

# Guinness Peat Group plc

## Proposed Buyback Offer and Issue of Convertible Loan Notes

THIS DOCUMENT IS  
IMPORTANT AND REQUIRES  
YOUR IMMEDIATE  
ATTENTION.

*If you are in any doubt as to the action you should take, you are recommended to consult immediately your stockbroker, bank manager, solicitor, accountant or other independent professional adviser (who, in the United Kingdom, should be authorised pursuant to the Financial Services Act 1986).*

*In the case of Shareholders on the UK register, if, prior to the entitlement date in the UK (being 18 April 2000), you have sold or transferred all your holding of Ordinary Shares in Guinness Peat Group plc (Registered in England No. 159975, Australian Registered Body Number 059271555), please send this document and the relevant accompanying documents at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.*

# GPG

PROPOSED BUYBACK OFFER

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In the case of Shareholders on the UK register, if, prior to the ex-entitlement date in the UK (being 18 April 2000), you have sold or transferred all of your holding of Ordinary Shares in Guinness Peat Group plc, please send this document and the relevant accompanying documents at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If, prior to the ex-entitlement date in the UK (being 18 April 2000), you sold or transferred part of your holding of Ordinary Shares, please immediately consult your stockbroker, bank or other agent through whom the sale or transfer was effected and refer to the instructions regarding split applications set out in the Buyback Form. References to transfers and splitting are not applicable to Shareholders on the Australian and New Zealand branch registers.

Tenders by Qualifying Shareholders may only be made on the accompanying Buyback Form, which is personal to the Shareholder(s) named thereon and may not be sold, assigned, transferred or split, except, in the case of UK registered holders only, in order to satisfy bona fide market claims pursuant to the Listing Rules.

A copy of this document, which comprises a prospectus relating to Guinness Peat Group plc in accordance with the listing rules made under Part IV of the Financial Services Act 1986, has been delivered to the Registrar of Companies in England and Wales for registration as required by Section 149 of that Act. Application has been made to the UK Listing Authority for the Convertible Loan Notes to be admitted to the Official List and application has been made to the London Stock Exchange for the Convertible Loan Notes to be admitted to trading on the London Stock Exchange. A copy of this document has been lodged with the Australian Securities and Investment Commission. **This document does not constitute a full Australian or New Zealand prospectus.** The Australian Securities and Investment Commission and the New Zealand Stock Exchange accept no responsibility for the contents of this document. Application has been made for the official quotation and listing of the Convertible Loan Notes on the Australian Stock Exchange. Application has been made for the quotation of the Convertible Loan Notes on the New Zealand Stock Exchange. Dealings are expected to commence in the Convertible Loan Notes on 6 June 2000.

Deloitte & Touche is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business. Deloitte & Touche Corporate Finance, a division of Deloitte & Touche, is acting for Guinness Peat Group plc and no-one else in connection with the Buyback Offer and will not be responsible to anyone other than Guinness Peat Group plc for providing the protections afforded to clients of Deloitte & Touche Corporate Finance nor for providing advice in relation to the Buyback Offer, the contents of this document or any transaction or arrangement referred to herein.

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# Guinness Peat Group plc

**Buyback Offer for up to 200 million Ordinary Shares at 50 pence  
per Ordinary Share to be satisfied by the issue of up to 200 million  
listed 8% convertible subordinated unsecured loan notes  
of 50 pence each due 2005**

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**The Buyback Offer will close at 3.00 p.m. (London time) on 16 May 2000.**

Notice of an Extraordinary General Meeting of the Company to be held at 10 a.m. (London time) on 2 June 2000 at Tallow Chandlers Hall, 4 Dowgate Hill, London EC4R 2SH is set out at the end of this document. To be valid, the Form of Proxy enclosed for use at the EGM should be completed and returned to the Company's Registrars in the UK, Australia or New Zealand (as appropriate) as soon as possible and, in any event, so that it is received at the address stated on the Form not later than 10 a.m. (London time) on 31 May 2000.

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## EXPECTED TIMETABLE FOR THE PROPOSALS

	2000
Ordinary Shares marked ex-entitlement to the Buyback and the issue of Convertible Loan Notes by the Australian Stock Exchange	10 April
UK Buyback Offer Record Date	11 April
New Zealand Buyback Offer Record Date	14 April
Australian Buyback Offer Record Date	14 April
Ordinary Shares marked ex-entitlement to the Buyback and the issue of Convertible Loan Notes on the New Zealand register	17 April
Ordinary Shares marked ex-entitlement to the Buyback and the issue of Convertible Loan Notes on the UK register	18 April
Latest time and date for splitting of Buyback Forms in the UK (to satisfy bona fide market claims only)	3 p.m. (London time) on 12 May
<b>Latest time and date for receipt of Buyback Forms</b>	<b>3.00 p.m. (London time) on 16 May</b>
Provisional results of Buyback Offer announced	By 3.00 p.m. (London time) on 18 May
Latest time and date for receipt of Forms of Proxy for EGM	10 a.m. (London time) on 31 May
Extraordinary General Meeting	10 a.m. on 2 June
Dealings expected to commence; despatch of definitive certificates for the Convertible Loan Notes; crediting of CREST stock accounts with the Convertible Loan Notes and entries made in the New Zealand Convertible Loan Note register	by 6 June
FASTER notifications issued	13 June

**Requests for assistance or for additional copies of this document may be directed to the appropriate Registrar at the address set out herein or by telephoning:**

**in the UK 0870 702 0100, in Australia 02 9279 0677 and in New Zealand 09 522 0022.**

# Guinness Peat Group plc

(incorporated and registered in England and Wales No. 159975,  
Australian Registered Body Number: 059271555)

Directors:

Sir Ron Brierley (*Chairman*)  
T.J.N. Beyer (*Non-Executive*)  
M.W. Loomes (*Non-Executive*)  
A.I. Gibbs  
B.A. Nixon  
Dr. G.H. Weiss

Registered Office:

2nd floor,  
21-26 Garlick Hill,  
London EC4V 2AU

*To Shareholders and, for information only, to option holders.*

Dear Sir or Madam

## **Buyback Offer for up to 200 million Ordinary Shares at 50 pence per Ordinary Share to be satisfied by the issue of up to 200 million listed 8% convertible subordinated unsecured loan notes of 50 pence each due 2005**

### **1. Introduction**

On 7 March 2000 GPG announced its preliminary results for the year ended 31 December 1999. These contained brief details of its intention to repurchase up to 200 million of its Ordinary Shares on the basis that accepting Shareholders would receive one 8% convertible subordinated unsecured 50 pence loan note of the Company for every Ordinary Share repurchased pursuant to the Buyback Offer.

The purpose of this document is to provide you with sufficient information on the Proposals and to explain the reasons for them.

The Buyback Offer and the issue of the Convertible Loan Notes are conditional upon the approval of Shareholders due to the form which the Buyback Offer will take. Such approval is to be sought at an EGM convened for 10 a.m. on 2 June 2000, notice of which is set out at the end of this document. The Buyback Offer is also conditional upon admission of the Convertible Loan Notes to listing and quotation of any one of the London Stock Exchange, the Australian Stock Exchange and the New Zealand Stock Exchange having become effective.

The Buyback Offer has not been made to Blake Nixon and me as we wish to retain our investments in the Company.

### **2. Reasons for the Buyback Offer and the issue of the Convertible Loan Notes**

GPG is a strategic investment company. Notwithstanding the Group's successful record and its strong financial position, it is clear there is some disappointment with the static share price in recent months. This is partly a product of GPG being somewhat "unfashionable" at present in favour of "new age" technology issues. Also, the decision to retain a high level of liquidity past last year's sale of Tyndall, while undoubtedly correct in our view, has created a perception and, to a lesser extent, the reality, of lower returns in the shorter term.

The Board considers the Proposals a suitable response to align more closely corporate and market objectives. The form of the Buyback Offer has been chosen with regard to your Directors' view that the current scale of GPG's operations is appropriate. The Buyback Offer will allow Qualifying Shareholders to exchange their Ordinary Shares for Convertible Loan Notes at a price considerably higher than the closing price of 41 pence on 12 April 2000 (the latest practicable date prior to the printing of this document), whilst allowing the Company to repurchase Ordinary Shares at a discount to their net asset value. In addition, the Convertible Loan Notes represent a tax effective form of capital for the Company.

Accepting Shareholders will, through their Convertible Loan Notes, obtain a superior yield to, and security of income and capital which is considerably greater than, that of their existing Ordinary Shares. The GPG security they receive will enable them, in effect, to sell, via redemption, the underlying Ordinary Shares, into which the Convertible Loan Notes convert, back to the Company in significant amounts over each of the next five years, whilst retaining most of the potential upside over the period through the conversion option. However, there is a cost to Shareholders of this redemption option, being the lower number of Ordinary Shares that they would receive back on conversion, partly because the Convertible Loan Notes will not, on conversion, be entitled to any adjustments in respect of the proposed Capitalisation Issue referred to in paragraph 4 below. The first date for partial redemption or conversion is 30 June 2001.

### **3. Current Trading and Prospects**

As already well documented in previous reports, the major component of the 1999 net profit of £115 million was the £95 million surplus on the sale of the Tyndall shares. The year 2000 will be an active and, hopefully, rewarding one for GPG although, without the benefit of the Tyndall surplus, the profit will be substantially less than in 1999.

On 6 April 2000 the Group announced that it intended to make a takeover offer for Brickworks Limited ("Brickworks"), the market leader in the brick industry in New South Wales, which would value Brickworks at Aus\$632 million (£241 million). Brickworks owns 42.9 per cent. of the issued share capital in Washington H Soul Pattinson & Co. Limited ("Soul Pattinson"), a diversified listed Australian company.

The consideration for the proposed takeover offer would be on the basis of 4 Soul Pattinson shares (sourced from Brickworks) plus Aus\$100 in cash for every 5 shares in Brickworks.

The proposed offer, if made, will be subject to various conditions, including the approval of Shareholders.

Following the implementation of the Proposals, your Board considers that the Group's prospects will remain satisfactory.

### **4. The Capitalisation Issue**

The Board is proposing that, subject to the approval of Shareholders at the Annual General Meeting to be held on 2 June 2000, a 1 for 10 capitalisation issue

of new Ordinary Shares be made to Shareholders following completion of the Buyback Offer. Shareholders whose names are entered on the register at the close of business on 9 June 2000 will receive one new Ordinary Share, credited as fully paid, for every ten Ordinary Shares then held, and so in proportion for any number of Ordinary Shares then held.

**Accordingly, Ordinary Shares which are repurchased by the Company pursuant to the Buyback Offer will receive no entitlement to the proposed Capitalisation Issue.**

## **5. The Buyback Offer**

The Buyback Offer will entitle Qualifying Shareholders to sell to the Company at least 40 per cent. of their Ordinary Shares at a price of 50 pence in cash per share upon the terms set out in Part II of this document. This cash amount will not be received by Tendering Shareholders. Under the terms of the Buyback Offer it will be applied in subscribing for Convertible Loan Notes on the basis of one Convertible Loan Note for every Ordinary Share repurchased.

A maximum of 200 million Ordinary Shares will be repurchased, representing approximately 42.5 per cent. of the issued Ordinary Shares. Assuming full take up of the Buyback Offer, the Company would issue £100 million in principal amount of Convertible Loan Notes.

Qualifying Shareholders may elect to tender up to their entire holding of Ordinary Shares. In the event of tenders being received from Qualifying Shareholders for in excess of the maximum number of Ordinary Shares to be repurchased, individual tenders in excess of the minimum entitlement referred to will be scaled down by reference to the excess Ordinary Shares which such Qualifying Shareholder has tendered for repurchase.

The full terms of the Buyback Offer are set out in Part II of this document and the accompanying Buyback Form (which together constitute the Buyback Offer).

## **6. Terms of Convertible Loan Notes**

The Convertible Loan Notes will be constituted and issued pursuant to a Trust Deed between the Company and Guardian Trust Australia Ltd. The rights of the Noteholders will be set out in the Trust Deed and the Conditions attaching to the Convertible Loan Notes.

The Convertible Loan Notes will be issued at par and will bear interest at 8.0 per cent. per annum on the outstanding principal amount. Interest (less income tax, where appropriate, at the applicable rate) will be payable on 31 December and 30 June in each year in respect of the preceding 6 month periods up to (but not including) those dates, save that the first period of interest will be in respect of the period from the date of issue of the Convertible Loan Notes (expected to be 6 June 2000) up to (but not including) 31 December 2000.

The Convertible Loan Notes will be subordinated, unsecured obligations of the Company. The principal will be redeemed in five equal instalments of 10 pence per Convertible Loan Note per annum commencing 30 June 2001 or, at the option of the holder, the instalment due for redemption in any year may be converted to Ordinary Shares on the following basis:

on 30 June 2001, one Ordinary Share for every 50 pence in principal of loan notes

on 30 June 2002, one Ordinary Share for every 55 pence in principal of loan notes

on 30 June 2003, one Ordinary Share for every 60 pence in principal of loan notes

on 30 June 2004, one Ordinary Share for every 65 pence in principal of loan notes; and

on 30 June 2005, one Ordinary Share for every 70 pence in principal of loan notes.

As the Conversion Price increases, a reduced number of Ordinary Shares will be received on conversion each year.

The Conversion Prices will be subject to adjustment in certain circumstances, but will not be adjusted to take account of the proposed Capitalisation Issue.

Holders of 100 Convertible Loan Notes or more on each of the above dates will be able to elect to have part of each instalment converted and part redeemed. If Noteholders do not serve an election notice in the requisite period they will be deemed to have elected for the relevant instalment of their Convertible Loan Notes to be redeemed.

The effects of redemption or conversion are illustrated in the example set out in Part III of this document.

Any Ordinary Shares issued on conversion will rank *pari passu* in all respects with those already in issue, save that they will not rank for dividends or other distributions declared, made or paid in respect of the financial periods or parts of financial periods ended on or prior to 30 June in that financial year. Any Convertible Loan Notes remaining unconverted will, subject to the terms of the Trust Deed, be redeemed by the Company on 30 June 2005 (the "Final Maturity Date") at 10 pence each together with interest accrued up to and including the date of redemption.

Default by the Company in payment of principal or interest on the Convertible Loan Notes will not permit the Noteholders or the Trustee to accelerate the repayment of the principal or accrued interest. UK Shareholders should note that this is an unusual provision for a UK convertible loan note.

Further details in respect of the Convertible Loan Notes are contained in Part IV of this document.

## **7. Financial Effects of the Buyback Offer and the Issue of the Convertible Loan Notes**

If the Company repurchases the maximum number of Ordinary Shares under the Buyback Offer, shareholders' funds (and distributable reserves) will be reduced by £100 million. The £100 million in principal amount of Convertible Loan Notes will be classified as subordinated liabilities in the GPG Group balance sheet, and the non-current portion will be treated as net capital

resources and will be excluded from the calculation of gross borrowings and total liabilities in respect of the GPG Group's banking facilities.

The expenses of, and incidental to, the Proposals will be payable by the Company out of its existing cash resources.

## **8. Taxation**

A summary of the taxation consequences for UK, Australia and New Zealand resident Shareholders is set out in Part V of this document, but the following is considered of particular importance:

The Directors have been advised that any amounts returned to New Zealand tax resident Shareholders (who are not share dealers and do not hold their Ordinary Shares on revenue account) from the repurchase of Ordinary Shares should not constitute a dividend to the extent that the Shareholder sells back at least 15 per cent. of their holding in the Company and the Commissioner of the New Zealand Inland Revenue is satisfied that the purchase is not being made in lieu of a dividend.

**Australian tax resident Shareholders should be aware that the entire consideration of 50 pence per Ordinary Share repurchased will be taxable in their hands in the same manner as normal cash dividend payments.**

**If unsure about the effect of their tax position, UK Shareholders should consult their authorised investment adviser and Australian and New Zealand Shareholders should consult an appropriate professional adviser before deciding whether or not to tender Ordinary Shares pursuant to the Buyback Offer.**

## **9. Overseas Shareholders**

The attention of Shareholders resident in jurisdictions outside the UK, Australia and New Zealand wishing to participate in the Buyback Offer is drawn to paragraph 11 of Part II of this document.

## **10. Share Option Schemes**

No adjustments are proposed to be made to the terms of any of the Share Option Schemes to reflect the Buyback Offer.

## **11. EGM**

The repurchase of Ordinary Shares under the Buyback Offer and the issue of Convertible Loan Notes require approval by Shareholders. In order to comply with the requirements of the UK Companies Act, Shareholders must approve the form of contract which will govern the repurchase under the Buyback Offer and that form of contract, incorporating a list of Tendering Shareholders, must be on display for 15 days prior to the passing of the relevant special resolution and at the EGM itself. In order to meet these legal requirements the Board has convened an EGM for 10 a.m. on 2 June 2000 to seek approval for the Buyback Offer and the issue of the Convertible Loan Notes.

In addition to the special resolution approving the Buyback Offer, special resolutions will be proposed at the EGM:



- authorising the Directors to allot up to 200 million Convertible Loan Notes to Tendering Shareholders pursuant to Section 80 of the UK Companies Act, such authority to expire on 31 August 2000, and
- authorising the disapplication of the pre-emption rights contained in Section 89 of the UK Companies Act in relation to the issue of up to 200 million Convertible Loan Notes to Tendering Shareholders for cash at 50 pence each (the “disapplication resolution”). If the entire 200 million Convertible Loan Notes were issued and were subsequently converted into Ordinary Shares on the basis set out above, this would represent approximately 36 per cent. of the Company’s issued ordinary share capital as at the date of this document (but assuming that the proposed Capitalisation Issue had taken place). The Directors believe that the disapplication resolution is fully justified in order to give effect to the Proposals.

At the end of this document you will find a notice of EGM which has been convened for 10 a.m. on 2 June 2000 at Tallow Chandlers Hall, 4 Dowgate Hill, London EC4R 2SH, to consider and, if thought fit, to pass the special resolutions described above. **A majority in favour of at least three-quarters of those Shareholders voting at the EGM will be required in order to pass each resolution.**

## 12. Action to be taken

### *To participate in the Buyback Offer*

Shareholders wishing to participate in the Buyback Offer should complete and sign the Buyback Form enclosed with this document in accordance with the instructions set out in this document and in the Buyback Form itself and return it so as to be received by the appropriate Registrar by 3.00 p.m. (London time) on 16 May 2000.

Shareholders who hold their shares in certificated form should also return with their Buyback Form their share certificate(s) and/or other documents of title in respect of the Ordinary Shares tendered. Shareholders who hold their shares in uncertificated form in the UK (that is, in CREST) should arrange for them to be transferred into escrow as described in the Buyback Form and in paragraph 2 of Part II of this document. Shareholders who hold their shares in uncertificated form in New Zealand (that is, in FASTER) should simply complete and sign the Buyback Form as described above.

A reply paid envelope is enclosed for your use.

