

# **\$0.26 CASH OFFER FOR ALL YOUR SHARES**

**In**

**New Image Group Limited**

**Offer closes Tuesday 2 April 2013**

## **Full Offer under the Takeovers Code from New Image Trustee Limited to Purchase all the Voting Securities in New Image Group Limited**

### **Important**

If you are in doubt as to any aspect of this offer, you should consult your financial or legal adviser.

If you have sold all your shares in New Image Group Limited to which this offer applies, you should immediately hand this offer document and the accompanying acceptance form to the purchaser or the agent (e.g. the broker) through whom the sale was made, to be passed to the purchaser.

New Image Group Limited's target company statement, together with an independent adviser's report on the merits of this offer either accompanies this offer or will be sent to you within 14 days and should be read in conjunction with this offer.

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## Summary of Offer

New Image Trustee Limited (**'Offeror'**) is making a full takeover offer for all of the voting securities (being all the fully paid ordinary shares) in New Image Group Limited (respectively **'New Image Shares'** and **'New Image'**) which the Offeror does not already own.

The Offeror is associated with the Founding Chairman and controlling shareholder of New Image, Mr Graeme Clegg. Mr Clegg explains the reasons for the Offer on the following page.

The key terms of the Offer are:

- the consideration offered for each New Image Share is \$0.26 in cash;
- the Offer closes at 5.00 p.m. on Tuesday 2 April 2013 (unless extended);
- you will not pay any brokerage or other costs if you accept the Offer;
- The Offer is conditional. The conditions of the Offer are set out on page 7 of this Offer Document.

The detailed terms of the Offer are set out on pages 6 to 12 of this Offer Document. You should read these carefully.

## Important contacts

If you have any questions about the Offer you should contact the share registrar for the Offer:

Link Market Services Limited  
Level 16, Brookfields House  
19 Victoria Street West  
Auckland 1010  
New Zealand

If calling from within New Zealand:

Telephone: (09) 375 5998

Facsimile: (09) 375 5990

If calling from outside New Zealand:

Telephone: +64 9 375 5998

Facsimile: +64 9 375 5990

Alternatively, you should contact your financial or legal adviser.

## Why you should accept this Offer

Dear Shareholders of New Image Group,

**New Image Trustee Limited (which is a company controlled by me) is making you an offer to buy all your shares for \$0.26 in cash. I want to explain why.**

The company was originally listed as Selector Group nearly 13 years ago, and I became involved when it purchased my New Image business and the name was changed to New Image Group in 2004. At that time I anticipated that a listing on the New Zealand stock exchange would provide a platform for growth.

Unfortunately over time, and in particular the last few years, I have formed the view that the increasing costs arising from changes to the regulatory regime applying to listed entities, means that in the absence of a compelling reason to remain a listed company, it is better that the company be privatised again.

In simple terms, New Image has no need for further capital, is too small, has too few shareholders, and its shares trade too infrequently for it to remain as a listed vehicle.

At the same time New Image is also a company, whose multi-level marketing business model attracts adverse media comment, and whose exposure to the Asian markets makes it difficult for investors to assess.

Shareholders will be aware that I have recently increased my shareholding in the company by acquiring shares from HWM (NZ) Holdings Limited. HWM is the largest shareholder in New Image which is not associated with my family interests. It previously owned 10.1% of New Image, but has sold just under half of its interest to me under the 'creep' provisions of the Takeovers Code.

HWM has also agreed to sell all but a small fraction of its remaining interest to me in late 2013, if I have not made a full takeover offer before then.

These acquisitions from HWM will take my total holdings to just under 70% of all the shares in New Image.<sup>1</sup> This has implications for the remaining shareholders, which I expect will be the subject of comment by the independent report which will be sent to you in respect of the Offer.

The last Annual Report noted that at 3 September 2012 the Top 20 shareholders (including my interests and those of HWM) controlled 88.8% of all the shares in New Image, and there were only 80 shareholders who owned more than 100,000 shares (i.e. those with an interest of more than \$26,000 at the Offer Price). These 80 shareholders controlled just under 95% of the company. At the same time over 800 shareholders out of 1,271 shareholders had an investment in the company with a value less than \$2,600 (again at the Offer Price).

When:

- A company has only 80 shareholders who collectively control 95% of its shares and to be in this category requires an investment of only \$26,000;
- two of those control 70%, of the company; and
- nearly two thirds of the shareholders have an investment in the company valued at less than \$2,600,

the unsuitability of New Image continuing as a listed entity is apparent.

