports to be the common seal of the Company (or a duplicate of the common seal) if the common seal does not comply with the requirements of this Rule.

27. EXECUTION OF DOCUMENTS

27.1 Execution of documents

The Company may execute a document with or without affixing a common seal (if any). The Company executes a document if the document is signed by:

- (a) 2 Directors where there is more than 1 Director; or
- (b) 1 Director where that Director is authorised by a resolution of a Directors' meeting where there is more than 1 Director; or
- (c) a Director and the secretary (if one has been appointed); or
- (d) if the Company has only 1 Director, then:
 - (i) by that Director alone; or
 - (ii) by that Director and the secretary (if one has been appointed and whether or not the secretary is also the Director).

27.2 Execution of deeds

The Company may execute a document as a deed if the document is expressed to be executed as a deed and is executed in accordance with this Rule 27.

27.3 No limitation

This Rule will not be interpreted as limiting the manner in which the Company may execute a document (including a deed).

28. COMMITTEE

28.1 Delegation to committee

The Directors may delegate any of their powers to any committee or committees of Directors as they decide.

28.2 Powers of committee

A committee to which any powers have been delegated must exercise the powers delegated in accordance with any directions of the Directors. A power exercised in accordance with those directions is deemed to have been exercised by the Directors.

28.3 Committee chairman

The members of a committee may elect 1 of their number as chairman of their meetings.

28.4 Election of chairman

Where a committee meeting is held and:

- (a) a chairman has not been elected; or
- (b) the chairman is not present within 15 minutes after the appointed time; or
- (c) the chairman is unwilling to act,

the committee members present may elect 1 of their number to be chairman of the meeting.

28.5 Decision by majority

Questions arising at a committee meeting will be determined by a majority of votes of the committee members who are present and voting.

28.6 Casting vote

The chairman has a casting vote, if necessary, in addition to any vote the chairman has as a committee member.

29. MANAGING DIRECTOR

29.1 Appointment

The Directors may from time to time appoint 1 or more Directors to be the managing director of the Company. The managing director's appointment will be for a period and on terms as the Directors decide. The Directors may revoke the managing director's appointment.

29.2 Termination

A managing director's appointment automatically terminates if he or she ceases for any reason to be a Director.

29.3 Remuneration

A managing director will be entitled to receive remuneration by way of any combination of:

- (a) a salary;
- (b) commission; or
- (c) participation in profits,

as the Directors decide.

29.4 Powers

- (a) The Directors may confer upon a managing director any of the powers exercisable by them with any conditions or restrictions as the Directors decide.
- (b) Any of those powers may be made concurrent with or exclusive of the powers of the Directors.
- (c) The Directors may at any time withdraw or vary any of those powers.

30. INSPECTION OF RECORDS

30.1 Conditions

The Directors may determine whether and under what conditions the accounting records or other documents of the Company will be open to the inspection of Members.

30.2 No right

A Member does not have the right to inspect any document of the Company except as provided by the Act or authorised by the Directors or by the Company in general meeting.

30.3 Directors right

The Directors have the right at any time to inspect the accounting records or other documents of the Company, whether or not they are a Member.

31. DIVIDENDS AND RESERVES

31.1 Ability to pay

The Company may pay a dividend in the way authorised by and in accordance with the Act. The Company must not pay a dividend unless:

- (a) the Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend; and
- (b) the payment of the dividend is fair and reasonable to the Members as a whole; and

- (c) the payment of the dividend does not materially prejudice the Company's ability to pay its creditors.

31.2 Declaration

Dividends may be declared by the Company:

- (a) in respect of any one or more shares of any class or classes to the exclusion partly or wholly of any other shares in the same class or any other class; and/or
- (b) at different rates in respect of any particular class or classes of shares; and/or.
- (c) at different rates in respect of any particular shares in any class or classes of shares.

31.3 Dividend by resolution

The Company may declare dividends by resolution of the Directors. Each Member in whose favour a dividend is declared will be given notice of the dividend and the terms and rate of the dividend at the time of payment.

31.4 Terms of dividend

The Directors may determine that a dividend is payable and fix:

- (a) the amount of the dividend; and
- (b) the shares or classes of shares to which the dividend will apply; and
- (c) any pro rata apportionment of the dividend for any period for which a share has been held; and
- (d) the time for payment; and
- (e) the priority of the payment of any dividend between Members or classes of Members;
- (f) the method of payment which may include the payment of cash, the issue of shares in the Company, the grant of options and/or the transfer of assets.

31.5 Interim dividends

The Directors may authorise the payment to the Members of any interim dividends as appear to the Directors to be justified.

31.6 No interest

Interest is not payable by the Company in relation to any dividend which has been declared but not paid. Dividends paid in respect of any shares will be non-cumulative unless otherwise stated in these Rules or the declaration of the dividend.