### *To vote at the EGM*

Shareholders will find enclosed a Form of Proxy for use at the EGM. Whether or not you intend to be present at the relevant meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions on the form, to be received by the appropriate Registrar: Computershare Services PLC at PO Box 457, Owen House, 8 Bankhead Crossway North, Edinburgh E11 0XG (for members with registered addresses in the UK); Registries Ltd at PO Box R67, Royal Exchange, Sydney NSW 1224 (for members with registered addresses in Australia); or Computershare Registry Services Ltd at Private Bag 92119, Auckland 1020 (for members with registered addresses in New Zealand)

as soon as possible and in any event by 10 a.m. (London time) on 31 May 2000. Completion and return of a Form of Proxy will not preclude you from attending and voting at the EGM should you find yourself able to do so.

**13. Recommendation**

**The Directors are unanimously of the opinion that the Proposals are in the best interests of Shareholders as a whole.**

**Your Board strongly recommends that you vote in favour of the resolutions to be proposed at the EGM, as they intend to do in respect of their own beneficial interests in Ordinary Shares representing approximately 5 per cent. of the issued ordinary share capital of the Company.**

**As explained in paragraph 1 above, Blake Nixon and I are not participating in the Buyback Offer.**

Yours faithfully

Ron Brierley  
*Chairman*

## Part II

### The Buyback Offer

**You should read the following sections of this document carefully. If you are in any doubt as to the action you should take, you should immediately consult your independent professional adviser (who, in the UK, should be authorised pursuant to the Financial Services Act 1986).**

#### 1. Terms of the Buyback Offer

GPG hereby invites all Qualifying Shareholders to tender Ordinary Shares for repurchase by GPG on the terms and subject to the conditions set out in this document and the accompanying Buyback Form (which together with this document constitute the Buyback Offer). The consideration under the Buyback Offer is 50 pence in cash per Ordinary Share tendered and accepted which shall then be applied on behalf of the Tendering Shareholder in subscribing for Convertible Loan Notes at a price of 50 pence each as more fully described below.

The Buyback Offer is conditional upon (i) the passing of the special resolutions set out in the notice of the EGM at the end of this document to authorise and approve the terms of the Buyback Offer, to authorise the Directors to allot the Convertible Loan Notes and to disapply the statutory pre-emption provisions in relation to the issue of the Convertible Loan Notes (the "First Condition"); and (ii) confirmation in a form reasonably satisfactory to the Company and the Trustee being received that admission to listing on the Official List and trading on the London Stock Exchange of the Convertible Loan Notes, or admission to quotation and listing of the Convertible Loan Notes on the Australian Stock Exchange, or admission to quotation of the Convertible Loan Notes on the New Zealand Stock Exchange will become effective (subject only to allotment of the Convertible Loan Notes) (the "Listing Condition", and together, the "Conditions") on or before 31 July 2000.

Acceptance by GPG of tenders made under the Buyback Offer will only be made following satisfaction of the Conditions. GPG will not repurchase any Ordinary Shares pursuant to the Buyback Offer unless the Conditions have been satisfied. The Conditions may not be waived by GPG.

Pursuant to the Buyback Offer, Qualifying Shareholders are entitled to tender any number of their Ordinary Shares which are entered or deemed entered on the Register on the relevant Buyback Offer Record Date (save that Qualifying Shareholders holding fewer than 1,000 Ordinary Shares must, if they elect to submit a tender, tender their entire holding of Ordinary Shares). The Company will not, however, repurchase in excess of 200 million Ordinary Shares pursuant to the Buyback Offer and may, if it considers it necessary or appropriate, purchase fewer.

If the total number of Ordinary Shares tendered by Tendering Shareholders under the Buyback Offer exceeds 200 million Ordinary Shares some, or all, tenders will be scaled down on the basis set out below:

- Upon the Buyback Offer becoming unconditional and unless it has been terminated or reduced as aforesaid, each Qualifying Shareholder will be treated as being entitled to sell to GPG such number of Ordinary Shares as is equal to the higher of 1,000 Ordinary Shares and 40 per cent. by number of such Shareholder's holding entered on the Register on the relevant Buyback Offer Record Date, rounded down to the nearest whole number (the "Entitled Amount").

- The Company will then deduct from the 200 million Ordinary Shares (save as aforesaid) for which it is inviting tenders the aggregate number of Tendered Entitled Shares and the result of such deduction shall for these purposes be referred to as the “Further Shares”. For the purposes of this Part II, “Tendered Entitled Shares” shall mean, in respect of each Tendering Shareholder, the lesser of:
  - (i) the Entitled Amount of that Tendering Shareholder; and
  - (ii) the number of Ordinary Shares which that Tendering Shareholder tenders as set out, or deemed to be set out, in the relevant Buyback Form.
- The aggregate number of Ordinary Shares which Tendering Shareholders have set out, or are deemed to have set out, in the relevant Buyback Form in excess of their Entitled Amount (“Excess Shares”) will be scaled down by the appropriate factor so that they equal the number of Further Shares. The Further Shares will then be apportioned between Tendering Shareholders by scaling down the number of Excess Shares of each such holder by such factor.

If the number of Ordinary Shares tendered pursuant to the Buyback Offer is required to be scaled down, Shareholders will be notified by public announcement in accordance with paragraph 8 below.

Upon the Buyback Offer becoming unconditional and unless the Buyback Offer has been terminated, GPG will accept the offers of Tendering Shareholders validly made in accordance with this Part II on the basis set out above.

Ordinary Shares repurchased by GPG pursuant to the Buyback Offer will be acquired free of all liens, charges, restrictions, equitable interests and encumbrances and together with all rights attaching thereto.

**Tendering Shareholders will not receive any entitlement to the proposed Capitalisation Issue in respect of any Ordinary Shares repurchased by the Company pursuant to the Buyback Offer.**

Unless terminated prior to such time in accordance with the provisions set out below, the Buyback Offer will close on the Closing Date. No later than the third business day immediately following the Closing Date:

- (i) GPG will announce the total number of Ordinary Shares tendered; and
- (ii) a list of Tendering Shareholders together with the form of the Buyback Contract will be made available for inspection at the registered office of GPG, 2nd floor, 21-26 Garlick Hill, London EC4V 2AU and at the offices of Herbert Smith, Exchange House, Primrose Street, London EC2A 2HS for 15 days ending with the date of the EGM and at the EGM itself.

Each Tendering Shareholder will thereby be deemed to have agreed that, in consideration of GPG agreeing to process his or her tender, such Tendering Shareholder will not revoke his or her tender or withdraw his or her Ordinary Shares.

## **2. Procedures for tendering Ordinary Shares**

To accept the Buyback Offer, you should complete Box 1 and sign Box 2 and, if your Ordinary Shares are in CREST, complete Box 4 of the accompanying Buyback Form in accordance with the instructions printed thereon. You may also complete Box 3 if appropriate. If you insert in Box 1 a number of Ordinary Shares which is greater than your entire holding of Ordinary Shares or fail to insert a number therein at all then you will be deemed to have tendered the number of Ordinary Shares equal to your entire

holding as at the relevant Buyback Offer Record Date. In any case, if you hold fewer than 1,000 Ordinary Shares and elect to submit a tender, you must tender your entire holding. You may also complete Box 3 if appropriate. If you insert in Box 1 a number of Ordinary Shares which is greater than your entire holding of Ordinary Shares or fail to insert a number therein at all then you will be deemed to have tendered the number of Ordinary Shares equal to your entire holding as at the relevant Buyback Offer Record Date. In any case, if you hold fewer than 1,000 Ordinary Shares and elect to submit a tender, you must tender your entire holding. You are however reminded that any number of Ordinary Shares which you tender in excess of your Entitled Amount may be subject to scaling down in accordance with the provisions set out in paragraph 1 above.

Tenders may only be made on the accompanying Buyback Form which is personal to the Qualifying Shareholder(s) named thereon and may not be split, assigned or transferred except in order to satisfy *bona fide* market claims in the UK. UK registered Qualifying Shareholders who have recently sold all or part of their holding are advised to consult their stockbroker or other independent professional adviser as soon as practicable, since the invitation to tender Ordinary Shares under the Buyback Offer and thereby subscribe for Convertible Loan Notes may represent a benefit which can be claimed from them by the purchaser or transferee under the Listing Rules. However the Buyback Form is not a negotiable document of title and cannot be traded. Instructions for transfer, splitting and consolidation are set out on the back page of the Buyback Form being sent to UK Shareholders. Splitting, assigning or transferring of Buyback Forms is not applicable to Shareholders on the Australian and New Zealand branch registers.

**(i) Return of the Buyback Form**

The Buyback Form must be completed and returned, whether or not your Ordinary Shares are in CREST or FASTER. The completed and signed Buyback Form together, if your Ordinary Shares are in certificated form (that is, neither in CREST nor in FASTER), with your share certificates, and/or other documents of title, should be sent either by post in the reply paid envelope provided or by hand in the UK to: Computershare Services PLC, PO Box 859, The Pavilions, Bridgwater Road, Bristol BS99 1XZ or by hand only during normal business hours to Computershare Services PLC, 7th Floor, Jupiter House, Triton Court, 14 Finsbury Square, London EC2A 1BR; in Australia to: Registries Ltd, PO Box R67, Royal Exchange, Sydney, NSW 1224 or by hand only to Registries Ltd, Level 2, 28 Margaret Street, Sydney, NSW 2000; and in New Zealand to: Computershare Registry Services Ltd, Private Bag 92119, Auckland 1020 and by hand only to Computershare Registry Services Ltd, Level 3, 277 Broadway, Newmarket, Auckland as soon as possible and, in any event, so as to arrive no later than 3.00 p.m. (London time) on 16 May 2000. No acknowledgement of receipt of documents will be given. A Buyback Form, once lodged, may not be withdrawn.

The instructions printed on the Buyback Form shall form part of the terms of the Buyback Offer.

**(ii) Ordinary Shares in uncertificated form in the UK (that is, in CREST)**

If your Ordinary Shares are in uncertificated form in the UK (that is, in CREST), you should insert in Box 4 of the Buyback Form the participant ID and member account ID under which such Ordinary Shares are held by you in CREST and otherwise complete and return the Buyback Form as described above. In addition, you should take (or procure to be taken) the action set out below to transfer (by means of a TTE instruction) the Ordinary Shares in respect of which you wish to accept the Buyback Offer to an escrow balance, specifying

Computershare Services PLC (in its capacity as a CREST participant under Computershare Services PLC's participant ID referred to below) as the escrow agent, as soon as possible and in any event so that the TTE settles no later than 3.00 p.m. on 16 May 2000.

If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Your CREST sponsor will be able to confirm details of your participant ID and the member account ID under which your Ordinary Shares are held. In addition, only your CREST sponsor will be able to send the TTE instruction to CRESTCo in relation to your Ordinary Shares.

You should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) a TTE instruction to CRESTCo which must be properly authenticated in accordance with CRESTCo's specifications and which must contain, in addition to the other information that is required for the TTE instruction to settle in CREST, the following details:

- the number of Ordinary Shares to be transferred to an escrow balance;
- your member account ID, which must be the same member account ID as the member account ID that is inserted in Box 4 of the Buyback Form;
- your participant ID, which must be the same participant ID as the participant ID that is inserted in Box 4 of the Buyback Form;
- the participant ID of the escrow agent, Computershare Services PLC, in its capacity as a CREST receiving agent. This is ORA 21;
- the member account ID of the escrow agent. This is GUINNESS;
- Buyback Form Reference Number. This is the Reference Number that appears at the top right on the front page of the Buyback Form. This Reference Number should be inserted in the first eight characters of the shared note field on the TTE instruction. Such insertion will enable Computershare Services PLC to match the transfer to escrow to your Buyback Form. You should keep a separate record of this Reference Number for future reference;
- intended Settlement Date. This should be as soon as possible and in any event not later than 16 May 2000;
- the Corporate Action "ISIN". This is GB0002713344;
- the Corporate Action Number for the Buyback Offer. This is allocated by CRESTCo after announcement of the Buyback Offer and can be found by viewing the relevant Corporate Action Details in CREST; and
- input of standard delivery with priority of 80.

After the settlement of the TTE instruction, you will not be able to access the Ordinary Shares concerned in CREST for any transaction or charging purposes notwithstanding that they will be held by Computershare Services plc as your agent until the transfer next referred to. After the Buyback Offer has become unconditional, the escrow agent will transfer the Ordinary Shares which are accepted by GPG to itself as agent for GPG.

You are recommended to refer to the CREST Manual published by CRESTCo for further information on the CREST procedures outlined above. For ease of

processing, you are requested, wherever possible, to ensure that a Buyback Form relates to only one transfer to escrow.

If no Buyback Form Reference Number, or an incorrect Buyback Form Reference Number, is included on the TTE instruction, GPG may treat any amount of Ordinary Shares transferred to an escrow balance in favour of the escrow agent specified above from the participant ID and member account ID identified in the TTE instruction as relating to any Buyback Form which relate(s) to the same member account ID and participant ID (up to the amount of Ordinary Shares inserted or deemed to be inserted on the Buyback Form concerned).

**You should note that CRESTCo does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE instruction relating to Ordinary Shares to settle prior to 3.00 p.m. on 16 May 2000. In this regard you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.**

GPG will make an appropriate announcement if any of the details contained in this sub-paragraph (ii) alter for any reason.

(iii) **Deposits of Ordinary Shares into, and withdrawals of Ordinary Shares from, CREST**

Normal CREST procedures (including timings) apply in relation to any Ordinary Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Buyback Offer (whether such conversion arises as a result of a transfer of Ordinary Shares or otherwise). Shareholders who are proposing to convert any such shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the shares as a result of the conversion to take all necessary steps in connection with take up of the Buyback Offer (in particular, as regards delivery of share certificates and/or other documents of title or transfers to an escrow balance as described above) prior to 3.00 p.m. on 16 May 2000.

(iv) **Share certificates and documents of title not readily available or lost**

If your Ordinary Shares are in certificated form but your share certificate(s) and/or other document(s) of title are not readily available or are lost, the Buyback Form should nevertheless be completed, signed and returned to the Registrars as stated above, together with any share certificate(s) and/or other document(s) of title that you may have available, accompanied by a letter stating that the balance will follow and the certificate(s) and/or other document(s) of title should be forwarded as soon as possible thereafter and, in any event, to arrive before the EGM.

If your share certificates and/or other documents of title are lost you should request the appropriate Registrar at the postal address set out above to send you a letter of indemnity for completion in accordance with the instructions given. When completed, the letter of indemnity must be lodged with the Registrars in accordance with the delivery procedures described above in support of the Buyback Form prior to the EGM.

(v) **Miscellaneous**

GPG reserves the right to treat as valid in whole or in part any Buyback Form which is not entirely in order or which is not accompanied by the relevant TTE instruction or (as the case may be) the relevant share certificate(s) and/or other document(s) of title. In that event, however, the subscription on your behalf for Convertible Loan Notes pursuant to and in accordance with the Buyback Offer will only occur when the Buyback Form is entirely in order, when the relevant TTE instruction has been settled or (as may be the case) the relevant share certificate(s) and/or other document(s) of title or indemnities satisfactory to GPG has/have been received.

New share certificate(s) in respect of Ordinary Shares not tendered (or in respect of which a tender is not accepted due to the fact that the number of shares tendered has been scaled down) but which are included in share certificate(s) lodged for the purpose of the Buyback Offer are expected to be despatched by 6 June 2000. FASTER holding statements showing the transfer of the Ordinary Shares accepted by GPG are expected to be posted by 13 June 2000.

If any tendered Ordinary Shares are not repurchased because of an invalid tender or because the Buyback Offer fails to become unconditional, or is otherwise terminated, Buyback Forms, certificates and other documents of title will be returned as promptly as practicable without expense, but at the risk of, to the Qualifying Shareholder by post, or, in the case of Ordinary Shares held in uncertificated form in the UK (that is, in CREST), the escrow agent will provide instructions to CRESTCo to transfer all Ordinary Shares held in escrow balances by TFE instruction to the original available balances to which those Ordinary Shares relate.

If the number of Ordinary Shares tendered pursuant to the Buyback Offer is required to be scaled down in accordance with the provisions of paragraph 1 above, in the case of Ordinary Shares held in uncertificated form in the UK (that is, in CREST), the escrow agent will provide instructions to CRESTCo to transfer the excess Ordinary Shares held in escrow balances (i.e. those which will not be accepted under the Buyback Offer by GPG) by TFE instruction to the original available balances to which those Ordinary Shares relate. In the case of Ordinary Shares held in uncertificated form in New Zealand (that is, in FASTER) the registrar will only transfer to GPG that number of Ordinary Shares that have been accepted by GPG.

The delivery of certificates for Ordinary Shares, certificates for Convertible Loan Notes and all other required documents will be at the risk of the Tendering Shareholder.

A tender in respect of any Ordinary Shares in respect of which there is an outstanding market claim will not be valid in so far as it relates to those Ordinary Shares. Accordingly, Tendering Shareholders must ensure that they have unencumbered title to the Ordinary Shares which they propose to tender as described below.

Each Qualifying Shareholder who tenders Ordinary Shares pursuant to the Buyback Offer irrevocably undertakes, represents, warrants and agrees to and with GPG so as to bind such holder and their personal or legal representatives, heirs, successors and assigns to the effect that:

- (a) the execution of the Buyback Form shall constitute an irrevocable offer to sell to GPG the number of Ordinary Shares stated, or deemed to have been stated, to have been tendered by completion of the Buyback Form on and



subject to the terms and conditions set out or referred to in this document and the Buyback Form;

- (b) the information given by or on behalf of the Tendering Shareholder in the Buyback Form will be true in all respects at the time GPG repurchases such Ordinary Shares as if it had been entered into afresh at such time and shall not be extinguished by such repurchase;
- (c) such holder has full power and authority to tender, sell, assign or transfer the Ordinary Shares in respect of which such offer is accepted (together with all rights attaching thereto) and, when the same are repurchased by GPG, the Company will acquire such Ordinary Shares with full title guarantee and free and clear from all liens, charges, restrictions, equitable interests and encumbrances and together with all rights attaching thereto, and such representation and warranty will be true in all respects at the time GPG repurchases such Ordinary Shares as if it had been entered into afresh at such time and shall not be extinguished by such repurchase;
- (d) subject to the Buyback Offer becoming unconditional, such holder shall be deemed irrevocably to:
  - (i) appoint any person selected by the Directors as such holder's attorney and/or agent ("attorney") and to have given an irrevocable instruction to the attorney to:
    - (1) complete and execute all or any contracts and/or other document(s) at the attorney's discretion in relation to the Ordinary Shares referred to in paragraph (a) and (b) above for the repurchase of such shares by GPG and to do all such other acts and things as may be in the opinion of such attorney be necessary or expedient for the purpose of, or in connection with, the Buyback Offer; and
    - (2) apply an amount equal to the moneys which would otherwise be payable to such holder in respect of such number of that holder's Ordinary Shares as are properly and validly tendered pursuant to the Buyback Offer and in respect of which such tender is accepted by the Company (the "Accepted Shares"), in subscribing and paying up on its behalf for such number of Convertible Loan Notes as is equal to the number of such holder's Accepted Shares at a price of 50 pence per Convertible Loan Note; and
  - (ii) have authorised and instructed the Directors to pay the moneys referred to in paragraph (i)(2) above to such attorney who shall be entitled to retain the same without being accountable therefor to such holder, save as described in paragraph (i)(2) above;
- (e) such holder agrees to ratify and confirm each and every act or thing which may be done or effected by GPG or any of its Directors or other person(s) nominated or selected by GPG in the proper exercise of its or his or her powers and/or authorities hereunder;
- (f) the execution of the Buyback Form constitutes the irrevocable appointment of the Registrars as such holder's attorney and/or agent and an irrevocable instruction and authority to the attorney and/or agent:

- (i) subject to the Buyback Offer becoming unconditional, to transfer to itself by means of CREST all or any of the Relevant Ordinary Shares (but not exceeding the number of Ordinary Shares which have been tendered pursuant to the Buyback Offer);
- (ii) if the Buyback Offer does not become unconditional or has been terminated or Ordinary Shares are invalidly tendered, to give instructions to CRESTCo, as promptly as practicable after the lapsing of the Buyback Offer or invalid tender (as appropriate), to transfer all Relevant Ordinary Shares to the original available balances to which those Ordinary Shares relate; and
- (iii) if the Buyback Offer is subject to scaling down, to transfer the number of Relevant Ordinary Shares required to be transferred to the original available balances to which those Ordinary Shares relate in accordance with the fourth paragraph of paragraph (v) above.