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<sup>1</sup> Full details of these transactions are disclosed in this document

While the listing provides a means for shareholders to participate in the fortunes of New Image, the reality is that the low levels of liquidity mean that the share price can be volatile. Over the course of 2012, the share price started at just above 20 cents, and then dropped to a low of just over 12 cents in May 2012, before recovering and trading in a range between 14 cents and 18 cents through to the end of October when New Image announced that its revenue for the first quarter to 30 September was up 83% on the previous year's equivalent period. That announcement saw the share price spike on a couple of occasions to 29 – 30 cents, but it has since settled back.<sup>2</sup>

HWM agreed to sell their shares to me after this announcement at 26 cents. In my view this shows recognition that 26 cents is a fair price.

Given my interests will move to just under 70% it is appropriate that I make an offer to all shareholders at the same price of 26 cents per share.

This provides shareholders with the opportunity to exit from:

- A company, the shares of which will become increasingly illiquid
- A company in which minority shareholders have little effective ability to control the strategic direction

by accepting this offer

- For cash
- At the same price as the largest shareholder not associated with my interests
- At a price which is significantly higher than the prices prevailing through most of 2012
- Without paying any brokerage fees

I ask you to carefully read this document and the Target Company Statement which will be sent to you by New Image. You can also call your usual NZX adviser or other financial adviser.

Yours faithfully



Graeme Clegg  
Director  
New Image Trustee Limited

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<sup>2</sup> Quoted share price details and dates sourced from [www.nzx.com](http://www.nzx.com)

## How to accept the Offer

To accept the Offer, you should complete the Acceptance Form enclosed with this Offer Document in accordance with the instructions set out on the Acceptance Form. You should then deliver, mail, fax or email the Acceptance Form to:

<b>Deliver</b>	<b>New Image Trustee Limited</b> C/- Link Market Services Limited Level 16, Brookfields House 19 Victoria Street, West Auckland, New Zealand
<b>Post</b>  (use the reply paid envelope enclosed with this Offer)	<b>New Image Trustee Limited</b> C/- Link Market Services Limited PO Box 91976 Auckland 1142 New Zealand
<b>Facsimile</b>	<b>New Image Trustee Limited</b> C/- Link Market Services Limited +64 9 375 5990 Auckland New Zealand
<b>Email</b>	operations@linkmarketservices.co.nz (please type 'NEW Acceptance' in the subject line for easy identification)

If you send your completed Acceptance Form by facsimile or email, you should also post the original to the address above (although, if you do not, your acceptance will still be valid).

### Important

**Acceptances must be received by or post-marked not later than  
5.00 p.m. on Tuesday 2 April 2013**

(unless the Closing Date is extended in accordance with this Offer Document or the Takeovers Code)

*Please Note*

### If you have sold all your New Image Shares

Please send this Offer Document and all enclosures (including the Acceptance Form) immediately to the new New Image Shareholder or the agent (e.g. the broker) through whom you made the sale requesting that they be forwarded to the new New Image Shareholder.

**If you have sold some of your New Image Shares**

Please alter the total holding on the Acceptance Form to the number of New Image Shares which you have retained and in respect of which you are accepting and forward the amended Acceptance Form in any of the ways instructed above.

Upon receipt of the amended Acceptance Form, the Offeror will recalculate the amount of cash comprising your consideration to reflect the number of New Image Shares sold by you.

Please also request the broker through whom you made the sale to advise the purchaser or purchasers of your New Image Shares of the Offer and that copies of this Offer Document are available from Link Market Services Limited and advise Link Market Services Limited of the number of New Image Shares sold and the broker concerned.

**If you lose your Acceptance Form**

If you lose your Acceptance Form please contact Link Market Services Limited on +64 9 375 5998 and they will provide you with a new form.

