

Date: 14 October 2002

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SHOTOVER JET LIMITED  
RESPONSE TO  
OFFER FROM  
NGAI TAHU HOLDINGS CORPORATION  
LIMITED

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(As required by the Takeovers Code Approval Order 2000)

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## 1 DATE

This statement is dated 14 October 2002.

## 2 OFFER

2.1 Ngai Tahu Holdings Corporation Limited (the *Offeror*) has made an offer to acquire all of the fully paid shares on issue in Shotover Jet Limited (*SJL*) not already held by the Offeror as at the date of the offer. The terms and conditions of that offer are as follows:

2.1.1 The consideration offered for each fully paid share is \$0.70 in cash with shareholders being entitled to receive and retain the fully imputed dividend of 1.25 cents per share announced by SJL, which is payable on 25 October 2002 to shareholders on the register at 5pm on Friday 11 October 2002.

2.1.2 In addition, SJL must not (without the prior written consent of the Offeror):

2.1.2.1 pay any dividends (other than the dividend referred to in 2.1.1 above), bonuses or other distributions in respect of the shares in SJL;

2.1.2.2 subdivide or consolidate the shares in SJL nor issue further shares, options, debentures or other securities or loan capital in SJL;

2.1.2.3 alter the rights, privileges or restrictions attaching to the shares in SJL;

2.1.3 If the offer is accepted payment will be made to shareholders, by cheque, by 14 November 2002 (being 7 days after the end of the offer period, unless the Offer is extended as permitted under the Takeovers Code).

## 3 TARGET COMPANY

Shotover Jet Limited is the target company for the purposes of the Takeovers Code Approval Order 2000 (*the Code*).

#### 4 DIRECTORS OF TARGET COMPANY

The names of the directors of SJL are as follows:

- Wayne R. Boyd (Chairman)
- Ross B. Keenan
- Brian A. Kennedy
- David J. Stock

#### 5 OWNERSHIP OF EQUITY SECURITIES OF TARGET COMPANY

5.1 The number, designation and percentage of any class of equity securities of SJL held or controlled by:

- (a) each director or senior officer of SJL and their associates; and
- (b) any other person holding or controlling more than 5% of any class of equity securities to the knowledge of SJL;

are set out below.

	<i>Shares</i>	<i>%</i>
<b><i>Directors</i></b>		
Wayne Boyd	20,000	0.046
Ross Keenan	11,000	0.025
David Stock	151,000	0.349
Brian Kennedy	Nil	nil
<b><i>Senior Officers</i></b>		
Adrian Januszkiewicz	104,567	0.241
Garry Forward	30,000	0.069
Tony Warwick	4,000	0.009
Liz Boyer	30,000	0.069

5.2 In the two year period prior to the date of this statement:

- 5.2.1 no equity securities of SJL were issued to directors and senior officers of SJL and their associates; and
- 5.2.2 no directors or senior officers or their associates have obtained a beneficial interest in any equity securities of SJL under any employee share scheme or other remuneration arrangement.

### *Other Persons*

- 5.3 Ngai Tahu Tourism Limited (a subsidiary of the Offeror) holds 35,853,776 shares representing 82.75% of the total number of shares on issue as at 7 October 2002.
- 5.4 To the knowledge of SJL, there are no other persons holding or controlling more than 5% of the shares on issue in SJL.

## **6 TRADING IN TARGET COMPANY EQUITY SECURITIES**

Equity securities in SJL were acquired by the following senior officers during the six month period before the date of this statement:

	<i>Date</i>	<i>Price</i>	<i>Shares Acquired</i>
Adrian Januszkiewicz	13 March 2002	52 cents	2,000
Adrian Januszkiewicz	13 March 2002	53 cents	39,600
Garry Forward	14 March 2002	51 cents	2,160
Garry Forward	15 March 2002	49 cents	18,665
Garry Forward	21 March 2002	49 cents	1,000
Garry Forward	22 March 2002	49 cents	175

## **7 ACCEPTANCE OF OFFER**

Of the directors, Mr David Stock will not be accepting the offer in respect of his shares. Messrs Wayne Boyd and Ross Keenan will be accepting the offer for their shares.

Senior officers (one senior officer is currently overseas and is not contactable and that officer's position is unknown) of SJL will be accepting the Ngai Tahu offer for their shares.

## **8 OWNERSHIP OF EQUITY SECURITIES OF THE OFFEROR**

Neither SJL, nor any director or senior officer, nor any associate of a director or senior officer of SJL holds or controls any equity securities in the Offeror. The Chairman of SJL, Mr Wayne Boyd is also Chairman of the Offeror.

## **9 TRADING IN EQUITY SECURITIES OF THE OFFEROR**

No equity securities in the Offeror were acquired or disposed of by SJL or any director or senior officer, or associate of a director or senior officer, of SJL in the six month period before the date of this statement.

