

**Metlifecare Limited**

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24 March 2005

Listed Company Relations  
New Zealand Exchange Limited  
P O Box 2959  
WELLINGTON

Dear Sirs

**ANNUAL REPORT FOR YEAR ENDED 31 DECEMBER 2004**

Please find enclosed, three copies of the Metlifecare Limited Annual Report for the year ended 31 December 2004, Notice of Annual Meeting and Proxy form, as required under the New Zealand Exchange Limited Listing Rules.

Yours faithfully

A handwritten signature in black ink, appearing to read "K B De Suza". The signature is fluid and cursive, with a large initial "K" and a long, sweeping tail.

**K B De Suza**  
**Company Secretary**

Enclosure

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Level 2, Metlifecare House, 302 Great South Road, Greenlane, P O Box 37463, Parnell, Auckland

Phone 09 379 8070, Fax 09 377 2471, [www.metlifecare.co.nz](http://www.metlifecare.co.nz)  
P:\Executive\Kevin\Letters\2004\NZX - Annual Report 2004.doc

Experience**Metlifecare**



## Notice of Annual Meeting

Notice is given that the Annual Meeting of shareholders of Metlifecare Limited will be held at the Goldstar Room, 3rd Floor, Ellerslie Convention Centre, 80-100 Ascot Avenue, Ellerslie, Auckland on Thursday, 28 April 2005, commencing at 3:00pm.

### ORDINARY BUSINESS

#### **Chairman's Report, Chief Executive Officer's Report and Financial Statements**

1. To receive and consider the Chairman's Report, Chief Executive Officer's Report, Financial Statements and the Auditors' Report for the year ended 31 December 2004.

#### **Rotation of Directors**

2. In accordance with the Company's constitution, Dr Hylton LeGrice OBE and Mr Michael P. Stiasny retire by rotation and, being eligible, offer themselves for re-election.

#### **Auditors**

3. To record the automatic re-appointment of the Auditors, PricewaterhouseCoopers and to authorise the Directors to fix their remuneration for the current year.

### SPECIAL BUSINESS

#### **New Constitution (Special Resolution)**

4. To adopt the constitution tabled at the annual meeting in substitution for the existing constitution (as described in the Explanatory Note).

### VOTING BY PROXY

All shareholders entitled to attend and vote at the Annual Meeting are entitled to appoint a proxy to attend and vote for them instead. A proxy need not be a shareholder of the Company. A proxy form is enclosed and, if used, must be lodged at the offices of the Company's Share Registrar, Computershare Investor Services Limited (see proxy form for the address), not less than 48 hours before the time for the holding of the meeting (ie before 3:00pm on 26 April 2005).

By order of the Board of Directors.

A handwritten signature in black ink, appearing to read "K.B. De Suza".

K.B. De Suza  
Company Secretary  
24 March 2005



# Explanatory Note for Adoption of New Constitution

## ADOPTION OF A NEW CONSTITUTION

The Board proposes that the existing constitution is replaced with a new constitution.

A copy of the proposed new constitution is available to shareholders, free of charge, on request from the Company Secretary at PO Box 37463, Parnell, Auckland. You may also inspect a copy of the proposed new constitution at the registered office of the Company at Level 2, Metlifecare House, 302 Great South Road, Greenlane, Auckland.

To adopt the new constitution, a special resolution of shareholders is required under the Companies Act 1993. A special resolution is a resolution approved by 75% or more of the eligible votes cast on the resolution.

An explanation of the major differences between the proposed new constitution and the existing constitution is set out below. Most of the changes are required as a result of amendments made to the New Zealand Exchange Limited NZSX Listing Rules (the "Listing Rules") that the Company is required to implement at this annual meeting, or that came into force since the date of last year's annual meeting.

### **Listing Rules to override**

The proposed new constitution expressly provides in clause 1.8 that if any provision is inconsistent with the Listing Rules (as amended by any waiver or ruling relevant to the Company), the Listing Rules are to prevail.

### **Issue of new equity securities with shareholder approval**

In accordance with changes to the Listing Rules, clause 3.1.1 of the proposed new constitution extends the time limits on an issue of new equity securities where the issue has been approved by shareholders as follows:

- new equity securities must be issued within 36 months of the approval if they are issued to employees only; and
- new equity securities must be issued within 12 months in all other circumstances.

The previous time limits in the Listing Rules were 12 months and 6 months, respectively.