## Terms of the Offer

**This is a Full Offer by New Image Trustee Limited ('Offeror') to purchase all the voting securities in New Image Group Limited it does not already own**

**Date of Offer:** 1 February 2013

**To:** The Shareholders of New Image Group Limited

### 1 The Offer

- 1.1 The Offeror offers to acquire, on the terms set out in this Offer Document, all of the fully paid ordinary shares (being all of the voting securities) which it does not already hold in New Image Group Limited (**'New Image'**) (all such shares are referred to in this Offer Document as the **'New Image Shares'** and each of them individually is referred to as a **'New Image Share'**).
- 1.2 The Offer will remain open for acceptance for the period from the date of this Offer until and including the Closing Date at 5.00pm (the **'Offer Period'**), unless the Offer is withdrawn in accordance with the Takeovers Code and every person is released from every obligation incurred under the terms of it, or it lapses in accordance with its terms. The Offeror may extend the Offer Period, subject to the provisions of the Takeovers Code. The date the Offer expires (as it may be extended from time to time) is referred to in this Offer Document as the **'Closing Date'**.
- 1.3 The Offer is open for acceptance by any person who holds New Image Shares, whether acquired before or on or after the date of this Offer, upon production of satisfactory evidence of such person's entitlement to those New Image Shares.
- 1.4 The enclosed Acceptance Form comprises part of the Offer. That Acceptance Form, when duly completed, may be treated by the Offeror as a valid acceptance of the Offer.
- 1.5 The Offer is also made subject to the further terms in clauses 2 to 8 of this Offer Document and to the Takeovers Code.

### 2 Consideration

- 2.1 The consideration offered to New Image Shareholders is \$0.26 in cash for each New Image Share.
- 2.2 The consideration for the Offer will be paid by the Offeror by cheque sent by ordinary mail (or paid by electronic transfer to a nominated bank account if requested by a Shareholder) to each New Image Shareholder whose New Image Shares are taken up under the Offer not later than seven days after the later of:
  - a the date on which this Offer becomes unconditional;
  - b the date on which an acceptance from the New Image Shareholder is received by the Offeror; and

c the Closing Date.

Accepting New Image Shareholders may elect their preferred method of payment on the Acceptance Form.

- 2.3 If the consideration for the Offer is not sent within the period specified in clause 2.2 to any New Image Shareholder whose New Image Shares are taken up under the Offer that Shareholder may withdraw his or her acceptance of the Offer by giving notice in writing to the Offeror, provided that such Shareholder has first given the Offeror seven days' written notice of that person's intention to do so. This right to withdraw acceptance of the Offer will not apply if the Shareholder receives the consideration during the seven day notice period referred to in the previous sentence.

### 3 How to accept the Offer

3.1 If you wish to accept the Offer, you should:

- a complete the enclosed Acceptance Form in accordance with the instructions set out on that Acceptance Form; and
- b return the completed Acceptance Form in the enclosed reply paid envelope as soon as possible, but in any event so as to be received by the Offeror not later than 5.00 p.m. on the Closing Date. If the reply paid envelope has been mislaid, please deliver or mail your acceptance to:

New Image Trustee Limited  
C/- Link Market Services Limited  
Level 16, Brookfields House  
19 Victoria Street, West  
PO Box 91976  
Auckland 1142  
New Zealand

- 3.2 You may also fax or email your completed Acceptance Form to New Image Trustee Limited, C/- Link Market Services Limited on +64 9 375 5990 or [operations@linkmarketservices.co.nz](mailto:operations@linkmarketservices.co.nz). If you send your completed Acceptance Form by facsimile or email, you should also post the original to the address above (although, if you do not, your acceptance will still be valid).
- 3.3 The Offeror may, in its discretion, treat any Acceptance Form as valid notwithstanding that it does not comply with this clause 3, and may, in its discretion, rectify any errors in, or omissions from, any Acceptance Form. The Offeror will determine, in its sole discretion, all questions relating to documents, including the validity, eligibility, time of receipt and effectiveness of an acceptance of the Offer. The determination of the Offeror will be final and binding on all parties.
- 3.4 Acceptance of the Offer by a New Image Shareholder (each such person an '**Acceptor**') constitutes a contract between that Acceptor and the Offeror on the terms of this Offer as set out in clauses 1 to 8. Other than in the circumstances set out in clause 2.3, acceptances of the Offer are irrevocable and you may not withdraw your acceptance during the time the Offer is open for acceptance, whether or not there has been any permissible variation of the Offer in accordance with the Takeovers Code.