## **10 ARRANGEMENTS BETWEEN THE OFFEROR AND SJL**

No agreement or arrangement (whether legally enforceable or not) has been made or proposed to be made between the Offeror, or any associate of the Offeror, and SJL, or any related company of SJL, in connection with, in anticipation of, or in response to, the offer.

## **11 RELATIONSHIP BETWEEN THE OFFEROR AND DIRECTORS AND OFFICERS OF SJL**

11.1 There are no agreements or arrangements (whether legally enforceable or not) made, or proposed to be made, between the Offeror (or any associates of the Offeror) and any directors and senior officers of SJL or any of the directors or senior officers of any related company of SJL in connection with, in anticipation of, or in response to the offer.

11.2 Wayne Boyd is a director of the Offeror and of SJL. Brian Kennedy was until early 2001 Chief Executive of the Offeror. The Chief Executive of SJL, Adrian Januszkiewicz also provides contract services to a subsidiary of the Offeror for part of his time. Further details of this latter arrangement are provided under clause 13 below.

## **12 AGREEMENTS BETWEEN SJL AND DIRECTORS AND OFFICERS OF SJL**

No agreements or arrangements are to be made, or are proposed to be made, between SJL or any related company of SJL and any of the directors or senior officers of SJL or any related company of SJL or their associates under which a payment or other benefit may 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, and in anticipation of, or in response to the offer.

### 13 INTERESTS OF DIRECTORS AND OFFICERS OF SJL IN MATERIAL CONTRACTS OF THE OFFEROR

Except as set out below no director, senior officer, or associate of SJL, and to the best of the knowledge and belief of the directors of SJL, no person who holds or controls more than 5% of any class of equity securities of SJL has any interest in any material contract to which the Offeror, or any related company of the Offeror, is a party.

The Chief Executive of SJL, Adrian Januszkiewicz, provides contract services to the Offeror for part of his time to assist with the management of its other tourist interests. An appropriate agreement is in place to ensure that conflict issues are avoided. For these services the Offeror reimburses SJL for 30% of Mr Januszkiewicz's total remuneration package payable by SJL.

There is also an agreement between the Offeror and SJL to share software known as J D Edwards. This software provides a platform for the financial information of SJL. Appropriate integrity arrangements relating to access to the systems has been agreed between SJL and the Offeror.

### 14 ADDITIONAL INFORMATION

In the opinion of the directors of SJL, the following information should be added to the offer document so that it is not incorrect or misleading.

Shareholders should take account of the issues raised in the covering letter to shareholders (enclosed).

#### **Dividend Policy**

The Board of SJL has recently adopted, in principle, a future dividend policy which is that subject to there being no deterioration in the company's financial position, to future capital commitments being capable of being funded and cash being available for the proposed dividend, 40% of the tax paid surpluses of SJL will be paid out by way of dividends.

#### **Compulsory Acquisition**

The Independent Directors have received advice that clause 56 of the Takeovers Code could affect the determination of the price payable by the Offeror for the compulsory acquisition of shares.

If the Offeror should receive acceptances for less than 50% of the shares it seeks to acquire under the offer and is required to compulsorily acquire all of the shares not held by the Offeror because it holds 90% or more of the total shares on issue,



the price payable will not be the offer price under the offer but will be a price independently assessed.

The offer is for 17.25% of the shares on issue. If the Offeror receives acceptances for less than 8.63% of the shares on issue but acquires over 7.25% of the shares on issue then the price payable is fixed by an independent adviser.

If the Offeror acquires 8.63% or more of the shares on issue, the price payable for the remaining shares under compulsory acquisition is the offer price at which the Offeror has made its takeover offer for the shares.

## **15 RECOMMENDATION**

The recommendation of the independent directors to shareholders is:

- if you wish to take advantage of the price established by the offer process, you should accept the offer;
- if you have a view that you wish to remain associated with the improved performance of the company, you should retain your shares, provided you recognise the risks set out in the attached letter.

The reasons for the above recommendation are set out on the accompanying letter.

## **16 ACTIONS OF SJL**

16.1 No material agreement or arrangement (whether legally enforceable or not) of SJL and its related companies has been entered into as a consequence of or in response to or in connection with the offer from the Offeror.

16.2 There are no negotiations underway, as a consequence of, in response to, or in connection with the offer that relate to, or could result in:

- (a) an extraordinary transaction such as a merger, amalgamation, or reorganisation involving SJL or any of its related companies; or
- (b) the acquisition or disposition of material assets of SJL; or
- (c) an acquisition of equity securities by, or of SJL; or
- (d) a material change in the equity securities on issue arising from the resolution sent to all shareholders, or, except as set out in clause 14, a change in the policy relating to distributions, of SJL.

## **17 EQUITY SECURITIES OF SJL**

- 17.1 SJL has 43,326,667 ordinary shares, being the only class of equity securities SJL has on issue.
- 17.2 Details of the rights of the holders of the ordinary shares in respect of capital, distributions and voting are set out below:
- 17.2.1 All shares in SJL rank equally as to capital and distributions and have one vote for each share on issue on a poll.
- 17.2.2 For the purposes of the offer from the Offeror all shareholders of SJL are treated equally.
- 17.3 There are no options or rights to acquire equity securities in SJL which are at present on issue or in existence.

