

7. ISSUES AND BUY BACKS OF EQUITY SECURITIES

7.1 LISTING DOCUMENTATION

7.1.1 Offering Document: An Applicant for Listing or an NZAX Issuer shall prepare an Offering Document if required to do so by the Securities Act 1978 and where the NZAX Issuer is required by law to do so, the Offering Document shall be delivered to each subscriber prior to subscription and a copy of any Offering Document delivered to a subscriber shall be retained by the NZAX Issuer. The Offering Document shall comply with the Securities Act 1978, the Securities Regulations 1983 and any other applicable legislation.

7.1.2 Offering Document Additional Term: Every Offering Document shall include in its subscription application a field for subscribers to insert their CSN number (if any).

7.1.3 Disclosure Document: Where an Applicant for Listing on the NZAX is not required to prepare an Offering Document it shall prepare a Disclosure Document. The Disclosure Document shall comprise all matters set out in appendix 3 of the NZAX Listing Rules and following approval of the Disclosure Document by NZX, the NZAX Issuer shall:

- (a) post on the NZAX Internet website for public inspection, the Disclosure Document and all other material information as required by NZX from time to time; and
- (b) retain and make available to an investor upon request, copies of the Disclosure Document, financial statements, audit reports and material contracts.

7.1.4 Approval of Offering Document and Disclosure Document: Any Offering Document or Disclosure Document prepared pursuant to NZAX Listing Rules 7.1.1 or 7.1.3 above, shall be submitted to NZX for approval pursuant to NZAX Listing Rule 6.1.

The Offering Document and any Advertisement in relation to the Offer must also include the following statement or such other statement as NZX may require:

“The Company has applied to NZX for listing as an NZAX Issuer. All the requirements of NZX for Quoting of Securities, that can be complied with on or before the date of distribution of this Offering Document, have been complied with. However NZX accepts no responsibility for any statement in this Offering Document. NZX has authorised the NZX Sponsor to act in this Offer.”

In its review for the purposes of approval of the Offering Document pursuant to NZAX Listing Rule 6.1.1, NZX will pay particular attention to the adequacy of the description of risks, business description and drivers of future performance to ensure a fair representation of the future prospects of the NZAX Issuer is provided.

- 7.1.5 Subscriptions Reserved:** Every Offering Document shall state the number and percentage of Securities of any Class which have been reserved for any class of applicant or are otherwise not available for application by Members of the Public, including Securities which are not part of the issue or are not offered under the Offering Document, and the names or description of any class of persons to whom any preference in allotment is to be given. NZX may in any particular case require the inclusion of a statement to this effect in any Advertisement.
- 7.1.6 Variation of Rates of Commission:** No Offering Document shall include provision for the variation of the rate of commission payable in respect of subscription for the Securities concerned unless it also states the maximum rate which may be payable.
- 7.1.7 Lodgement of Applications:** Every Offering Document, after stating that applications may be made to the NZAX Issuer, shall state that they may be lodged with any Primary Market Participant, or any other channel approved by NZX (in that order) in time to enable forwarding to the appropriate place prior to the application closing date.
- 7.1.8 Over-subscriptions:** Every Offering Document shall state the method of dealing with over-subscriptions, and the maximum amount of over-subscriptions which will be accepted.
- 7.1.9 Subscription Refunds:** Each Offering Document shall specify:

- (a) the period within which a refund of subscription moneys will be made to applicants for Securities to whom allotments are not made; and
- (b) whether or not interest will be paid on amounts refunded in terms of (a), and, if so, the basis upon which interest will be calculated.

7.1.10 Variation of Interest Rates: If an Offering Document contains provision for variation in interest rates or other rates of return, the NZAX Issuer shall advise any reduction in rates to subscribers who apply for Securities otherwise than on the basis of the reduced rates. Unless those subscribers confirm their application for Securities, those Subscribers shall be repaid their subscription moneys within the period specified in accordance with NZAX Listing Rule 7.1.9, together with any interest referred to in NZAX Listing Rule 7.1.9.

7.1.11 Dividend Policy: Every Offering Document for Equity Securities shall specify the Directors' intentions and expectations as to the NZAX Issuer's future dividend policy.

7.1.12 Statements in Offering Documents or Advertisements: Any statement required by the NZAX Listing Rules to be contained in an Offering Document or Advertisement shall be sufficiently prominent and legible so as to come to the attention of a reasonable person reading or viewing that Offering Document or Advertisement.

7.2 SUBSEQUENT PUBLIC OFFERS

7.2.1 Issue under section 7 or Pre-break announcement: Any time following its Initial Public Offer, an NZAX issuer may raise additional capital either in accordance NZAX Listing Rule 7.3, or following a Pre Break Announcement, and satisfaction of the other requirements of NZAX Listing Rule 10.2.

7.2.2 Consultation with NZX Sponsor: An NZAX Issuer wishing to raise additional capital from the public must consult a NZX Sponsor in relation to such a proposal. The NZAX Issuer's Securities will continue to be Quoted and trade on the NZAX throughout the offer.

