

Code Company Schemes

The company is involved in a Scheme under the Companies Act 1993



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

What happens in a Code Company Scheme?

When a person wants to increase their ownership of Voting Rights in a Code Company, they can do so under the Takeovers Code or they can undertake a Code Company Scheme under the Companies Act. Either way, the Takeovers Panel has a role to ensure that Shareholders receive comprehensive information, including a report from an independent adviser about the merits of the Transaction.

A Scheme Proposal must be approved by the Shareholders, with the oversight of the High Court, before it can be carried out. The approval of Shareholders is sought at meetings held for each Interest Class of Shareholders. The Takeovers Panel decides whether it has any objection to the Scheme Proposal before the Scheme information is sent to Shareholders.

The High Court makes the final decision about whether the Scheme Proposal can be carried out. The Court makes this decision after the Shareholders have voted on the Resolution about the Scheme Proposal. If the Resolution is not passed by each Interest Class of Shareholders, the Court will not approve the Scheme Proposal.

How does this affect you?

The Scheme Promoter must send full information to every Shareholder about the Scheme Proposal.

Shareholders will get to vote on the Resolution about the Scheme Proposal. Your vote matters. You can vote for or against the Resolution. The Scheme Promoter and the Associates of the Scheme Promoter have to vote in a separate Interest Class from the other Shareholders.

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 normally make a recommendation to Shareholders about how to vote on the Resolution for the Scheme Proposal.
- You will also receive advice from an independent adviser about the merits of the Scheme Proposal. That adviser will have been approved by the Takeovers Panel as being independent from the Code Company and independent from the Scheme Promoter.

This Fact-Sheet explains Code Company Schemes 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 a Code Company Scheme. Investors should take their own legal and financial advice from a qualified professional.