## **18 FINANCIAL INFORMATION**

- 18.1 Each shareholder of SJL is entitled to obtain from SJL a copy of the most recent annual report of SJL to 30 June 2002, which was sent to all shareholders on 17 September 2002.
- 18.2 No interim report of SJL has been issued since the annual report for the year ended 30 June 2002.
- 18.3 Not applicable.
- 18.4 There are no material changes in the financial or trading position, or prospects of SJL since the annual report for the year ended 30 June 2002 except as set out in clause 24 hereof.
- 18.5 SJL has completed a three year strategic plan to 30 June 2005 and a budget for the year ending 30 June 2003. These have been adopted by the Board and show a continued improving financial position for SJL over that period if these plans and objectives are achieved. The Board is not aware of any other material information relating to the assets, liabilities, profitability and financial affairs of SJL that could reasonably be expected to be material to the making of a decision by the shareholders to accept or reject the offer.

## **19 INDEPENDENT ADVICE ON THE MERITS OF THE OFFER**

19.1 Grant Samuel & Associates Limited (*Grant Samuel*) are the independent advisers who have provided a report under rule 21 and a copy of the advisers full report is attached to this statement.

19.2 Not applicable.

19.3 The full report includes:

- (a) a statement of the qualifications and expertise of the advisers; and
- (b) a statement that the advisers have no conflict of interest that could affect the advisers' ability to provide an unbiased report.

## **20 ASSET VALUATION**

There is no information provided in this statement which refers to a valuation of any asset of SJL.

## **21 PROSPECTIVE FINANCIAL INFORMATION**

Not applicable.

## **22 SALES OF UNQUOTED EQUITY SECURITIES UNDER OFFER**

The equity securities that are the subject of the offer are quoted on the New Zealand Stock Exchange.

## **23 MARKET PRICE OF QUOTED EQUITY SECURITIES UNDER OFFER**

23.1 The price at which an ordinary share in SJL was traded on the New Zealand Stock Exchange is:

23.1.1 \$0.71 on 11 October 2002 being the last practicable working day prior to this statement being sent by SJL; and

23.1.2 \$0.50 on 10 September 2001, being the date upon which SJL received the takeover notice.

23.2 The highest and lowest closing market prices, during the six months prior to 10 September 2002 (being the date upon which SJL received the takeover notice) were:

23.2.1 *Highest:* 58 cents on 2 September 2002.

23.2.2 *Lowest:* 42 cents on 22 March 2002 and 8 April 2002.

23.3 There were no:

23.3.1 issues of equity securities; or

23.3.2 changes in the equity securities on issue; or

23.3.3 distributions;

that could have affected the market prices referred to above.

23.4 There is no other information about the market price of the securities that would reasonably be expected to be material to the making of a decision to accept or reject the offer except the matters referred to in the report from Grant Samuel.

## 24 OTHER INFORMATION

24.1 The independent directors believe that shareholders, when making a decision as to whether to accept or reject the Offer, should be aware that:

- For the period since 30 June 2002 to 30 September 2002, the unaudited operating results of SJL are ahead of the comparable period in 2001.
- The independent advisers report from Grant Samuel sets out significant information on SJL and its future prospects. Shareholders should read this report carefully before making a decision.
- Shareholders should also take into account that with Ngai Tahu holding a significant controlling shareholding in SJL it is unlikely that another offer will be made for the shares.

24.2 Because Mr Wayne Boyd is Chairman of the both the Offeror and SJL, he has not taken part in any negotiations or material discussions relating to the offer. He has approved the provisions of this statement.

24.3 Mr Brian Kennedy, due to his capacity as former CEO of the Offeror, has not taken part in any negotiations or material discussions relating to the offer. He has approved the provisions of this statement.

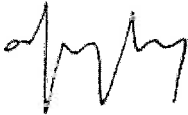
**25 APPROVAL OF SJL'S STATEMENT**

25.1 The contents of this statement have been approved by the Board of Directors of SJL.

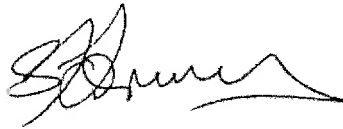
25.2 No director of SJL has withheld his approval to this statement.

**26 CERTIFICATE**

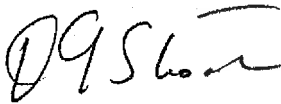
To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this statement is, in all material respects, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed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



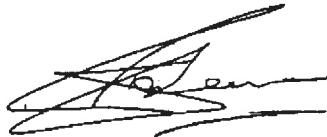
Adrian Januszkiewicz  
*Chief Executive Officer*



Garry Forward  
*Chief Financial Officer*



David Stock  
*Director*



Ross Keenan  
*Director*