**“Relevant Ordinary Shares”** means Ordinary Shares in uncertificated form in CREST and in respect of which a transfer or transfer to escrow has or have been effected pursuant to the procedures described in this paragraph 2 and where the transfer(s) to escrow was or were made in respect of Ordinary Shares held under the same member account ID and participant ID as the member account ID and participant ID relating to the Buyback Form concerned (but irrespective of whether or not any Buyback Form Reference Number, or a Buyback Form Reference Number corresponding to that appearing on the Buyback Form concerned, was included in the TTE instruction concerned);

- (g) the execution of the Buyback Form constitutes, subject to the Buyback Offer becoming unconditional, irrevocable authority and requests:
  - (i) if the Ordinary Shares concerned are in certificated form, GPG or its agents to procure the despatch by post of a certificate in respect of the Convertible Loan Notes to which such Tendering Shareholder becomes entitled at the risk of such shareholder to the person or agent whose name and address outside the United States, Canada, Republic of Ireland or Japan is set out in Box 3 of the Buyback Form, or if no name and address is set out in Box 3, to the first-named holder at his registered address outside the United States, Canada Republic of Ireland or Japan;
  - (ii) if the Ordinary Shares concerned are in CREST, GPG or its agents to issue the Convertible Loan Notes to which such Tendering Shareholder becomes entitled in uncertificated form in CREST; and
  - (iii) if the Ordinary Shares concerned are in FASTER, GPG or its agents to issue the Convertible Loan Notes to which such Tendering Shareholder becomes entitled;
- (h) such holder will deliver to the appropriate Registrar, in respect of Ordinary Shares held in certificated form, his share certificates and/or other documents of title in respect of the Ordinary Shares referred to in paragraph (a) and (b) above, or an indemnity acceptable to GPG in lieu thereof, or will procure the delivery of such documents to such person as soon as possible thereafter and, in any event, prior to the EGM;

- (i) if, for any reason, any Ordinary Shares in respect of which a transfer to an escrow balance has been effected in accordance with this paragraph 2 are converted to certificated form, he will immediately deliver or procure the immediate delivery of the share certificate(s) or other document(s) of title in respect of all such Ordinary Shares as are so converted to the appropriate Registrar at the address referred to in paragraph 2(i) above;
- (j) the terms of this section "Procedures for tendering Ordinary Shares" shall be deemed to be incorporated in, and form part of, the Buyback Form which shall be read and construed accordingly;
- (k) such holder shall do all such acts and things as shall be necessary and execute any additional documents deemed by GPG to be desirable, in each case to complete the repurchase of the Ordinary Shares and/or in connection with the subscription for and issue of the Convertible Loan Notes and/or to perfect any of the authorities expressed to be given hereunder;
- (l) on execution the Buyback Form shall take effect as a deed;
- (m) if any provision of this paragraph (v) shall be unenforceable or invalid or shall not operate so as to afford GPG, the Registrars, any Director or any person nominated or selected thereby the benefit or authority expressed to be given therein, he shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable GPG and/or the Registrars and/or any Director and/or any such nominated or selected person to secure the full benefits of this paragraph (v); and
- (n) such holder has not received or sent copies of this document, the Buyback Form or any related documents, in, into or from the United States, Canada, Republic of Ireland or Japan and has not utilised in connection with the Buyback Offer, directly or indirectly, the mails, or any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone or electronic mail) of interstate or foreign commerce, or any facilities of a securities exchange, of the United States, Canada, Republic of Ireland or Japan, did not take delivery of the Buyback Form inside the United States, Canada, Republic of Ireland or Japan and is not an agent or fiduciary acting on a non-discretionary basis for a principal unless such agent or fiduciary is an authorised employee of such principal or such principal has given any instructions with respect to the Buyback Offer from outside the United States, Canada, Republic of Ireland or Japan.

References in this section to a Tendering Shareholder shall include references to a person or persons executing a Buyback Form, and in the event of more than one person executing a Buyback Form, the provisions of this section shall apply to them jointly and to each of them.

### **3. The Convertible Loan Notes**

The Convertible Loan Notes to be subscribed and allotted in accordance with paragraph 2(v)(d)(i)(2) of this Part II will be issued fully paid and free of all any liens, charges, restrictions, equitable interests and encumbrances and otherwise will have attached thereto, and will be subject to, the rights, restrictions and conditions set out in the Trust Deed and the Conditions, the principal terms of which are summarised in Part IV of this document.

#### **4. Additional Provisions**

The failure of any person to receive a copy of this document or the Buyback Form shall not invalidate any aspect of the Buyback Offer. Additional copies of this document can be obtained on request from the Registrar at any of the postal addresses specified in paragraph 2(i) above.

All powers of attorney and authorities on the terms conferred by or referred to in this document or in the Buyback Form are given by way of security for the performance of the obligations of the Shareholders concerned and are irrevocable in accordance with Section 4 of the Powers of Attorney Act 1971.

Save as provided in Part IV below, the Buyback Offer, all Buyback Forms and all contracts and appointments resulting therefrom shall be governed by and construed in accordance with English law. Execution by or on behalf of a Shareholder of a Buyback Form constitutes his or her submission, in relation to all matters arising out of or in connection with the Buyback Offer and the Buyback Form, to the jurisdiction of the English Courts.

#### **5. Defective Tenders**

GPG reserves the absolute right to inspect (either itself or through its agents) all Buyback Forms, and may declare void and reject any tender that does not in GPG's sole judgement meet the requirements of the Buyback Offer. GPG also reserves the absolute right to waive any defect or irregularity in the tender of any Ordinary Shares. None of GPG, any of the Registrars or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification.

#### **6. Closing Date**

The Buyback Offer will close at 3.00 p.m. (London time) on 16 May 2000.

#### **7. Termination of the Buyback Offer**

If at any time prior to the EGM in the opinion of the Board:

- (i) there shall occur any change in national or international financial, economic, political or market conditions and/or any change in the financial position or prospects, of the GPG Group which renders the Proposals temporarily or permanently impracticable or inadvisable; or
- (ii) there has occurred a material and unexpected movement in the market price of the Ordinary Shares;

the Company shall be entitled at its absolute discretion by public announcement or written notice to Qualifying Shareholders to withdraw the Buyback Offer and in such event the Buyback Offer shall cease and determine absolutely.

#### **8. Announcements**

Any termination of, or scaling down of the number of Ordinary Shares tendered under, the Buyback Offer will be followed by a public announcement thereof as promptly as practicable and, in any event, no later than 3.00 p.m. (London time) on the business day following the day of such termination or scaling down. Such an announcement will be released to the Company Announcements Office of the London Stock Exchange and the New Zealand and Australian equivalents.

## 9. Purchase of Ordinary Shares and issue of Convertible Loan Notes

Subject to the terms and conditions of the Buyback Offer, GPG expects to accept valid tenders of Ordinary Shares as soon as reasonably practicable following satisfaction of the First Condition described in paragraph 1 above. Tendering Shareholders should note that the EGM has been convened for 2 June 2000.

If the First Condition is satisfied, GPG intends to accept tenders (as scaled down, if appropriate) by entering into the Buyback Contract. The Buyback Contract will be completed as soon as reasonably practicable following satisfaction of the Listing Condition.

No Convertible Loan Notes will be subscribed for by the attorney appointed in paragraph 2(v)(d)(i) above on behalf of any Qualifying Shareholder, and accordingly no Convertible Loan Notes will be issued to any Qualifying Shareholder, unless and until as the case may be, the relevant TTE instruction has settled, or the Registrars have received the certificates or other requisite documents evidencing such Ordinary Shares, a properly completed and duly and validly executed Buyback Form and any other documents required by the Buyback Form.

The Buyback Offer is also subject to the Listing Condition. Application has been made to the UK Listing Authority for the Convertible Loan Notes to be admitted to the Official List and application has been made to the London Stock Exchange for the Convertible Loan Notes to be admitted to trading on the London Stock Exchange. Application has been made for the official quotation and listing of the Convertible Loan Notes on the Australian Stock Exchange. Application has been made for the quotation of the Convertible Loan Notes on the New Zealand Stock Exchange. Dealings are expected to commence in the Convertible Loan Notes on 6 June 2000.

If the Conditions are satisfied, despatch of the Convertible Loan Notes to which any Tendering Shareholder is entitled pursuant to tenders accepted by GPG, complete in all respects, will be effected as follows:

(i)  **Holders of Ordinary Shares in uncertificated form in the UK (that is, in CREST)**

Where an accepted tender relates to Ordinary Shares held by Tendering Shareholders in uncertificated form in the UK, GPG or its agents will issue the Convertible Loan Notes to which such Tendering Shareholder is entitled in uncertificated form in CREST, not later than two business days after the EGM (or, if adjourned, after such adjourned meeting).

(ii)  **Holders of Ordinary Shares in uncertificated form on the New Zealand branch register**

Where an accepted tender relates to Ordinary Shares held by Tendering Shareholders in New Zealand, GPG or its agents will issue the Convertible Loan Notes to which such Tendering Shareholder is entitled in uncertificated form by entry in the New Zealand Convertible Loan Note register, not later than two business days after the EGM (or, if adjourned, after such adjourned meeting).

(iii)  **Holders of Ordinary Shares in certificated form**

Where an accepted tender relates to Ordinary Shares held by Tendering Shareholders in certificated form, GPG or its agents will procure the despatch by post of a certificate in respect of the Convertible Loan Notes to which such Tendering Shareholder is entitled at the risk of such shareholder to the person or agent whose name and address outside the United States, Canada, Republic of Ireland or Japan is set out in Box 3 of the Buyback Form, or if no name and address is set out in Box 3, to the first-named holder at his registered address

outside the United States, Canada, Republic of Ireland or Japan, not later than two business days after the EGM (or, if adjourned, after such adjourned meeting).

#### 10. **Miscellaneous**

Ordinary Shares repurchased pursuant to the Buyback Offer will be cancelled.

Tendering Shareholders will not be obliged to pay brokerage fees, commissions, transfer taxes or stamp duty in the UK, Australia or New Zealand on the repurchase of Ordinary Shares pursuant to the Buyback Offer.

**Requests for assistance or for additional copies of this document may be directed to the appropriate Registrar at the address set out in paragraph 2(i) above or by telephoning:**

**in the UK 0870 702 0100, in Australia 02 9279 0677 and in New Zealand 09 522 0022.**

Except as contained in this document, no person has been authorised to give any information or make any representations with respect to GPG or the Proposals, and, if given or made, such other information or representation should not be relied upon as having been authorised by GPG.

#### 11. **Overseas Shareholders**

- (i) The making of the Buyback Offer and the issue of the Convertible Loan Notes in, or to certain persons who are citizens or nationals of, or resident in, jurisdictions outside the UK, Australia and New Zealand (“Overseas Shareholders”) may be affected by the laws of the relevant overseas jurisdiction. Qualifying Shareholders who are Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such person wishing to tender Ordinary Shares and thereby subscribe for Convertible Loan Notes to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes due in such jurisdiction. Any Overseas Shareholder will be responsible for payment of any such transfer or other taxes or other requisite payments due by whomsoever payable and GPG and any person acting on its behalf shall be entitled to be fully indemnified and held harmless by such Shareholder for any such transfer or other taxes as such person may be required to pay.
- (ii) In particular, neither the Buyback Offer nor the offer of Convertible Loan Notes is being made, directly or indirectly, in or into, or by use of the mails of, or by any means of instrumentality (including, without limitation, facsimile transmission, telex, telephone and electronic mail) of interstate or foreign commerce of, or of any facilities of a national securities exchange of, the United States, Canada, Republic of Ireland or Japan. Copies of this document, the Buyback Form and any related documents are not being and must not be mailed or otherwise distributed or sent in or into or from the United States, Canada, Republic of Ireland or Japan including to Shareholders with registered addresses in these jurisdictions or to persons whom GPG knows to be trustees, nominees or custodians holding Ordinary Shares for such persons. Persons receiving such documents (including, without limitation, trustees, nominees or custodians) must not distribute or send them in or into the United States, Canada, Republic of Ireland or Japan or use such mails or any such means, instrumentality or facility for any purpose, directly or indirectly, in connection with the Proposals, and so doing may invalidate any purported tender pursuant to the Buyback Offer. Persons wishing to tender pursuant to the Buyback Offer must not use such mails or any such

means, instrumentality or facility for any purpose, directly or indirectly, related to any tender pursuant to the Buyback Offer. Envelopes containing Buyback Form(s) should not be postmarked in the United States, Canada, Republic of Ireland or Japan or otherwise despatched from the United States, Canada, Republic of Ireland or Japan and all acceptors must provide addresses outside the United States, Canada, Republic of Ireland or Japan for the despatch of certificates for the Convertible Loan Notes, or for the return of Buyback Form(s), share certificates and/or other document(s) of title.

- (iii) The provisions of this paragraph 11 and/or any other terms of the Buyback Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Overseas Shareholders or on a general basis by GPG in its absolute discretion but shall not in any circumstances be waived, varied or modified so as to permit any purported tender postmarked or otherwise despatched from the United States, Canada, Republic of Ireland or Japan to be valid. Subject to this, the provisions of this paragraph 11 supersede any terms of the Buyback Offer which are inconsistent herewith. References in this paragraph 11 to a Shareholder shall include references to the persons executing a Buyback Form and, in the event of more than one person executing a Buyback Form, the provisions of paragraph 11 shall apply to them jointly and severally.

## **12. The EGM**

The Buyback Offer is being conducted in accordance with the requirements of the UK Companies Act. In order to comply with these requirements, GPG is convening the EGM at 10 a.m. on 2 June 2000 at Tallow Chandlers Hall, 4 Dowgate Hill, London EC4R 2SH to consider and, if thought fit, to pass special resolutions in the form set out in the notice of EGM at the end of this document, inter alia, approving the terms of the Buyback Contract under which the Buyback Offer will be effected and the repurchase of Ordinary Shares. It should be noted that the Buyback Offer is conditional upon Shareholder approval as described above as well as being subject to the Listing Condition.

The special resolution approving the Buyback Offer must be passed on a show of hands by at least 75 per cent. of Shareholders present in person and voting or on a poll by at least 75 per cent. of Shareholders (by reference to the number of votes cast) present in person or by proxy and voting at the EGM. These resolutions will not be valid if any Shareholder, in voting on the resolution, exercises the voting rights carried by any shares to be repurchased and the resolution would not have been passed if that Shareholder had not voted such shares. However, this will not prevent Tendering Shareholders from completing a Form of Proxy or voting in person at the EGM. A copy of the proposed Buyback Contract and the names of the Tendering Shareholders from whom Ordinary Shares are proposed to be repurchased will be available for inspection at the locations specified in paragraph 1 of this Part II for not less than 15 days ending with the date of the EGM and at the EGM itself.

In addition to the special resolution approving the Buyback Offer, special resolutions will be proposed to allow the Directors to allot the Convertible Loan Notes to the Tendering Shareholders whose names appear in the schedule to the Buyback Contract and to allot them on the basis that the pre-emption provisions set out in the UK Companies Act do not apply. Further details of these resolutions are set out in paragraph 11 of Part I of this document.

Shareholders will find enclosed a Form of Proxy for use in connection with the EGM. Whether or not such holders intend to be present at the meeting, they are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon, so as to be received by Computershare Services PLC (for members with

registered addresses in the UK), Registries Ltd (for members with registered addresses in Australia) and Computershare Registry Services Ltd (for members with registered addresses in New Zealand) at the respective addresses set out in paragraph 12 of Part I as soon as possible and in any event no later than 10 a.m. (London time) on 31 May 2000. The completion and return of a Form of Proxy will not preclude Shareholders from attending the meeting and voting in person should they find themselves able to do so.



### **Part III**

## **Illustration of Effects of Elections in respect of Convertible Loan Notes**

A Shareholder tenders 10,000 Ordinary Shares under the Buyback Offer and receives 10,000 Convertible Loan Notes with an aggregate principal of £5,000. The principal will be redeemed in five equal instalments of 10 pence per Convertible Loan Note per annum (in aggregate £1,000 per annum) commencing 30 June 2001 or, at the option of the holder, the instalment due for redemption in any year may be converted to Ordinary Shares on the basis set out below:

#### **Year 1 (30 June 2001)**

Shareholder has the choice of accepting:

- £1,000 on redemption or
- converting at 50 pence per share into 2,000 Ordinary Shares

#### **Year 2 (30 June 2002)**

Shareholder has the choice of accepting:

- £1,000 on redemption or
- converting at 55 pence per share into 1,818 Ordinary Shares

#### **Year 3 (30 June 2003)**

Shareholder has the choice of accepting:

- £1,000 on redemption or
- converting at 60 pence per share into 1,666 Ordinary Shares

#### **Year 4 (30 June 2004)**

Shareholder has the choice of accepting:

- £1,000 on redemption or
- converting at 65 pence per share into 1,538 Ordinary Shares

#### **Year 5 (30 June 2005)**

Shareholder has the choice of accepting:

- £1,000 on redemption or
- converting at 70 pence per share into 1,428 Ordinary Shares

If the Shareholder converts the full amount each year he will end up with 8,450 Ordinary Shares in aggregate.

The above assumes that the Noteholder does not transfer any of his Convertible Loan Notes and that no events occur which require adjustments to be made to the Conversion Prices over the lifetime of the Convertible Loan Notes.