- 7.2.3 Subsequent Public Offer Document:** The NZAX Issuer must comply with NZAX Listing Rule 7.1.1 for each Subsequent Public Offer.
- 7.2.4 Approval of Subsequent Offer Document:** The NZAX issuer shall provide the following documents to NZX for approval pursuant to NZAX Listing Rule 6.1 for each Subsequent Public Offer:
- (a) the Offering Document;
 - (b) an updated NZX Sponsor’s declaration;
 - (c) additional financial statements and audit reports; and
 - (d) any other material information.
- 7.2.5 Public Inspection of Offer Document:** Following approval by NZX, the documents outlined in NZAX Listing Rule 7.2.4 shall be posted for public inspection on the NZAX website, copies of the documents shall be made available to prospective investors on request and a copy of those documents shall be retained by the NZAX Issuer for evidential purposes.
- 7.2.6 Making of Offer:** The NZAX Issuer shall then make the offer to the public by either:
- (a) providing the Offering Document to each prospective investor with acceptance in the usual manner; or
 - (b) by placement of the Securities on the NZAX market, by way of filing an offer notice, in accordance with NZAX Listing Rule 7.2.7 and receiving application by way of orders placed via Trading Participants for their clients on the NZAX, and accepted by the NZAX Issuer’s Trading Participant and processed by the order matching and settlement through NZX’s FASTER system.
- 7.2.7 Offer Announcement:** Where an NZAX Issuer makes the offer to the public by way of filing an offer notice pursuant to NZAX Listing Rule 7.2.6(b), that notice shall be posted on the NZAX website, shall be announced to the market and shall comprise the following information:

- (a) the intention to make the offer;
- (b) the date of commencement of the offer;
- (c) the maximum amount offered;
- (d) that an Offering Document is available on the NZAX website and on request from the NZAX issuer;
- (e) the internet address of the NZAX issuer's NZAX website; and
- (f) where applicable, a statement that the offer is been made with the benefit of an exemption, that the NZAX issuer is not under an obligation to ensure investors receive an Offering Document before placing an order for Securities, and encouraging investors to obtain and review a copy of that Document prior to placing an order.

7.2.8 Offers through FASTER System Only: NZAX Listing Rules 7.2.6 and 7.2.7 shall only apply to shares allotted through the FASTER system.

7.3 ISSUES OF NEW EQUITY SECURITIES

7.3.1 Prohibition on Issue: No NZAX Issuer shall issue any Equity Securities (including on Conversion of any other Security) unless:

- (a) the precise terms and conditions of the specific proposal to issue those Equity Securities have been approved (subject to NZAX Listing Rule 7.3.3) by separate resolutions (passed by a simple majority of Votes) of holders of each Class of Quoted Equity Securities of the NZAX Issuer whose rights or entitlements could be affected by that issue, and that issue is completed within the time specified in NZAX Listing Rule 7.3.2; or
- (b) the issue is made in accordance with any of NZAX Listing Rules 7.3.4 to 7.3.9; or
- (c) the issue is made following a Pre Break Announcement, and satisfaction of the other requirements of NZAX Listing Rule 10.2.

1. **NZAX Listing Rule 9.3.1 deals with the persons entitled to vote on a resolution under this NZAX Listing Rule.**
2. **The attention of NZAX Issuers is drawn to NZAX Listing Rule 8.1, which may apply to the issue of Equity Securities which carry Votes.**

7.3.2 Time Limit: An issue authorised by resolutions passed pursuant to NZAX Listing Rule 7.3.1(a) shall be completed:

- (a) if that issue is made solely to Employees (as defined in NZAX Listing Rule 7.3.6) within 36 months after the passing of those resolutions; or
- (b) in all other circumstances, within twelve months after the passing of those resolutions.

7.3.3 Exception: A resolution pursuant to NZAX Listing Rule 7.3.1(a) of the holders of a Class of Securities shall not be required if:

- (a) the terms of issue of those Securities expressly reserved the right to make the issue of new Equity Securities in question, and specified at least the maximum number, and Class, of new Equity Securities which could be issued, and the time within which they could be issued; or
- (b) those Securities were issued before 1 September 1994 on terms that the holders of those Securities would not be entitled to vote on a resolution of the nature referred to in NZAX Listing Rule 7.3.1(a); or
- (c) those Securities were issued on terms that the holders of those Securities would vote together with the holders of another Class or Classes of Equity Securities on a resolution of the nature referred to in NZAX Listing Rule 7.3.1(a) and the issue is approved by a resolution (passed by a simple majority of Votes) of holders of all the relevant Classes voting together.

7.3.4 Pro rata and \$5,000 Offers: An NZAX Issuer may issue Equity Securities if:

- (a) those Equity Securities are offered to holders of existing Equity Securities of the NZAX Issuer on a basis which, if the offer were accepted by all such holders, would maintain the existing proportionate rights of each existing holder (relative to other holders of Equity Securities) to Votes and to Distribution Rights, and that offer is Renounceable; or
- (b) those Equity Securities are issued to holders of existing Equity Securities of the NZAX Issuer as fully paid Securities on a basis which maintains the existing proportionate rights of each existing holder (relative to other holders of Equity Securities) to Votes and to Distribution Rights; or
- (ba) those Equity Securities are offered to all holders of existing Equity Securities of the NZAX Issuer carrying Votes for consideration not exceeding \$5,000 per existing Equity Security holder (being the registered holder or, in the case of Securities held through a custodian, the beneficial owners of the Securities) and the number of Equity Securities to be issued is not greater than 30% of the number of fully paid Equity Securities carrying Votes already on issue.

Notwithstanding (a) (b) and (ba), the NZAX Issuer shall be entitled:

- (c) to issue any Equity Securities in respect of which an offer is not accepted, or which because of fractional entitlements are not otherwise offered, to such persons and in such manner as the Directors consider equitable and in the interests of the NZAX Issuer, provided that the price and terms and conditions of the issue of such Equity Securities are not materially more favourable to the persons to whom they are issued than the terms of the original offer and the issue is completed within 3 months after the close of the original offer; and
- (d) to offer and issue Equity Securities to the holders of existing Securities in accordance with specific rights attached to those existing Securities to participate in issues of Equity Securities, notwithstanding that the effect may be that existing proportionate rights to Votes and Distribution Rights are not maintained; and

- (e) to authorise a disproportionate offer to the extent necessary to round up holdings of Equity Securities to a Minimum Holding, or to avoid the creation of holdings which are not Minimum Holdings; and
- (f) to not offer or issue Equity Securities to holders of existing Equity Securities the terms of which expressly exclude the right to participate in the relevant offer or issue; and
- (g) to not offer or issue Equity Securities to holders of existing Securities in a jurisdiction outside New Zealand if the legal requirements of that jurisdiction are such that it is unduly onerous for the Issuer to make the offer in that jurisdiction provided that in the case of Renounceable Rights, the Issuer shall arrange the sale of any Renounceable Rights to the relevant Equity Securities and to account to holders in that jurisdiction for the proceeds.