31.7 Reserves

- (a) Before recommending any dividend, the Directors may set aside any amounts which they think proper or appropriate as reserves. Any reserves may be applied at the discretion of the Directors for any purpose for which the property of the Company may be properly applied.
- (b) The reserves may be used in the business of the Company or be invested in any investments as the Directors decide, but only until those reserves are required for their intended purpose.

31.8 Carry forward profits

The Directors may carry forward any part of the Company's profits and without transferring those profits to a reserve.

31.9 Dividends in proportion

After the rights of any Members entitled to special dividend rights have been satisfied, and unless the Directors determine otherwise, all dividends must be declared and paid in proportion to the amounts paid or credited as paid on the shares to which the dividend relates.

31.10 Payment in advance

An amount paid or credited as paid on a share in advance of a call will not be taken for the purposes of this Rule to be paid or credited as paid on the share.

31.11 Deductions

The Directors may deduct from any dividend payable to a Member any amounts presently payable by the Member to the Company on account of calls or otherwise in relation to shares.

31.12 Payment

The payment of any dividend may be satisfied by any combination of:

- (a) payment in cash;
- (b) the issue of shares in the Company; or
- (c) the distribution of specific assets, including paid up shares in, or debentures of, any other corporation.

31.13 Resolution of issues

In relation to a distribution under Rule 31.12, the Directors may:

- (a) settle any specific dispute or difficulty arising from a distribution in any way they decide;
- (b) set the value of specific assets or any part of them;
- (c) determine that cash payments will be made to any Members on the basis of the value fixed in order to adjust the rights of all parties; and/or
- (d) vest any specific assets in trustees as the Directors decide.

32. CAPITALISATION**32.1 Resolution to capitalise**

- (a) A general meeting of the Company may resolve that it is desirable to capitalise any sum held in a reserve account or the profit and loss account or otherwise available for distribution to Members.
- (b) A general meeting of the Company may resolve that any capitalised sum will be applied in any of the ways mentioned in these Rules for the benefit of Members.
- (c) The Company must not pass any resolution under the preceding Rules unless the resolution has been recommended by the Directors and affirmed by a prior Directors' resolution.
- (d) The right of the Company to pass a resolution to capitalise any amount will be subject to these Rules and the Act.

32.2 Application for Members

Any amount applied for the benefit of Members under Rule 32.1 may be applied in any manner permitted by the Act or by any combination of the following:

- (a) by paying up any amounts unpaid on shares held by Members; or
- (b) by paying up in full any unissued shares or debentures to be issued to Members as fully paid.

32.3 Directors to action

The Directors must give effect to a resolution under Rule 32.1. In particular, and, to the extent necessary to adjust the rights of the Members among themselves, the Directors may:

- (a) issue fractional certificates or make cash payments in cases where shares or debentures become issuable in fractions; and

- (b) authorise any person to make an agreement with the Company on behalf of all the Members which provides for the issue to them of any fully paid shares or debentures or for the payment up by the Company on their behalf of any amounts remaining unpaid on their existing shares. Any issue or payment under this Rule will be made by the payment of the Members respective proportions of the sum resolved to be capitalised. Any agreement made under an authority referred to in this Rule is effective and binding on all Members.

33. COMPANY LOANS

33.1 Approval

- (a) The Company may lend any amounts out of any money held by the Company to any Member or any Associate of a Member.
- (b) A loan to a Member or an Associate must be made on the terms in Rule 33.3.

33.2 Resolution

The Company must not make a loan without the approval of a resolution of Directors.

33.3 Terms of loan

Any loan by the Company to a Member or an Associate is subject to the following conditions:

- (a) this Constitution together with the Director's resolution referred to in Rule 33.2, the Company's financial records of the loan and any other documents required by Div 7A of the Income Tax Assessment Act 1936 (if applicable) will form the written loan agreement establishing the loan;
- (b) the rate of interest payable on the loan will be not less than:
- (i) if Division 7A of the Income Tax Assessment Act 1936 applies to the loan, the higher of the rate specified in the Director's resolution referred to in Rule 33.2 and the benchmark interest rate for the purposes of Division 7A of the Income Tax Assessment Act 1936 expressed as a rate per annum; and
 - (ii) in all other cases, the rate specified in the Director's resolution referred to in Rule 33.2;
- (c) the maximum term of the loan will be the lesser of:
- (i) the period specified in the Director's resolution referred to in Rule 33.2; or
 - (ii) if Division 7A of the Income Tax Assessment Act 1936 applies to the loan, the day which is calculated so as to a maximum Term under Section 109N(3) of the Income Tax Assessment Act 1936 or any regulations made under it in relation to the loan and will be, unless and until Section 109N(3) of that statute or its regulations are amended:
 - A 25 years if:
 - 100% of the value of the loan amount is secured by a mortgage over real property that has been registered in accordance with the law of the state of territory in which the real property is situated; and
 - when the loan is first granted or made, the market value of that real property (less the amount of any other liability secured over that property in priority to the loan) is at least 110% of the amount of the balance of the loan amount;
 - or
 - B in all other cases, 7 years;
- (d) if Division 7A of the Income Tax Assessment Act 1936 applies to the loan, loan repayments must be made each year which are not less than the minimum yearly repayment requirements of the Income Tax Assessment Act 1936.