The 8,450 Ordinary Shares which the Shareholder would hold if he exercised his conversion rights in full should be compared to the 11,000 Ordinary Shares which he would hold were he instead to retain his 10,000 Ordinary Shares and thereby receive a further 1,000 Ordinary Shares pursuant to the proposed Capitalisation Issue.

## **Part IV**

### **Particulars of the Convertible Loan Notes**

It is proposed that a maximum of £100 million sterling listed 8 per cent. convertible subordinated unsecured loan notes due 2005 of the Company will be issued in denominations of 50 pence in nominal amount at par, will be created by resolution of the Board and will be constituted as subordinated, unsecured obligations of the Company by a Trust Deed between the Company and the Trustee. Copies of the Trust Deed will be available for inspection by Noteholders during normal business hours at the registered office of the Company and at the registered office for the time being of the Trustee.

Set out below are the conditions which are a summary of, and are expressly subject to, the detailed provisions of the Trust Deed and the Conditions attached to the Convertible Loan Notes, which Noteholders shall be entitled to the benefit of, be deemed to have notice of and be bound by.

#### **The conditions**

##### **1. Form, Denomination and Title**

- (a) The Convertible Loan Notes will be in registered form only and will be issued in principal amounts of 50 pence without interest coupons attached.
- (b) Convertible Loan Notes will be freely transferable and title will pass by transfer and registration in multiples of 50 pence. The registered holder of any Convertible Loan Note shall (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or its theft or loss) and no person will be liable for so treating such person.
- (c) The Trust Deed will contain provisions enabling the Convertible Loan Notes to be held and transferred in uncertificated form by means of CREST or FASTER and for the Noteholders to exercise their rights in respect of Convertible Loan Notes held in uncertificated form. The Trustee may concur with the Company in making modifications to the provisions of the Trust Deed in order to reflect changes in the CREST Regulations or the FASTER regulations or in applicable law and practice relating to the holding of, and the exercise of rights in respect of, Convertible Loan Notes in uncertificated form.

##### **2. Status**

The Convertible Loan Notes are direct and unsecured obligations of the Company, subordinated in accordance with paragraph 3 and will at all times rank *pari passu* and without any preference amongst themselves.

##### **3. Subordination**

If any order of a court of competent jurisdiction is made or any effective resolution is passed for the liquidation of the Company, the Company shall (as more particularly provided in the Trust Deed) make payments in respect of the outstanding Convertible Loan Notes only to the extent of such amounts as would have been payable if the holders of the outstanding Convertible Loan Notes had, on the day immediately preceding the date of commencement of the liquidation, become holders of shares in the Company of a class having a right to receive (*pari passu* with the holders of any other class of securities which, following the date of the Trust Deed, may be issued by the Company, subordinated on a similar basis) on a liquidation of the Company (in priority to the holders of all other classes of shares in the Company, issued or to be issued) an

amount equal to the total of the redemption moneys and/or unpaid interest expressed to be payable (whether or not then due) in respect of the Convertible Loan Notes up to but excluding the date upon which the holders thereof are treated as having become holders of shares in the Company as aforesaid.

#### **4. Interest**

Interest at the rate of 8 per cent. per annum ("Interest Rate") shall be payable (subject to any tax in respect thereof required to be withheld, deducted or paid by the Company) on the outstanding principal amount of each Convertible Loan Note. Unless all of the Convertible Loan Notes outstanding have previously been redeemed and/or converted, interest shall be paid by equal half yearly instalments on 31 December and 30 June (each an "Interest Date") in each year until 30 June 2005 (the "Final Maturity Date") in respect of the half years up to (but not including) those dates respectively, except that the first payment of interest on the Convertible Loan Notes, which shall be made on 31 December 2000, will be in respect of the period from and including the date of issue of the Convertible Loan Notes to, but excluding, the first Interest Date.

On conversion or redemption of each Convertible Loan Note, the Company shall pay to the Trustee or Noteholder interest accrued and compounded to the date of conversion or redemption.

All interest not paid on an Interest Date shall itself bear interest at the Interest Rate accruing daily and compounded on each subsequent Interest Date. Non-payment of interest (other than on the Final Maturity Date) shall not constitute a default by the Company for any purpose.

#### **5. Conversion and Redemption Rights**

##### **(a) Election Option**

Each Noteholder shall (upon and subject to the following provisions) have the right to elect ("Election Option") that their Election Amount of Convertible Loan Notes be converted into Ordinary Shares, credited as fully paid, at the prices described below or redeemed by payment of the Election Amount (or a combination of conversion and redemption, save that holders of 100 or fewer Convertible Loan Notes will not be entitled to elect for a combination of the two options) on 30 June in each of the years 2001 to 2005 inclusive (each an "Election Date"). For these purposes "Election Amount" means on the first Election Date, one-fifth of the principal amount of each of the Noteholder's Convertible Loan Notes outstanding as at the date of the Election Notice (as defined below). The Election Amount on the second Election Date shall be one-quarter of the principal amount of each of the Noteholder's Convertible Loan Notes outstanding as at the date of the Election Notice; on the third, one-third of the principal amount of each of the Noteholder's Convertible Loan Notes outstanding as at the date of the Election Notice; on the fourth, one-half of the principal amount of each of the Noteholder's Convertible Loan Notes outstanding as at the date of the Election Notice; and on the Final Maturity Date, a Trustee Notification Date or any Early Maturity Date (as defined below), all of the principal amount of the Noteholder's Convertible Loan Notes outstanding as at the date of the Election Notice, Early Maturity Notice or Conversion Notice (each as defined below), as the case may be.

##### **(b) Election Notice**

In respect of each Election Date (other than where an Early Maturity Notice has previously been given) the Company shall, not less than five and not more than eight weeks before such Election Date, send to the Noteholders a notice requesting the Noteholder to exercise their Election Options. Such notice shall

remind Noteholders of the elections they may make and the basis of their entitlements after adjustments.

During the period of 30 days ending on the relevant Election Date each Noteholder may give irrevocable notice to the Company of the manner in which they wish to exercise their Election Option (an "Election Notice").

If no Election Notice is served by the relevant Election Date the Election Amount shall be redeemed as provided in paragraph 5(f)(i) below.

(c) **Early Maturity Notice**

At any time after 30 June 2001, if the Company so determines it may give a notice (an "Early Maturity Notice") to the Noteholders nominating a date (an "Early Maturity Date") 90 days after the date of such notice on which all (but not some only) of the Convertible Loan Notes then outstanding shall be redeemed. Upon receipt of an Early Maturity Notice each Noteholder is entitled within the period of 80 days from the date of such notice (the last day of such period being the "operative date") by irrevocable notice in writing (a "Conversion Notice") to the Company to elect to convert on the Early Maturity Date all (but not some only) of the principal amount of that Noteholder's Convertible Loan Notes into Ordinary Shares at the Conversion Price which was applicable on the last Election Date preceding the Early Maturity Date (but taking into account any adjustments to the Conversion Prices subsequently made in accordance with these conditions).

(d) **Conversion**

The Company shall, subject to the other provisions referred to above and below (including the adjustments which may be made to the Conversion Prices in accordance with paragraph (h) below) on the relevant Election Date, Early Maturity Date or Trustee Notification Date (as defined in paragraph g(iv) below), as the case may be, convert the Election Amount of each Convertible Loan Note which a Noteholder (or, in accordance with paragraph 5(g)(iv) the Trustee) has elected to have converted, (the aggregate of such Election Amounts of each relevant Noteholder being the "Conversion Amount") by allotting and issuing to such Noteholder such number of Ordinary Shares as is determined in accordance with the following formula:

$$N = \frac{\text{Conversion Amount in pounds sterling}}{\text{Conversion Price in pounds sterling}}$$

Where N = number of Ordinary Shares to be issued; and

"Conversion Price" means:

- (i) on the first Election Date, 50 pence;
- (ii) on the second Election Date, 55 pence;
- (iii) on the third Election Date, 60 pence;
- (iv) on the fourth Election Date, 65 pence; and
- (v) on the Final Maturity Date, 70 pence.

Fractions of Ordinary Shares resulting from conversion shall not be allotted to converting Noteholders but shall be aggregated and sold and the net proceeds distributed *pro rata* amongst the persons entitled, save that individual entitlements of less than £3.00 shall be retained for the benefit of the Company.

(e) **Redemption**

The Company shall subject to the other provisions referred to above and below on the relevant Election Date or Early Maturity Date as the case may be, redeem the Election Amount of each Convertible Loan Note which a Noteholder or the Company as the case may be has elected to redeem by payment of the aggregate of such Election Amounts to the relevant Noteholder.

(f) **Deemed Election**

If, in relation to a Convertible Loan Note:

- (i) the Company does not receive an Election Notice from the Noteholder on or before the relevant Election Date; or
- (ii) to the extent that the Company does so receive an Election Notice but such Election Notice does not clearly indicate the extent to which all of the Election Amount of the Convertible Loan Notes is to be converted and/or redeemed; or
- (iii) if the Election Notice requires a declaration to be completed by the Noteholder as to the name and domicile of the beneficial owner of the Convertible Loan Notes and such declaration is not duly completed; or
- (iv) if for any other reason (not attributable to the Company), including as to compliance with minimum conversion or holding requirements or compliance with any applicable securities legislation or other laws, the Election Notice is incomplete or defective,

the Noteholder shall be deemed, in the case of (i) (subject as provided in paragraph g(iv)(1)) and (iv) above, to have elected to redeem the Election Amount of the Convertible Loan Notes and, in the case of (ii) above, to have elected to redeem the Election Amount of each of their Convertible Loan Notes in respect of which no such indication has been given, and in the case of (iii) above, to have elected to redeem or convert the Election Amount of each of their Convertible Loan Notes in such manner as the Company may determine in its absolute discretion (which determination shall be binding on the Noteholder).

(g) **Additional Conversion Events**

(i) **Conversion on Take-over**

If any offer is made, at any time during which the Convertible Loan Notes remain capable of being converted, to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) such Shareholders other than the offeror and/or any associate of the offeror and/or any persons acting in concert with the offeror) to acquire all or a majority of the issued ordinary share capital of the Company, or if any person proposes a scheme of arrangement under the UK Companies Act with regard to such acquisition:

- (1) the Company shall give notice of such offer or scheme to the Noteholders at the same time as any notice thereof is sent to the Shareholders (or as soon as practicable thereafter) stating that details concerning such offer or scheme may be obtained from the specified offices of the Registrars and, where such an offer or scheme has been recommended by the Board, or where such an offer has become or been declared unconditional in all respects, use its reasonable endeavours to procure that a like offer or scheme is extended to the holders of any Ordinary Shares issued during the period of the

offer or scheme and arising upon conversion of the Convertible Loan Notes and/or to the Noteholders; and

- (2) provided that the Company becomes aware that the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such associates and/or persons acting in concert as aforesaid, the Company shall give written notice to all Noteholders of such vesting (or prospective vesting) within 14 days of it becoming so aware. Each such Noteholder shall be entitled within the period of six weeks from the date of such notice (the last date of such period being the "operative date") (but not thereafter) by irrevocable notice in writing (a "Conversion Notice") to the Company to elect to convert on such date being not later than 7 days after the operative date (an "Early Maturity Date") all (but not some only) of that Noteholder's Convertible Loan Notes at the Conversion Price which was applicable on the last Election Date preceding the Early Maturity Date (but taking into account any adjustments to the Conversion Prices subsequently made in accordance with these conditions).

(ii) **Conversion on Liquidation**

If, at any time during which the Convertible Loan Notes remain capable of being converted, the Company commences liquidation (save for the purpose of or in connection with a reconstruction, amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms which have been previously approved by the Trustee or by an extraordinary resolution of the Noteholders), the Company shall forthwith give notice in writing to all Noteholders in a form previously approved in writing by the Trustee. Each such Noteholder shall be entitled within six weeks after the date of such notice (the last date of such period being the "operative date") but not thereafter by irrevocable notice in writing (a "Conversion Notice") to the Company to elect to convert all (but not some only) of that Noteholder's Convertible Loan Notes on the basis that a conversion date had occurred on the day (such date being an "Early Maturity Date") immediately preceding the date of the commencement of the liquidation of the Company and that his conversion right had been exercised in full on that date at the Conversion Price which was applicable on the last Election Date preceding the Early Maturity Date (but taking into account any adjustments to the Conversion Prices subsequently made in accordance with these conditions). In that event such Noteholder shall (save as hereafter provided) be entitled to be paid in satisfaction of the amount due in respect of its entire holding of Convertible Loan Notes a sum equal to the amount to which such Noteholder would have become entitled in such liquidation if it had been the holder of the Ordinary Shares to which such Noteholder would have become entitled by virtue of such conversion. Notwithstanding the foregoing, a Noteholder making such an election will be entitled to receive and retain any payment, in respect of the Convertible Loan Notes in relation to which he has made such election, which has become due prior to the Early Maturity Date as though he had not made such an election. For the purpose of determining the assets in which any Noteholder making an election is entitled to participate, the provisions of paragraphs 4 and 5(j) of this Part IV will apply, provided that if such Noteholder receives any payment, on the Convertible Loan Notes in relation to which he has made such an election, in respect of interest falling

due on the Convertible Loan Notes on such Early Maturity Date or any day thereafter up to and including the operative date, he shall be entitled to retain such payment. Subject to this paragraph and paragraph (iv)(2) below, all other rights of conversion will lapse in the event of the liquidation of the Company.

(iii) **Conversion on Demerger**

If, at any time during which the Convertible Loan Notes remain capable of being converted, the Company shall propose any arrangement pursuant to which the Company is to make a distribution of the kind described in Section 213(3) of the UK Income and Corporation Taxes Act 1988 otherwise than by means of (a) an arrangement within the meaning of Section 425 of the UK Companies Act permitted by paragraph 8(k) below or (b) an arrangement to which the provisions of paragraph 8(k) below do not apply by reason of any of the provisos thereto or (c) an arrangement made or put to all Noteholders which is, in the opinion of a reputable merchant bank in London approved for such purpose by the Trustee, fair and reasonable (having regard to the terms of the conversion rights and the periods during which they may be exercised and to the terms of such first-mentioned proposed arrangement and to any other circumstances which may reasonably appear to such merchant bank to be relevant), it shall give notice thereof in a form previously approved in writing by the Trustee to all Noteholders not less than 6 weeks prior to the proposed record date in respect of the entitlement of Ordinary Shares to receive the relevant distribution (and/or shares in the company or companies to which any such distribution is to be made) and each Noteholder may, within the period of 30 days after the date of such notice (the last day of such period being the "operative date") by irrevocable notice in writing (a "Conversion Notice") to the Company elect to convert on such date being not later than 7 days after the operative date (an "Early Maturity Date") all (but not some only) of that Noteholder's Convertible Loan Notes at the Conversion Price which was applicable on the last Election Date preceding the Early Maturity Date (but taking into account any adjustments to the Conversion Prices subsequently made in accordance with these conditions).

(iv) **Trustees Conversion Elections**

- (1) Notwithstanding anything above, but subject to sub-paragraph (3) below, the Trustee may, at its absolute discretion (and without any responsibility for any loss occasioned thereby), elect by irrevocable notice in writing (a "Conversion Notice") to the Company, served within the period of 14 days following the Final Maturity Date (the last day of such 14 day period being a "Trustee Notification Date") to require the Company, in lieu of redemption, to convert on the Trustee Notification Date at the applicable Conversion Price on the Final Maturity Date (but taking into account any adjustments to the Conversion Prices subsequently made in accordance with these conditions), all Convertible Loan Notes due for redemption on the Final Maturity Date which have not been the subject of an Election Notice on or before the Final Maturity Date ("Unexercised Notes").
- (2) Notwithstanding anything above, but subject to sub-paragraph (3) below, the Trustee may, at its absolute discretion (and without any responsibility for any loss occasioned thereby), elect by irrevocable notice in writing (a "Conversion Notice") to the Company, served

within the period of 14 days following the last day on which a Noteholder may validly serve a Conversion Notice in accordance with paragraph 5(g)(ii) above (the last day of such 14 day period being a "Trustee Notification Date") to require the Company to convert, on the basis that a conversion date had occurred on the day immediately preceding (such date being an "Early Maturity Date") the date of the commencement of the liquidation of the Company and that such conversion right had been exercised in full on that date at the Conversion Price which was applicable on the last Election Date preceding the Early Maturity Date (but taking in to account any adjustments to the Conversion Prices subsequently made in accordance with these conditions), all Convertible Loan Notes eligible for conversion which have not been the subject of a Conversion Notice in accordance with paragraph 5(g)(ii) above on or before the expiry of such period for serving such a valid Conversion Notice ("Unexercised Notes"). The provisions of paragraph 5(g)(ii) above will otherwise apply *mutatis mutandis* following the exercise of the conversion right by the Trustee.

- (3) The Trustee shall not exercise either of the conversion rights specified in sub-paragraphs (1) and (2) above unless a reputable merchant bank in London, reasonably appointed for the purpose by the Trustee, acting as an expert and not as an arbitrator, has stated in writing that the net proceeds of an immediate sale of the Ordinary Shares arising on conversion, together with any accrued interest in respect of principal, (disregarding any liability (other than of the Trustee) to taxation or the payment of any capital, stamp, issue or registration duties consequent thereon) would be likely to exceed by 5 per cent. or more the amount of the moneys in respect of principal and interest (if any) which would otherwise be payable in respect of the Unexercised Notes.
- (4) The Company undertakes to allot and issue within seven business days of the relevant Trustee Notification Date to the Trustee on behalf of the holders of the Unexercised Notes so converted as of the Trustee Notification Date or Early Maturity Date (as the case may be) the Ordinary Shares required to be allotted and issued upon conversion in accordance with sub-paragraphs (1) and/or (2) above and to despatch to the Trustee or to its order and at its risk certificates (if the Ordinary Shares are in certificated form) representing the same within ten business days of such allotment and issue.
- (5) The Trustee will arrange for the sale, on behalf of the holders of the Unexercised Notes, of the Ordinary Shares issued on either of such conversions described in sub-paragraphs (1) and (2) above as soon as practicable, and (subject to any necessary consents being obtained and to the deduction by the Trustee of any amount which it determines to be payable in respect of the payment of any capital, stamp, issue or registration duties (if any) and any costs incurred by the Trustee in connection with that allotment and sale thereof) the net proceeds of sale together with accrued interest (if any) shall be held by the Trustee and distributed rateably to the holders of the said Unexercised Notes against receipt of the certificates for the Unexercised Notes or a transfer in uncertificated form through the relevant system. The amount of such net proceeds of sale together



with accrued interest (if any) shall be treated for all purposes as the full amount due by the Company in respect of such Unexercised Notes.