- 3.5 Notwithstanding clause 3.4, the Offeror shall be released from its obligations under the Offer, and arising from acceptance of the Offer, if the Offer is withdrawn with the consent of the Takeovers Panel, or the Offer lapses as a consequence of any of the conditions contained in the Offer not being satisfied or waived by the date specified as the last date for satisfaction of that Offer.
- 3.6 Legal and beneficial ownership and title to the New Image Shares which are the subject of an acceptance of the Offer shall pass to the Offeror, and the registration of the transfer of those New Image Shares, shall take place contemporaneously with the consideration for such New Image Shares being sent in accordance with clause 2.2

## 4 Conditions

- 4.1 This Offer, and any contract arising from it, is conditional upon the Offeror receiving, on or prior to the Closing Date acceptances in respect of New Image Shares that, when taken together with voting securities already held or controlled by the Offeror, would (once the Offer is declared unconditional and the New Image Shares transferred) confer on it 90% or more of the voting rights in New Image.
- 4.2 In addition to the condition in clause 4.1, this Offer is further conditional upon:
- a no liquidator, receiver, receiver and manager, administrator (voluntary or otherwise), statutory manager or similar official is appointed to New Image, or any other member of the New Image group, or is appointed in relation to any of their respective assets, and no proceedings or other action to appoint any such party is commenced or taken;
  - b there being no event or circumstance that has occurred on or after the Notice Date that has had, or could reasonably be expected to have, a material adverse effect on the financial position, trading operations, assets or liabilities or prospects (including future profitability) of New Image taken as a whole compared with the position as at immediately prior to the Notice Date, provided that this shall exclude events or circumstances that generally affect any industry in which the applicable business operates;
  - c no action, claim, litigation or other form of proceedings being notified, threatened or commenced against New Image, involving a bona fide claim or bona fide claims together totalling in excess of \$250,000;
  - d there being no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition making implementation of the Offer, or any aspect of it (including the Offeror's acquisition of any New Image Shares), void, unenforceable or illegal.
- 4.3 Once all of the conditions in clauses 4.1 and 4.2 have been satisfied or waived (if able to be waived), the Offeror will declare the Offer to be unconditional, and notify New Image, the Takeovers Panel and the NZX accordingly.
- 4.4 The latest date by which the Offeror can declare the Offer to be unconditional is **Tuesday 16 April 2013**, (being the date 14 days after the end of the Offer Period) but this date may be commensurately changed if the Offer Period is extended as permitted by the Takeovers Code. If the Offer is not declared to be unconditional by that date (or

later date as the case may be), the Offer will lapse, and any acceptances will have no effect.

- 4.5 The conditions set out in clauses 4.1 and 4.2 have been inserted for the sole benefit of the Offeror and, to the extent permitted by the Takeovers Code, may be waived in whole or in part by the Offeror in its absolute discretion. Any waiver shall only apply to the particular matter to which it relates and not to any other matter.
- 4.6 The conditions set out in clause 4.1 and 4.2 are conditions subsequent, and acceptance of the Offer by each Shareholder shall constitute a contract between that Shareholder and the Offeror subject to those conditions. The Offer will only proceed if the condition in clause 4.1 and the conditions in clause 4.2 are satisfied or waived.

## **5 Change of circumstances**

- 5.1 If, on or after the Notice Date, New Image declares or pays any dividend or makes any other distribution of whatever nature whatsoever to the New Image Shareholders, Acceptors will be bound to pay to the Offeror an amount equivalent to such dividend or the value of such other distribution (including the value of any imputation or other tax credits).
- 5.2 If, on or after the Notice Date, New Image makes any issue of shares or convertible shares or other securities or grants any other rights or interests to the New Image Shareholders by way of bonus issue, New Image Shareholders accepting the Offer will be bound to transfer such shares or convertible shares, other securities or other rights and interests to the Offeror and the consideration per New Image Share provided for under clause 2 will be reduced to take account of such issue.
- 5.3 If all or any of the New Image Shares are consolidated or subdivided on or after the Notice Date, then the Offer will be interpreted to take into account such consolidation or subdivision and will be deemed to be for the shares resulting from such consolidation or subdivision and the consideration per New Image Share provided for under clause 2 will be increased or reduced, as the case may require, in proportion to such consolidation or subdivision, and the New Image Shareholders will be bound to transfer such consolidated or subdivided New Image Shares to the Offeror on the basis of the consideration per share so increased or reduced.
- 5.4 If New Image makes any issue of equity securities to any person on or after the Notice Date other than by way of bonus issue, then the Offer will be deemed to extend to and include such shares and the consideration payable for them will be as provided in clause 2.