34. NOTICES

34.1 Form of notice

Any notice or other communication in connection with this Constitution must be in writing and signed by the person giving the notice and be addressed to the Notice Address of the person to whom it is to be given.

34.2 Time of delivery

The notice or other communication will be deemed to be received:

- (a) in the case of a posted letter, on the third day after posting;
- (b) in the case of delivery by generally recognised overnight courier, on the second day after dispatch with that courier;
- (c) in the case of personal delivery, on the date of delivery;
- (d) in the case of facsimile transmission, at the time recorded on the transmission report from the machine from which the facsimile was sent; or
- (e) in the case of transmission by electronic mail, on the day of transmission if the electronic medium sending the notice states that the transmission was completed before 5:00pm on a business day, otherwise on the next business day. This method of service is effective only if the medium's report states that it was sent in full and without error and the message is not rejected or undeliverable as evidenced by a message to that effect received by the sender.

35. INDEMNITY AND INSURANCE

35.1 Indemnity against liability

To the extent permitted by the Act, the Company may indemnify every person who is, or who has been, a director or officer of the Company or any Related Body Corporate against:

- (a) any liability incurred by them in their capacity as a director or officer, to a person other than the Company or Related Body Corporate, except where the liability relates to their own negligence or a breach of duty or a lack of good faith;
- (b) any liability for legal costs or expenses incurred by them in defending any proceedings in which judgement is given in their favour; or
- (c) any liability for legal costs or expenses incurred by them in defending any proceedings in which they are acquitted or the Court grants relief in their favour.

35.2 Insurance

To the extent permitted by the Act, the Company may insure or pay any premiums on a policy of insurance for a director or officer of the Company or of a Related Body Corporate against any liability for which the Company indemnifies the director or officer under Rule 35.1.

35.3 Resolution

A Director may vote in favour of a resolution that the Company grant an indemnity pursuant to Rule 35.1, take insurance or pay the premiums on an insurance policy pursuant to Rule 35.2 even though the Director has a direct and material interest in the outcome of the resolution.

SCHEDULE 1
SHARE TRANSFER

FULL NAME OF COMPANY	
ACN	
DESCRIPTION OF SHARE(S)	CLASS: <input type="checkbox"/> FULLY PAID <input type="checkbox"/> PAID TO \$ _____
QUANTITY	
FULL NAME OF SELLER(S)	
FULL ADDRESS OF SELLER(S)	
TOTAL CONSIDERATION	
FULL NAME OF BUYER(S)	
FULL ADDRESS OF BUYER(S)	
REQUEST	Please enter this transfer on the Share Register

I/We the registered holder(s) for the above consideration transfer to the Buyer(s) named above the shares specified above standing in my/our name(s) in the books of the Company subject to the conditions on which I/We held the same at the time of signing and I/We the Buyer(s) agree to accept the shares subject to the same conditions and the Rules contained in the Company's Constitution.

I/We have not received any notice of revocation of the Power of Attorney by death of the grantor or otherwise, under which this transfer is signed (if any).

SELLER(S)	Sign Here Date Signed
BUYER(S)	Sign Here Date Signed
AUTHORITY TO FORWARD CERTIFICATE TO THIRD PARTY	I/We authorise you to forward the certificate/s issued in my/our name/s following the registration of this transfer to: Signature of Buyer(s)

SCHEDULE 2
FORM OF PROXY

I / We,

of _____

being a Member of [insert company name] and entitled to vote appoint

☐

the chairman of the meeting OR

☐

(Insert name and address of proxy)

or failing that appointment or the absence of that person, the chairman of the meeting**, as my/our proxy to act generally at the meeting and to vote for me on my/our behalf in accordance with the following instructions (or if no directions have been given, as the proxy sees fit and with discretion as to any business not referred to below) at the [Annual] General Meeting of the Company to be held on [insert date] and at any adjournment of that meeting.

(Voting instructions, if any, are to be indicated by placing a tick in the appropriate box. If no instruction is given the proxy may vote as that person thinks fit, or abstain.)

Business	For	Against	Abstain*
1. [insert]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. [insert]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AND for _____ % OR for _____ shares for this proxy form.

* if you mark the abstain box for any item, you are directing the proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in calculating the required majority on a poll.

** if the chairman of the meeting is appointed as your proxy or is appointed by default and your voting direction is not indicated, the chairman may exercise your proxy even if he or she has an interest in the outcome of those items.