**(h) Adjustments to the Conversion Prices**

The Conversion Prices shall be adjusted in the following circumstances:

- (i) upon any alteration to the nominal value of the Ordinary Shares as a result of reclassification, consolidation or sub-division;
- (ii) save in respect of the proposed Capitalisation Issue, upon the issue of Ordinary Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves including any share premium account or capital redemption reserve (provided that no adjustment will be made by reason only of a Shareholder wholly or partially foregoing his entitlement to a cash dividend and in lieu thereof the Company issuing to him Ordinary Shares paid up out of profits or reserves);
- (iii) upon the payment or making of any Capital Distribution (as defined below) to the Shareholders (except where the Conversion Prices fall to be adjusted under (ii) above);
- (iv) upon any offer, issue or invitation being made to all or the majority of the Shareholders as a class by way of rights of any Ordinary Shares;
- (v) upon any offer, grant, issue or invitation being made to all or the majority of the Shareholders as a class by way of rights of any options, warrants or other rights to subscribe for or purchase Ordinary Shares;
- (vi) upon any offer, grant, issue or invitation being made to all or the majority of Shareholders as a class by way of rights of any securities or options, warrants or other rights to subscribe for or purchase any securities (in each case, other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase Ordinary Shares);
- (vii) upon any offer by or on behalf of the Company or (at the direction or request of, or pursuant to any arrangements with the Company) any other company, person or entity of any securities in connection with which offer all or the majority of Shareholders as a class are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Prices fall to be adjusted under (iv), (v) and (vi) above);
- (viii) if the Company determines that adjustments should be made to the Conversion Prices as a result of one or more events or circumstances not referred to in (i) to (vii) above (even if the relevant event or circumstance is specifically excluded from the operation of (i) to (vii) above), the Company (a) if the effect of the adjustments is a reduction in the Conversion Prices, may make such adjustments as it thinks fit and (b) if the effect of the adjustments is an increase in the Conversion Prices, shall, at its own expense and acting reasonably, request the Auditors (as defined in the Trust Deed) acting as experts and not as arbitrators, to determine as soon as practicable what

adjustments (if any) to the Conversion Prices are fair and reasonable to take account thereof and the date on which such adjustments should take effect and upon such determination such adjustments (if any) shall be made and shall take effect in accordance with such determination, provided that such adjustments shall only be made pursuant to this paragraph 5(h)(viii)(b) if the Auditors, with the approval of the Trustee, are so requested to make such a determination,

provided that where the circumstances giving rise to any adjustments pursuant to this paragraph 5(h) have already resulted or will result in adjustments to the Conversion Prices or where the circumstances giving rise to any adjustments arise by virtue of any other circumstances which have already given or will give rise to adjustments to the Conversion Prices, such modification shall be made to the operation of the adjustment provisions as may be advised by the Auditors to be in their opinion appropriate to give the intended result.

All adjustments to the Conversion Prices will be rounded upwards if necessary to three decimal places. The Company shall forthwith notify the Noteholders in writing in a form previously approved in writing by the Trustee of any adjustments in the Conversion Prices pursuant to these provisions.

The Conversion Prices may not be reduced so that, on conversion of Convertible Loan Notes, Ordinary Shares would fall to be issued at a discount to their par value.

If the date of conversion in relation to any Convertible Loan Notes is after the record date for any such issue, distribution, grant or offer (as the case may be) as is mentioned in paragraph 5(h)(ii) to (vii) (both inclusive) above, but before the date on which the relevant adjustments become effective under this paragraph 5(h) or as provided below, the Company shall (conditional upon adjustments to the Conversion Prices becoming effective) procure that there is issued to the converting Noteholder or in accordance with the instructions contained in any Election Notice or Conversion Notice (subject to any applicable laws, exchange control or other regulations) such additional number of Ordinary Shares as, together with the Ordinary Shares issued or to be issued on conversion of the relevant Convertible Loan Notes, is equal to the number of Ordinary Shares which would have been required to be issued on conversion of such Convertible Loan Notes if the relevant adjustments (more particularly referred to in the said paragraphs) to the Conversion Prices had in fact been made immediately after the relevant record date. Such additional Ordinary Shares shall be allotted as at, and be issued within one month after, the relevant date of conversion or of the date of issue of Ordinary Shares if the adjustments result from the issue of Ordinary Shares and certificates for such Ordinary Shares (if the Ordinary Shares are in certificated form) shall be despatched within such period of one month.

Where more than one event which gives or may give rise to adjustments to the Conversion Prices occurs within such a short period of time that, in the opinion of the Auditors, a modification to the operation of the adjustment provisions is required in order to give the intended result, such modification shall be made to the operation of the adjustment provisions

as may be advised by the Auditors to be in their opinion appropriate to give such intended result.

No adjustments shall be made to the Conversion Prices pursuant to paragraphs (i) to (vii) above where Ordinary Shares or other securities (including rights, warrants or options) are issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of, employees or former employees (including directors holding or formerly holding executive office) of the Company or any of its subsidiaries or any associated companies or to trustees to be held for the benefit of any such person in any such case pursuant to any employees' share scheme (as defined in Section 743 of the UK Companies Act as modified or re-enacted).

If in any of the years 2001 to 2005 (both inclusive) for any reason the audited consolidated accounts of the Company for the financial period of the Company ended on or within seven days of 31 December in the previous year are not despatched to the Noteholders on or before 31 May, then the period in that year in which the Noteholders may validly serve an Election Notice will not commence until the date of such despatch. In that event the Election Date in that year shall also be deferred so that it falls 30 days after the date of such despatch. The Company shall notify Noteholders on or before 31 May in the relevant year of any such deferment by written notice in a form previously approved by the Trustee.

Without prejudice to the next paragraph, if any doubt arises as to the appropriate adjustments to the Conversion Prices, a certificate of the Auditors shall be conclusive and binding on all concerned, save in the case of manifest or proven error.

In the event that the application of any of the calculations specified in paragraphs (iii) to (vii) above gives rise to the requirement to make adjustments to the Conversion Prices which in the reasonable opinion of the Company would not accurately reflect the dilution, consolidation, value extraction or other result of the action giving rise to the adjustments or in the event that for any reason (including, without limitation, following a delisting of the Ordinary Shares) the Ordinary Shares are not quoted (where applicable) cum or ex the relevant rights or entitlements, the Company may upon written notice to the Trustee require that a reputable merchant bank in London whose appointment shall reasonably be approved by the Trustee (or failing such approval within 10 days of the relevant notice, such reputable merchant bank in London appointed by the President for the time being of the London Investment Bank Association) be appointed to decide upon the appropriate adjustments. The merchant bank shall act as expert and not as arbitrator and its decision shall be final and binding on the Noteholders, the Trustee and the Company, save in the case of manifest or proven error. The merchant bank may, if it considers it appropriate, appoint other appropriate experts to assist it in reaching its decision. To the extent that the provisions of this paragraph are invoked, no adjustments to the Conversion Prices required to be made in accordance with paragraphs (iii) to (vii) above shall take effect until the merchant bank has given its decision in accordance with the provisions of this paragraph and the decision of the merchant bank will then be implemented instead of the adjustments pursuant to paragraphs (iii) to (vii) above.

For the purposes of this paragraph, “**Capital Distribution**” means:

- (i) any distribution of assets *in specie* charged or provided for in the accounts of the Company for any financial period (whenever paid or made and however described) but excluding a distribution of assets *in specie* in lieu of a cash dividend or distribution which would not have constituted a Capital Distribution under (ii) below (and for these purposes a distribution of assets *in specie* includes, without limitation, an issue of Ordinary Shares or other securities credited as fully or partly paid up (other than Ordinary Shares credited as fully paid) by way of capitalisation of profits or of reserves); and
- (ii) any cash dividend or distribution of any kind charged or provided for in the accounts of the Company for any financial period (whenever paid or made and howsoever described), in each case unless:
  - (1) and to the extent that it does not, when taken together with any dividend or distribution in cash or any distribution of assets in specie previously made or paid in respect of all periods ending after 30 June 2000 exceed an amount equal to the aggregate of the consolidated cumulative net profits less the aggregate of any consolidated net losses (after taxation but including any net realised gains (less any losses) made on the disposal of investments and extraordinary items) attributable to the members of the Company for all periods ending after 30 June 2000 as shown in the audited consolidated accounts of the Company for such periods (provided that consolidated cumulative net profits shall exclude any amount arising as a result of any reduction of share capital, share premium account or capital redemption reserve but, subject thereto, shall include any profit transferred from any reserve); or
  - (2) insofar as sub-paragraph (1) above does not apply, and to the extent that the rate of that dividend or distribution, together with all other dividends or distributions on the class of capital in question charged or provided for in the accounts of the Company for that financial period, does not exceed the total rate of dividend or distribution on such class of capital charged or provided for in the accounts of the Company for the financial period immediately preceding the financial period in question. In computing such rates the value of distributions *in specie* shall be taken into account and such adjustments as are in the opinion of the Auditors appropriate to the circumstances shall be made,

in each case except if it comprises a repurchase of share capital of the Company, in accordance in all respects with the provisions of paragraph 8(j) below, or a redemption of share capital of the Company.

(i) **Conversion to be a Discharge**

The allotment of Ordinary Shares on conversion shall satisfy the Company’s liability to Noteholders in respect of the Election Amount of the relevant Convertible Loan Notes (subject to the payment of any amount in respect of any fractions).

(j) **Ranking of Ordinary Shares**

Ordinary Shares allotted on conversion shall be fully paid and shall rank *pari passu* in all respects with other issued Ordinary Shares of the Company except they will not rank for dividends or distributions in respect of financial periods or parts of financial periods ending on or prior to the relevant date of conversion.

**6. Purchase of Notes**

The Company or any subsidiary of the Company may at any time purchase Convertible Loan Notes for their own account. Convertible Loan Notes so purchased by the Company or any subsidiary of the Company may be cancelled or reissued, as the Company elects, but shall not, for so long as held by the Company or any subsidiary of the Company, be capable of being converted.

The Company shall not purchase Convertible Loan Notes unless a tender offer (made available to all Noteholders alike) or a partial offer is made to all holders of the class of Convertible Loan Notes concerned on the same terms, or if the purchases are limited to a maximum price which, whilst the Convertible Loan Notes are traded on the London Stock Exchange, does not exceed 5 per cent. above the average closing price on the London Stock Exchange of the Convertible Loan Notes for the ten business days prior to such repurchase and, at any time whilst the Convertible Loan Notes are not so traded, does not exceed 110 per cent. of their par value.

**7. Further Issues of convertible loan notes**

The Company may, from time to time in accordance with the provisions of the Trust Deed and without the consent of the Noteholders or (except as provided for in this paragraph 7 or in relation to the issue of bearer convertible loan notes) the Trustee, create and issue further convertible loan notes in registered or in bearer form either:

- (a) ranking *pari passu* with and on the same terms and conditions as the initial Convertible Loan Notes in all respects (or in all respects except for the dates and rates at which interest thereon is payable) so as to form a single issue with the initial Convertible Loan Notes; or
- (b) upon such other terms as to interest rates or payment or repayment dates, conversion, redemption, ranking (whether in a liquidation or otherwise), as the Company may determine at the time of issue, but subject to the Company's prior receipt of an acknowledgement from the Trustee confirming that it accepts appointment as Trustee in respect of such further convertible loan notes.

**8. Undertakings by the Company**

Whilst any Convertible Loan Notes remain capable of being converted, the Company shall, save with the approval of an extraordinary resolution of the Noteholders or with the approval of the Trustee where, in its opinion, it is not materially prejudicial to the interests of the Noteholders to give such approval:

- (a) allot and issue Ordinary Shares to Noteholders upon conversion in accordance with the provisions of the Trust Deed and at all times keep available for issue free from pre-emptive rights out of its authorised but unissued capital such number of Ordinary Shares as would enable the Ordinary Shares arising upon conversion to be issued in full;
- (b) use all reasonable endeavours to ensure that the Ordinary Shares issued upon conversion shall, upon allotment, be admitted to listing and dealing on the stock exchanges on which the Ordinary Shares are then listed or dealt in;

- (c) use all reasonable endeavours to maintain listings for the Ordinary Shares on the stock exchanges on which they are currently listed or dealt in or on any generally recognised alternative exchanges in the same jurisdictions;
- (d) use all reasonable endeavours to maintain a listing on the Official List and a quotation on the London Stock Exchange of the Convertible Loan Notes, a quotation and listing of the Convertible Loan Notes on the Australian Stock Exchange and a quotation of the Convertible Loan Notes on the New Zealand Stock Exchange or on any generally recognised alternative exchanges in the same jurisdictions;
- (e) not issue or pay up any securities, in either case by way of capitalisation of profits or reserves, unless, in any such case, the same gives rise to an adjustment to the Conversion Prices, other than (i) by the issue of fully paid Ordinary Shares to Shareholders and other holders of shares in the capital of the Company which by their terms entitle the holders thereof to receive Ordinary Shares on a capitalisation of profits or reserves or (ii) by the issue of Ordinary Shares paid up in full out of profits or reserves (in accordance with applicable law) as a result of a Shareholder wholly or partially foregoing his entitlement to a cash dividend and receiving such shares in lieu thereof or (iii) by the issue of fully paid equity share capital (other than Ordinary Shares) to the holders of equity share capital of the same class and other holders of shares in the capital of the Company which by their terms entitle the holders thereof to receive equity share capital (other than Ordinary Shares) on a capitalisation of profits or reserves or (iv) by the way of the issue of any equity share capital to (or to a person for the benefit of) employees or former employees (including directors holding or formerly holding executive office) whether of the Company or any of its subsidiaries or associated companies or to trustees to be held for the benefit of any such person in any such case pursuant to an employees' share scheme (as defined in Section 743 of the UK Companies Act as modified or re-enacted);
- (f) not make, or permit any subsidiary to make, any offer or invitation to Shareholders or make any Capital Distribution or any grant or issue in each case as referred to in sub-paragraph (5)(h) above or make any distribution permitted by sub-paragraph 5(g)(iii) above, in each case during, or by reference to a record date falling within the period during which an Election Notice may be validly served or following such period by reference to a record date falling prior to such period;
- (g) not in any way modify the rights attaching to the Ordinary Shares with respect to voting, dividends or liquidation nor issue any other class of equity share capital carrying any rights which are more favourable than the rights attaching to the Ordinary Shares but so that nothing in this sub-paragraph (g) shall prevent (i) the issue of any equity share capital to, or for the benefit of, employees or former employees (including directors holding or formerly holding executive office) whether of the Company or any of its subsidiaries or associated companies or to trustees to be held for the benefit of any such person in any such case pursuant to an employees' share scheme (as defined in Section 743 of the UK Companies Act as modified or re-enacted) or (ii) any reclassification, consolidation or subdivision of the Ordinary Shares or the conversion of any Ordinary Shares into stock or vice versa or (iii) any modification of such rights which is not, in the opinion of a reputable merchant bank in London reasonably selected by the Company, approved in writing by the Trustee such approval not to be unreasonably withheld or delayed, and acting as an expert and not as an arbitrator, materially prejudicial to the interests of the Noteholders or (iv) without prejudice to any rule of law or legislation (including regulations made under Section 207 of the UK

Companies Act 1989 or any other provision of that or any other legislation), the conversion of Ordinary Shares into, or the issue of any Ordinary Shares in, uncertificated form (or the conversion of Ordinary Shares in uncertificated form into certificated form) or the amendment of the Articles of Association of the Company to enable title to securities of the Company (including Ordinary Shares) to be evidenced and transferred without a written instrument or any other alteration to the Articles of Association of the Company made in connection with the matters described in this paragraph or which is supplemental or incidental to any of the foregoing (including any amendment made to enable or facilitate procedures relating to such matters and any amendment dealing with the rights and obligations of holders of securities, including Ordinary Shares, dealt with under such procedures) or (v) any issue of equity share capital where the issue of such equity share capital results in adjustments to the Conversion Prices or (vi) any issue of equity share capital or modification of rights attaching to the Ordinary Shares where prior thereto the Company will have instructed the Auditors (acting as experts and not as arbitrators) to determine what (if any) adjustments should be made to the Conversion Prices as being fair and reasonable to take account thereof and the Auditors will have determined either that no adjustments are required or that adjustments resulting in reductions in the Conversion Prices are required or that adjustments resulting in increases in the Conversion Prices are required and, if so, the new Conversion Prices as a result thereof and the basis upon which such adjustments are to be made and, in any such case, the date on which the adjustments shall take effect (and so that the adjustments will be made and shall take effect accordingly);

- (h) not make any issue, grant or distribution or take any other action if the effect thereof would be that, upon conversion of the Convertible Loan Notes, Ordinary Shares would (but for the provisions of paragraph 5(h) above) have to be issued at a discount to their par value or otherwise could not, under any applicable law then in effect, be legally issued as fully paid;
- (i) not reduce its issued share capital, share premium account or capital redemption reserve or any uncalled or unpaid liability in respect thereof except (i) pursuant to the terms of issue of the relevant share capital or (ii) by means of a repurchase of any of its own shares as provided in sub-paragraph (j) below, or by means of a redemption of its share capital or (iii) as permitted by Sections 130(2), 146(2), 160(2), 160(4), 162(2) and 170(4) of the UK Companies Act or (iv) a reduction of share premium account or capital redemption reserve to facilitate the writing off of goodwill arising on consolidation which requires the confirmation of the High Court of England and which does not involve the return, either directly or indirectly, of an amount standing to the credit of the share premium account or capital redemption reserve of the Company and in respect of which the Company shall have tendered to the High Court of England such undertaking as it may require (if any) limiting, so long as any of the Convertible Loan Notes remain outstanding, the extent of any distribution (except by way of capitalisation issue) of any reserve which may arise in the books of the Company as a result of such reduction or (v) where the reduction does not involve any distribution of assets and is effected by way of cancellation for the purposes of a scheme of arrangement pursuant to Section 425 of the UK Companies Act or (vi) by way of transfer to reserves as permitted under applicable laws or (vii) where the reduction results in adjustments to the Conversion Prices;
- (j) not repurchase any of its own shares except in compliance with the relevant provisions of the UK Companies Act and, whether in relation to on or off market repurchases of its own shares, where the price to be paid is not more than 5 per

cent. above the average of the closing prices of those shares on the London Stock Exchange for the 5 business days before such purchase is made;

- (k) procure that no compromise or arrangement (within the meaning of Section 425 of the UK Companies Act) affecting the ordinary share capital shall be proposed unless the Noteholders are parties to the compromise or arrangement and unless the compromise or arrangement is subject to approval by the Noteholders in the manner prescribed by Section 425 provided that these provisions shall not apply (a) in the circumstances described in sub-paragraph (i)(v) above or (b) if any offer, proposal, scheme or other arrangement which is, in the opinion of a reputable merchant bank in London, reasonably approved for such purpose by the Trustee, fair and reasonable (having regard to the terms of the conversion rights and the periods during which they may be exercised and to the terms of such compromise or arrangement and to any other circumstances which may reasonably appear to such merchant bank to be relevant) has already been, or not later than the date on which the document containing particulars of the compromise or arrangement is first issued to the parties thereto is, made or put to all Noteholders or (c) if the Trustee is of the opinion that implementation of such compromise or arrangement will not be prejudicial to the interests of the Noteholders, or (d) to a scheme of arrangement to which sub-paragraphs 5(g)(i) or 5(g)(iii) above applies; and
- (l) not alter its accounting reference date so that it falls otherwise than on 31 December in each year, unless such consequential amendments are made to the provisions of the Trust Deed as the Trustee, acting reasonably, may require.