## **6 Notices**

- 6.1 Notice to New Image, the Takeovers Panel and NZX declaring the Offer is unconditional, or advising that the Offer is withdrawn in accordance with the Takeovers Code or has lapsed in accordance with its terms will be deemed to be notice to all New Image Shareholders and will be deemed to be given on the day of notification to NZX.
- 6.2 Notice of any variation of the Offer will be sent to each New Image Shareholder, New Image, the Takeovers Panel and NZX in accordance with the Takeovers Code unless

(and to the extent that) such notice is not required to be given under the Takeovers Code.

## **7 Method of settlement**

7.1 No acknowledgement of the receipt of acceptances of the Offer will be issued.

7.2 If you accept the Offer and:

- a the Offer is declared unconditional by the Offeror; and
- b the Acceptance Form is in order (or in the Offeror's discretion, is treated as valid or is rectified in accordance with clause 3.3),

depending on your election as to the method of payment, either a cheque for the cash amount payable to you will be posted to you by ordinary mail to the address contained in the Acceptance Form or the cash amount will be electronically transferred to your bank account identified in the Acceptance Form, by the date specified in clause 2.2.

7.3 If the Offer does not become unconditional, the Offer will lapse.

7.4 By completing the Acceptance Form and accepting the Offer you will be deemed to:

- a represent and warrant to the Offeror that full legal and beneficial title to each of your New Image Shares (and any other securities referred to in clauses 5.2 to 5.4) will be transferred to the Offeror free of all security interests, charges, liens, mortgages, encumbrances and adverse interests and claims of any kind, but together with all rights attaching to them, including the right to all dividends and other distributions arising after or by reference to a date occurring on or after a date upon which settlement of the Offer occurs in accordance with this clause 7;
- b represent and warrant to the Offeror that you have full power and capacity to sell and transfer the New Image Shares;
- c authorise the Offeror to effect any rectification of any Acceptance Form in the manner contemplated in clause 3.3; and
- d authorise the Offeror to advise New Image and/or its share registrar of the details of your acceptance of the Offer and to note the New Image share register with that acceptance.

7.5 Each Acceptor:

- a will not, and will not attempt to, sell, transfer, dispose of (or agree to do any of those things), any or all of the New Image Shares in respect of which the Acceptor has accepted this Offer (other than for acceptance of the Offer itself); and
- b irrevocably authorises the Offeror to instruct New Image and its share registrar to refuse, during the Offer Period, to register any transfer of any or all of the New Image Shares in respect of which the Acceptor has accepted this Offer, except for transfers pursuant to this Offer.

- 7.6 All cheques, electronic funds transfers, Acceptance Forms and other documents to be delivered, sent by or transferred to a holder of New Image Shares will be delivered, sent by or transferred to that holder at that holder's own risk.

## 8 Miscellaneous

- 8.1 The following terms have the following meanings when used in this Offer Document (including Appendix A) unless the context otherwise requires:

**'Acceptance Form'** means the acceptance form that is enclosed with and forms part of this Offer Document;

**'Acceptor'** means a New Image Shareholder who has accepted the Offer in accordance with the terms of the Offer;

**'Closing Date'** means Tuesday 2 April 2013 or such date to which the Offer Period is extended in accordance with the Takeovers Code;

**'Independent Adviser's Report'** means an independent adviser's report prepared in relation to the merits of the Offer pursuant to Rule 21 of the Takeovers Code;

**'New Image'** means New Image Group Limited;

**'New Image Board'** means the board of directors of New Image;

**'New Image Shares'** means all of the fully paid ordinary shares of New Image;

**'Notice Date'** means Thursday 17 January 2013, being the date on which the Offeror served, or caused to be served, on New Image a notice in writing pursuant to rule 41 of the Takeovers Code;

**'NZX'** means NZX Limited;

**'NZSX'** means the main board equity security market operated by NZX;

**'Offer'** means the offer for all the New Image Shares not already held by the Offeror, as set out in this Offer Document;

**'Offeror'** means New Image Trustee Limited;

**'Offer Document'** means this offer document dated 1 February 2013;

**'Offer Period'** means the period beginning on the date of the Offer and ending on the Closing Date;

**'Shareholder'** (or **'New Image Shareholder'**) means a holder of New Image Shares;

**'Takeovers Code'** means the takeovers code recorded in the Takeovers Code Approval Order 2000 (SR 2000/210); and

**'Takeovers Panel'** means the takeovers panel established by the Takeovers Act 1993.

- 8.2 In this Offer Document, except if expressly defined in this document, or except where the context requires otherwise:

- a terms defined in the Takeovers Code shall have the same meaning in this Offer Document;
- b a reference to the Takeovers Code includes any applicable exemption notices issued pursuant to the Takeovers Act 1993;
- c all sums of money referred to in the Offer are in New Zealand currency;
- d the Offer and any contract arising from it shall be governed by and construed in accordance with the laws of New Zealand;
- e all references to statutes are references to New Zealand legislation unless otherwise stated;
- f all times referred to in the Offer are New Zealand times unless otherwise stated;
- g the singular includes the plural and vice versa unless the context otherwise requires;
- h headings are for convenience only and do not affect the interpretation of the Offer or any Acceptance Form.

