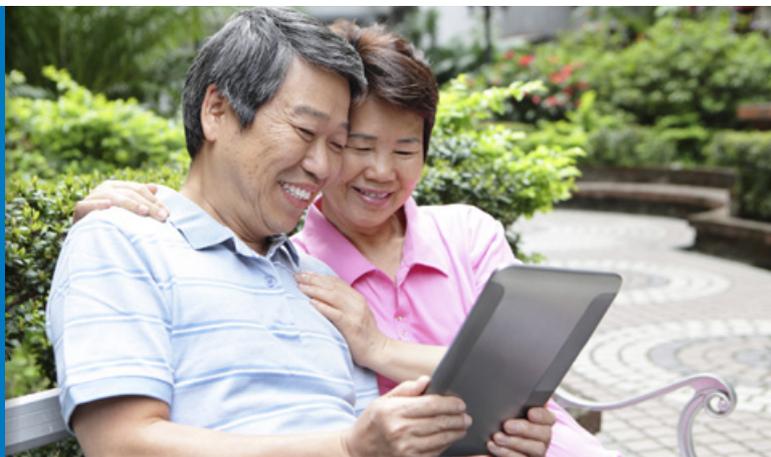


The Takeovers Code and Share Acquisitions

Buying a Parcel of shares from a Shareholder



The Takeovers Code applies to **Code Companies** – these are New Zealand registered companies that have:

- listed shares trading on the NZX, or
- 50 or more Shareholders and 50 or more Parcels of shares

Buying a Parcel of shares from a Shareholder

- What if a person wants to increase their ownership of shares in a Code Company to more than 20% of the company's shares?
- What if a person already owns more than 20% and wants to increase their level of ownership further?

This would be a Change of Control and means that the Takeovers Code has to be complied with.

If an Acquisition of a Parcel of shares would cause a Change of Control of the ownership of the company's shares then usually the other Shareholders will be asked by the company to approve the Acquisition at a Shareholders' meeting. The Takeovers Code sets out the information that has to be given to Shareholders to help them to decide how to vote on the Resolution about the Acquisition.

How does this affect you?

The company must send every Shareholder a notice of meeting that identifies the person who is wanting to buy and the person who is wanting to sell the Parcel of shares. The notice of meeting must also describe the percentage increase in the person's Voting Rights that would be caused by acquiring the Parcel of shares.

Shareholders will get to vote on the Resolution about the proposed Acquisition. You can vote for or against the Acquisition. The buyer and the Associates of that person are not allowed to vote on the Resolution. The Shareholder who is wanting to sell their Parcel of shares and the Associates of that Shareholder also cannot vote on the Resolution.

If the Acquisition is not approved by a majority by the Shareholders who vote on the Resolution, the Acquisition cannot be made.

How will you decide? Who will advise you?

You will receive advice to help you decide what to do:

- The directors of the Code Company will make a recommendation to Shareholders about how to vote on the Resolution for the Acquisition.
- You will also receive advice from an independent adviser about the merits of the Acquisition. That adviser will have been approved by the Takeovers Panel as being independent from the company and independent from the person who wants to increase their shareholding.

This Fact-Sheet explains the Takeovers Code in a simplified way. It should not be relied upon as providing a legal explanation. It does not give financial advice. Investors should not rely on it for understanding all of their rights and obligations under the Takeovers Code. Investors should take their own legal and financial advice from a qualified professional.



TAKEOVERS PANEL