For the above purposes, “ordinary share capital” has the meaning given to it in Section 832 of the UK Income and Corporation Taxes Act 1988 and “equity share capital” has the meaning given to it in Section 744 of the UK Companies Act.

In addition, the Company covenants with the Trustee that, so long as any Convertible Loan Notes are outstanding, the Company shall, not later than 120 days after the end of each financial year and not later than 90 days after the end of each financial half-year (but subject to any applicable legal or regulatory requirements), deliver to the Trustee:

- (i) a copy of its consolidated financial statements for the preceding financial year or half-year (as the case may be) audited in the case of the consolidated financial statements for a financial year only; and
- (ii) a report signed by two Directors on behalf of the Directors stating:
  - (a) to the best of their knowledge and belief, whether, during the immediately preceding financial year or half-year (as the case may be) any matter has arisen relating to the Company which would materially and adversely affect the ability of the Company to perform its obligations under the Trust Deed and the Convertible Loan Notes; the Company has observed and complied in all material respects with all provisions expressed to be binding upon it under the Trust Deed (and, if not, particulars of the contravention); the register of Noteholders has been duly maintained; any Convertible Loan Notes have been converted, redeemed, cancelled, or acquired by the Company or any of its subsidiaries and if so details of the same; all interest due on the Convertible Loan Notes has been paid (or if not, details of unpaid interest); and the Company has remained solvent; and
  - (b) the aggregate Principal Amount of the Convertible Loan Notes outstanding at the end of the financial year or half-year (as the case may be).



The Company shall provide to the Trustee, at the same time as the audited consolidated annual financial statements are provided in accordance with the above provision, a separate report by the Auditors stating whether or not their audit has disclosed any matter, and if so giving particulars thereof, calling in their opinion for further investigation by the Trustee in the interests of the Noteholders.

The Company shall send to all Noteholders (other than those to whom the same is sent in their capacity as Shareholders) and the Trustee a copy of every document sent generally to Shareholders at the same time as it is sent to Shareholders.

In addition to the above, the Company covenants with the Trustee to provide certain notices and information to the Trustee until the date on which the Trust Deed is discharged.

## **9. Enforcement And Default**

- (a) If the Company at any time fails to observe or perform any covenant, condition or provision of the Trust Deed (other than a covenant for payment of principal or interest) and on its part to be observed or performed and the Trustee certifies in writing that it considers such failure to be prejudicial to the interests of the Noteholders or the Trustee, the Trustee may at its discretion and shall (subject to being indemnified as provided below) if so requested in writing by the holders of at least one-fifth in principal amount of the Convertible Loan Notes or if so directed by an extraordinary resolution of Noteholders, take such proceedings against the Company as the Trustee may think fit to enforce the covenant, condition or provision in question, provided that the Company shall not, as a result of taking any such proceedings, be obliged to pay any sum representing or measured by reference to the principal or interest on the Convertible Loan Notes sooner than it would otherwise have been payable or any damages in respect of any such failure.
- (b) Prior to the commencement of liquidation of the Company, the Trustee's (and the Noteholders') rights to institute proceedings against the Company are limited. In particular there are no events of default which give rise to any acceleration of the repayment of the principal or accrued interest on the Convertible Loan Notes and accordingly no enforcement of any such default may be brought until after the Final Maturity Date and then only by way of the commencement of liquidation.
- (c) During any time whilst payments of interest or principal on the Convertible Loan Notes are in arrears, the Company shall not:
  - (i) pay any dividends or make any distributions in respect of its share capital as from time to time constituted; or
  - (ii) redeem or repurchase any of its share capital as from time to time constituted.

## **10. Meetings of Noteholders and Modification of Rights**

### **(a) Meetings**

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the modification by extraordinary resolution of the provisions of the Trust Deed and the Conditions or in respect of their rights against the Company. An extraordinary resolution duly passed in accordance with the provisions of the Trust Deed at any meeting of Noteholders shall be binding on all Noteholders, whether or not they are present in person or by proxy at the meeting and whether or not they vote in favour of the relevant resolution.

(b) **Modification and Waiver**

The Trustee may agree, without the consent of the Noteholders, but only if in its opinion to do so would not be materially prejudicial to the interests of the Noteholders, to the waiver or authorisation of any breach or anticipated breach by the Company of any of the provisions of the Trust Deed or of the Conditions.

**11. Trustee**

The Trustee for the Noteholders under the Trust Deed will be Guardian Trust Australia Ltd of Level 21, 2 Market Street, Sydney, New South Wales 2000, Australia.

**12. Retirement, Removal and Replacement of Trustee**

Subject to any provision of any relevant law to the contrary:

- (a) the Trustee may retire at any time without assigning any reason therefor upon giving at least three months' written notice to the Company; and
- (b) the Company, or the Noteholders by extraordinary resolution, may at any time without assigning any reason therefor upon giving at least three months' written notice to the Trustee, discharge the Trustee (including any new Trustee appointed upon the retirement or discharge of any previous Trustee).

The power of appointing a new Trustee shall be vested in the Company but shall be subject to the approval by an extraordinary resolution of the Noteholders. If the Company fails to appoint a new Trustee the Noteholders shall be entitled, by extraordinary resolution, to appoint a new Trustee.

**13. Trustee's Indemnification and Consents**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain events. Any consent of the Trustee to any act or omission of the Company may be given on such terms and subject to such conditions (if any) as the Trustee may in its absolute discretion think fit and may be given retrospectively.

**14. Registrars**

The Company will cause the Registrars to establish and maintain a register of Noteholders. The identities of the Registrars are as follows:

Computershare Services PLC, P.O. Box 435, Owen House, 8 Bankhead Crossway North, Edinburgh E11 4BR (for Noteholders with registered addresses in the UK);

Registries Ltd, PO Box R67, Royal Exchange, Sydney NSW 1224 (for Noteholders with registered addresses in Australia); and

Computershare Registry Services Ltd, Private Bag 92119, Auckland 1020 (for Noteholders with registered addresses in New Zealand).

**15. Prescription**

Any payment of principal or interest on the Convertible Loan Notes which remains unclaimed for a period of 12 years after the due date will be forfeited and shall revert to the Company.

**16. Governing Law**

The Trust Deed and the Convertible Loan Notes are governed by, and shall be construed in accordance with, the laws of New Zealand and the courts of New Zealand shall have non-exclusive jurisdiction in relation to all matters arising therefrom.

## Part V Taxation

**If you are in any doubt as to your tax position, or if you may be subject to taxation in a jurisdiction other than the UK, Australia or New Zealand, you are strongly recommended to consult your own professional advisers.**

### (A) UK

The following paragraphs, which are intended as a general guide only and are based on current legislation and Inland Revenue practice, summarise advice received by the Directors as to the position of Shareholders who are resident or ordinarily resident in the UK for tax purposes and who hold Ordinary Shares as an investment.

#### (i) *Taxation consequences of the Buyback Offer for Shareholders*

##### (a) *Individuals*

For Shareholders who are individuals (“individual Shareholders”) the sale of Ordinary Shares pursuant to the Buyback Offer will constitute both a disposal for the purposes of UK taxation of chargeable gains and the receipt of part distribution from the Company. The Directors have been advised that 43 pence of the 50 pence offered for each Ordinary Share is likely to be deemed to be a capital receipt and 7 pence is likely to be deemed to be a dividend. This split of consideration is in the process of being agreed with the Inland Revenue.

#### (1) *Disposal of Ordinary Shares*

Any disposal of Ordinary Shares will constitute a disposal for the purposes of UK taxation of chargeable gains. Whether any gain realised on such disposal will give rise to a liability to taxation will depend on the personal circumstances of the Shareholder. The liability will be calculated by reference to that part of the proceeds received that represents a capital receipt. As stated above, this is likely to be 43 pence per Ordinary Share repurchased pursuant to the Buyback Offer. Individual Shareholders may benefit from taper relief which will reduce the amount chargeable according to how long (measured in years) the shares have been held after 5 April 1998 (as the Ordinary Shares are deemed to be non-business assets, shares held, or deemed to be held on 17 March 1998 will be treated as having been held for one extra year for the purposes of taper relief). For Ordinary Shares acquired prior to 1 April 1998, indexation allowance (which in general terms increases the capital gains tax base of an asset in accordance with the rise in the retail price index) will be available up to and including April 1998.

#### (2) *Dividend Income*

Shareholders will be deemed to receive a distribution which, as stated above, is likely to be 7 pence for every Ordinary Share repurchased pursuant to the Buyback Offer.

Individual Shareholders not subject to the higher rate of tax will have no further liability to UK income tax. Subject to personal circumstances, an individual Shareholder may have a further liability to UK income tax to the extent that the recipient of the UK dividend income pays UK income tax at the higher rate, currently standing at 40 per cent. This being the case, the individual will be liable to UK income tax at a special rate of 32.5 per cent. for distributions on the distribution received from the Company grossed up by a notional 10 per cent tax credit. The 10 per cent tax credit will

subsequently be available as a credit, but cannot be reclaimed by individual taxpayers not subject to the higher rate.

*(b) Corporate Shareholders*

For Shareholders which are companies (“corporate Shareholders”) subject to UK corporation tax, the sale of Ordinary Shares pursuant to the Buyback Offer will be a disposal for the purposes of UK corporation tax on chargeable gains. Subject to particular circumstances, a liability to taxation may arise and will be calculated by reference to the consideration of 50 pence received for each Ordinary Share pursuant to the Buyback Offer. Indexation allowance will be available from the date of the acquisition of the Ordinary Shares which are to be repurchased pursuant to the Buyback Offer up to the date of their disposal.

*(ii) Convertible Loan Note Interest*

Any payment of interest on the Convertible Loan Notes will be treated as interest income in the hands of the recipient. The Company will deduct UK income tax, currently at the rate of 20 per cent., from the interest payment.

*(a) Individuals*

Subject to personal circumstances, an individual Shareholder may have a further liability to UK income tax to the extent that the recipient of the interest income pays UK income tax at the higher rate, currently standing at 40 per cent. This being the case, the recipient will be liable to UK income tax at the higher rate on the interest income received gross of UK income tax deducted by the Company. Credit will be available for the UK income tax deducted by the Company, and a UK-resident individual Shareholder who is not liable to UK income tax on payments of interest may be able to reclaim the UK income tax deducted by the Company.

*(b) Corporate Shareholders*

Subject to the particular circumstances of the holder, corporate Shareholders, subject to UK corporation tax, may be liable to UK corporation tax on the interest income received gross of any UK income tax deducted by the Company. The Shareholder will receive a credit for the UK income tax deducted by the Company, and in some circumstances can apply the credit against payments of income tax it is required to deduct from payments it makes. Any residual tax credit can be set off against the Shareholder’s liability to UK corporation tax or reclaimed as appropriate.

*(iii) Redemption of Convertible Loan Notes*

The redemption of the Convertible Loan Notes will have the same consequences for both individual Shareholders and corporate Shareholders. The redemption of each tranche of the Convertible Loan Notes will constitute a part-disposal for the purposes of UK taxation of chargeable gains.

*(iv) Other disposals of Convertible Loan Notes*

Any other disposal of the Convertible Loan Notes will be treated as a disposal for the purposes of UK taxation of chargeable gains for both individual Shareholders and corporate Shareholders alike.

*(a) Individuals*

Subject to personal circumstances, a gain realised on the disposal of the Convertible Loan Notes may give rise to a liability to taxation. Individual Shareholders may benefit from taper relief, which will reduce the amount

chargeable according to length, in whole years, of the period of ownership of the Convertible Loan Notes.

*(b) Corporate Shareholders*

For corporate Shareholders subject to UK corporation tax on chargeable gains, indexation allowance will be available from the date of acquisition of the Convertible Loan Notes until the date of their disposal.

*(v) Conversion*

The conversion of the Convertible Loan Notes into new Ordinary Shares will have the same consequences for individual Shareholders as for corporate Shareholders. The conversion will be deemed not to be a disposal for the purposes of UK taxation of chargeable gains as the new holding of Ordinary Shares acquired will be treated for these purposes as the same asset as the original Convertible Loan Notes acquired.

**(B) Australia**

The following paragraphs, which are intended as a general guide only and which are based on current legislation and Australian Taxation Office practice, summarise advice received by the Directors as to the position of Shareholders who are resident in Australia for tax purposes and who hold their Ordinary Shares as a capital investment. References in this section (b) to “corporate Shareholders” are references to corporate Shareholders owning less than 10 per cent. of the issued share capital of GPG.

*(i) Taxation consequences of the Buyback Offer for Shareholders*

*Disposal of Ordinary Shares*

Because the Buyback Offer involves a reduction in distributable reserves, the face value of the Convertible Loan Note credited to an Australian resident individual and corporate Shareholder will be treated as a dividend for Australian tax purposes. Therefore, the 50 pence face value will be taxable in the hands of Australian Shareholders in the same manner as normal cash dividend payments.

For that portion of the Convertible Loan Note treated as a dividend for UK tax purposes (this is likely to be deemed to be 7 pence) individual Shareholders will also be assessable on a gross up at 11.1 per cent. to reflect the notional UK tax credit of 10 per cent. A foreign tax credit is then available on the gross dividend for the lesser of Australian income tax payable and the amount of the gross up. No refund of the gross up is available under the terms of the UK/Australia double-tax treaty.

Both individual and corporate Shareholders will also realise a capital loss on the disposal of the Ordinary Shares equal to the reduced cost base of the Ordinary Shares. These capital losses can be offset against capital gains in the current year or carried forward to be offset against capital gains in future years.

For the purpose of calculating any future capital gain or loss, the Convertible Loan Note acquired will have a cost base equal to the market value on issue, that is, 50 pence.

*(ii) Convertible Loan Note Interest*

Any payment of interest on a Convertible Loan Note is subject to the deduction of UK income tax, currently at a rate of 20 per cent. Part of the income tax withheld may be recoverable by qualifying residents under the terms of the relevant Double Taxation Convention.

Interest received on a Convertible Loan Note will be assessable for Australian income tax purposes. The amount included in the Australian income tax return is the cash sum of the interest grossed up by the amount of UK non-resident withholding tax deducted on the payment. A foreign tax credit for the amount of the UK withholding tax up to 10 per cent. of the gross amount of the interest will then be available to the Shareholder (subject to the Shareholder's other sources of income and the Shareholder's ability to offset the tax credit against this income).

(iii) *Redemption of Convertible Loan Notes*

Where the Convertible Loan Notes are redeemed at 10 pence per note per annum, no taxable Australian gains or losses arise to the individual or corporate taxpayer on the redemption amounts.

(iv) *Other disposals of Convertible Loan Notes*

Any gains or losses arising on sale of a Convertible Loan Note will be assessable or deductible to Shareholders as gains or losses on the disposal of traditional securities (subject to the possible application of foreign source loss quarantining rules).

(v) *Conversion*

Where the Convertible Loan Notes are converted into new Ordinary Shares, the difference between the amount paid for the Convertible Loan Notes and the market value of the Ordinary Shares at the conversion date, may be assessed for income tax purposes in the year in which the note is disposed of. Similarly, any loss realised on conversion, where the market value of an Ordinary Share is less than the face value of a Convertible Loan Note, may be allowed as a deduction in the year in which the note is disposed of (subject to the possible application of foreign source loss quarantining rules).

It may be possible that conversion of the Convertible Loan Notes does not trigger a gain or a loss for Australian income tax purposes. **Shareholders should consult their tax advisers on this aspect as the law is unclear.**

(vi) *Future disposal of Ordinary Shares acquired on conversion*

For the purposes of calculating capital gains tax payable on any future disposal of Ordinary Shares, the cost base of the Ordinary Shares will be equal to the market value of the Ordinary Shares at the date of conversion. The Ordinary Shares are also taken to have been acquired at the date the Convertible Loan Note was originally acquired for the purpose of determining the availability of discount capital gain treatment.

If, as described above, the conversion does not trigger a gain or a loss for Australian income tax purposes, the cost base of any Ordinary Shares may simply equate to the amount paid for the Convertible Loan Note. Shareholders should consult their tax advisers on this aspect as the law is unclear.

(C) **New Zealand**

The following paragraphs, which are intended as a general guide only and are based on current legislation and New Zealand Inland Revenue Department practice summarise advice received by the Directors as to the position of Shareholders who are residents of New Zealand for tax purposes. The following paragraph does not purport to be, or to contain, specific advice.

(i) *Taxation consequences of the Buyback Offer for Shareholders*  
*Disposal of Ordinary Shares*

The proposed offer constitutes a non-pro rata share repurchase for the purposes of New Zealand tax law. Any amounts returned to a New Zealand Shareholder from the repurchase of Ordinary Shares should not constitute a dividend to the extent that the Shareholder sells back at least 15 per cent. of their interest in the Company, the distribution does not exceed the Company's "available subscribed capital per share cancelled" and the Commissioner of Inland Revenue is satisfied that the repurchase is not being made in lieu of a dividend. The Directors have been advised that the distribution should not exceed the Company's "available subscribed capital per share cancelled".

If the Shareholder is a dealer in shares, the Ordinary Shares were acquired for the purpose of resale, or the Ordinary Shares are otherwise "revenue account property", they may be subject to tax on any gains realised on the repurchase (i.e. sale proceeds less cost).

(ii) *Convertible Loan Note Interest*

Any payment of interest on a Convertible Loan Note is subject to the deduction of UK income tax, currently at a rate of 20 per cent.. Part of the income tax withheld may be recoverable by qualifying residents under the terms of the relevant Double Taxation Convention.

UK non-resident withholding tax will be deducted by GPG from interest paid to, or applied for the benefit of, a Noteholder and any Noteholder who holds a Convertible Loan Note through a fixed establishment in New Zealand. The Noteholder will be entitled to a foreign tax credit in New Zealand against their New Zealand income tax liability in respect of the UK tax suffered. Foreign tax credits are limited in New Zealand to the New Zealand tax otherwise payable on the overseas income.

To the extent that the Noteholder is not in a tax paying position, they will be unable to receive a refund of the foreign tax credit and these credits will be lost.

Income derived from the Convertible Loan Notes will be subject to the New Zealand accrual rules. The New Zealand Inland Revenue Department may take the view that this includes both the interest payments and any deemed difference between the purchase price of the Convertible Loan Notes and the principal amount of the notes. This income would be spread on a yield to maturity basis (or other acceptable basis) as income over the term of the Convertible Loan Note, unless the Noteholder was eligible to use the "cash basis person" concession.