## **Appendix A      Information required by Schedule 1 to the Takeovers Code**

The information required by Schedule 1 to the Takeovers Code, to the extent not stated elsewhere in this Offer Document, is set out below:

### **Date**

The Offer is dated 1 February 2013.

### **Offeror and its sole director**

New Image Trustee Limited  
C/- Stewart Consulting Ltd  
Chartered Accountants  
87 Chapel Street  
Masterton  
New Zealand

Sole Director: Graeme Lindsay Clegg

### **Target company**

New Image Group Limited

### **Advice statement**

The advice statement required under clause 4 of Schedule 1 to the Takeovers Code is set out on the cover page of this Offer Document.

### **Offer terms**

The terms of the Offer are set out on pages 6 to 12 of this Offer Document.

### **Ownership of equity securities of target company**

The table below sets out a statement of the number, designation and percentages of equity securities of any class of New Image held or controlled by:

- a the Offeror;
- b any related company of the Offeror;
- c any person acting jointly or in concert with the Offeror;
- d any director of any of the persons described in paragraphs (a) to (c); and
- e any other person holding or controlling 5% or more of the class, to the knowledge of the Offeror.

Name of Shareholder	Description	Number of equity securities held or controlled	Type of equity security	Percentage of class
New Image Trustee Limited	Offeror	14,955,642	Ordinary shares	6.37%
G L Clegg	Person holding or controlling more than 5% of ordinary shares; person acting in concert with Offeror; director of Offeror  G L Clegg also controls the shares held by the Offeror and Exotic-Corp Limited by virtue of being the sole director and shareholder of those companies	152,044,748 <sup>3</sup> (in aggregate)  being  60,264,864 through Exotic-Corp Limited  14,955,642 through the Offeror  76,824,242 personally	Ordinary shares	64.72% <sup>4</sup>
Exotic-Corp Limited	Person holding or controlling 5% or more of ordinary shares; related company of Offeror	60,264,864	Ordinary shares	25.65%
HWM (NZ) Holdings Limited	Person holding or controlling 5% or more of ordinary shares  Person acting jointly or in concert with the Offeror <sup>5</sup>	11,866,551	Ordinary shares	5.05%

Notes:

- (1) The details shown above have been obtained from substantial security holder notices lodged with NZX, New Image's 2012 annual report and from enquiries made of the relevant persons and New Image.
- (2) The information in the table above is based on information known at the time of printing. Except for those persons who are specified in the statement made above as holding or controlling equity securities of New Image, no person referred to in paragraphs (a) to (d) of clause 6(1) of Schedule 1 to the Takeovers Code holds or controls equity securities of New Image.

<sup>3</sup> G L Clegg holds 76,824,242 equity securities in New Image Group Limited. Equity securities controlled by G L Clegg also includes 60,264,864 equity securities held by Exotic-Corp Limited and 14,955,642 equity securities held by New Image Trustee Limited.

<sup>4</sup> This is the aggregate % held or controlled by G L Clegg. G L Clegg personally holds 32.7% of ordinary shares in New Image Group Limited. 25.65% of the ordinary shares are held by Exotic-Corp Limited and 6.37% of ordinary shares are held by New Image Trustee Limited.

<sup>5</sup> HWM (NZ) Holdings Limited has agreed to sell 11,746,229 of the equity securities held by HWM (NZ) Holdings Limited to the Offeror under the Offer.

