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Dear Sir,

REVIEW OF CONSTITUTION

Thank you for your letter of 29 April 2010.

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We have reviewed the existing Constitution and the proposed new Constitution and note that there have been a considerable number of amendments which we will deal with later.

In response to your initial queries the differences between the various meetings are as follows:

- (a) An "Annual General Meeting" must be held within 18 months of the registration of the company and thereafter they must be held at least once in each calendar year and within 5 months after the end of the company's financial year.

An AGM is to be held in addition to any other meetings of the public company and at the AGM the company's annual financial report, directors report and auditors report must be laid before the Annual General Meeting (Section 317 of the Corporations Act).

- (b) A "General Meeting" may be held at any time and may also be called an "Extraordinary General Meeting" but these meetings must only deal with those matters detailed in the Notice of Meeting. Any matter not appearing in the Notice of Meeting is unable to be considered at the General Meeting.



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ESTABLISHED 1885

The question of who may call a meeting, how a meeting may be called, the number of votes members hold to call a general meeting, the form of notice and the amount of the notice to be given for a general meeting are detailed in Sections 249C to 250. We enclose printouts of the various sections of the Corporations Act which you may find useful read in conjunction with the Constitution of the company.

By adopting the new form of Constitution there are a number of advantages to the company insofar as it is good housekeeping and keeps the Constitution of the company up to date with changes brought about by technology, listing of the company and the focus of the company.

Adoption of the new Constitution would bring the company into line with the newer branches and the requirements for listing on the Stock Exchange.

Adoption of the new Constitution focuses on the community nature of the company and the ownership of the company by members of the community.

Adoption of the new Constitution would mean that a table of contents was included in the Constitution which is not included with the current Constitution.

The existing Constitution is silent as to the listing of the company but the new Constitution encompasses rules associated with the listing of the company.

Page 1 of the Constitution after the Table of Contents is "Interpretation" and in the Interpretation there are a number of new definitions which include

- Corporations Act
- Deputy Chairman
- Escrow Period as it is detailed in the Restriction Agreement
- Exchange as related to the Bendigo Stock Exchange or other Exchange
- Listed means securities in the company which are quoted for trading on the Exchanges, and
- Listing Rules means the rules of the Exchange in which shares are listed.

In addition

- Restricted Securities, and
- Restriction Agreement are detailed, as is a reference to the
- Transfer System where the company is listed and sets out the requirements for the transfer of securities of the company.

Item E of the Preliminary Notes has been incorporated in the new Constitution and reads

"E. It is further acknowledged and agreed that, given the community nature of the Company and its business as part of the Bendigo Bank Community Bank Branch network, an important element to the ongoing success of the Company and its business is to ensure that there is broad ownership of the Company by members of the community or communities in which the Company predominately carries on its business. There are various rules in this Constitution intended to reflect that this is in the best interests of the Company (for example, the power to refuse to register a transfer, or to require divestment, where a person has a Prohibited Shareholding Interest). Without limitation to the powers of Directors, it is acknowledged that the Directors are authorised to carry into effect such rules in order to protect and enhance the broad ownership of the Company by members of the community or communities in which the Company predominantly carries on its business."

Item 9 of the Constitution deals with prohibited shareholdings and a person is deemed to have a prohibited shareholding interest if a persons voting power in the company is 10% or more. Clause 9(2A) provides that a person also has a prohibited shareholding interest if the person has voting power in the company and in the Board's opinion the person does not have a close connection to the community or communities in which the company predominantly carries on business, or where the person is a shareholder and the number of shareholders in the company would be lower than the base number prescribed from time to time. A note to Item 9(2A) indicates that shareholders should be individuals whose primary residence is within that community in which the company is located and that the shares in that company should be owned by those individuals with a close connection to the community and the company.

Clause 9(12) provides that where the company is listed on a Stock Exchange a person cannot have a prohibited shareholding unless the listing exchange believes that Rule 9(2A)(B) is appropriate and Rule 9(2A)(B) does not apply to any transfer registered before that time.

The new Rule 27 provides for transferring securities in the company once the company has listed and also provides that any transfer must be in accordance with the rules of the listing exchange.