(iii) *Redemption or other disposals of Convertible Loan Notes*

The redemption or sale of any Convertible Loan Notes will give rise to a base price adjustment calculation for the Noteholder. This calculation will include all the consideration received by the Noteholder (both interest and redemption payments) less the consideration they paid to acquire the notes. An adjustment will be made for income or expenditure amounts that have been dealt with for tax purposes in earlier years. The effect of this is to bring into tax any accrued, but previously unreported, gains on the Convertible Loan Notes. Losses may be deductible if the relevant criteria are met. The same rules as referred to above apply to the subsequent disposal of Ordinary Shares acquired on conversion of the Convertible Loan Notes.

As noted above, any deemed difference between the purchase price of the Convertible Loan Notes and the principal amount of the notes may be subject to the New Zealand accrual rules.

**This summary of the tax treatment is neither exhaustive nor does it consider the position of any Shareholder who for tax purposes is treated as not resident in the UK, Australia or New Zealand. If you are unsure about the effect of your tax position, UK Shareholders should consult their authorised investment adviser and Australian and New Zealand Shareholders should consult an appropriate professional adviser immediately.**

**(D) Overseas Territories**

Shareholders resident in all overseas territories, other than Australia or New Zealand, should consult their own tax advisers concerning their tax liabilities (in the UK or any other country) as a result of the repurchase of Ordinary Shares and the issue of Convertible Loan Notes, including any liability to taxation of capital gains and the tax treatment of the interest to be paid by the Company on such Convertible Loan Notes.



## Part VI

### Additional Information

#### 1. Responsibility

The Directors of the Company, whose names appear in paragraph 4.1 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Share capital

The following table shows the existing authorised and issued fully paid share capital of the Company and the proposed authorised and issued fully paid share capital immediately following the Proposals (but prior to the Capitalisation Issue):

	Number of Ordinary Shares	Nominal share capital £
<b>Existing</b>		
Authorised	600,000,000	60,000,000
Issued	469,526,862	46,952,686
<b>Proposed (assuming full take-up of the Buyback Offer)</b>		
Authorised	600,000,000	60,000,000
Issued	269,526,862	26,952,686

#### 3. Details of outstanding share options

3.1 Following adjustments, grants, exercises and lapses during the year, options outstanding under the Share Option Schemes at 31 December 1999 were as set out below:

Share Option Scheme	Number	Date Granted	Exercise price (pence per share)	Exercise Period
<b>1985 Share Option Scheme</b>				
Ordinary	1,186,917	05.06.92	15.05	05.06.95 to 04.06.02
Ordinary	1,332,492	19.04.93	17.80	19.04.96 to 18.04.03
<b>1992 Share Option Scheme</b>				
Ordinary	1,540,000	19.04.93	17.80	19.04.96 to 18.04.00
Ordinary	4,976,155	12.05.94	37.10	12.05.97 to 11.05.04
Super	3,827,809	12.05.94	37.10	12.05.99 to 11.05.04
Ordinary	739,461	06.10.94	35.06	06.10.97 to 05.10.04
Super	434,976	06.10.94	35.06	06.10.99 to 05.10.04
Ordinary	762,438	25.08.95	36.76	25.08.98 to 24.08.05
Super	1,718,722	25.08.95	36.76	25.08.00 to 24.08.05
Ordinary	25,353	03.01.96	41.92	03.01.99 to 02.01.06
Super	96,919	03.01.96	41.92	03.01.01 to 02.01.06
Ordinary	228,153	11.04.96	47.34	11.04.99 to 10.04.06
Super	152,103	11.04.96	47.34	11.04.01 to 10.04.06
Ordinary	1,078,429	08.05.96	48.00	08.05.99 to 07.05.06
Super	1,140,792	08.05.96	48.00	08.05.01 to 07.05.06

<b>Share Option Scheme</b>	<b>Number</b>	<b>Date Granted</b>	<b>Exercise price (pence per share)</b>	<b>Exercise Period</b>
<b>1992 Share Option Scheme (continued)</b>				
Ordinary	1,002,515	13.01.97	48.46	13.01.00 to 12.01.07
Super	172,848	13.01.97	48.46	13.01.02 to 12.01.07
Ordinary	2,008,177	01.09.97	60.46	01.09.00 to 31.08.07
Ordinary	69,138	07.11.97	58.87	07.11.00 to 06.11.07
Super	150,849	07.11.97	58.87	07.11.02 to 06.11.07
Ordinary	64,515	03.08.98	41.82	03.08.01 to 02.08.08
Super	20,185	03.08.98	41.82	03.08.03 to 02.08.08
Ordinary	1,546,000	22.03.99	51.82	22.03.02 to 21.03.09
Super	900,900	22.03.99	51.82	22.03.04 to 21.03.09
Super	9,005,000	02.09.99	48.50	02.09.04 to 01.09.09
Ordinary	25,000	02.09.99	48.50	02.09.02 to 01.09.09
<b>1994 Share Option Scheme</b>				
Ordinary	906,666	12.05.94	37.10	12.05.97 to 11.05.04
Super	287,084	12.05.94	37.10	12.05.99 to 11.05.04
Ordinary	135,686	25.08.95	36.76	25.08.98 to 24.08.05
Super	271,375	25.08.95	36.76	25.08.00 to 24.08.05
Ordinary	71,566	03.01.96	41.92	03.01.99 to 02.01.06
Ordinary	30,415	11.04.96	47.34	11.04.99 to 10.04.06
Ordinary	62,363	08.05.96	48.00	08.05.99 to 07.05.06
Ordinary	56,564	01.09.97	60.46	01.09.00 to 31.08.07
Ordinary	8,800	03.08.98	41.82	03.08.01 to 02.08.08
Ordinary	27,500	22.03.99	51.82	22.03.02 to 21.03.09
Super	40,000	02.09.99	48.50	02.09.04 to 01.09.09

Since 31 December 1999, no options have been exercised under the Share Option Schemes, save that Dr. Weiss has indicated that he intends to exercise 1.54 million options on 18 April 2000.

- 3.2 The following options over shares in a subsidiary of GPG, Mid-East Minerals Ltd., are outstanding pursuant to the Mid-East Minerals Ltd. share option scheme:

<b>Share Option Scheme</b>	<b>Number</b>	<b>Date Granted</b>	<b>Exercise price (Aus\$)</b>	<b>Exercise Period</b>
Ordinary	270,000	24.04.96	0.77	24.04.96 to 23.04.01
Ordinary	400,000	08.04.97	0.93	08.04.97 to 07.04.02

- 3.3 Save for the arrangements for the issue of Convertible Loan Notes as described in Part II of this document, and save as provided in paragraphs 3.1 and 3.2 above, no share or loan capital of the Company or any of its subsidiaries is under option or is agreed, conditionally or unconditionally, to be put under option.

## 4. Directors

### 4.1 Information on Directors

The full names of the Directors are as follows:

Sir Ron Brierley  
Trevor Jorgen Nielsen Beyer  
Anthony Ian Gibbs  
Maurice William Loomes  
Blake Andrew Nixon  
Dr. Gary Hilton Weiss

Set out below are brief biographical details of the Directors together with a list of all of the companies and partnerships of which the Directors are, or have been in the five years preceding the date of this document, directors or partners (excluding any subsidiaries of the Company):

#### **Sir Ron Brierley (Chairman)**

Sir Ron Brierley (62) founded Brierley Investments Ltd in 1961 and as Chairman implemented his investment approach successfully over the next 30 years. His other present directorships are: The Australian Gas Light Company, DJL Ltd, Industrial Equity Ltd, Residual Assco Group Ltd, Siblot Pty. Ltd., Siblow Pty. Ltd., Tooth & Co Ltd, Stanley Gibbons (Australia) Pty. Ltd. and Adsteam Marine Ltd. Within the last 5 years he has also been a director of Advance Bank Australia Ltd.

#### **Trevor Jorgen Nielsen Beyer (Non-Executive Director)**

Mr. Beyer (63) was a director of Brierley Investments Ltd from 1971 to 1994 and has extensive experience on the boards of many public companies. His present directorships are: Alvis plc, Avimo Singapore Ltd., Lion Technologies plc, Newbury Racecourse plc and Waterfall Holdings plc. Within the last 5 years he has also been a director of Escalator Information Systems (UK) Ltd and The Greenfields Group Ltd.

#### **Maurice William Loomes (Non-Executive Director)**

Mr. Loomes (52) has had over 25 years' experience in the Australian securities industry, principally as an investment analyst and research manager. His present directorships are: Pially Pty. Ltd, Weyetin Trading Pty. Ltd, Turners & Growers Ltd. and Wrightson Ltd. Mr. Loomes resigned as an Executive Director of GPG on 31 December 1999 at which time he became a Non-Executive Director. Within the last 5 years he has also been a director of The Colonial Motor Company Ltd, Fulcrum Capital Ltd and Oamps Ltd. He has expressed his intention to retire from the Board at the forthcoming Annual General Meeting.

#### **Anthony Ian Gibbs (Executive Director)**

Mr. Gibbs (52) has been involved with public company boards for many years. His experience includes mergers, acquisitions and divestments. He is Chairman of Turners & Growers Ltd. and his other present directorships are: Joe White Maltings Ltd, Otter Gold Mines Ltd, Wrightson Ltd, Aeneid Seventeen Ltd and Ezypeel Mandarins Ltd. Within the last 5 years he has also been a director of The Colonial Motor Company Ltd. Mr Gibbs is responsible for Guinness Peat Group New Zealand Ltd.

#### **Blake Andrew Nixon (Executive Director)**

Mr. Nixon (39) has wide experience of corporate finance in both the UK and Australia. His past and present directorships are: The Groucho Club London plc, Hampshire Company plc and Staveley Industries plc. Mr Nixon is responsible for the London office.

### **Dr. Gary Hilton Weiss (Executive Director)**

Dr. Weiss (46) has considerable experience in the Australian business sector. Dr. Weiss is Deputy Chairman of Mid-East Minerals Ltd and his other present directorships are: Ariadne Australia Ltd., Premier Investments Ltd., St. Luke's Group Ltd., Tag Pacific Ltd and Bivaru Ltd. Within the last 5 years he has also been a director of Allgas Energy Ltd, Australis Media Ltd. (in receivership), Pacific Sports Entertainment Ltd, Physicians Insurance Company of Ohio, The Colonial Motor Company Ltd. and Turners and Growers Ltd. Dr. Weiss is responsible for GPG (Australia) Pty. Ltd.

- 4.2 None of the directors has any unspent convictions in relation to indictable offences, received any public criticisms by a statutory, regulatory or professional authority or body, been subject to any bankruptcies or individual voluntary arrangements, or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company. None of the directors has been an executive director of a company or a partner in a partnership at the time or within 12 months preceding the time at which the company or partnership entered into administration, voluntary arrangement, composition or arrangement with creditors generally or any class thereof, receivership, compulsory liquidation or creditors' voluntary liquidation.
- 4.3 The business address of all of the Directors is 2nd floor, 21-26 Garlick Hill, London EC4V 2AU.

### **5. Directors' service agreements and other arrangements**

- 5.1 There are no contracts of service under which any of the Directors are employed by the Company or any of its subsidiary undertakings.
- 5.2 Set out below are the terms of service (not constituting service contracts) of the Directors:

#### **Sir Ron Brierley**

Sir Ron Brierley is currently paid no remuneration and has no other terms of service.

#### **Trevor Beyer**

Trevor Beyer is employed by GPG and currently receives annual remuneration of £80,000 (including £35,000 by way of directors' fees). His terms include medical insurance. There are no further terms of service.

#### **Maurice Loomes**

Maurice Loomes is paid no remuneration and has no other terms of service.

#### **Anthony Gibbs**

Anthony Gibbs is employed by Guinness Peat Group New Zealand Ltd and currently receives annual remuneration of NZ\$700,000, including a pension contribution. There are no further terms of service.

#### **Blake Nixon**

Blake Nixon is employed by GPG and currently receives annual remuneration of £300,000, including a pension contribution, private health insurance, the provision of a car and miscellaneous expenses. There are no further terms of service.

#### **Dr. Gary Weiss**

Gary Weiss is employed by GPG (Australia) Pty. Ltd and currently receives annual remuneration of Aus\$825,000, including a pension contribution. There are no further terms of service.

- 5.3 The aggregate remuneration and benefits in kind granted to the Directors for the year ended 31 December 1999 amounted to £1,382,000.
- 5.4 It is estimated that the amounts payable to the Directors by any member of the GPG Group for the current financial year under the arrangements in force at the date of this document will not exceed £996,000.
- 5.5 No loans or guarantees have been granted or provided for the benefit of the Directors by any member of the GPG Group.
- 5.6 No Director has, or has had, any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the GPG Group and which was effected during the current or immediately preceding financial year or which was effected during any earlier financial year and remains in any respect outstanding or unperformed.

## 6. Directors' and substantial interests

- 6.1 As at 12 April 2000 (the latest practicable date prior to the printing of this document) the interests of the Directors and their immediate families and the interests of persons connected with the Directors for the purposes of Section 346 of the UK Companies Act in the share capital of the Company (all of which are beneficial interests) were as set out below. All the interests (i) have been notified to the Company pursuant to Sections 324 or 328 of the UK Companies Act; or (ii) were required to be entered in the register maintained under Section 325 of the UK Companies Act; or (iii) are interests of a connected person of a Director which would, if such person were a Director, be required to be disclosed under (i) or (ii) above, and the existence of which is known to or could with reasonable diligence be ascertained by that Director:

### (i) Ordinary Shares

<b>Director</b>	<b>Number of Ordinary Shares</b>	<b>Percentage of Ordinary Shares</b>
Sir Ron Brierley	19,064,619	4.06
TJN Beyer	1,304,888	0.28
AI Gibbs	688,846	0.15
MW Loomes	2,586	0.001
BA Nixon	80,800	0.02
Dr GH Weiss	2,294,556	0.49

(ii) Options over Ordinary Shares

Director	Type of option	Number of options	Exercise price (pence per share)	Exercise period	
Sir Ron Brierley	Ordinary	1,913,907	37.10	12.05.97 to 11.05.04	
	Super	956,953	37.10	12.05.99 to 11.05.04	
	Ordinary	190,132	48.00	08.05.99 to 07.05.06	
	Super	190,132	48.00	08.05.01 to 07.05.06	
TJN Beyer	Ordinary	95,694	37.10	12.05.97 to 11.05.04	
	Super	95,694	37.10	12.05.99 to 11.05.04	
	Ordinary	190,132	48.00	08.05.99 to 07.05.06	
	Super	190,132	48.00	08.05.01 to 07.05.06	
	Ordinary	125,706	60.46	01.09.00 to 31.08.07	
	Super	250,000	48.50	02.09.04 to 01.09.09	
AI Gibbs	Ordinary	95,694	37.10	12.05.97 to 11.05.04	
	Super	143,542	37.10	12.05.99 to 11.05.04	
	Ordinary	434,978	35.06	06.10.97 to 05.10.04	
	Super	217,488	35.06	06.10.99 to 05.10.04	
	Ordinary	387,681	36.76	25.08.98 to 24.08.05	
	Super	969,204	36.76	25.08.00 to 24.08.05	
	Ordinary	190,132	48.00	08.05.99 to 07.05.06	
	Super	190,132	48.00	08.05.01 to 07.05.06	
	Ordinary	345,697	48.46	13.01.00 to 12.01.07	
	Ordinary	314,270	60.46	01.09.00 to 31.08.07	
	Ordinary	277,200	51.82	22.03.02 to 21.03.09	
	Super	162,800	51.82	22.03.04 to 21.03.09	
MW Loomes	Ordinary	956,953	37.10	12.05.97 to 11.05.04	
	Super	717,714	37.10	12.05.99 to 11.05.04	
	Ordinary	219,685	36.76	25.08.98 to 24.08.05	
	Super	439,373	36.76	25.08.00 to 24.08.05	
	Ordinary	190,132	48.00	08.05.99 to 07.05.06	
	Super	190,132	48.00	08.05.01 to 07.05.06	
	Ordinary	314,270	60.46	01.09.00 to 31.08.07	
	Ordinary	156,200	51.82	22.03.02 to 21.03.09	
	Super	91,300	51.82	22.03.04 to 21.03.09	
	BA Nixon	Ordinary	983,394	15.05	05.06.95 to 04.06.02
		Ordinary	1,032,563	17.80	19.04.96 to 18.04.03
		Ordinary	717,714	37.10	12.05.97 to 11.05.04
Super		956,953	37.10	12.05.99 to 11.05.04	
Ordinary		190,132	48.00	08.05.99 to 07.05.06	
Super		190,132	48.00	08.05.01 to 07.05.06	
Ordinary		314,270	60.46	01.09.00 to 31.08.07	
Ordinary		69,300	51.82	22.03.02 to 21.03.09	
Super		40,700	51.82	22.03.04 to 21.03.09	
Super		1,550,000	48.50	02.09.04 to 01.09.09	
Dr. GH Weiss	Ordinary	1,540,000	17.80	19.04.96 to 18.04.00	
	Ordinary	1,913,907	37.10	12.05.97 to 11.05.04	
	Super	956,953	37.10	12.05.99 to 11.05.04	
	Ordinary	190,132	48.00	08.05.99 to 07.05.06	
	Super	190,132	48.00	08.05.01 to 07.05.06	
	Ordinary	314,270	60.46	01.09.00 to 31.08.07	
	Ordinary	360,800	51.82	22.03.02 to 21.03.09	
	Super	211,200	51.82	22.03.04 to 21.03.09	
	Super	1,750,000	48.50	02.09.04 to 01.09.09	

Super options will normally be exercisable after five years from date of grant subject to the satisfaction of the two following performance targets: first, that the consolidated net assets per share of the GPG Group over the five year period prior to exercise increases at a rate which at least matches the rate of increase in net assets per share of the top 25 per cent. of the FTSE 100 companies; and second, the percentage increase in the GPG Group's consolidated net assets per share must at least match 110 per cent. of the increase in the UK retail prices index over the relevant period.

In respect of the 1.54 million options exercisable up to 18 April 2000, Dr. Weiss has expressed his intention to exercise all of these options prior to the expiry of the exercise period. Dr. Weiss reserves the right to dispose of sufficient Ordinary Shares to fund all or part of the exercise price at any time prior to 31 December 2000.

6.2 Save as disclosed above, none of the Directors nor any person connected with them has any interest in the share capital of the Company.

6.3 In addition, the following Director had the following interest in Ordinary shares in Mid-East Minerals Ltd., a subsidiary of GPG:

Ordinary shares, fully paid

Dr. G H Weiss	11,617
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No other director has an interest in the shares of this company, save in respect of the following options:

Options over ordinary shares in Mid-East Minerals Ltd.