Signature of Shareholder

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director / Attorney /
Authorised Person

Director / Company Secretary

Director

Notes

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by an attorney or other authorised person, the power of attorney or written authority must have been previously noted by the Company or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the shareholders constitution and the *Corporations Act 2001 (Cth)*.

Proxies

- (a) A member who is entitled to attend and vote at this meeting is entitled to appoint not more than 2 proxies to attend and vote instead of the member.
- (b) Where 2 proxies are appointed:
 - (i) A separate proxy form should be used to appoint each proxy;
 - (ii) The proxy form may specify the proportion, or number, of votes that the proxy may exercise, and if it does not do so the proxy may exercise half of the votes.
- (c) A proxy need not be a member of the Company.
- (d) To be effective, proxy forms (duly completed and signed) must be received by the Company at its registered office no later than 48 hours before the time for the holding of the meeting.

Explanatory Notes

Directors Duties under the Corporations Act 2001

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Explanatory Notes

Directors Duties under the Corporations Act 2001

Becoming a director of a company carries with it certain responsibilities and duties. These are contained in the Corporations Act, which governs the management and operation of companies.

You are under an obligation to understand your duties and responsibilities as a director of a company. Ignorant, careless and dishonest company directors have lost their savings, their reputations and gone to prison because they did not meet the standards the law imposes.

A successful director is competent in his or her role as a director. Competency will only come through an understanding of these duties.

A good knowledge of directors' responsibilities to the company and its members can potentially prevent you from being personally liable for failure to carry out these duties.

This overview is by no means a full coverage of a director's duties. The Corporations Act is complex and you should seek professional legal advice if the need arises.

Appointing Directors

Requirements for Directorship

Any person may be a company director except:

- a person who is not yet 18 years old (s201B(1));
- entities such as corporations;
- undischarged bankrupts (s206B(3));
- a person who has been, in the period of five years prior to becoming a director, convicted or released from prison for offences related to the promotion, formation or running of a company, including:
 - (i) failure to carry out obligations imposed by the insolvency procedures of a company;
 - (ii) issuing a company prospectus which contains a "false or misleading statement or material omissions";
 - (iii) serious fraud;
 - (iv) failing to carry out directors' duties in relation to a previous company;
 - (v) altering books and records concerning the management, capital and finances of a company;
 - (vi) publishing "misleading information" concerning takeover bids, company securities or raising capital; and
- a person who is prohibited by the court or by an order of the Australian Securities and Investment Commission from managing a company.

Numbers of Directors

Proprietary (or private) companies require a minimum of one director and one shareholder. These

companies are often termed sole director companies. A proprietary company does not need a secretary if there is only one director. The need for a company secretary in sole director companies has been recognised as superfluous and accordingly, the law has been changed.

A public company must have at least three (3) directors at least two (2) of which must ordinarily reside in Australia. Proprietary companies require at least one (1) Australian resident director.

Common Seals

As companies are no longer required to have or use common seals, the Corporations Act allows third parties to assume that a document has been duly executed under hand if executed by:

- two directors of the company;
- a director and secretary of the company; or
- if the company is a proprietary company, a sole director.

This assumption may be made by any person who is unaware of a particular company's requirements for due execution of a document.

Forming Companies

Whether an executive director or not, all directors will have the same duties and obligations under the Law.

Business Judgement Rule

The business judgement rule is an overriding safe harbour to protect directors from personal liability for breaches of duty owed to the company and to shareholders. The rule means that where the director makes honest, informed and rational business judgements on behalf of the Company, that director should be able to avoid any personal liability arising from that judgement.

In the past, the Courts have been reluctant to review the judgements of directors exercised in good faith. They have also on occasion refused to exercise discretion to excuse directors from liability where they have acted fairly and honestly. This has resulted in uncertainty in the minds of directors as to the extent of due diligence required of them prior to entering into a transaction on behalf of the Company.

The fundamental purpose of the business judgement rule is to protect the authority of directors in the exercise of their duties, not to insulate directors from liability.

The Business Judgement Rule in Detail

An officer of a corporation will be deemed to have met the requirements of subsection 180(2) and the general law duty of care and diligence in respect of a business judgement made by them, if the officer:

- exercises their business judgement in good faith for a proper purpose;
- does not have a material personal interest in the subject matter of the business judgement;
- informs themselves about the subject matter of the business judgement to the extent the officer reasonably believes to be appropriate; and
- rationally believes that the business judgement is in the best interests of the corporation.

This means that where a business decision or judgement has been made by an officer satisfying section 180(2) requirements, then the decision is not reviewable by the Court.

Recent Developments

The Federal Court's decision in a recent case against the directors of the Centro property group, determined that the directors had breached their duty as they did not evaluate the company's accounts but rather, relied on the company's accountants and auditors to prepare accurate financial statements. As a result, the company accounts contained material errors which, had the directors applied their expertise and their knowledge of the company's business, would have been discovered.