In this NZAX Listing Rule 7.3.4, "**Distribution Right**" means a right of the nature referred to in paragraph (a) or paragraph (b) of the definition of "Equity Security" in NZAX Listing Rule 1.1.2.

1. **NZAX Listing Rule 7.3.4 allows the Directors to make a pro rata fully paid bonus issue, or pro rata renounceable cash issue, without prior approval of Equity Security holders.**
2. **NZAX Listing Rule 7.3.4(d) is intended to allow holders of Securities with rights to participate in cash or bonus issues of Equity Securities to participate in those issues. Note however that a Security which carries the right to participate in issues of Equity Securities will in itself be an Equity Security (see paragraph (d) of the definition of "Equity Security" and the definition of "Convert" in NZAX Listing Rule 1.1.2). Accordingly, the issue of such a Security will itself fall within NZAX Listing Rule 7.3.**

7.3.5 Issues Within 20% Limit: An NZAX Issuer may issue Equity Securities if:

- (a) the issue is not made in whole or in part to any Director of the NZAX Issuer, Associated Person of a Director or Employee (as defined in NZAX Listing Rule 7.3.6) of the NZAX Issuer; and

- (b) the total number of Equity Securities issued, and all other Equity Securities of the same Class issued pursuant to this NZAX Listing Rule 7.3.5 during the shorter of the period of 12 months preceding the date of the issue and the period from the date on which the NZAX Issuer was Listed to the date of the issue, will not exceed the aggregate of:
- (i) 20% of the total number of Equity Securities of that Class on issue at the commencement of that period; and
 - (ii) 20% of the number of the Equity Securities of that Class issued during that period pursuant to any of NZAX Listing Rules 7.3.1(a), 7.3.4, 7.3.6 and 7.3.9; and
 - (iii) any Equity Securities of that Class issued pursuant to this NZAX Listing Rule 7.3.5 during that period, the issue of which has been ratified by an Ordinary Resolution of the NZAX Issuer; and
- less
- (iv) 20% of the number of Equity Securities of that Class which have been acquired or redeemed by the NZAX Issuer during that period (other than Equity Securities held as Treasury Stock):

Provided that for the purposes of this NZAX Listing Rule 7.3.5:

- (c) Securities which will, or may, Convert to other Equity Securities shall be deemed to be of the same Class as, and to correspond in number to, the Equity Securities into which they will, or may, Convert; and
- (d) where the conversion ratio is fixed by reference to the market price of the underlying Equity Securities, the market price, unless otherwise specified in the terms of the issue, shall be the volume weighted average market price over the 20 Business Days before the earlier of the day the issue is made or announced to the market.

1. NZAX Listing Rule 9.3.1 deals with the persons entitled to vote on a resolution under this NZAX Listing Rule 7.3.5.
2. NZAX Listing Rule 7.3.5(b)(iii) allows an NZAX Issuer to renew its capacity to issue Securities within the 20% limit when it has been used, by obtaining subsequent Equity Security holder ratification of the issue which has already been made.

7.3.6 Employee Share Issues: An NZAX Issuer may issue Equity Securities if:

- (a) the issue is made to Employees of the NZAX Issuer; and
- (b) the issue is of a Class of Securities already on issue; and
- (c) the total number of Securities issued, and all other Equity Securities of the same Class issued to Employees of the NZAX Issuer pursuant to this NZAX Listing Rule 7.3.6 during the shorter of the period of 12 months preceding the date of the issue and the period from the date on which the NZAX Issuer was Listed to the date of the issue, does not exceed 5% of the aggregate of:
 - (i) the total number of Equity Securities of that Class on issue at the commencement of that period; and
 - (ii) the total number of Equity Securities of that Class issued during that period pursuant to any of NZAX Listing Rules 7.3.1(a), 7.3.4, 7.3.5, and 7.3.9.

Provided that for the purposes of this NZAX Listing Rule 7.3.6:

- (e) , Equity Securities which will, or may, Convert to other Equity Securities shall be deemed to be of the same Class as, and to correspond in number to, the Equity Securities into which they will, or may, Convert; and
- (f) where the conversion ratio is fixed by reference to the market price of the underlying Equity Securities, the market price, unless otherwise specified in the terms of the issue, shall be the volume weighted average market price over the 20 Business Days before the earlier of the day the issue is made or announced to the market.

Directors and Associated Persons of Directors shall not participate in any such issue unless the scheme for such participation and the precise levels of entitlement for each such person have been previously approved by an Ordinary Resolution of the NZAX Issuer.

In NZAX Listing Rule 7.3.6 and 7.3.8, "**Employee**" in relation to an NZAX Issuer includes an employee or officer of the NZAX Issuer or any of its Subsidiaries, a labour only contractor, consultant, or consultant company who or which contracts with the NZAX Issuer or any of its Subsidiaries, any trustee or trustees on behalf of any of the above employees or officers, and any trustee or trustees of or in respect of any pension, superannuation or like fund established for the benefit of any of the above employees or officers.

