



Takeovers Code (Richina Pacific Limited) Exemption Notice 2002

Pursuant to section 45 of the Takeovers Act 1993, the Takeovers Panel gives the following notice (to which is appended a statement of reasons of the Takeovers Panel).

Contents

1	Title	5	Exemption from rule 7(d) of Code
2	Application	6	Exemption from rule 16(b) of Code
3	Expiry	7	Conditions of exemptions
4	Interpretation		

Notice

- 1 Title**
 This notice is the Takeovers Code (Richina Pacific Limited) Exemption Notice 2002.
- 2 Application**
 This notice applies to acts or omissions occurring on or after 3 December 2002.
- 3 Expiry**
 This notice expires on the close of 30 April 2003.
- 4 Interpretation**
 - (1) In this notice, unless the context otherwise requires,—
 - Act** means the Takeovers Act 1993
 - agreement** means the underwriting agreement between Richina and REHL dated 3 December 2002
 - Code** means the Takeovers Code approved by the Takeovers Code Approval Order 2000 (SR 2000/210)

issue means the proposed issue by Richina of up to 72,188,205 voting securities to be offered to its ordinary shareholders under pro rata renounceable rights to subscribe 1 voting security for every existing ordinary share in Richina

meeting means the meeting of the shareholders of Richina to be held on 20 December 2002 to consider whether or not to approve, for the purposes of rule 7(d) of the Code, the allotment of voting securities to REHL under the issue and the agreement

notice of meeting means the notice of the meeting that has been sent to the shareholders of Richina

REHL means Richina Enterprise Holdings Limited

Richina means Richina Pacific Limited

voting security means an ordinary share in Richina.

- (2) Any term or expression that is defined in the Act or the Code and used, but not defined, in this notice has the same meaning as in the Act or the Code.

5 Exemption from rule 7(d) of Code

REHL is exempted from rule 7(d) of the Code in respect of any increase in its voting rights in Richina resulting from the allotment of voting securities to REHL under the issue and the agreement to the extent that the notice of meeting does not comply with rule 16(b) of the Code.

6 Exemption from rule 16(b) of Code

Richina is exempted from rule 16(b) of the Code in respect of the notice of meeting.

7 Conditions of exemptions

- (1) The exemptions in clauses 5 and 6 are subject to the condition that the notice of meeting contains particulars of the voting securities that may be acquired by REHL under the issue and agreement, including—
- (a) the number of voting securities that would be allotted under the issue to REHL as a shareholder of Richina; and
 - (b) the maximum number of voting securities that would be allotted to REHL under the underwriting agreement if REHL had to meet its full underwriting commitment; and

- (c) the total number of voting securities that could be allotted to REHL under paragraphs (a) and (b) (which in this clause is called **the maximum REHL allotment**); and
 - (d) the total number of voting securities on issue after completion of allotments under the issue and the agreement; and
 - (e) a statement of the maximum REHL allotment expressed as a percentage of the total number of voting securities referred to in paragraph (d); and
 - (f) the maximum percentage of all voting securities that REHL could hold or control after completion of allotments under the issue and the agreement; and
 - (g) the maximum aggregate percentage of all voting securities that REHL and its associates could hold or control after completion of allotments under the issue and the agreement; and
 - (h) full particulars of the issue.
- (2) The exemptions in clauses 5 and 6 are subject to the further conditions that—
- (a) there is no change in the effective control of REHL between the date of the meeting and the date on which any allotment of voting securities is made under the issue; and
 - (b) REHL does not acquire any rights under the issue except rights acquired as a shareholder of Richina under its pro rata entitlement in the issue or under the agreement; and
 - (c) the notice of meeting contains a summary of the terms and conditions of the exemption granted in this notice.

Dated at Auckland this 13th day of December 2002.

The Common Seal of the Takeovers Panel was affixed in the presence of:

[L.S.]

D. O. Jones,
Deputy Chairperson.

Statement of reasons of Takeovers Panel

This note is not part of the notice, but is intended to indicate its general effect.

This notice applies to acts or omissions occurring on or after 3 December 2002 and expires on 30 April 2003.

The Takeovers Panel has granted exemptions to—

- Richina Enterprise Holdings Limited (**REHL**) in connection with rule 7(d) of the Takeovers Code (the **Code**); and
- Richina Pacific Limited (**Richina**) in connection with rule 16(b) of the Code.

Richina proposes to make a renounceable pro rata rights issue of approximately 72 million ordinary shares to its existing shareholders for an issue price of US 14.5 cents per share. It is proposed that the issue of shares will be underwritten by REHL, which currently holds approximately 25.5% of the voting rights in Richina. It is likely that REHL's percentage of voting rights in Richina will increase through underwriting the issue. If REHL was required to take up the maximum number of shares that it could be required to subscribe for under the underwriting agreement, its percentage of voting rights would increase to 62.75%.

Richina intends to obtain shareholder approval, in accordance with the Code, for the potential allotment of shares to REHL under the underwriting agreement. However, Richina cannot comply with rule 16(b) of the Code before completion of the issue, because it cannot state in the notice of meeting—

- the exact number of shares that would be allotted to REHL; and
- the exact percentage of voting rights in Richina that REHL would control after allotment.

These details would be known only after the issue had been completed and all allotments made.

The Takeovers Panel considers that it is appropriate to grant the exemptions because—

- pro rata rights issues and shareholder underwriting agreements are accepted means of raising equity capital in New Zealand and the Takeovers Panel should facilitate these arrangements by exemption where necessary; and
- by approving the allotment of shares to REHL under the underwriting agreement, which potentially requires REHL to

subscribe for all the shares to be issued, the shareholders approve the maximum possible increase in REHL's percentage of voting control, and by implication approve also any lesser percentage of control acquired by REHL following the allotment of the shares.

The Takeovers Panel considers that the exemptions are consistent with the objectives of the Code because the non-associated shareholders of Richina will have an opportunity to vote on the allotment of voting securities to REHL.

Issued under the authority of the Acts and Regulations Publication Act 1989.
Date of notification in *Gazette*: 18 December 2002.
This notice is administered by the Takeovers Panel.
