



Trading Sugar Terminals Securities

SPECIAL TRADING ARRANGEMENTS FOR SUGAR TERMINALS LTD

INTRODUCTION

The NSX Market provides the facility for trading securities with special requirements, but still within the same regulatory, trading and settlement framework.

This practice note outlines the additional procedures required by Participants to adequately identify "Active Growers" and consequently determine trading status.

STRUCTURE OF PRACTICE NOTE

Definitions.....	1
History and background of sugar terminals limited.....	2
Verifying an "active grower" by participants.....	3
Steps for participants required to process buy orders.....	3
Steps by participant required to process sell orders.....	3
Executing bids, offers and trades.....	4
Settlement.....	4
Errors and cancellations.....	4
What happens if a trade is later determined to be invalid after settlement has occurred?.....	4
Additional information about sugar terminals limited.....	4
Members status declaraion (Growers).....	5
Holder eligibility check & request for security holder reference #(SHR).....	6

Definitions

Act means the Corporations Act 2001, as amended.

Active Grower means a person who has delivered or will deliver Sugar Cane to a Mill in Queensland under a cane supply contract during the current year's Production Season. "Person" shall include a trustee, an executor or personal representative and any party to a partnership or sharefarming agreement.

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;

Practice Note History

First Issued.....	19 Feb 2004
Revised.....	4 Nov 2004
Revised.....	28 Dec 2005
– Growers Declaration	

Qualifications

National Stock Exchange of Australia Limited (NSX) issues practice notes to promote commercial certainty, reduce costs to business and assist market participants. We are available to discuss any questions you have in relation to a practice note. NSX may replace practice notes at any time. Issuers 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 are advised to contact NSX to discuss their particular circumstances and the application of the listing rules. NSX cannot give legal advice to issuers and recommends that they consider taking advice from a qualified professional person.

History and background of Sugar Terminals Limited

On 28 April 1998, the Queensland Government endorsed the principle that the ownership of the Bulk Sugar Terminals (“BST”) should be transferred to an entity owned and controlled by Queensland cane farmers and sugar millers. Sugar Terminals Limited (“STL”) is the industry owned company that was incorporated in Queensland on 25 August 1998 to own the Bulk Sugar Terminals. The BST are facilities principally used by the Queensland Sugar Industry for the storage and shipping of bulk raw sugar and are located at the Ports of Cairns, Mourilyan, Lucinda, Townsville, Mackay, Bundaberg and Brisbane. The structure of each BST varies from port to port, however each has the same functionality and include sugar receival stations (rail or road), sugar storage sheds, conveyor galleries, weighbridges, weigh hoppers and ship loaders. They have a total storage capacity of approximately 2 million tonnes of raw sugar. Information on STL, its business and financial performance may be obtained from STL. Certain information is also available on STL’s website www.sugarterminals.com.au.

1 What is STL’s capital structure?

The share capital of STL is divided into “G” class shares and “M” class shares. STL has an issued share capital of 360,000,000 shares made up of:

- 229,348,203 “G” class shares;
- 130,651,797 “M” class shares;

2 What rights and restrictions attach to the “G” class shares?

The rights and restrictions attaching to ownership of shares in STL arise from a combination of STL’s constitution, statute and general law. A summary of the more significant rights and restrictions attaching to the shares, as set out in STL’s constitution, is as follows:

Rights of “G” Class Shareholders – The holders of “G” class shares are entitled:

- (a) to receive notice of and attend general meetings of STL, and to vote at these meetings in a manner provided in the Constitution;
- (b) to receive notice of and to attend class meetings of shareholders, and to vote at these meetings in a manner provided in the Constitution;
- (c) in a winding up or reduction in capital, to the repayment of capital paid up and to participate in the distribution of surplus assets;
- (d) to receive dividends as determined from time to time by the directors of STL.

“G” Class Share Restrictions – “G” class shares may be issued by STL only to “Active Growers”. Also, holders of “G” class shares may transfer those shares only to an “Active Grower”. The directors of STL must refuse an application for “G” class shares or the transfer of “G” class shares if the transferee has not provided a duly executed Member Status Declaration.

An “Active Grower” is a person who has delivered or will deliver Sugar Cane to a Mill in Queensland under a cane supply contract during the current year’s Production Season. “Person” shall include a trustee, an executor or personal representative and any party to a partnership or sharefarming agreement.

The “G” class shares do not confer any right to vote on a resolution for the removal of a Miller director from office or to attend class meetings of the “M” class shareholders. Also, on a poll at a meeting of members, no holder of “G” class shares, being present in person, or by proxy or attorney or by representative, may vote more than the number of votes equal to 5% of the total number of “G” class shares.

In order to maintain sugar industry ownership of the bulk sugar terminals there is a requirement on shareholders to dispose of their shares if they cease to be active in the industry. Specifically, a holder of "G" class shares who becomes an "Inactive Grower" must:

- (a) dispose of all of their "G" class shares as soon as practicable after becoming an Inactive Grower; and
- (b) immediately notify the directors of STL in writing that they have become an Inactive Grower.

The directors of STL may issue a "Transfer Notice" requiring a person to dispose of all of their "G" class shares within a specified time if the directors of STL are satisfied that they have become an Inactive Grower or where they have failed to supply information to determine whether they have become an Inactive Grower. If the person fails to dispose of their shares, the directors of STL may act as the agent of the member to sell the shares held by the member.

Upon the issue of a Transfer Notice, a "G" class shareholder will cease to have voting rights at any general meeting or class meetings.