The case potentially increases the onus on directors to scrutinise accounts as part of their due care and diligence. The directors cannot delegate that responsibility by placing sole reliance on the company's accountants or other advisors.

General Duties

Duties often fall into the following categories:

- a duty to act bona fide in the interests of the company as a whole;
- to exercise one's powers as a director for the purpose for which they were conferred and not for any ancillary or improper purpose;
- not to restrict the future exercise of a director's powers; and
- to avoid being placed in a position of a conflict of interest.

The question to ask is whether a director's actions are a contravention of a directors' duties. This depends upon whether those actions are authorised by:

- the company's constitution;
- the company members in general meeting; or
- the board of directors.

Fiduciary Duties

Directors are also subject to fiduciary duties. The fiduciary duties of company officers are:

- that they must not improperly use their position to:
 - (i) gain an advantage for themselves or someone else;
 - (ii) cause detriment to the corporation;
- that they must not use information which they obtained because of their position to gain advantage for themselves or cause detriment to the corporation;
- that they must exercise their powers in good faith in the best interests of the corporation and for a proper purpose; and
- that they must notify other officers of a material personal interest if and when a conflict arises. A material personal interest is a matter that relates to the affairs of the company. The notice may be given at any time even if at the time there was no existing conflict.

The standard of care required to be exercised by directors has been clearly set out by the *Corporations Act 2001 (Cth)*. A director of a company is required to exercise their powers and discharge their duties with the degree of care and diligence that a reasonable person would exercise if they:

- were a director of a corporation in the corporation's circumstances;
- occupied the same office as the director; and
- had the directors experience powers and duties.

This recognises the role played by directors in managing the company's daily affairs.

If a director breaches any of these duties then civil penalties will apply. However, if a director recklessly or intentionally breaches any of these duties then an offence is committed. Similarly, if a person obtains information and uses it dishonestly with an intent to gain advantage, then an offence will be committed.

To whom are the Duties owed?

Company officers will be liable to the company for the profit gained from a breach of their fiduciary duties. These duties are created when:

- the directors indicate a willingness to act as a shareholder's agent in negotiations;
- in the case of a family company, family directors who give recommendations or advice regarding shares to family shareholders, will create a fiduciary relationship between themselves and the shareholders because of that advice; or
- a director acts in the joint interests of the shareholders and the company.

A director's fiduciary duties generally stop when he or she ceases to be a director, however, certain statutory duties may well continue even though the person has ceased to be a director.

The executive and non-executive directors, the secretary and other company officers have these fiduciary duties.

The Conflict Rule

A director must not let his/her personal interests and company duties conflict. This is a fundamental rule of equity (*Phipps -v- Boardman* (1967) 2 AC 123).

A director may well ask:

- Does the possibility of conflict have to be more than a real prospect?
- Can a director enter into an arrangement knowing that they may have a real chance of conflicting with the interests of the company?
- Is there a conflict where a director holds shares in another company with which the original company transacts?

Section 191(1) states that a director has a duty to notify other directors where he/she has a material personal interest in a particular conflict. There are exemptions from the general obligation to disclose. A director does not need to disclose his or her interests if the interest:

- arises because of the director's membership of the company and is held in common with the other members;
- arises in relation to the director's remuneration;
- relates to a contract which is subject to the members approval and no obligation will be imposed on the company if the members do not approve it;
- arises merely because the director is a guarantor;

- relates to an insurance contract indemnifying the director;
- relates to a payment under a contract of indemnity which is permitted by the company in favour of the director;
- arises because the director is a director of a related body corporate which proposes to enter into a contract with the company;
- the company is a proprietary company and the other directors are aware of the director's interest and insulation to the affairs of the company; or
- the following conditions are satisfied:
 - (i) the director has given notice to the company and how the interest relates to the affairs of the company;
 - (ii) the nature or extent of the interest has not materially increased above that disclosed in the notice; and
 - (iii) any new directors appointed after the notice is given are also given notice of the interest at the time of their appointment;
- the director has given a standing notice to the company of the interest.

In every other case where a director has a personal interest in the transaction, it must be declared at a meeting of directors. A notice given to the board declaring a director's interest must give details of:

- the nature and extent of the interest; and
- the relation of the interest to the affairs of the company,

and be given at a director's meeting as soon as practicable after the director becomes aware of the interest.

Standing Notice

A director of a company who has a personal interest in a matter may give the other directors standing notice of his or her extent or nature of the interest in the matter. The notice may be given at any time and relate to any affairs of the company. It need not be given when the actual conflict has arisen. The notice must give details of the nature and extent of the interest and be given at either a director's meeting or to other directors individually in writing.

A standing notice ceases to have effect where the nature or extent of the interest has materially increased above that disclosed in the notice.

A general notice to the board of the interest may be sufficient declaration in relation to the transaction.

