



Australian Government

Takeovers Panel

# MEDIA RELEASE

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No: TP14/54

Thursday, 3 July 2014

## Sherwin Iron Limited – Panel Declines to Conduct Proceedings

The Panel has declined to conduct proceedings on an application dated 19 June 2014 from Mr Jerry Ren and his related parties Citizen International Investment Pte Ltd and Citizen International Investment Limited (together, “**Citizen Parties**”) in relation to the affairs of Sherwin Iron Limited.

The application concerned a 1 for 1 non-renounceable rights issue and a share purchase plan by Sherwin to raise up to approximately \$41 million and the potential effect on control arising from the Citizen Parties, who hold 78.17% of Sherwin, not participating (see [TP14/43](#)). At the request of the Citizen Parties, pursuant to section 249D of the *Corporations Act 2001*, Sherwin has convened a meeting of shareholders to consider removing three of the existing directors and replacing them with three directors nominated by the Citizen Parties, including Mr Jerry Ren.

The Panel questions the Sherwin board’s decision to delay holding the shareholders meeting until after the close of the rights issue. Despite some concerns with aspects of the structure of the rights issue, including its size and the discretion to place shortfall shares, the Panel largely considered that (among other things) Sherwin had a very considerable need for funds and, given this, it was unlikely that it would make orders as requested, namely not to proceed with the right issue.

Accordingly, the Panel declined to conduct proceedings.

The Panel noted the likely shortfall from the rights issue and considered that a fresh application could be made by the Citizen Parties, or a person interested, if events arising from Sherwin’s placement of shortfall shares warranted it.

The undertaking Sherwin gave (see [TP14/50](#)) is now at an end.

The sitting Panel was Geoff Brunson (sitting President), Mark Darras and James Dickson.

The Panel will publish its reasons for the decision in due course on its website [www.takeovers.gov.au](http://www.takeovers.gov.au).

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