Verifying an "Active Grower" by participants

Only an Active Grower can hold and trade "G" Class shares in Sugar Terminals Limited. "Active Grower" status can change over time. Special procedures are in place to determine whether a buyer is an "Active Grower". 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. All buy orders must be accompanied by a Member Status Declaration (form is attached to this Practice Note). A facsimile copy of the Declaration is acceptable.
2. Obtain SRN from Client.
3. Check SRN and buyer eligibility with share registry by faxing to Link Market Services Limited on 02 9287 0303 Holder Eligibility Check and Request for SRN Form and Member Status Declaration (forms are attached to this Practice Note).
4. Receive from share registry completed and executed Holder Eligibility Check and SRN Form.
5. Place buy order on the NETS terminal as per the usual method for ordinary securities.
6. Forward copy of the signed Member Status Declaration to Link Market Services Limited at Lock Bag A14, South Sydney NSW 1235.
7. If Client cannot provide Member Status Declaration or if share registry cannot provide completed and signed Holder Eligibility Check and SRN Form refer the Client to the company secretary of Sugar Terminals Limited on (07) 3221 7017.
8. Broker to retain on their records completed and executed Member Status Declaration and Holder Eligibility Check and Request for SRN Form.

Steps by participant required to process Sell Orders

1. Obtain SRN from Client.
2. Check SRN with share registry by faxing to Link Market Services Limited on 02 9287 0303 form 12A (request for SRN)

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 NSX, at its discretion may also verify the eligibility of a trade before settlement occurs.

The Client can deal in any size parcel of shares.

Participants are able to vary orders and trades in line with the NSX Business Rules.

Settlement

Settlement of "G" Class shares occurs in the same way as other securities listed on the NSX market. Settlement occurs via CHES on a T+3 basis. The share registry is Link Market Services Limited.

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.

What happens if a trade is later determined to be invalid after settlement has occurred?

The directors of STL must refuse an application for "G" class shares or the transfer of "G" class shares if the directors are not satisfied that the applicant or transferee is an "Active Grower".

If the trade is effected and settlement has occurred, Sugar Terminals Limited may become aware that the buyer is not an "Active Grower" in which case Sugar Terminals Limited will issue a transfer notice requiring the buyer to divest the shares on the market.

If a shareholder of STL, who has a CHES holding, is issued with a transfer notice by STL, the share registry may give notice to the relevant Participant requiring the relevant Participant to transfer the shareholder's holding to Issuer Sponsored. Any Participant receiving such notice from the share registry is required to transfer the holding from CHES to Issuer Sponsored in accordance with the notice.

To avoid the possibility of a sell down of securities, all buyers must establish their status with Sugar Terminals Limited by contacting the company secretary on (07) 3221 7017.

Additional information about Sugar Terminals Limited

Additional information may be obtained from the NSX website <http://www.nsx.com.au> or from contacting NSX direct on (02) 4929 6377. Or further information can be obtained from the Sugar Terminals Limited website <http://www.sugarterminals.com.au>.



Member Status Declaration (Growers)

Name: _____

SRN: _____

Address: _____

Telephone (Home): _____

Telephone Work: _____

Fax Number: _____

Email Address: _____

I/We declare as follows:

1 I/We grow Sugar Cane as:

Please Tick whichever is applicable:

- My/our own right
- Trustee
- Executor
- Personal Representative
- Partner in a partnership
- Party to a sharefarming agreement

2. I am/we are an "Active Grower"¹, as that term is defined in the Constitution of Sugar Terminals Limited as I/we have delivered or will deliver Sugar Cane to

.....(please specify Mill)
under a cane supply contract during the current year's Production Season²

3. I/we acknowledge that I am/we are aware of the restriction that even if I/we hold more than 5% of the "G" class shares on issue, I/we may not vote more than the number of votes equal to 5% of the total number of "G" class shares;

4. I/we represent and acknowledge that all statements made by me/us in this form are complete and accurate.

.....
(All shareholders must sign)

.....
Date

.....
Company Seal (if applicable)

.....
Date

NOTE

1. If a shareholder is a trustee of a trust then the shareholder in their capacity as the trustee of the trust must be the active grower.
2. Production Season means the period in any calendar year for each Mill area in which Sugar Cane is delivered to a Mill for processing or crushing.

SUGAR TERMINALS LIMITED

HOLDER ELIGIBILITY CHECK AND REQUEST FOR SECURITY HOLDER REFERENCE NUMBER (SRN)

REQUEST TO:

REPLY TO:

Registry Fax Number:	Participant Fax Number:		
Registry Name:	Participant Name:		
Registry Contact Name:	Participant Contact Name & telephone Number:		
<p>To: SUGAR TERMINALS LIMITED</p> <p>I _____</p> <p style="text-align: center;">(Full Name)</p> <p>Of _____</p> <p style="text-align: center;">(Full Address)</p> <p>State that I am an officer of _____ ("the Participant") and am authorised to make this request for and on behalf of the Participant who is the duly appointed agent of the registered holder in accordance with the provisions of Section 5.9 of the SCH Business Rules.</p> <p>Please supply the SRN for the eligible holder detailed below:</p> <p>Full name(s) _____</p> <p>& Address _____ _____ _____</p>			
NSX Code	Description of Security (Participant to complete)	Number of Units	SRN (Registry to complete)
SUG	"G" Class Ordinary Fully Paid shares		
<p>Registry to Complete</p> <p>Eligible Buyer <input type="checkbox"/> Yes <input type="checkbox"/> No</p>			
<p>_____ Signature of Authorised Officer</p>		<p>___/___/___ Date</p>	<p>Participant Stamp</p>
<p>SRN Details are provided above, as per our registry records</p>			
<p>_____ Name of Registry Officer</p>		<p>_____ Signature</p>	<p>___/___/___ Date</p>