Non-compliance with the Corporations Act will not invalidate the transaction. However, if the company's Constitution requires the board's discretion to approve such a transaction, and the disclosure is not made and consent is not obtained, then the company will have the option to declare the transaction null and void.

"Material or Personal Interest"

Section 195(1) states that a director of a public company, who has a material or personal interest in a matter that is being discussed at a meeting of directors, must not vote on any resolution in

respect of the matter and must not be present whilst the matter is being considered by the meeting.

However, under Section 195(2) the other directors who do not have material or personal interest may pass a resolution that states that those directors are satisfied that the relevant director's interest should not disqualify him or her from voting or being present. Similarly, Section 195(3) allows the ASIC at its discretion to declare in writing that the director may be present and vote.

Interest

If a director's personal interest is substantially affected by the outcome of a board's decision, it must clearly be disclosed.

Whether or not disclosure has to be made is more difficult where the impact on a director's position is slight, or where the outcome of the deliberation might or might not affect the director's position depending on other circumstances.

Such interest does not have to be financial and can exist where a relative of a director stands to benefit rather than the director personally.

If the interest is held as a company member and is common with other members, then it is not a personal one, but an interest under an executive employee share option scheme will require disclosure.

Compliance with Section 195(1) will not relieve a director from the obligation to comply with the Law. Not only will a director be required to disclose an interest, but also a director will be legally prevented from exploiting the opportunity without shareholder approval, even if the board allows the director to participate in any resolution on the matter.

Misappropriation

A director may not apply company property either for the director's personal benefit or for the benefit of any other person without the authority of the company.

Directors must not take remuneration or other benefits out of the company's resources unless:

- authorised by law;
- authorised by the company's constitution; or
- with the fully informed consent of the company in a general meeting.

Misappropriation applies where a director takes an identifiable asset, including confidential company information of the company, without the company's authority.

Confidential information disclosed to a company director imposes a duty on the director to preserve the confidential nature of the information and the company/confider may take proceedings to restrain a breach, where:

- the information is of a confidential nature in the sense that it is not something which is public knowledge; and
- it has been communicated in circumstances giving rise to an obligation of confidence.

Profit

The profit rule states that a director is accountable for the profits made in connection with their office. The duty is not disposed of by showing that the transaction was "fair" to the company, or that the director was eventually unable to exploit the opportunity to make a personal profit.

The courts are still deciding as to whether or not a director is accountable if the company is unable to pursue the profit making opportunity:

- to allow a director to exploit for his/her own benefit opportunities arising whilst a director;
- to allow a director to establish by way of a defence that the transaction is fair to the company; and
- to permit a director to put an end to fiduciary responsibility by resigning from the company.

Directors are not absolutely prohibited from acting for their own benefit in the same kind of business carried on by the company, but they are accountable if they divert business opportunities away from the company and into their own interests (which the company itself is either actively pursuing or had the opportunity to pursue and might reasonably be expected to be interested in, given the company's line of business).

As to whether a director would still be in breach of a fiduciary duty if the company could not take up the opportunity depends on whether the obstacle to the company taking up the opportunity is one which the directors themselves could remove. If this is the case, then the director is prevented from taking up the opportunity personally, but if the company couldn't do anything about removing the obstruction in the circumstances, then the director may be allowed to do so.

Even where a director resigns to exploit an opportunity, he or she can still be in breach of their fiduciary duty by the mere fact of the exploitation. A company cannot stop a director from exploiting an opportunity if the company has terminated the director's position.

Proper Use of Information

Section 183 provides that an officer, including a director or employee or a former officer or employee, must not make improper use of information acquired by virtue of that position. This applies to any officer or employee, including junior employees and arises if any advantage is gained for themselves or any other person.

The provision only applies where "improper" use is made of information or position, despite the fact the director may have acted honestly.

However, if it is determined that the information was used dishonestly with the intention of gaining an advantage then the action will amount to a criminal offence.

Part 7.11 Division 2A - Insider Trading

These provisions outline the elements of insider trading offences, namely:

- territorial in connection ie. whether the conduct occurred in Australia;
- dealing in securities (shares and options);
- information (includes matters of supposition and intentions and likely intentions of a person);
- possession of information that is not generally available and that has a material effect on the price of securities (one knows or ought reasonably to know that the information is not generally available, and if it were it might have a material effect on the price of value or securities).

A company can allow a director to receive a personal benefit from some transactions involving the company. This can be set out in either the company's constitution or in a general meeting of the company where:

- the members authorise a director to receive a personal benefit in a transaction in what otherwise would be a breach of duty; or

- action was undertaken by a director to pursue his or her own interests and is approved by the members in a meeting, despite the transaction being completed.

The consent of disinterested directors will not serve to remove the company's right to complain of a breach of duty on the part of an interested director. Each director must give an unqualified opinion as to whether the company should approve an interested director's breach of duty.

