



7 July 2005

Market Information  
New Zealand Exchange Limited  
ASB Bank Tower  
Level 9, 2 Hunter Street  
Wellington  
NEW ZEALAND

Company Announcements Office  
Australian Stock Exchange Limited  
Exchange Centre  
Level 6, 20 Bridge Street  
Sydney NSW 2000  
AUSTRALIA  
ARBN 088 481 234 Incorporated in New Zealand

Dear Sir/Madam

**TOWER Limited – Company Announcement**

In accordance with Listing Rules, please find attached the following document:

- **NZX DETERMINATION – PROPOSED SALE OF LESS THAN MINIMUM HOLDINGS**

Yours faithfully

*P. e. Ellis*

Philippa Ellis  
**General Manager, Investor Relations & Corporate Services**  
**TOWER Limited**



**MARKET ANNOUNCEMENT**

Date: 7 July 2005

**NZX DETERMINATION – PROPOSED SALE OF LESS THAN MINIMUM HOLDINGS**

TOWER intends to conduct a compulsory sale of all shareholdings that are less than the minimum holding size.

TOWER intends to follow the procedures for the sale of less than minimum holdings set out in its constitution and the NZSX Listing Rules.

NZX has provided TOWER with a determination that, for the purposes of the compulsory sale, a minimum holding in TOWER will be 200 shares. A copy of the NZX determination is attached to this release.

TOWER is seeking confirmation from ASX that it may follow the NZSX Listing Rules for the sale of less than minimum holdings.

Notice of the intention to sell less than a minimum holding is expected to be given to shareholders in July.

ENDS

6 July 2005

NZX Regulation Decision  
Tower Limited  
Application for Waiver from Listing Rule 1.1.2 and Appendix 2

**Background**

1. Tower Limited (“TWR”) is a company listed on both the NZSX and the ASX markets.
2. TWR intends to conduct a compulsory sale of all shareholdings that are less than the Minimum Holding size (“Compulsory Sale”).
3. TWR intends to follow the procedures for the sale of less than Minimum Holdings set out in its constitution. The constitution provides powers to the Board of Directors of TWR to compulsorily sell less than Minimum Holdings upon the expiration of three months’ written notice to shareholders. The constitution’s provisions mirror NZSX Listing Rule 8.5 for the compulsory sale of Minimum Holdings. In particular, the constitution defines a Minimum Holding as a parcel or number of securities as set out in Appendix 2 of the NZSX Listing Rules.
4. Based on TWR’s share price at 21 June, a Minimum Holding under the NZSX Listing Rules is 100 shares. Under the ASX Listing Rules an unmarketable parcel is equivalent to the value of A\$500 (253 shares). The combined effect of the provisions of the NZSX and ASX Listing Rules is that a Minimum Holding in TWR is a parcel of 100 shares.
5. TWR seeks a waiver from the definition of Minimum Holding in the NZSX Listing Rules in order to bring the Minimum Holding in New Zealand closer to the number of units constituting an unmarketable parcel under the ASX Rules.
6. In particular TWR seeks a waiver from NZSX Listing Rule 1.1.2 and Appendix 2 setting out the number of shares in a Minimum Holding where the price exceeds \$2.00 but does not exceed \$5.00.
7. TWR wishes to treat the relevant number of shares for the Compulsory Sale as if the price exceeded \$1.00 but not \$2.00, making a Minimum Holding 200 shares. TWR intends to follow all other NZSX Listing Rules applicable to a compulsory sale.
8. TWR will apply to ASX for waivers from the ASX rules to allow TWR to follow the NZSX Listing Rules (as varied if this application is approved). This will enable all shareholders in New Zealand and Australia to be treated the same.