	Number	Exercise price (Aus\$ per share)	Exercise Period
M W Loomes	125,000	0.93	08.04.97–07.04.2002
Dr. G H Weiss	125,000	0.93	08.04.97–07.04.2002

6.4 As at 12 April 2000 (the latest practicable date prior to the printing of this document), the Directors had been notified or were aware of the following interests in three per cent. or more of the issued ordinary share capital of the Company:

Name	Number. of Ordinary Shares	Percentage of issued Ordinary Shares
Merrill Lynch Asset Management on behalf of various funds)	41,244,828	8.79
Sir Ron Brierley	19,064,619	4.06

Save as disclosed above, the Company is not aware of any person who is interested, directly or indirectly, in 3 per cent. or more of the issued share capital of the Company.

6.5 The Directors are not aware of any person or persons who, directly or indirectly, jointly or severally exercise or could exercise control over the Company.

## 7. Material contracts

Save as set out below, no contracts, not being contracts entered into in the ordinary course of business, have been entered into by any member of the GPG Group within the two years immediately preceding the date of this document which are or may be material or which were entered into at any time and contain any provision under which any member has any obligations or entitlements which are material to the GPG Group:

(a) Pursuant to a sale agreement, which was entered into on 17 February 1999 between Kuvondo Limited (a wholly owned subsidiary of GPG) ("Kuvondo") and RSA Overseas Holdings B.V. ("RSA Holdings"), Kuvondo agreed to sell and RSA Holdings agreed to

purchase 25,100,000 ordinary shares in Tyndall at a price of A\$2.80 per share together with all rights relating thereto other than the final dividend of A\$0.035 per share in respect of the year ended 31 December 1998. The total consideration received was A\$70.3 million (£27.4 million).

- (b) The GPG Group agreed to dispose of its entire holding of Tyndall shares (other than those Tyndall shares the subject of the sale agreement referred to in paragraph 7(a) above) pursuant to the cash offer by Royal Sun Alliance Life Assurance Australia Limited for the entire issued and to be issued share capital of Tyndall made pursuant to an offer document dated 24 March 1999 at a price of A\$2.80 per share together with all rights relating thereto other than the final dividend of A\$0.035 per share in respect of the year ended 31 December 1998. Under the offer, which became wholly unconditional on 6 May 1999, the GPG Group therefore received a total of Aus\$356.5 million (£145.9 million) in cash.

## 8. Subsidiary Undertakings

The GPG's Group's principal subsidiary undertakings, all of which are included in the GPG's Group's consolidated accounts, are set out below. Unless stated otherwise, in each case GPG, either itself or through its subsidiaries, is the beneficial owner of all the equity share capital, all of which is fully paid:

<b>Name and country of incorporation/ operation</b>	<b>Issued equity share capital</b>	<b>Nature of business</b>
Mid-East Minerals Ltd (Australia) 88.24%	21,364,034 ordinary shares	Investment company
Canberra Investment Corporation Ltd. (Australia) 68.60%	30,800,000 ordinary shares	Property development
GPG Securities Trading (England)	100 ordinary shares 1,999,900 preference shares	Securities trading
GPG (Australia) Pty (Australia)	4,000,000 ordinary shares 2,916 preference shares	Holding company
Guinness Peat Group New Zealand Ltd (New Zealand)	250,000 ordinary shares 5,000,000 preference shares	Securities trading

## 9. Incorporation

The Company was incorporated in England and its registered office is 2nd floor, 21-26 Garlick Hill, London EC4V 2AU.

## 10. No significant change

Save as disclosed in paragraph 3 of Part I of this document and below, since 31 December 1999, being the date to which the latest audited accounts have been made up, there has been no significant change in the financial or trading position of the GPG Group. Since 31 December 1999, there have been adverse exchange movements which have led to unrealised foreign exchange losses in the first quarter of 2000, but the Directors do not consider these to be material.

## 11. Working capital

In the Company's opinion on the basis that the Buyback Offer is accepted by the Shareholders in full, the working capital available to the GPG Group is sufficient for its present



requirements, that is for at least a period of 12 months from the date of publication of this document.

## **12. Year 2000**

The Directors have considered the implications to the GPG Group's business of the Year 2000 issue and are of the opinion that there is no significant risk of loss.

The GPG Group's operations depend to some degree on third parties such as banks, custodians, registrars and other institutions. In appropriate cases, formal assurance has been sought from those third parties, although the GPG Group cannot take responsibility for their actions. External costs incurred by the GPG Group (excluding Tyndall which was sold in May 1999) in upgrading systems to achieve compliance, excluding discontinued operations, were approximately £20,000.

## **13. General**

- 13.1 Deloitte & Touche Corporate Finance has given and not withdrawn its written consent to the issue of this document with the inclusion of its name in the form and context in which it is included.
- 13.2 The Registrars of the Company in the UK are Computershare Services PLC of Owen House, 8 Bankhead Crossway North, Edinburgh EH11 4BR. The Registrars in Australia are Registries Ltd of Level 2, 28 Margaret Street, Sydney, NSW 2000. The Registrars in New Zealand are Computershare Registry Services Ltd of Level 3, 277 Broadway, Newmarket, Auckland.
- 13.3 The expenses of, and incidental to, the Proposals (including stamp duty of up to £50,000) are estimated to amount to up to £450,000 (exclusive of VAT) and are payable by the Company.
- 13.4 No member of the GPG Group is or has been engaged in any legal or arbitration proceedings nor, so far as the Directors are aware, are any such proceedings pending or threatened which may have, or have had during the 12 months preceding the date of this document, a significant effect on the financial position of the GPG Group.
- 13.5 As at 12 April 2000 (being the latest practicable date prior to the printing of this document) there were in aggregate 36,104,465 options to subscribe for Ordinary Shares representing 7.69 per cent. of the Company's issued Ordinary Share capital as at that date and which will represent 13.4 per cent. of the Company's issued Ordinary Share capital immediately following completion of the Buyback Offer (assuming the full 200 million Ordinary Shares are repurchased but before taking into account the effect of the proposed Capitalisation Issue).
- 13.6 Statutory accounts for the two financial years to 31 December 1999 have been audited by PricewaterhouseCoopers, chartered accountants, of 1 Embankment Place, London WC2N 6NN and the statutory accounts for the financial year to 31 December 1997 were audited by Coopers & Lybrand, chartered accountants, of 1 Embankment Place, London WC2N 4NN.
- 13.7 The sponsor to the application for listing of the Convertible Loan Notes is Deloitte & Touche Corporate Finance.
- 13.8 The solicitors to the Company are Herbert Smith of Exchange House, Primrose Street, London EC2A 2HS.

- 13.9 Temporary documents of title will not be issued in respect of the Convertible Loan Notes.
- 13.10 Interest payable on the Convertible Loan Notes is an unsecured subordinated debt of the Company.
- 13.11 No part of the issue of the Convertible Loan notes is being underwritten or guaranteed by any person.
- 13.12 The Convertible Loan Notes will not be made available to the public save in accordance with the terms of the Buyback Offer.
- 13.13 There are no arrangements in place to waive or agree to waive future dividends

#### **14. Documents for inspection**

Copies of the following documents may be inspected at the offices of Herbert Smith, Exchange House, Primrose Street, London EC2A 2HS during usual business hours on any weekday (Saturday, Sunday and public holidays excepted) from the date of this document up to and including 16 May 2000:

- 14.1 the memorandum and articles of association of the Company;
- 14.2 the published audited consolidated accounts of the Company for the years ended 31 December 1998 and 31 December 1999;
- 14.3 the Trust Deed constituting the Convertible Loan Notes;
- 14.4 the material contracts referred to in paragraph 7 above;
- 14.5 a memorandum of the terms of service of each of the Directors (where applicable);
- 14.6 the written consent of Deloitte & Touche Corporate Finance referred to in paragraph 13.1 above;
- 14.7 the circular to Shareholders in relation to the Capitalisation Issue dated 18 April 2000; and
- 14.8 a copy of this document.

18 April 2000

## DEFINITIONS

The following definitions apply throughout this document and the accompanying Buyback Form and Form of Proxy, unless the context otherwise requires:

“Accepted Shares”	has the meaning given to it in paragraph 2(v)(d)(i)(2) of Part II of this document
“Australian Buyback Offer Record Date”	the record date for the Buyback Offer on the Australian branch register
“Australian Stock Exchange”	Australian Stock Exchange Ltd.
“Board” or “Directors”	the directors of the Company
“business day”	a day (not being a Saturday) on which banks are open for general non-automated business in London, Auckland and Sydney
“Buyback Contract”	the contract to be entered into governing the repurchase by GPG of Ordinary Shares tendered pursuant to the Buyback Offer
“Buyback Form”	the Buyback Form accompanying this document and issued by the Company for use by Qualifying Shareholders in connection with the Proposals
“Buyback Offer”	the invitation by the Company to Qualifying Shareholders to tender Ordinary Shares on the terms and subject to the conditions set out in Part II of this document and the Buyback Form
“Buyback Offer Record Date”	in respect of the UK Buyback Offer Record Date, 11 April 2000 and in respect of both the New Zealand Buyback Offer Record Date and the Australian Buyback Offer Record Date, 14 April 2000
“Capitalisation Issue”	the proposed issue of new Ordinary Shares pro rata to Shareholders on the basis of one new Ordinary Share for each ten Ordinary Shares held by way of capitalisation of share premium account as described in the capitalisation circular accompanying this document
“Closing Date”	means 3 p.m. (London time) on 16 May 2000
“Conversion Price”	has the meaning given to it in paragraph 5(d) of Part IV of this document
“Convertible Loan Note” or “Notes”	the listed 8% convertible subordinated unsecured loan notes initially of 50 pence each due 2005 to be issued by the Company pursuant to the Proposals, particulars of which are set out in Part IV of this document
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo is the Operator (as defined in the CREST Regulations)
“CRESTCo”	CRESTCo Limited
“CREST member”	a person who has been admitted by CRESTCo as a system-member (as defined in the CREST Regulations)
“CREST participant”	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 1995 (SI 1995 No. 95/3272)
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member
“EGM”	the extraordinary general meeting of the Company convened for 10 a.m. on 2 June 2000 pursuant to the notice set out at the end of this document

“Entitled Amount”	for each Qualifying Shareholder, such number of Ordinary Shares as is equal to the higher of 1,000 Ordinary Shares and 40 per cent. by number of such Shareholders’ holding entered on the Register on the relevant Buyback Offer Record Date, rounded down to the nearest whole number
“FASTER”	the New Zealand Stock Exchange’s Fully Automated Screen Trading and Electronic Registration System
“Financial Services Authority”	the Financial Services Authority which will assume the role as the UK Listing Authority under Part IV of the Financial Services Act 1986 from the London Stock Exchange with effect from 1 May 2000
“Form of Proxy”	the form of proxy enclosed with this document for use at the EGM
“GPG” or “Company”	Guinness Peat Group plc
“GPG Group” or the “Group”	GPG and its subsidiary undertakings
“Listing Condition”	has the meaning given to it in paragraph 1 of Part II of this document
“Listing Rules”	the listing rules made by the UK Listing Authority under Section 142 of the Financial Services Act 1986
“London Stock Exchange”	London Stock Exchange Limited
“member account ID”	the identification code or number attached to any member account in CREST
“New Zealand Buyback Offer Record Date”	the record date for the Buyback Offer on the New Zealand branch register
“Noteholders”	holders of Convertible Loan Notes
“Official List”	the Official List maintained by the UK Listing Authority pursuant to Part IV of the Financial Services Act 1986
“Ordinary Shares”	ordinary shares in the capital of the Company with such nominal value as from time to time may be the case (currently being 10 pence each)
“Overseas Shareholder”	has the meaning given to it in paragraph 11(i) of Part II of this document
“participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
“Proposals”	the proposed Buyback Offer including the consequent subscription for Convertible Loan Notes on behalf of Tendering Shareholders
“Qualifying Shareholder”	a Shareholder on the Register at the relevant Buyback Offer Record Date (other than Sir Ron Brierley and Blake Nixon)
“Register”	the register of members of the Company
“Registrar”	in the UK, Computershare Services PLC, in Australia, Registries Ltd and in New Zealand, Computershare Registry Services Ltd
“Shareholders”	holders of Ordinary Shares
“Share Options”	share options outstanding under the Share Option Schemes
“Share Option Schemes”	the 1985 Share Option Scheme, the 1992 Share Option Scheme and the 1994 Share Option Scheme
“1985 Share Option Scheme”	the Guinness Peat Group plc 1985 Share Option Scheme
“1992 Share Option Scheme”	the Guinness Peat Group plc 1992 Share Option Scheme
“1994 Share Option Scheme”	the Guinness Peat Group plc 1994 Share Option Scheme
“Tendering Shareholder”	a Shareholder who submits, or who procures the submission of, a valid and legally binding Buyback Form tendering or procuring the tender of Ordinary

	Shares in accordance with the terms and conditions set out in this document and the Buyback Form
"TFE instruction"	a transfer from escrow instruction (as defined by the CREST manual issued by CRESTCo)
"Trust Deed"	the deed of trust which constitutes the Convertible Loan Notes
"Trustee"	Guardian Trust Australia Ltd, as trustee for the Noteholders
"TTE instruction"	a transfer to escrow instruction (as defined by the CREST manual issued by CRESTCo)
"Tyndall"	Tyndall Australia Ltd.
"UK"	the United Kingdom of Great Britain and Northern Ireland
"UK Buyback Offer Record Date"	the record date for the Buyback Offer on the UK Register
"UK Companies Act"	the Companies Act 1985, as amended
"UK Listing Authority"	prior to 1 May 2000, the London Stock Exchange and, thereafter, the Financial Services Authority as the competent authority for listing in the UK
"United States"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

# Guinness Peat Group plc

## Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at 10 a.m. on 2 June 2000 at Tallow Chandlers Hall, 4 Dowgate Hill, London EC4R 2SH to consider and, if thought fit, to pass the following resolutions which will be proposed as special resolutions:

### SPECIAL RESOLUTIONS

THAT:

1. the Company be authorised pursuant to Section 164 Companies Act 1985 (the "Act") to repurchase its own shares pursuant to the proposed contract for the repurchase by the Company of Ordinary Shares in the capital of the Company from such persons as are set out in the schedule to the form of contract produced to this meeting and initialled by the chairman of the meeting for the purposes of identification (the "Buyback Contract") and referred to in the circular to Shareholders dated 18 April 2000, which contract be and is hereby approved and the Company be and is hereby authorised to enter into such contract (the authority conferred on the Company by this Special Resolution pursuant to the said Section 164 to expire on 31 August 2000); and
2. the directors of the Company be and they are generally hereby and unconditionally authorised, in accordance with Section 80 of the Act, to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) in the form of listed 8% convertible subordinated unsecured loan notes of 50 pence each due 2005 of the Company (the "Convertible Loan Notes"), up to a maximum nominal amount of £100,000,000 to the persons set out in the schedule to the Buyback Contract, provided that such authority shall expire on 31 August 2000; and
3. the directors of the Company be empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94 of the Act) in the form of the Convertible Loan Notes for cash, pursuant to the authority conferred by Special Resolution 2 above, as if Section 89(1) of the Act did not apply to the allotment, provided that the power conferred by this Special Resolution shall be limited to the allotment of Convertible Loan Notes up to an aggregate nominal value not exceeding £100,000,000 to the persons set out in the schedule to the Buyback Contract and that this power shall expire on 31 August 2000.

*Registered Office:*  
2nd floor  
21-26 Garlick Hill  
London EC4V 2AU

By order of the Board  
**Richard Russell**  
*Secretary*  
18 April 2000

### Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of the member. A Form of Proxy is enclosed. A proxy need not be a member of the Company.
2. Forms of Proxy (and powers of attorney or other authorities, if any, under which they are signed or a notarially certified copy of a power or authority) should be sent to Computershare Services PLC, at PO Box 457, Owen House, 8 Bankhead Crossway North, Edinburgh E11 0XG (from UK registered members), Registries Ltd, PO Box R67, Royal Exchange, Sydney NSW 1224 (from Australian registered members), or Computershare Registry Services Ltd, Private Bag 92119, Auckland 1020 (from New Zealand registered members) so as to arrive not less than 48 hours before the time appointed for the meeting. Completion and return of the Form of Proxy

enclosed with this Notice will not preclude a member from attending and voting at the meeting in person should he find himself able to do so.

- 3 To have the right to attend and vote at the meeting (and also for determining how many votes a person may cast), a person must have his name entered on the register of members by no later than the close of business on 31 May 2000. Changes to entries on the register after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
4. The Companies Act 1985 provides that the Special Resolution approving the Buyback Offer will not be effective if any member of the Company holding shares to which it relates (i.e. those which are to be purchased pursuant to the Buyback Contract referred to in that Special Resolution) exercises the voting rights carried by any of those shares in voting on that Special Resolution and the Special Resolution would not have been passed if he had not done so. For this purpose a member is regarded as exercising the voting rights carried by such shares not only if he (or his proxy) votes in respect of such shares on a poll but also if he votes on that Special Resolution otherwise than on the poll.
5. Any member of the Company present in person or by proxy at the meeting may demand a poll on the Special Resolution approving the Buyback Offer.
- 6 A copy of the proposed Buyback Contract referred to in the Special Resolution approving the Buyback Offer will be available for inspection at the registered office of the Company and at the offices of Herbert Smith, Exchange House, Primrose Street, London EC2A 2HS for the period of 15 days ending with the date of the EGM and also at that meeting.

# Guinness Peat Group Plc

## UNITED KINGDOM

2nd floor, 21-26 Garlick Hill, London, EC4V 2AU  
Tel: 020 7236 0336 Fax: 020 7329 8870

## AUSTRALIA

c/o Pannell Kerr Forster  
Level 20, 1 York Street, Sydney NSW 2000  
Tel: 02 9251 4100 Fax: 02 9251 3832

## NEW ZEALAND

c/o Computershare Registry Services Ltd  
Private Bag 92119, Auckland 1030, New Zealand  
Tel. or Fax: 09 524 2150

Registered in England No. 159975

### Location of share registers

The Company's register of members is maintained in the UK with branch registers in Australia and New Zealand.

Register enquiries may be addressed direct to the Company's share registrars named below:

<b>UK Main Register:</b>	<b>Telephone and postal enquiries</b>	<b>Inspection of Register</b>
Computershare Services PLC	Owen House Bankhead Crossway North Edinburgh EH11 4BR Tel: 0870 702 0010 Fax: 0131 452 4924	7th Floor, Jupiter House Triton Court 14 Finsbury Square London EC2A 1BR
<b>Australian Register:</b> Registries Ltd	PO Box R67 Royal Exchange Sydney NSW1224 Tel: 02 9279 0677 Fax: 02 9279 0664	Level 2, 28 Margaret Street Sydney NSW 2000
<b>New Zealand Register:</b> Computershare Registry Services Ltd	Private Bag 92119 Auckland 1020 Tel: 09 522 0022 Fax: 09 522 0058	Level 3, 277 Broadway Newmarket, Auckland





