



Practice Note 8B

Special Trading Arrangements for Ricegrowers Limited

Issued:
June 2007

Qualifications

The National Stock Exchange of Australia (NSX) issues practice notes to promote commercial certainty, reduce costs to business and assist market participants, and we are available to discuss any questions you have in relation to a practice note.

NSX may replace practice notes at any time. Issuers and participants should contact NSX to ensure that they have the latest version of a practice note. As a practice note is only a guide to NSX practice, issuers and participants are advised to contact NSX to discuss their particular circumstances and the application of the listing rules. NSX cannot give legal advice to issuers or participants and recommends that they consider taking advice from a qualified professional person.

TRADING RICEGROWERS LIMITED SECURITIES

Introduction

The National Stock Exchange of Australia provides the facility for trading securities with special requirements though still within the same regulatory, trading and settlement framework.

This practice note outlines the additional procedures for Participants in relation to placing orders for Ricegrowers Limited B class non voting shares to adequately identify eligible purchasers.

In general terms, only currently active or former rice growers supplying rice to Ricegrowers Limited are eligible to acquire Ricegrowers Limited B class non voting shares.

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Definitions

“Act” means the Corporations Act 2001, as amended.

“participant” means:

- (a) a company or partnership that is recognised as and remains recognised as a Participating Organisation by the Exchange; or
- (b) any entity which is or was a member of the Exchange as at the date of adoption of these Rules;

and who has not ceased to be a participant under the rules.

Practice Note History

First Issued: 1st June 2007

History and background of Ricegrowers Limited



The Rice Food Experts Ricegrowers Limited was registered as a co-operative on 24 July 1950 under its original name Ricegrowers' Co-operative Mills Limited, with the primary objective of receiving, processing and marketing rice supplied by its members. Its name was changed to Ricegrowers' Co-operative Limited on 13 December 1985. Following approval by its members, Ricegrowers' Co-operative Limited registered as a company under the Act on 14 December 2005 and changed its name to Ricegrowers Limited.

The core business of Ricegrowers and its child entities (the SunRice Group) involves the sourcing and processing of rice and the manufacture of rice food products under the SunRice and other brands. The SunRice Group is also involved in stockfeed products, importation and distribution of specialty foods and rice trading.

1 What is Ricegrowers' capital structure?

The share capital of Ricegrowers Limited is divided into "A" class shares and "B" class non voting shares. As at 1 May 2007, the capital of the company is represented by

- 1,139 "A" class shares;
- 27,348,495 "B" class non voting shares; and
- 330,965 partly paid "B" class non voting shares

2 What rights and restrictions attach to the "B" class non voting shares?

Apart from the general requirements of the Act, the rights and restrictions attaching to ownership of shares in Ricegrowers Limited arise from Ricegrowers' constitution. A summary of the more significant rights and restrictions attaching to the shares, as set out in Ricegrowers' constitution, is as follows:

Rights of "B" Class Shareholders – The holders of "B" class non voting shares are entitled:

- (a) to receive dividends declared and other distributions made by the Company from time to time;
- (b) to participate equally with other B class shareholders in the distribution of surplus on a winding up of the Company; but
- (c) have no right to receive notice of, attend or vote at any general meeting of the Company.

"B" Class Non Voting Share transfers – Holders of B class non voting shares may transfer those shares only:

- (a) to an existing member of the Company;
- (b) to an approved entity of a member; or
- (c) in special circumstances relating to buy backs or transmissions.

"B" Class Shareholding limits – A person must not:

- (a) hold a number of B class non voting shares which exceeds 1% of the total number of B class non voting shares; or
- (b) hold a number of B class non voting shares which, when aggregated with any B class non voting shares held by all associates of that person, exceeds 2% of the total number of issued B class non voting shares.

The directors of Ricegrowers may issue a "Transfer Notice" requiring a person to dispose of B class non voting shares within a specified time if the directors of Ricegrowers are of the opinion that they are in breach of shareholding limits. If the person fails to dispose of their shares, the directors of Ricegrowers may take action to have the person's shares sold.

A person in breach of shareholding limits will cease to have voting rights at any meeting of B class shareholders and will cease to have dividend rights.

Verifying holder eligibility by participants

Typically only an existing member of Ricegrowers or an approved entity of a member can have Ricegrowers B class non voting shares transferred to them. Special procedures are in place to determine whether a buyer is qualified to acquire B class non voting shares. This means brokers must

follow a specific procedure before placing a buy order for a client on NETS. These procedures are set out below.

Steps for participants required to process Buy Orders

1. Obtain SRN from Client if they have one.
2. Check buyer eligibility with share registry by faxing to Link Market Services on **02 9287 0305 Holder Eligibility Facsimile** (attached to this practice note).
3. Receive confirmation of eligibility from share registry via returned *Holder Eligibility Facsimile*
4. Place buy order on the NETS terminal as per the usual method for ordinary securities.
5. Broker to retain on their records confirmation of eligibility from share registry.

Steps by participant required to process Sell Orders

1. Obtain SRN from Client.
2. Check SRN with share registry by faxing Link Market Services on **02 9287 0305** form 12A.
3. Place sell order on the NETS terminal as per the usual method for ordinary securities.

Executing Bids, Offers and Trades

Bids and Offers will be matched as per the NSX Business Rules. Once a trade occurs then normal reporting and settlement processes applies.

The National Stock Exchange, at its discretion may also verify the eligibility of a trade before settlement occurs.

The Client can deal in any size parcel of shares, subject to the maximum shareholding limits.

Participants are able to vary orders and trades in a manner consistent with NSX Business Rules.

Settlement

Settlement of B class non voting shares occurs in the same way as other securities listed on the National Stock Exchange of Australia. Settlement occurs via CHESS on a T+3 basis. The share registry is Link Market Services.

Errors and Cancellations

The Participant or Exchange can cancel the trade before settlement pursuant to Business Rule Part C Rule 88 if either the Participant or Exchange becomes aware that:

- (a) the buyer is not eligible to buy Shares; or
- (b) the Seller is not eligible to sell Shares.

The Participant will return all monies within 3 trading days of the Order being cancelled.

Additional information about trading in Ricegrowers shares

Additional information may be obtained from Link Market Services 02 8280 7463 or NSX (02) 4929 6377.



Holder Eligibility Facsimile

Date:

To: **Link Market Services Limited**
 Michelle Cross/Wendy Wu
 Senior Client Relationship Manager/Client Relationship Assistant

Fax No: 02 9287 0305

Tel No: 02 8280 7463 or 02 8280 7724

From:

Fax No:

Tel No:

Subject: RGWB - Ricegrowers Purchase of shares

The information in this facsimile is intended for the recipient(s) only. It may contain privileged and confidential information and if you are not an intended recipient, you must not copy, distribute or take any action in reliance on it. If you have received this facsimile in error, please notify us immediately by collect telephone call on the number provided.

Message: Urgent

We have received a request from a potential buyer of Ricegrowers B class non voting shares, details below:

Name:	
Address:	
SRN or HIN (if existing shareholder):	
No. of shares currently held (if existing shareholder)	
No. of shares to purchase	
Buyer conditions: The trading of RGWB is restricted to members and approved entities of members and no one member may hold more than 1% of the stock on issue, or 2% when combined with associates.	

Please confirm by return fax that the potential buyer is eligible to purchase the Ricegrowers Limited B class non voting shares.

Response:

I confirm that the potential buyer listed above is eligible/ineligible to purchase Ricegrowers B class non voting shares.

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