1. **NZAX Listing Rule 9.3.1 in Appendix 1 deals with the persons entitled to vote on a resolution under this NZAX Listing Rule 7.3.6.**
2. **Any agreement involving a transaction referred to in this NZAX Listing Rule 7.3.6 which requires prior approval by an Ordinary Resolution of the NZ AX Issuer must comply with NZAX Listing Rule 1.12.**

7.3.7 Exception: For the purposes of NZAX Listing Rule 7.3.6, an issue to a Director, or an Associated Person of a Director, solely in that person's capacity as a trustee of a bona fide employee share scheme, superannuation scheme, or the like, in which that Director or Associated Person has no beneficial interest, shall be deemed not to be an issue to a Director or Associated Person of a Director, or an issue in which Directors or Associated Persons participate.

7.3.8 Repricing: Except as provided in NZAX Listing Rules 8.1.5 and 8.1.6, no NZAX Issuer may reprice or amend the terms of any Securities issued with Shareholders' approval to or for the benefit of Employees or Directors under NZAX Listing Rule 7.3, in their capacity as such, without either the approval of NZX or a further Ordinary Resolution of the shareholders resolving to approve the repricing or amendment.

NZX may waive the prohibition on a Director or Associated Person having a beneficial interest in the scheme in question if NZX is

satisfied that the beneficial interest is determined by criteria applying to employees generally, and would not, if all relevant factors were publicly disclosed, reasonably be seen as being materially influenced by the relevant relationships.

7.3.9 Other Issues: An NZAX Issuer may issue Equity Securities if:

- (a) the issue is made as consideration in an offer made by the NZAX Issuer in accordance with:
 - (i) any takeovers code approved under the Takeovers Act 1993; or
 - (ii) the provisions of the Constitution or Trust Deed of another issuer which comply with section 4 where that other Issuer is not a Code Company; or
 - (iii) any takeover law regime of a jurisdiction other than New Zealand which provides for prior notice, publicity and disclosure which in the opinion of NZX is at least as useful to the recipients of the offer as the requirements of one or more of the provisions referred to in (i) or (ii);

and that offer is made to all holders (other than the NZAX Issuer and its Related Companies) of Equity Securities in any company or other entity, Listed on NZAX or on a Recognised Stock Exchange, which is not a company or other entity that is an Associated Person of the NZAX Issuer or of any Director of the NZAX Issuer; or

- (b) the issue is made upon Conversion of:
 - (i) an Equity Security; or
 - (ii) any other Security, which on issue was approved in the manner set out in NZAX Listing Rule 7.3.1(a), as if NZAX Listing Rule 7.3.1(a) applied to that Security;

from time to time issued by the NZAX Issuer if the terms of issue of those Securities provided for Conversion to the kind of Security issued; or

- (c) the issue is made to an existing holder of Equity Securities of the NZAX Issuer in order to bring that holder's holding up to a Minimum Holding; or
- (d) the issue is made pursuant to an arrangement, amalgamation or compromise effected pursuant to Part XIII or Part XV of the Companies Act 1993; or
- (e) the issue is made pursuant to a plan for the issue of Securities in lieu of dividends or as part of a dividend re-investment plan that entitles an existing Security holder to subscribe for Securities by applying all or any specified part of any dividend declared by an NZAX Issuer and payable to that person, and which issue or dividend reinvestment plan would , except to the extent that the plan excludes existing holders in a jurisdiction outside New Zealand if the legal requirements of that jurisdiction are such that it is unduly onerous for the Issuer to extend the plan to that jurisdiction, maintain the existing proportionate right of each existing holder relative to other holders of Equity Securities to Votes and Distribution Rights, if the offer were accepted by all such holders.

1. NZX may waive the condition which excludes issues in connection with takeovers of Associated Persons where it is satisfied that:

- (a) **the issue is not intended to:**
 - (i) **increase or entrench any effective controls of the NZAX Issuer by persons who are not Members of the Public; or**
 - (ii) **materially change the relative positions of other holders in relation to the effective control of the NZAX Issuer; and/or**
- (b) **the likelihood that the proposal to issue the Securities is motivated by the personal interest of those in effective control of the NZAX Issuer (in distinction to the interests of the holders not associated with them) is insignificant in relation to the expense and inconvenience involved in obtaining approval under NZAX Listing Rule 7.3.1.**

2. **Issues pursuant to any paragraph of NZAX Listing Rule 7.3.9 (and in particular paragraphs (a) and (d)) may require to be approved by Security holders pursuant to NZAX Listing Rules 7.5 or 9.2.**

7.3.10 Treasury Stock: A transfer, by an NZAX Issuer which is a company registered under the Companies Act 1993, of Treasury Stock of that NZAX Issuer shall for the purposes of this NZAX Listing Rule 7.3 be deemed to constitute an issue of Equity Securities.

7.4 ENTITLEMENTS TO THIRD PARTY SECURITIES

Entitlements conferred by the holding of Equity Securities of an NZAX Issuer, to Securities of a third party (whether or not that third party is an NZAX Issuer), shall not be created or conferred other than in compliance with NZAX Listing Rule 7.3 (or following a Pre Break Announcement, and satisfaction of the other requirements of NZAX Listing Rule 10.2), as if such Securities comprised an issue of Equity Securities of the NZAX Issuer.

7.5 ISSUES AND BUYBACKS OF SECURITIES AFFECTING CONTROL

Notwithstanding the provisions of NZAX Listing Rules 7.3 and 7.6, no issue, acquisition, or redemption of Securities shall be made by an NZAX Issuer if:

- (a) there is a significant likelihood that the issue, acquisition, or redemption will result in any person or group of Associated Persons materially increasing their ability to exercise, or direct the exercise of (either then or at any future time) effective control of that NZAX Issuer; and
- (b) that person or group of Associated Persons is entitled before the issue, acquisition, or redemption to exercise, or direct the exercise of, not less than 1% of the total Votes attaching to Securities of the NZAX Issuer;

unless the precise terms and conditions of the issue, acquisition or redemption have been approved by an Ordinary Resolution of the NZAX Issuer.

