

HELLABY HOLDINGS LIMITED

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NOTICE OF SPECIAL MEETING

9 June 2006

# NOTICE OF SPECIAL MEETING

Notice is hereby given that a Special Meeting of Shareholders of Hellaby Holdings Limited ("**Company**") will be held in the Waitemata Room, Langham Hotel, Symonds Street, Auckland on Friday 9 June 2006 at 9:00am.

## BUSINESS TO BE TRANSACTED

### Resolutions

To consider, and if thought fit, to pass the following as Ordinary Resolutions of the Company:

- "1. That the sale by Rodd & Gunn Limited of its business to Michael Beagley (or his nominee) be approved.
2. That the Directors be authorised to take all actions, to execute all agreements and documents, and to do all other things considered necessary by the Directors to give effect to this resolution."

The explanatory notes and Appraisal Report that accompany this Notice detail the transaction subject to approval by Ordinary Resolution.

### Proxies

Any shareholder who is entitled to attend and vote at the meeting may instead appoint a proxy to attend and vote on their behalf.

If you wish to appoint a proxy please complete the enclosed proxy form and return it to the office of the Company's share registrar, Computershare Investor Services Limited by fax to (09) 488 8787, by delivery to Level 2, 159 Hurstmere Road, Takapuna, North Shore City, Auckland, or by mail to Private Bag 92119, Auckland 1020, so as to be received not later than 9am on Wednesday 7 June 2006.

### Note

Tea and coffee will be served between 8:30am and 9 :00am.

For and on behalf of the Board



RP Jolly  
Company Secretary  
Auckland  
10 May, 2006

## EXPLANATORY NOTES

### Current Structure

The Company holds 82.5% of the shares in Rodd & Gunn Limited ("**Rodd & Gunn**"). The balance of the shares are held by Pulp & Gunn Holdings Pty Limited (15%) ("**Pulp & Gunn**") and the trustees of the Hicks Family Trust (2.5%). Rodd & Gunn Australia Limited ("**R&G Australia**"), a New Zealand registered company, is a wholly owned subsidiary of Rodd & Gunn. The Australian business of Rodd & Gunn is operated through R&G Australia.

### Main Terms of Transaction

- 1 The transaction for which the Company seeks shareholder approval ("**Transaction**") consists of Rodd & Gunn selling all assets and transferring all liabilities of its business in both New Zealand and Australia to Michael Beagley (or his nominee) ("**Purchaser**"). For its own investment restructuring reasons the Purchaser wishes to purchase the assets and liabilities of Rodd & Gunn, which means the Transaction is more complex than the sale of the Rodd & Gunn shares currently held by the Company.



To give effect to the Transaction:

- a. The Company will initially purchase all of Pulp & Gunn's shares in Rodd & Gunn for \$1.00.
  - b. The Company will also purchase the shares in Rodd & Gunn held by the trustees of the Hicks Family Trust for \$361,325, so that the Company will own all of the shares in Rodd & Gunn.
  - c. Rodd & Gunn will then sell its shares in R&G Australia to Pulp & Gunn for \$1.00 and will sell all of its other assets and liabilities to the Purchaser for \$12,285,000.
- 2 Under the agreement for the sale and purchase of Rodd & Gunn's business ("Agreement") the parties acknowledge that, in formulating the Purchase Price, they have taken into account a dividend payment of \$1.65 million paid to the Company on 30 March 2006, and that the purchase price would have been higher, had that dividend not been paid. Therefore, the return to the Company for its effective sale of its 82.5% interest in Rodd & Gunn is a net \$13,573,675.
  - 3 The Agreement is conditional on the following occurring:
    - a. Approval of the Transaction by the Company's shareholders by Ordinary Resolution; and
    - b. The Company purchasing all of the shares in Rodd & Gunn held by the trustees of the Hicks Family Trust.
  - 4 The Purchaser's obligations under the Agreement will be guaranteed by Pulp & Gunn. Where the Purchaser is a nominee of Michael Beagley, Michael will remain liable for the Purchaser's obligations under the Agreement.
  - 5 The Agreement contains a restriction (for two years) on a future sale of the business without the consent of the Company, which will be subject to the parties agreeing to equal sharing of any increase in the value of the business.
  - 6 Where the Purchaser receives any benefit from tax losses in R&G Australia within two years of acquiring R&G Australia, the Purchaser will share the benefit equally with the Vendor.
  - 7 The Company will provide an interest free loan of \$1 million to the Purchaser, to be used in part payment of the purchase price. The loan will be repayable on or before 30 June 2007 and will be secured by a charge over the assets of the Rodd & Gunn business.
  - 8 The completion date for the Transaction is 5 days after satisfaction of all conditions or such other date as the parties agree in writing.

#### **Listing Rules- Material Transaction with Related Party**

- 1 NZSX Listing Rule 9.2.1 requires that the Company obtain the approval of shareholders by ordinary resolution of a "material transaction" with a "related party".
- 2 An "ordinary resolution" of the Company is a resolution that is approved by a simple majority of the votes of those shareholders entitled to vote, and voting on the resolution
- 3 Under the NZSX Listing Rules a "material transaction" includes a transaction whereby an issuer (ie. the listed company) sells assets having a total net value that exceeds 5% of the average market capitalisation of the issuer. The NZSX Listing Rules deem that, in the context of the Transaction, Rodd & Gunn is to be treated as the issuer, and that the average market capitalisation is to be that of the Company. The Transaction is a "material transaction" because Rodd & Gunn will sell assets having a total net value that exceeds 5% of the average market capitalisation of the Company.
- 4 Under the NZSX Listing Rules a "related party" includes a person who is, at the time of the material transaction, a director or officer of the issuer or of subsidiaries of the issuer that are parties to the material transaction. Michael Beagley a "related party", as he is a director of Rodd & Gunn and R&G Australia, and is CEO of Rodd & Gunn.
- 5 Rule 9.2.1 is applicable because the Transaction is a material transaction and is with a related party, being Michael Beagley as Purchaser, and as an indirect party, as a director of Pulp & Gunn.
- 6 The Company considers that it is not appropriate to seek a waiver from NZSX from the requirement to obtain shareholder approval for the Transaction, given Michael Beagley's relationship with the Company and Rodd & Gunn.

#### **Consequences of the Resolutions**

- 1 The sale of Rodd & Gunn's business cannot proceed without shareholders approving all resolutions.
- 2 If all of the resolutions are approved by shareholders, then this will satisfy one of the conditions of the Agreement and, subject to the satisfaction of the other condition, will allow the Transaction to proceed.
- 3 If one of the resolutions is not approved by the shareholders, then the Transaction will not proceed, and the shareholders of Rodd & Gunn and R&G Australia, and their respective shareholdings in Rodd & Gunn and R&G Australia, will not change.