The new Rule 28 provides a discretion to the Board to refuse to register any transfer of shares particularly if it would be to a person who has a prohibited shareholding interest, but in the event that the shares in the company are quoted on an exchange the right of the Board to refuse to register a transfer of shares is limited.

Other changes to the Constitution are as follows:

1. The new Rule 21 relates to the transfer of shares when the company is listed.
2. The new Rule 35 expands the circumstances in which the Board may or may not call a general meeting of the company.

3. The new Rule 38 provides that the Chairman is to chair every general meeting or failing that then the deputy chair is to act as Chairman or failing that another director or even a shareholder can chair the meeting.
4. Rule 44 has been altered by deleting the words "the law" and including the words "the corporations act".
5. Rule 45 has been amended by referring to Rule 7(f) instead of Rule 8 and Rule 47 instead of Rule 48 and including an item (a) which reads
 "(a) subject to paragraphs (b) and (c), each shareholder present has one vote".
6. Rule 47 has been changed by deleting the word "the Law" and inserting the words "the Corporations Act".
7. Rule 47(3) has been amended to include the words "Rule 47(2)" instead of "This Rule".
8. Rule 47(4) has been expanded in respect of the appointment of proxies.
9. Rule 47(5) has been added to the Constitution to provide for electronic lodgement of proxies.
10. Rule 49 includes an additional provision that if a form does not contain the name of a proxy then it is to be taken to be in favour of the Chairman.
11. Rule 50A is a new Rule stating "The Company may pass a resolution without holding a general meeting where permitted by, and in accordance with, the Law.
12. Rule 51 has been amended by deleting the words "All directors are to be natural persons" and replacing them with the words
 "Each Director is to be a natural person".
13. Rule 52(2) has been amended to commence "Subject to Rule 62" and is thereafter the same.
14. Rule 54(1) has been amended to include the words "(including a prescribed office)" together with removal of the words "the Law" and inclusion of the words "the Corporations Act". In addition Rule 54(2) provides for the company paying superannuation contributions for each Director where required.
15. Rule 60(i)(iii) has been amended by deleting the words "the Law" and inserting "the Corporations Act" as has Rule 60 (i)(iv).
16. Rule 62 has been amended largely by rearrangement with varying the number of days a nomination notice for a Directorship must be left at the office and the addition of sub-clauses 6A, 6B, 6C and 6D which deal with Probity Checks by Victoria Police.

17. Rule 67 has been amended by deleting the words "the Law" and inserting the words "the Corporations Act".
18. Rule 73 has been changed to Rule 73 Sub-Section (1) and Rule 73 Sub-Section (2) with new provisions being contained in Rule 73 Sub-Section (2) which authorise and direct the Directors to carry into effect the provisions and intent of the arrangements under the franchise agreement and to make payments gifts or donations (out of current year profits or retained earnings) to community and charitable organisations for the benefit of the community or communities in which the company predominantly carries on business subject to the Directors having given consideration to the rate of return to the shareholders.
19. Rule 79 has been amended to provide specific requirements for use of the common seal and the signatories to the affixing of the common seal.
20. Rule 83(4) has been amended by removing the word "debentures" and inserting the word "securities" in lieu.
21. Rule 88 has a slight amendment concerning electronic transmissions.
22. Rule 89 has a slight change to deal with service of notices by electronic transmission. It also allows for other means of service permitted by the Corporations Act or as determined by the Board.
23. Rule 90 has a slight change to the wording with no material effect.
24. Rule 94(2) has been amended by removal of the words "the Law" and insertion of the words "the Corporations Act".
25. Rule 95 has been amended by deleting the former sub-clause Rule 95 sub-section (2).
26. Rule 95(3)(a) allows premiums to be paid by the company for insurance against any liability incurred by an officer of the company but deletes a reference to an officer of a subsidiary to the company and stands in lieu of the former Rule 95(4)(a).
27. Rule 95(5)(a)(ii) deletes any reference to a subsidiary of the company.
28. New Rule 96 covers Disposal of Restricted Securities where the company is listed on a Stock Exchange.

As you can see the changes have brought the Constitution up to date particularly in respect of listing requirements and the emphasis of the company on community and the community orientation of the shareholders.

We believe that the company should adopt the new Constitution.

Yours faithfully,

HENDERSON & BALL

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