### **\$5,000 offers to existing holders of equity securities**

In addition to the existing provisions permitting pro rata issues of equity securities, in accordance with changes to the Listing Rules, clause 3.2.1(c) of the proposed new constitution allows the Company to issue equity securities without shareholder approval if:

- the securities are offered to holders of existing equity securities for an issue price not exceeding \$5,000 per holder; and
- the number of equity securities to be issued is not greater than 30% of the number of fully paid equity securities already on issue.

This enables the Company to raise capital without seeking shareholder approval by way of raising small sums from existing security holders.

Clause 3.4.4 of the proposed new constitution provides, in accordance with changes to the Listing Rules, that if securities have been issued to Directors or employees with shareholder approval, those securities cannot be re-priced or their terms amended, except in accordance with the relevant Listing Rules or with the approval of NZX or with further shareholder approval.

### **Other issues**

Clause 3.5.2 of the proposed new constitution includes the following additional situations in which, in accordance with changes to the Listing Rules, the Company may issue equity securities without shareholder approval:

- issues on the conversion of equity securities, or any other securities, where the terms and conditions of the issue of the "converting" security were approved by shareholders, if the terms of issue provided for conversion to the type of equity security to be issued; and



- issues in lieu of dividends or as part of a dividend reinvestment plan in specific circumstances, provided the issue (if accepted by all holders of the Company's equity securities) would maintain the existing proportionate voting and distribution rights of each existing holder relative to other holders of equity securities.

#### **Buy-backs of equity securities**

Clause 4.2.6 of the proposed new constitution incorporates amendments to the Listing Rules which increase the limit imposed on the Company when it acquires its own shares during any 12 month period from 10% to 15% of the total number of equity securities of the same class.

#### **Deletion of takeover and compulsory acquisition provisions**

As a result of amendments to the Listing Rules following the Takeovers Code coming into force, clauses 12 and 13 of the existing constitution are no longer required and have been deleted from the new constitution.

#### **Appointment and rotation of Directors**

The office of Deputy Chairperson has been removed following the Board's corporate governance review.

Clause 19.1 of the proposed new constitution reflects the new Listing Rule requirements that there be a minimum number of independent Directors (as defined in the Listing Rules) on the Board. A listed company is now required to have at least two independent Directors on its Board or, if there are eight or more Directors on the Board, three or one-third (rounded down to the nearest whole number) of the total number of Directors, whichever is the greater, must be independent Directors.

In accordance with changes to the Listing Rules, clause 19.1.1 of the new constitution requires the Board to identify which of its Directors it determines to be independent Directors. As set out in clause 19.1.2 of the new constitution, this determination must be made and notified to the market or contained in the annual report, as the case may require:

- no later than 10 business days following the Company's annual meeting each year;
- no later than 10 business days following the appointment of a Director by the Board; and
- prior to publication of the Company's annual report each year so that the annual report contains a statement as to which Directors are independent Directors and which Directors are not, as at the relevant balance date.

In accordance with changes to the Listing Rules, clause 19.3 of the proposed new constitution also requires the Company to make an announcement to the market no less than three months prior to the date of its proposed annual meeting advising of the opening and closing dates for Director nominations.

The notice of annual meeting of the Company is required to contain, or be accompanied by, notice of every nomination received by the Company before the closing date for nominations. The Company is required to specify in that notice the Board's view on whether each nominee would qualify as an independent Director. This change reflects a corresponding change to the Listing Rules.

#### **Audit Committee**

As a result of changes to the Listing Rules, the Company is required to have an audit committee comprising solely of Directors of the Company with a minimum of three members and a majority being independent Directors. One member must have an accounting or financial background. This is included in clause 23A of the new constitution.



### **Directors' remuneration**

The provisions of the Listing Rules governing the remuneration of Directors have been amended to expressly capture payments to Directors of subsidiaries of issuers (other than subsidiaries which are also listed). This is reflected in clause 19.7.1 of the new constitution.

The Listing Rules have also been amended to provide that payments to Directors on retirement or cessation of office must be authorised by an ordinary resolution of shareholders. Previously, the Listing Rules permitted such payments to be made without shareholder approval provided the payment did not exceed three years remuneration. This right is incorporated in the Company's existing constitution.

In order to reflect the rights and entitlements of existing Directors, the Listing Rules allow listed companies to make payments (without shareholder approval) to Directors who were in office on 1 May 2004 on their subsequent retirement or cessation of office, provided the total amount of that payment (or the pension base) does not exceed the total remuneration of the Director in his or her capacity as a Director in any three years chosen by the Company.