1. In determining whether a person or group of Associated Persons has materially increased their ability to exercise effective control of an NZAX Issuer, regard should be had to all relevant circumstances, such as other holdings of Securities of the NZAX Issuer, and the crossing of significant shareholding or control thresholds.
2. NZX will regard NZAX Listing Rule 7.5 as applicable where a shareholder or Associated Person underwrites or sub-underwrites a Rights or other issue and a shortfall results in the underwriter or sub-underwriter, or group of Associated Persons including the underwriter or sub-underwriter, materially increasing its ability to exercise effective control of the NZAX Issuer. Accordingly, if there is a significant likelihood of that occurring, any such underwriting arrangement should be approved by an Ordinary Resolution or be the subject of a waiver granted by NZX, before it is entered into.
3. NZAX Listing Rule 9.3.1 deals with the persons entitled to vote on a resolution under this NZAX Listing Rule 7.5.
4. Any agreement involving a transaction referred to in this NZAX Listing Rule 7.5 must comply with NZAX Listing Rule 1.9.

7.6 BUY BACKS OF EQUITY SECURITIES, REDEMPTION OF EQUITY SECURITIES, AND FINANCIAL ASSISTANCE

7.6.1 Prohibition on Acquisition: An NZAX Issuer shall not acquire or redeem Equity Securities of that NZAX Issuer other than by way of:

- (a) an acquisition effected by offers made by the NZAX Issuer through NZX's order matching market, or through the order matching market of a Recognised Stock Exchange; or
- (b) an acquisition effected in compliance with section 60(1)(a) (read together with section 60(2)) of the Companies Act 1993; or
- (c) an acquisition of the nature referred to in section 61(7) of the Companies Act 1993; or

- (d) an acquisition or redemption approved in accordance with NZAX Listing Rule 7.6.6; or
- (e) an acquisition required by a shareholder of the NZAX Issuer pursuant to sections 110 or 118 of the Companies Act 1993; or
- (f) an acquisition effected in compliance with section 60(1)(b)(ii) (read together with section 61) of the Companies Act 1993 and:
 - (i) is made only from any person who is not a Director, Associated Person of a Director or Employee (as defined in NZAX Listing Rule 7.3.6) of the NZAX Issuer; and
 - (ii) the total number of Equity Securities of the same Class acquired together with all other Equity Securities of the same Class as those Equity Securities that are to be acquired, pursuant to this NZAX Listing Rule 7.6.1(f) during the shorter of the period of 12 months preceding the date of the acquisition and the period from the date on which the NZAX Issuer was Listed to the date of the acquisition, will not exceed 20% of the total number of Equity Securities of that Class on issue at the commencement of that period; or
- (g) a redemption from a holder who holds less than a Minimum Holding; or
- (h) a redemption of Equity Securities issued:
 - (i) before 1 September 1994; or
 - (ii) in compliance with NZAX Listing Rule 7.3.1(a) or 7.3.4, where the Issuer is bound or entitled to redeem those Equity Securities pursuant to their terms of issue; or
- (i) a redemption in compliance with section 69(1)(a) of the Companies Act 1993; or
- (j) a redemption of Equity Securities that are debt Securities which may be Converted into shares in an Issuer which is a company, and, before that Conversion, they are redeemed in cash;

- (k) an acquisition or redemption following a Pre Break Announcement, and satisfaction of the other requirements of NZAX Listing Rule 10.2.

Provided that for the purposes of NZAX Listing Rule 7.6.1(f):

- (l) Securities which will, or may, convert to other Equity Securities shall be deemed to be of the same Class as, and to correspond in number to, Securities into which they will, or may, convert; and
- (m) where the Conversion ratio is fixed by reference to the market price of the underlying Securities, the market price for the purposes of this NZAX Listing Rule 7.6.1(f) shall be the average end of day market price over the 20 Business Days before the earlier of the day the acquisition is entered into or announced to the market.

7.6.2 Prior Notice of Acquisition: Before an NZAX Issuer acquires Equity Securities of that NZAX Issuer, other than an acquisition from a holder who holds less than a Minimum Holding, the NZAX Issuer shall give at least three Business Days notice to NZX. That notice shall:

- (a) specify a period of time not exceeding 12 months from the date of the notice within which the NZAX Issuer will acquire Equity Securities; and
- (b) specify the Class and maximum number of Equity Securities to be acquired in that period:

Provided that an NZAX Issuer may at any time by three Business Days' notice to NZX vary any notice so given and may cancel such notice at any time.

As to subsequent notice of acquisition of Equity Securities, see NZAX Listing Rule .7.11.1.

7.6.3 Prohibition on Financial Assistance: An NZAX Issuer shall not give financial assistance for the purpose of, or in connection with, the acquisition of Equity Securities issued or to be issued by the NZAX Issuer unless the giving of that assistance:

- (a) complies with NZAX Listing Rule 7.6.4; or
- (b) is approved in accordance with NZAX Listing Rule 7.6.5.