Civil Remedies

- Rescission: The transaction is avoidable at the election of the company.
- Profits: Any profit may be accountable to the company regardless of whether the company suffered any loss.
- Equitable Compensation: Where a breach causes actual loss to the company, monetary compensation may be ordered.
- Constructive Trust: Where a breach removes an item of the company's property and the director retains an asset representing that item, the company has a proprietary claim to that asset and the director will be deemed a constructive trustee over that asset on the company's behalf.

Multiple Directorships and Competing Companies

It is not a breach of fiduciary duty for a person to be a director of two (or more) companies that are competing against each other, so long as confidential information is not divulged by the director between any of them. There is a wide distinction between asking a director to account for the profit made out of a breach of his fiduciary relationship and asking a director not to join the board of a competing organisation in case he should at some future time decide to act in breach of his fiduciary duty.

The proposition that a person can act as a director of two competing companies without breaching fiduciary duty is subject to the following qualifications:

- The contract of employment of an executive officer may be subject to an express/implied term that the employee must provide his services exclusively for the employer;
- It is a breach of duty for a director to ask the company's customers to cease to deal with the first company and to deal with the second company; and
- A director may be restrained from using information (which would be a breach of duty by an employee not to disclose) during the course of his or her employment and must not divulge information from one company to the other company, or use information for the benefit of a rival company.

Shadow Directors

A person who has not been appointed to the board, but is a director because the appointed directors follow that person's instructions, is called a shadow director. A shadow director could be liable for a breach of the statutory duties if he or she is able to issue instructions to the board.

Shadow directors could be in breach of fiduciary duty if they fail to avoid conflicts between interest and duty. If a substantial personal stake in the appointor is held a "shadow's" first duty will be to the company.

Directors in Corporate Groups

Generally, directors must exercise their powers for the benefit of the company they direct and not for the benefit of other companies in the group. However, a director of a wholly owned subsidiary

may take into account the interest of a holding company and be considered to act in good faith in the best interest of the subsidiary if:

- the constitution of the subsidiary expressly authorises the director to act in the best interests of the holding company;
- the director acts in good faith in the best interest of the holding company;
- the subsidiary is not insolvent at the time the director acts and does not become insolvent because of the director's act.

On this basis, directors will not be in breach of their fiduciary duties to the subsidiary company where a transaction that benefits the group as a whole (or another company within the group) can also be regarded as benefiting the subsidiary company. These benefits may be of a derivative rather than direct nature.

The test to be applied is whether an intelligent and honest person in the position of a director of the company could have reasonably believed that the transaction was for the benefit of the subsidiary company.

Further Obligations

Maintenance of Accounts

Directors are obliged to monitor and keep books of accounts and financial records that truly reflect the financial state of the company's affairs, and to ensure that such information is furnished to ASIC for all companies annually, setting out details of all assets, profits and liabilities. At every annual general meeting for public companies, directors must present these records to the meeting and ensure that they incorporate profit and loss accounts, a balance sheet, an auditor's report and a directors' report (which will be discussed later).

Companies will be deregistered and/or penalised (along with their officers) if they fail to lodge their annual statement with ASIC.

The Raising of Funds

When securities are issued, the directors must ensure that any prospectuses issued contain proper information and do not make false or misleading statements. If a statement turns out to be inaccurate, a director will need to show that it was based upon research and reasonable estimation at the time it was made. If the directors cannot demonstrate this, they are likely to incur personal liability for inaccurate statements.

Fair Trading Acts and The Trade Practices Act

Directors may be liable personally under these Acts if they partake in action for the purposes of lessening competition between companies or are engaged in making false and misleading statements.

Insolvency - Creditors and Members

Directors cannot make managerial decisions which render the company insolvent, or enter into transactions where they know the company is or will become insolvent and be unable to honour obligations. The directors have an obligation to protect the members and creditors from decisions contributing to insolvency. The directors may become personally liable to the creditors if they do not. Their duty relates to the principles of due diligence as previously discussed, which effectively require an active interest in the day-to-day running of the company and its solvency, if they are to avoid potential liability. It is the "week-end", passive or "shadow" directors who realise, often too late, that ignorance of the company's affairs and the Law will not protect them from liability.

Other Statutory Duties

There are other duties required by the law that directors should be aware of, including:

- directors have a duty to ensure that dividends are paid from profits and not out of capital (Section 254T);
- an allotment of shares following a public offering is prohibited unless a minimum subscription is obtained (S1035);
- the prospectus that is issued must comply with the Corporations Act (S1021);
- when a requisition is presented under Section 249D, directors must call a meeting within 21 days after the request is given and not more than 2 months after receiving it;
- directors must take all reasonable steps to see that proper accounting records are kept in compliance with Section 295 of the Law;
- directors are bound to have accounts and accompanying reports made out and laid before the Company and to take reasonable steps to ascertain that the matters in the accounts are correct; and
- directors may be liable if the company does not keep the various statutory registers.

