



MEMO

To: Board of Directors
From: Company Secretary
Subject: **SHARE CONSOLIDATION / SUB-DIVISION**

A company may convert its shares into a larger or smaller number by shareholders simply passing an ordinary resolution at an (Extraordinary) General Meeting [CA sec 254H].

Such a process might be seen as beneficial, particularly in a stock exchange listed company, to enhance the company's profile and/or trading in its shares and/or market acceptability because it is seen by some parties as having 'too many' or 'too few' shares on issue and out 'in the market'.

The practical steps involved are:

- at a Board meeting resolve to call an EGM and authorised the Company Secretary to issue a Notice of Meeting
- post out the Notice with a suitable explanatory letter/memorandum
- hold the EGM
- lodge a Form 2205 (including Attachment 1) with ASIC within 1 month.

The conversion is effective the date the resolution is passed unless a later date is specified in the resolution.

The Attachment 1 (to Form 2205) requires details of the 'top 20' shareholders to also be lodged with ASIC for Pty Ltd companies. ASIC does not record any shareholder details for public companies.

If the company is listed, the ASX requires compliance with the timetable set out in Appendix 7A to the Listing Rules to ensure the orderly transformation of shares traded on the exchange from the former number/price to the resultant number/price. The L/Rs require also, for example, a new Holding Statement to be sent to all shareholders showing their new holding post the consolidation/sub-division. And during the interim period shares are traded on a 'deferred settlement' basis.

A suitable 'shareholder letter' could also be despatched after the EGM to inform all shareholders of the outcome of the meeting as well as informing them of their new resultant holding (ie, with attached Holding Statement).

DISCLAIMER

The comments in this memo reflect some commercial aspects and observations on the matter experienced or observed by the writer in practice as he understands them. The information is given as a guide only and does not represent a definitive or legal view of any of the issues raised, covered or referred to and the reader is urged to seek his own professional advice on all aspects of, or pertaining to, this and any related matter.