### **Trading in target company equity securities**

Of the persons referred to in paragraphs (a) to (d) of clause 6(1) of Schedule 1 to the Takeovers Code, those persons have acquired or disposed of equity securities in New Image during the six-month period before the Notice Date as follows:

- HWM (NZ) Holdings Limited on 8 November 2012 disposed of 11,462,762 New Image Shares for a consideration of \$0.26 cents per New Image Share;
- G L Clegg on 8 November 2012 acquired 11,462,762 New Image Shares for a consideration of \$0.26 cents per New Image Share;
- HWM (NZ) Holdings Limited on 20 December 2012 disposed of 283,467 New Image Shares for a consideration of \$0.26 cents per New Image Share; and
- G L Clegg on 20 December 2012 acquired 283,467 New Image Shares for a consideration of \$0.26 cents per New Image Share.

### **Agreements to Accept Offer**

G L Clegg and Exotic-Corp Limited intend to accept the Offer in respect of all their New Image Shares, subject to receiving an exemption from Rule 35 of the Takeovers Code permitting them to do so. There are no other material terms associated with that intended acceptance.

HWM (NZ) Holdings Limited ('HWM') has agreed to accept the Offer in respect of 11,746,229 of its New Image Shares pursuant to an agreement dated 25 October 2012 ('**HWM Agreement**'), subject to receiving an exemption from Rule 35 of the Takeovers Code permitting it to do so.

The material terms of the HWM Agreement are as follows:

- HWM holds 11,866,551 ordinary shares in New Image. It has agreed to sell 11,462,762 of those shares to Graeme Clegg on 6 November 2013 and 283,467 of the resulting balance holding of 403,789 ordinary shares on 20 December 2013. Pending those dates HWM retains legal and beneficial ownership in the shares, along with all voting rights and may exercise those voting rights in whatever manner HWM sees fit. Pending completion of the HWM Agreement, neither Mr Clegg, nor any person other than HWM has any ability or right to hold or control the voting rights attached to such shares.
- HWM has agreed that notwithstanding the agreement referred to, if Mr Clegg or an associate (in this case the Offeror) makes a full cash takeover offer for 100% of the Ordinary Shares of New Image at a price of not less than \$0.26 per share and with payment being due prior to 6 November 2013, then HWM will accept that offer in respect of the shares the subject of the HWM Agreement if the offer becomes unconditional.

No other person has agreed conditionally or unconditionally to accept the Offer as at the date of this Offer Document.

### **Arrangements to pay consideration**

The Offeror confirms that resources will be available to it sufficient to meet the consideration to be provided on full acceptance of the Offer and to pay any debts incurred in connection with the Offer (including debts arising under Rule 49 of the Takeovers Code).

A statement setting out the rights of each offeree under Rule 34 of the Takeovers Code, to withdraw acceptances for non-payment by the Offeror of the consideration, is set out in clause 2.3 of the Offer.

#### **Arrangements between offeror and target company**

No agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between the Offeror or any associates of the Offeror, and New Image or any related company of New Image, in connection with, in anticipation of, or in response to, the Offer.

#### **Arrangements between offeror, and directors and officers of target company**

No agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between the Offeror and its associates and any of the directors or senior managers of New Image or of any related company of New Image (including any payment or other benefit proposed to be made or given by way of compensation for loss of office, or as to their remaining in or retiring from office) in connection with, in anticipation of, or in response to, the Offer.

#### **Financial assistance**

No financial assistance (directly or indirectly) is to be provided by New Image for the purpose of, or in connection with, this Offer. It is possible, however, that following the closing of this Offer, financial assistance could be provided in connection with a refinancing of indebtedness incurred by the Offeror in connection with the Offer, but there has been no discussion of that with the New Image Board and no decision has been made by any person on behalf of New Image that any such financial assistance could or will be provided.

#### **Likelihood of changes in target company**

A key reason for making this Offer is that the continued listing of a company like New Image is increasingly costly and problematic. New Image is not researched by any broking firm and its shares are thinly traded. In the Offeror's opinion this is unlikely to change in the short to medium term having regard to Mr Clegg's recently increased majority control, and the business practices of the New Zealand broking community. Depending on the final level of acceptances the Offeror would explore with New Image a proposal to end its listing on the NZSX. Save for this change the Offeror proposes no material changes to New Image's business activities. It will continue to focus on its current operations and opportunities to sell New Image's products throughout Asia, and partner with other businesses in this respect.

This is a statement of the Offeror's current intentions and the Offeror reserves all its rights to adopt other business initiatives and strategies upon completion of the Offer.

#### **Pre-emption clauses in target company's constitution**

There is no restriction on the right to transfer equity securities to which the Offer relates contained in the constitution of New Image which has the effect of requiring the holders of the

securities to offer the securities for purchase to shareholders of New Image or to any other person before transferring the securities.