Directors relationships with the Shareholders

The duties which regulate directors' actions are to be viewed in the context of a director's relationship with shareholders. A director manages a company for and on behalf of the shareholders (the owners), such that any regulatory or legal requirement that restricts the actions of a director ultimately compromises their ability to maximize shareholder wealth.

Similarly, it is the directors who influence the directions a company will take and the efficiency of company operations, so that any undue costs that are encountered by directors in protecting themselves from personal liability are ultimately passed onto and borne by the corporation itself.

On the other hand, if directors are permitted to operate completely unfettered by regulation and a degree of shareholder control, investor confidence in the corporate vehicle may potentially be undermined. In this regard, it is clear from past experience, particularly in relation to the corporate collapses of the 1980's, that conduct of directors through corporations can have a significant impact on public perceptions and market confidence.

To promote investor confidence and facilitate expansion of capital markets, investors need to be satisfied that they have sufficient opportunity for redress against a corporation and its directors in clear cases of negligent, reckless or fraudulent conduct. However, directors who effectively control the corporation, must not feel so over-burdened with a fear of responsibility that their decision-making is seriously constrained.

The Statutory Derivative Action

The *statutory derivative action* enables shareholders or directors of a company to bring an action on behalf of the company for a wrong done where the company is unwilling or unable to bring the action itself.

In the past, it has been extremely difficult for shareholders to bring any action against a director of a company, where that director has breached their duties owed to the company and the shareholders. Many barriers stood in the way, not the least of which is the cost involved, the legal process, especially where the actions of the director were ratified by the board. The *statutory derivative action* imposes a more effective avenue of enforcement of the company's rights than has previously been available.

The *statutory derivative action* provides strong encouragement for company managers to be accountable to shareholders for the decisions that they make.

For directors, the *statutory derivative action* is most important. It will relieve any uncertainty with regard to what constitutes a proper ratification of a director's actions. The proposal gives discretion to the court to take into account the ratification of a director's actions by the company. The court will not be bound by a company ratification of a directors actions in allowing a member to sue on behalf of the company (i.e. where a company has ratified the actions of a director, a court in reviewing an application can have regard to the ratification but is not bound to accept it).

Furthermore, the *statutory derivative action* permits the court to allocate costs to the company, encouraging members to pursue breaches by directors. Directors should take this into consideration as it may serve to alleviate the burden of such costs incurred by the suing member. Previously, the substantial costs involved in bringing an action have often stopped the action before it could reach the court.

It is important to remember that the business judgement rule has allowed for directors to escape personal liability for decisions made in good faith for the company's interest.

In balancing this, the *Corporations Act* includes the statutory derivative action, which allows individual shareholders to bring actions against directors of the company for their breaches of duty. Barriers such as cost and board ratification, no longer exist, ensuring the statutory derivative action is an effective means by which shareholders can be assured of directors' best endeavours.

Conclusion

In summary, directors should carefully study, understand and appreciate the responsibilities that they are subject to as company directors. Additionally, directors should take an active interest in following the changes to the Law when they are implemented and the implications of those changes for the company and, more particularly, for the directors as they affect their directorship roles.

Directors should also remember the impact of the law in relation to the following:

Auditors

- required to answer questions at shareholder meetings, but possibly under no obligation to attend or to provide answers under professional privilege;
- there is a positive obligation on company officers to assist auditors finalising the company audits.

Directors, Secretaries and Shareholders

- meeting and reporting requirements;
- use of communications for directors and shareholder meetings;
- standard 21 days notice for members' meeting;
- onus upon directors' disclosure in company reports;
- abolition of par value authorised capital;
- replaceable rules and its interaction with the company constitution.

To observe one's directorship duties, and in order to minimize liability, a director should:

- actively partake in the day-to-day running of the company;

- become aware of the behavior and nuances of your fellow directors and the company members, particularly majority shareholders. Get an appreciation of how they conduct business, their reaction-time on requirements under the Law, and their attitude to the proper observance of their duties.

This knowledge will enable you to anticipate any potential problems from which questions of director liability may arise and, hopefully, avoid unwarranted liability falling on your shoulders.

You may want to consider taking out insurance to cover the event of non-observance of duties which leads to damages or allegations of negligence. You should always ensure that, if your position on a matter was different to that of the other directors, that your point of view is either:

- Accurately recorded, whether it be in meeting minutes, letters or other memoranda. Ensure a copy is filed with the company records and keep a copy yourself; and/or
- In a situation where you suspect that a decision was or will be made by the directors in breach of their duties, you should make arrangements for it to be put before the members to be ratified by them, provided that it is not an actual breach of the Law or a criminal act.

The observance and responsibility of your duties as a director lies on your shoulders. A full understanding and regular observance of one's duties will make your appointment as a director a happy and productive one.

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