Accordingly, the Company is able, under clause 19.7.5, to make discretionary retirement or cessation of office payments to Directors who were in office on or before 1 May 2004, without shareholder approval.

### **Significant transactions**

Under the previous Listing Rule 9.1.1, the threshold above which shareholder approval was required in relation to significant transactions was 50% of the lesser of the "average market capitalisation" or the "gross value of assets" of the Company. The Listing Rules have altered that threshold to apply to transactions with a gross value exceeding 50% of the "average market capitalisation" of the Company as defined in the Listing Rules. The proposed new constitution reflects that new threshold in clause 24.6.

A takeover offer by the Company for a "Code Company" (as defined in the Takeovers Code Approval Order 2000) no longer requires approval as a "significant transaction" under Listing Rule 9.1.1 irrespective of the value or effect of the takeover. Clause 24.7 of the proposed new constitution reflects this change.

### **Related party transactions**

The Listing Rules have introduced some new exceptions for certain transactions which would otherwise require shareholder approval as related party transactions (i.e. "material transactions" with "related parties"). The proposed new constitution includes these new exceptions in clause 24.10.1. These exceptions are:

- employment agreements with natural persons who are not Directors of the Company or any of its subsidiaries; and
- "material transactions" having a total value of less than \$250,000.

The definition of "material transaction" (in the context of related party transactions) now includes the issue or buyback of securities having a market value in excess of 5% of the "average market capitalisation" of the Company.

In addition, the threshold in clause 24.10.3 for determining whether related party transactions require shareholder approval has been changed from 5% of the lesser of the Company's "average market capitalisation" and its "shareholders' funds", to 5% of the "average market capitalisation" of the Company.

### **NSX Waiver**

Due to the changes to the existing constitution comprising changes to reflect the recent amendments to the Listing Rules by way of including the specific provisions and other minor changes, NZX Regulation has granted a waiver from Listing Rule 6.1.3, which requires an independent solicitor's opinion on the new constitution.

### **Board recommendation**

The Board unanimously recommends that shareholders vote in favour of adopting the new constitution.



**Annual Meeting Thursday 28 April 2005 at 3:00pm.**

**ADMISSION CARD**

Goldstar Room, 3rd Floor, Ellerslie Convention Centre,  
80-100 Ascot Ave, Ellerslie, Auckland.

**If you propose TO ATTEND the Meeting:**  
Bring the Admission Card and Proxy/Voting form intact.

**If you DO NOT propose to ATTEND the Meeting but wish to be represented by proxy:**  
Complete the Proxy/Voting form below, detach this Admission Card and fold the form as indicated, seal and mail. The form is pre-addressed and requires no postage stamp if posted in New Zealand.

Shareholder Number: \_\_\_\_\_

**TEAR**

**PROXY FORM** (for use if you propose to appoint a proxy to attend the meeting on your behalf)

Holder No. \_\_\_\_\_ No. of voting securities \_\_\_\_\_

I/We \_\_\_\_\_

being a shareholder/shareholders of Metlifecare Limited, appoint\*

Name: \_\_\_\_\_ of \_\_\_\_\_

or failing him/her \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to exercise my/our vote at the Annual Meeting of the shareholders of the Company to be held on Thursday, 28 April, 2005 and at any adjournment of that meeting.

\* If you wish, you may appoint as your proxy 'The Chairman of the Meeting.'  
Unless otherwise instructed, the proxy will vote as he/she thinks fit.  
Should you wish to direct the proxy how to vote, please indicate with a (✓) in the appropriate boxes below.

**FOLD**

**VOTING INSTRUCTIONS/VOTING PAPER**

This part of the form can be used either as voting instructions for a proxy or as a voting paper at the meeting (if a poll is called).

This form is to be used to vote as follows on the resolutions below.

(Please note that if the shares are held jointly, the voting instructions given in this section are given on behalf of each joint holder).

Holder No. \_\_\_\_\_ No. of voting securities \_\_\_\_\_

**Ordinary Business** (Ordinary Resolutions)

1. Rotation of Directors.  
To re-elect Dr Hylton LeGrice DBE as a Director of the Company.  
To re-elect Mr Michael P. Stiasny as a Director of the Company.
2. Auditors.  
To authorise the Directors to fix the remuneration of the Auditors.

Tick (✓) the box that applies	
For	Against
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

**Special Business**

3. New Constitution (Special Resolution).  
To adopt the constitution tabled at the annual meeting in substitution for the existing constitution (as described in the Explanatory Note).

<input type="checkbox"/>	<input type="checkbox"/>
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Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2005

Signature/s \_\_\_\_\_