#### **No escalation clause**

There is no agreement or arrangement (whether legally enforceable or not) under which any existing holder of equity securities in New Image will or may receive in relation to, or as a consequence of, the Offer any additional consideration or other benefit over and above the consideration set out in the Offer, or any prior holder of equity securities in New Image will or may receive any consideration or other benefit as a consequence of the Offer.

#### **Classes of securities**

No report is required under Rule 22 of the Takeovers Code (which, if the offer is for more than one class of securities, requires a report by an independent adviser on the fairness and reasonableness of the consideration and terms of the offer as between different classes of securities).

#### **Certificate**

To the best of my knowledge and belief, after making proper enquiry, the information contained in this Offer Document is, in all material respects, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by the Offeror under the Takeovers Code.

**Signed** by the person named below or his agent authorised in writing



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**Graeme Clegg**

Sole Director and person fulfilling the roles of  
Chief Executive Officer and Chief Financial Officer of the Offeror.







# Copy

## SAMPLE

### NOTES AND INSTRUCTIONS FOR COMPLETION OF THIS ACCEPTANCE AND TRANSFER FORM

- 1.1 **To accept the Offer:**
- (a) Insert the date of signing in the space provided. Please ensure that all details on this Acceptance and Transfer Form are correct. Please alter this Acceptance and Transfer Form if required.
  - (b) Sign this Acceptance and Transfer Form where marked "Signature(s)". Companies must sign where marked "For A Company" in accordance with the Companies Act 1993 or other applicable law.
  - (c) If the NEW Shares are registered in the names of joint holders, **all holders must sign** this Acceptance and Transfer Form.
- 1.2 **NEW Shares held by Nominees:** If your NEW Shares are held through a nominee, advise your nominee that you wish to sell all your NEW Shares and instruct it to complete, sign and return this Acceptance and Transfer Form to the Offeror in accordance with the instructions set out below.
- 1.3 **Method of Payment:** You should select a method of payment. If you do not, or if you do not provide sufficient details to enable an electronic transfer to you, you will be paid by cheque. Overseas shareholders should take particular care to provide all information that is required to make an electronic transfer to them. If they do not, payment will be made by cheque to them, and neither the Offeror nor Link Market Services Limited has any responsibility to verify any such details. Overseas shareholders who have not provided a New Zealand bank account and that elect to be paid by electronic transfer will need to make their own arrangements with their bank to ensure that their designated account is capable of receiving funds transfer in New Zealand dollars. Your bank may charge you fees in relation to receipt of an electronic transfer.
- 1.4 **Power of Attorney:** If this Acceptance and Transfer Form is signed under a power of attorney, the certificate of non-revocation printed on this Acceptance and Transfer Form must be completed by the party holding the Power of Attorney and signing this Acceptance and Transfer Form.
- 1.5 **On Completion:** Either mail, deliver, fax or email this Acceptance and Transfer Form as provided for below as soon as possible, but in any event so as to be received by the Offeror on or before 5.00 p.m. on the Closing Date.
- (a) **MAIL:** Place the signed Acceptance and Transfer Form in the enclosed prepaid envelope and send by post to the following address:  
  
New Image Trustee Limited  
c/- Link Market Services Limited  
PO Box 91976  
Auckland 1142  
New Zealand
  - (b) **DELIVER:** Deliver the signed Acceptance and Transfer Form to the Offeror, at the following address:  
  
New Image Trustee Limited  
c/- Link Market Services Limited  
Level 16, Brookfields House  
19 Victoria Street West  
Auckland, New Zealand  
  
**NOTE: These offices are only open on weekdays during normal business hours.**
  - (c) **FAX:** Fax the signed Acceptance and Transfer Form to New Image Trustee Limited c/- Link Market Services Limited, on +64 9 375 5990.
  - (d) **EMAIL:** Email the signed Acceptance and Transfer Form to the Offeror at:  
  
New Image Trustee Limited  
c/- Link Market Services Limited  
[operations@linkmarketservices.co.nz](mailto:operations@linkmarketservices.co.nz)  
(Please type "NEW Acceptance" in the subject line for easy identification)

**IF YOU ARE IN DOUBT ABOUT THE PROCEDURE FOR ACCEPTANCE, PLEASE TELEPHONE  
LINK MARKET SERVICES LIMITED ON +64 9 375 5998.**