7.6.4 Permitted Financial Assistance: An NZAX Issuer may give financial assistance of the nature referred to in NZAX Listing Rule 7.6.4 if:

- (a) the financial assistance is not given in whole or in part to any Director of the NZAX Issuer, Associated Person of a Director or Employee (as defined in NZAX Listing Rule 7.3.6) of the NZAX Issuer, and the amount of the financial assistance, together with the amount of all other financial assistance given under this paragraph (a) by the NZAX Issuer during the shorter of the period of 12 months preceding the date of giving of the financial assistance, and the period from the date on which the NZAX Issuer was Listed to the date of giving of the financial assistance, does not exceed 5% of the Average Market Capitalisation of the NZAX Issuer; or
- (b) the financial assistance is given to Employees (as defined in NZAX Listing Rule 7.3.6) of the NZAX Issuer and:
 - (i) the amount of the financial assistance, together with the amount of all other financial assistance given under this paragraph (b) by the NZAX Issuer during the shorter of the period of 12 months preceding the date of giving of the financial assistance, and the period from the date on which the NZAX Issuer was Listed to the date of giving of the financial assistance, does not exceed 2% of the Average Market Capitalisation of the NZAX Issuer; and
 - (ii) the amount of the financial assistance, together with the amount of all other financial assistance given under NZAX Listing Rule 7.6.5(b)(i) during the shorter of the period of five years preceding the date of giving of the financial assistance and the period from the date on which the NZAX Issuer was

Listed to the date of giving of the financial assistance, does not exceed 5% of the Average Market Capitalisation of the NZAX Issuer; and

- (iii) the financial assistance is not given to any Director of the NZAX Issuer or Associated Person of a Director; or
- (c) the financial assistance is offered or given so that all holders of Equity Securities of the NZAX Issuer are treated, or given the opportunity to be treated, on the same basis.

NZX may waive the restriction in NZAX Listing Rule 7.6.5(b)(iii) on Directors and Associated Persons participating in financial assistance given to Employees:

- (a) so far as it affects assistance given to bona fide full time employees who are Directors, or Associated Persons of Directors, where NZX is satisfied that the amounts and terms of the assistance will be determined according to criteria applying generally to all employees eligible to receive the assistance, and would not, if all relevant factors were publicly disclosed, be reasonably seen as being materially influenced by the relationship; and/or
- (b) where NZX is satisfied that the assistance is not likely disproportionately to benefit the persons controlling the NZAX Issuer and those associated with them.

7.6.5 Acquisition, Redemption or Assistance With Approval of Holders: An NZAX Issuer may acquire or redeem Equity Securities under NZAX Listing Rule 7.6.1(d), or give financial assistance under NZAX Listing Rule 7.6.4(b), if the precise terms and conditions of the specific proposal (the "**Proposal**") to acquire or redeem those Equity Securities, or of the giving of that financial assistance, have been approved by separate resolutions (passed by a simple majority of Votes) of members of each separate group of each Class of Quoted Equity Securities of the NZAX Issuer whose rights or entitlements are materially affected in a similar way by the Proposal.

Any agreement involving a transaction referred to in this NZAX Listing Rule must comply with NZAX Listing Rule 1.9.

7.6.6 Time Limit: A Proposal authorised by resolutions passed pursuant to NZAX Listing Rule 7.6.5 shall be completed:

- (a) if that Proposal is transacted solely with Employees (as defined in NZAX Listing Rule 7.3.6) within 36 months after the passing of those resolutions; or
- (b) in all other circumstances, within twelve months after the passing of those resolutions.

7.6.7 Exception: For the purposes of NZAX Listing Rule 7.6.4(b)(iii) financial assistance given to a Director or an Associated Person of a Director solely in that person's capacity as a trustee of a bona fide employee share scheme, superannuation scheme, or the like, in which that Director or Associated Person has no beneficial interest, shall be deemed not to be financial assistance given to a Director or Associated Person of a Director.

NZX may waive the prohibition on a Director or Associated Person having a beneficial interest in the scheme in question if NZX is satisfied that the beneficial interest is determined by criteria applying to employees generally, and would not, if all relevant factors were publicly disclosed, reasonably be seen as being materially influenced by the relevant relationships.

7.6.8 Application of NZAX Listing Rule 7.6: Equity Securities:

- (a) of an NZAX Issuer which is not a company registered under the Companies Act 1993; or
- (b) which are not shares of a company registered under the Companies Act 1993;

may be acquired or redeemed under NZAX Listing Rule 7.6.1(b), (c) (f) and 7.6.1(i) if the NZAX Issuer complies with the sections of the Companies Act 1993 referred to in NZAX Listing Rule 7.6.1(b), (c) and (f) and (i) on the basis that references in those sections of the Companies Act 1993 to:

- (c) "shares" shall be deemed to be references to all Equity Securities of the Class of Equity Securities which is the subject of the acquisition

or redemption and references to "shareholders" shall be read accordingly; and

- (d) "company" shall be deemed, in respect of NZAX Issuers which are not companies registered under the Companies Act 1993, to be references to the NZAX Issuer and references to directors and the board of a company shall be deemed to be references to any person entering into the Listing Agreement on behalf of that NZAX Issuer; and
- (e) "constitution" shall be deemed to be references to the document which governs the rights of those Equity Securities.

7.6.9 Non Standard NZAX Issuers which are Co-operative Companies: NZAX Listing Rule 7.6 does not apply to routine buy backs and issues which relate to the manner in which co-operative companies administer their membership (by buying back or issuing shares as members reduce or cease or increase their business with the company).

7.7 VENDOR SECURITIES

If Vendor Securities are issued at or about the time of any issue or sale of Securities, or with a view to the issue or sale of those Securities, the Offering Document in respect of those Securities shall state with reasonable prominence either:

- (a) the restrictions which are to be imposed upon the disposal of the effective ownership and control of all or any of those Vendor Securities by the holders of those Vendor Securities (and if the holders are not to be the beneficial owners of those Vendor Securities, by the beneficial owners); or
- (b) that there are no restrictions of the nature referred to in (a).