## Application

9. TWR has approached NZX Regulation (“NZXR”) seeking a waiver in respect of the Compulsory Sale from the requirement in NZSX Listing Rule 1.1.2 and Appendix 2 that the Minimum Holding of TWR shares be 100.
10. In support of the application TWR submits that:
  - a. Based on TWR’s current share price a Minimum Holding is 100 shares. Under the ASX rules an unmarketable parcel is equivalent to value of A\$500 (253 shares).
  - b. TWR’s share price has only recently risen above \$2.00. Prior to this, it has hovered around and below \$2.00 for some time. By way of background:
    - i. The current share price is \$2.15.
    - ii. The average share price over the past 6 months was \$1.95.
  - c. It is possible that, prior to notice of the compulsory sale being given, the share price may fall below the \$2.00 threshold again.
  - d. If the price were below \$2.00, the number of units in a minimum holding would be 200, bringing it closer to an unmarketable parcel of 253, under the ASX rules.
  - e. TWR has now offered shareholders the ability to sell or top up holdings through small shareholder programmes on two previous occasions, May to June 2001 and August to September 2002. TWR believes shareholders have had sufficient opportunity to increase or sell their shares to avoid compulsory sale.
  - f. If NZX grants the waiver requested, TWR will then seek a waiver from ASX to follow the NZSX Listing Rules.
  - g. TWR intends to provide notice of the compulsory sale to shareholders in July. TWR will explain in the notice the options available to shareholders upon receipt of the notice and the consequences of their actions under each option. The three options which will be outlined to shareholders are:
    - i. Do nothing: On the expiration of three months from the date of the notice the board will sell less than Minimum Holdings and account to shareholders for the proceeds of the sale;
    - ii. Sell their holdings by means of a transaction on the NZSX, the ASX or privately; or
    - iii. Acquire more shares to raise their holdings above the Minimum Holding threshold prior to the expiry of the notice period and the Compulsory Sale.
  - h. The notice will detail advice to shareholders on how to proceed with any of the available options. To assist shareholder access to information the notice will provide reference to a helpline to be established by TWR and

serviced by a call centre, to help shareholders with queries regarding the notice and to provide relevant information for shareholders if they elect to sell or top up their holding. All information relevant to the Compulsory Sale of Minimum Holdings will also be listed on TWR's website, including the information available from the helpline.

## Listing Rules

11. Minimum Holding is defined in Listing Rule 1.1.2 as follows:

““Minimum Holding” means a parcel or number of Securities as set out in appendix 2.”

12. Appendix 2 sets the size of Minimum Holdings by reference to share price. Appendix 2 provides that Minimum Holdings at any time shall, unless otherwise determined by NZX, be 200 where the price exceeds \$1.00 but does not exceed \$2.00 and 100 where the price exceeds \$2.00 but does not exceed \$5.00.

13. Listing Rule 8.5.1 provides:

“The Constitution of an Issuer may prescribe procedures entitling the Issuer, after giving not less than three months' prior notice to holders of Securities of less than a Minimum Holding, to sell such Securities (through NZX or in some other manner approved by NZX) and to account to the Holders for the proceeds of sale after deduction of reasonable sale expenses.”

## Decision

14. NZXR does not consider that a waiver is necessary in this situation as Appendix 2 provides that NZX may determine the Minimum Holding to be other than that set out in Appendix 2.

15. On the basis that the information provided to NZXR is full and accurate in all material respects, NZXR determines that for the purposes of the Compulsory Sale the Minimum Holding is 200 shares on the conditions that:

- a. The Compulsory Sale takes place within six months of the date of this decision;
- b. TWR's share price does not exceed \$5.00 at the time of the Compulsory Sale; and
- c. Shareholders holding less than 200 TWR shares are given three months notice of the Compulsory Sale and are informed of:
  - ii. The options available to TWR shareholders including instructions on how to acquire more shares to raise their holdings above the minimum threshold prior to the expiry of the notice; and
  - ii. The consequences of their actions under each option.

## Reasons

16. In coming to the decision to determine that for the purposes of the Compulsory Sale the Minimum Holding is 200 shares, NZXR has considered that:
  - a. The TWR share price has recently passed the threshold changing the Minimum Holdings from 200 to 100 in Appendix 2. Prior to the Compulsory Sale date it may go back below that threshold again. TWR needs certainty as to who will be the shareholders that must receive notice of the Compulsory Sale. By making the determination NZXR can provide TWR with such certainty.
  - b. TWR wishes to treat its Australian and New Zealand shareholders similarly. NZXR acknowledges that Dual Listed Issuers will have obligations under different sets of listing rules and where appropriate will recognise this in considering waiver applications.
  - c. Shareholders will be given three months notice of the Compulsory Sale and provided with information as to how they may reach the Minimum Holding prior to the expiry of the notice period. TWR has also previously offered shareholders the ability to sell or top up holdings. NZXR is satisfied that TWR shareholders will have sufficient opportunity to increase their shareholdings to avoid the Compulsory Sale.

ENDS