7.8 SECURITY AGREEMENTS

7.8.1 Security Agreement: If an Offering Document states, pursuant to NZAX Listing Rule 7.7, that restrictions are to be imposed upon disposal of the effective ownership or control of any Securities, then:

- (a) the NZAX Issuer shall enter into an agreement (a "**Security Agreement**") with the persons to whom those Securities are to be issued, and if those persons are not the beneficial owners of those Securities, those beneficial owners, and with such other persons (if any) as NZX may consider necessary in order to ensure that the restrictions on disposal of effective ownership or control of those Securities can be effectively enforced; and
- (b) that agreement shall be in such form as NZX may require, and shall prohibit the parties to it from taking steps which would cause the effective ownership or control of those Securities to be disposed of otherwise than in accordance with the restrictions specified in the Offering Document and
- (c) Where that agreement provides a discretion for lifting at the imposed restrictions prior to the expiry of an agreed restriction period, the agreement shall stipulate that the exercise of this discretion requires the consent of non-interested Directors of the Issuer in addition to any other requirements. For this purpose, the term "interested" bears the meaning assigned to that term in section 139 of the Companies Act 1993, on the basis that if an Issuer is not a company registered under that Act, the reference to the "company" in that section shall be read as a reference to the Issuer.

7.8.2 Enforcement: The NZAX Issuer shall not agree to variation or amendment of a Security Agreement without the prior approval of NZX and the Issuer shall advise NZX immediately if the NZAX Issuer becomes aware of a breach or likely breach of a Security Agreement, and shall in consultation with NZX take such steps as NZX may require to enforce that Security Agreement or prevent or remedy a breach of it.

7.9 RIGHTS ISSUES – ADDITIONAL REQUIREMENTS

7.9.1 Letters of Entitlement: Letters of entitlement to Rights (whether or not Renounceable) are to be mailed to holders of the Rights within five Business Days of the Record Date for the determination of the entitlement and by means that will give the holders reasonable time to deal with their Rights, whether the holders' addresses are in New Zealand or elsewhere.

- 7.9.2 Closing Date for Applications:** Without limiting NZAX Listing Rule 7.9.1, the closing date and time for applications under Rights issues (whether or not renounceable) shall not be earlier than the 18th Business Day after the day of mailing of the last of the letters of entitlement.
- 7.9.3 Closing Date for Renunciations:** The closing date for receipt of renunciations of a Renounceable Rights issue shall be the same date as the closing date for receipt of applications.
- 7.9.4 Amount of Entitlement:** Entitlements to Rights may be scaled up to a minimum number not greater than a Minimum Holding, and shall be altered to disregard fractions. The announcement of the Rights issue and any Offering Document shall state the terms on these matters.
- 7.9.5 Entitlement:** A Renounceable Right shall not entitle the holder of the Right to apply for more than the entitlement of Securities except to enable acquisition of the number of Securities needed to give that holder a Minimum Holding.
- 7.9.6 Form of Renunciation and Acceptance:** NZAX Issuers shall use a standard form of renunciation and acceptance previously approved by NZX which shall be distributed with, or form part of, the letter of entitlement. A non-standard form may be used only if:
- (a) the non-standard form has been approved by NZX; and
 - (b) the NZAX Issuer agrees to accept the standard "brokers acceptance" form in an emergency; and
 - (c) an adequate supply of the non-standard form is provided by the NZAX Issuer for Trading Participants at least three Business Days before the day appointed for the commencement of trading in the Rights.
- 7.9.7 Renunciation to Take Priority Over Acceptance:** The terms of a Renounceable Rights Issue shall provide that if the NZAX Issuer receives, on or before the closing date for renunciations, both a renunciation and an acceptance in respect of the same Right(s), the renunciation shall be given effect in priority to the acceptance.

7.9.8 Quotation of Rights: An NZAX Issuer may apply to NZX for Quotation of Rights under a Rights issue of Securities. Appendix 4 shall be completed and supplied to NZX with the application required by NZAX Listing Rule 5.2.1. If such Quotation is granted:

- (a) the Quotation of Rights will commence on the Ex Date for that Rights issue or such other date approved by NZX; and
- (b) the Head Security under the Rights issue will be quoted ex rights on the Ex Date for that Rights issue; and
- (c) Quotation of Rights for a Renounceable Rights issue will cease at the close of trading on the day two Business Days before the closing date for receipt of acceptances and renunciations.

7.9.9 Information on Rights Issues For Which Quotation Not Sought: Where a Rights issue is to be made but Quotation is not sought the NZAX Issuer shall give to NZX forthwith after the decision has been made and at least 10 Business Days before the Record Date to determine entitlements, on the form in appendix 4, full details of the issue, including the nature, entitlement and timing of the issue of Rights and conversion, pricing, amounts payable and ranking of Securities for future benefits.

7.10 ALLOTMENT

7.10.1 Time of Allotment: An NZAX Issuer making an issue shall proceed to allotment, within five Business Days after the latest date on which applications for Securities close.

7.10.2 Payments in Advance of Allotments: Where the issue price of an issue may be paid by installments, the NZAX Issuer shall acknowledge payments made in advance of the due date on the advice of allotment.

7.10.3 Commission Statements: NZAX Issuers shall ensure that commission statements rendered to Primary Market Participants contain sufficient detail to allow the Primary Market Participants to check allotments to clients.

7.10.4 Common Shareholder Numbers: An NZAX Issuer making an issue shall ensure that on allotment a CSN is recorded for each person to whom the Securities are issued.

7.11 ANNOUNCEMENTS

7.11.1 Information Required to be Supplied to NZX: Where an NZAX Issuer issues Securities, or acquires Securities of that NZAX Issuer, the NZAX Issuer shall forthwith give to NZX details of the issue or acquisition, including:

- (a) Class of Security and ISIN; and
- (b) the number issued or acquired; and
- (c) the nominal value (if any) and issue or acquisition price; and
- (d) whether payment was in cash; and
- (e) any amount paid up (if not in full); and
- (f) the percentage of the total Class of Securities issued or acquired; and
- (g) the reason for the issue or acquisition; and
- (h) the specific authority for the issue or acquisition (if any); and
- (i) any terms or details of the issue or acquisition (such as an escrow provision); and
- (j) the total number of Securities of the Class in existence after the issue or acquisition; and
- (k) in the case of an acquisition of shares by an Issuer which is a company registered under the Companies Act 1993, whether those shares are to be held as Treasury Stock; and
- (l) the dates of issue or acquisition.

For the purposes of this NZAX Listing Rule 7.11.1, the sale of Treasury Stock by an NZAX Issuer shall be deemed to constitute an issue of Securities. Without limiting the obligation in this Listing Rule to supply information forthwith, details of the acquisition by an NZAX Issuer of Securities of that NZAX Issuer, and of the sale of Treasury Stock, shall be given to NZX not later than the end of the Business Day in which that acquisition or sale takes place.

7.11.2 Notification: Where any benefit is to be paid or distributed on Quoted Securities (including dividends, interest or bonus issues) or any Conversion of Securities or call on Securities is to take place, the NZAX Issuer shall give to NZX, forthwith after any Director's recommendation

and at least 10 Business Days before the Record Date to determine entitlements or obligations, full details of the benefit, Conversion or call, including the information in the table below. That information shall be supplied in the form set out in appendix 4 of the NZAX Listing Rules.

| Event | Information Required |
|--|---|
| Dividend applicable applicable | <ul style="list-style-type: none"> - Security description - ISIN - Total amount of dividend - Cents per share - Imputation tax credits per share (where to six decimal places) - Withholding tax cents per share (where to six decimal places) - Source of dividend - Payable date - Record Date - Strike price for any issue in lieu of dividend |
| Interest | Details no less than the equivalent required above for a dividend. |
| Bonus Issue | Full details of the issue including timing, entitlement and tax information. |
| Conversions | Full details of the nature and timing of the Conversion including pricing, entitlement and conversion ratio information. |
| Calls | Full details of the call including the Securities affected, and payment details. |

7.11.3 Notification of Decision to Make Call: Where the date of a call on Quoted Securities has not been stated in an Offering Document, the NZAX Issuer shall notify NZX as soon as a decision has been taken to make a call.

7.11.4 Supplementary Dividends: A supplementary dividend paid in terms of the Income Tax Act 2004 shall be deemed not to be a dividend for the purposes of NZAX Listing Rule 7.11.2. An NZAX Issuer which pays a supplementary dividend shall notify NZX not less than 10 Business Days before the supplementary dividend is paid of:

- (a) the amount of the proposed supplementary dividend and the amount (in cents) per Security; and
- (b) the date upon which it will be paid.

7.11.5 Optional Conversion: Where Securities are Convertible at the option of the holder before final maturity the Issuer shall give notice to NZX, and all holders of those Securities, of the option to Convert. That notice:

- (a) shall be given:
 - i) if the Securities are Convertible on a fixed date or dates, at least six weeks before each such date; or
 - ii) if the Securities are Convertible by reason of the occurrence of some event, as soon as practicable after the occurrence of that event, or before the occurrence of that event if it becomes apparent that that event will occur; and
- (b) need not be given if the Securities are Convertible at the option of the holder at any time; and
- (c) shall disclose any option for Conversion which may be exercised at a later date; and
- (d) shall contain a statement to the effect that if a holder of Securities is in any doubt as to whether Conversion is desirable, that holder should seek advice from an Advisor or other financial advisor.

7.11.6 Notice Upon Conversion: Immediately following each Conversion of Securities (including Options), the NZAX Issuer shall notify NZX of:

- (a) the number of Securities Converted and the number and Class of Securities into which they have been Converted; and

- (b) details of any interest or dividend conditions attaching to the Securities Converted, and allotted upon Conversion; and
- (c) how many Securities of the same Class remain to be Converted.

7.12 EARLY AND LATE SUBSCRIPTION CLOSURE

7.12.1 Early Closure: Where an issue is closed before the stated closing date, the Issuer shall notify NZX thereof forthwith after the closure.

Where an issue is filled (or full subscription is assured) before the stated closing date, NZX recommends that the issue be closed immediately.

7.12.2 Extension of Closing Date: An NZAX Issuer shall not extend the closing date for applications to subscribe for new Securities unless, at least five Business Days prior to the original closing date, the NZAX Issuer has notified NZX of the extension, and of the new closing date. An NZAX Issuer shall not, without the prior consent of NZX, extend a closing date more than once.

7.13 NOTIFICATION OF LEVEL OF SUBSCRIPTION

7.13.1 Undersubscription - Underwritten: Where an offer of Securities has been underwritten, the NZAX Issuer shall notify NZX immediately the undersubscription is ascertained, and in any event not later than five Business Days after the closing date of the offer, whether any of the Securities have been or are to be taken by any underwriter or any sub-underwriter in any capacity and if so, how many were or are to be taken up in that way.

7.13.2 Undersubscription - Not Underwritten: Where an offer of Securities has not been underwritten, the NZAX Issuer shall notify NZX of any undersubscription immediately the undersubscription is ascertained, and in any event not later than five Business Days after the closing date of the offer. In the case of a Renounceable issue, NZX must be notified of any undersubscription of an issue which is not underwritten within five Business Days after the closing date for applications and renunciations.