

the date of this statement 75,155 shares have been issued at \$2.40 to persons applying for those shares.

**25 APPROVAL OF PHOENIX'S STATEMENT**

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


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

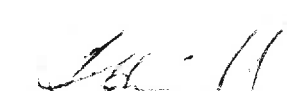
**26 CERTIFICATE**

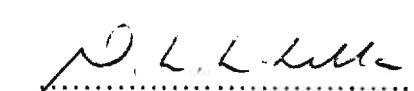
26.1 To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this statement is, in all material respects, true and correct and not misleading whether by omission of any information or otherwise and includes all the information required to be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

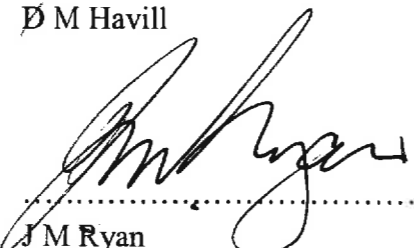
This certificate is signed by:

- (a) Richard Cornelius as the Chief Executive Officer of Phoenix; and
- (b) Diane McLellan as the Chief Financial Officer of Phoenix; and
- (c) two directors of Phoenix who have signed this statement on behalf of the Board of Phoenix and with the authority of a resolution of the Board of Directors of Phoenix.

  
.....  
R S Cornelius

  
.....  
D M Havill

  
.....  
D M McLellan

  
.....  
J M Ryan

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**PHOENIX MEAT COMPANY LIMITED:  
RESPONSE TO PROPOSED  
OFFER FROM  
CANTERBURY MEAT PACKERS  
LIMITED**

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(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

No valuation is contained in Phoenix's statement.

## 21 PROSPECTIVE FINANCIAL INFORMATION

21.1 The report provided by the independent adviser contains reference to prospective financial information for Phoenix for the year ending 30 September 2001. Phoenix is forecasting a net profit before tax of \$3,605,000 for the year ending 30 September 2001. This amount includes the pre tax equity earnings expected from CMP of \$3,000,000 for the above period.

## 22 SALES OF UNQUOTED EQUITY SECURITIES UNDER OFFER

The equity securities that are the subject of the offer are not quoted on a Stock Exchange. The information which Phoenix holds as to the number of those equity securities that have been disposed of in the 12 months ended 30<sup>th</sup> July 2001, being the last practicable date before the date on which the statement of Phoenix is sent by Phoenix to CMP is as follows.

Number of Shares	Date	Price
3360	19/07/2001	\$2.40
340	07/06/2001	\$2.40
480	03/05/2001	\$2.40
3360	01/03/2001	\$2.40
7282	01/02/2001	\$2.40
960	07/09/2000	\$2.40

Phoenix has not made any cash or bonus issues of shares in the 12 months preceding the date of this statement.

## 23 MARKET PRICE OF QUOTED EQUITY SECURITIES UNDER OFFER

The equity securities of Phoenix are not quoted on any Stock Exchange.

## 24 OTHER INFORMATION

As at 1 October 2000 Phoenix had 117,190 shares held as treasury stock that Phoenix had repurchased at \$2.40 per share. In the period from 1 October 2000 to

**18 FINANCIAL INFORMATION**

- 18.1 Each shareholder of Phoenix is entitled to obtain from Phoenix a copy of the most recent annual report of Phoenix.
- 18.2 The annual balance date for Phoenix is 30 September. No half yearly report has been prepared for the financial half year ended 31 March 2001.
- 18.3 No interim report of Phoenix has been issued since the annual report for the year ended 30 September 2000.
- 18.4 Since 1 October 2000 Phoenix has been trading profitably and it is expected to achieve an operating surplus before dividends from CMP of \$605,000 for the year ending 30 September 2001. Phoenix has no bank debt and has only current liabilities with no material exposures under any foreign currency contracts.
- 18.5 A material issue relating to the assets, liabilities, profitability and financial affairs of Phoenix is that Phoenix holds a 20% shareholding interest in CMP. The valuation of that interest is relevant to the offer being made by CMP for the shares in Phoenix. A significant part of the earnings of Phoenix arise from the payment of dividends to Phoenix by CMP. This has been taken into account in the independent assessment obtained by the directors of Phoenix on the merits of the offer and is fully set out in that valuation, a copy of which is being made available to all offerees.

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

- 19.1 Messrs David Bridgman and Maurice Noone, being partners of PricewaterhouseCoopers, are the independent advisers who have provided a report under Rule 21 and a summary of this report is being sent to all offerees. A copy of the full report is available to any shareholder on request to:

Diane McLellan      Company Secretary

Phoenix Meat Company      Private Bag 605      Ph 03 7625505  
GREYMOUTH

The summary report is a fair summary of the full report and is not misleading.

- 19.2 The summary report includes:

(a) a statement of the qualifications and expertise of the advisers; and

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## 1 DATE

This statement is dated the 6<sup>th</sup> day of August 2001.

## 2 OFFER

Canterbury Meat Packers Limited (*CMP*) has made an offer to acquire all of the 2,308,838 ordinary shares on issue in Phoenix Meat Company Limited (*Phoenix*) for \$2.88 each. The terms and conditions of that offer are as follows:

- (a) The price offered per ordinary share is \$2.88.
- (b) The offer permits Phoenix to pay a dividend of \$4.67 (on a fully imputed basis with an attached imputation credit of \$2.30 for each share) prior to the offer from CMP becoming unconditional.
- (c) The offer is conditional upon 90% acceptance by the shareholders of Phoenix and statutory approvals.
- (d) If the offer is accepted and is declared unconditional by CMP payment will be made to shareholders on or before the 4<sup>th</sup> day of October 2001.

## 3 TARGET COMPANY

Phoenix Meat Company 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 the target company are as follows:

Leigh Anthony Bamfield  
Paul Francis Berry  
Richard Snowden Cornelius  
Durham Maxwell Havill  
Dianne Mary Milne  
Joseph Michael Ryan  
Maurice Harvey Sullivan  
Frank Ernest Wall

## 16 ACTIONS OF PHOENIX

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

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

- (a) an extraordinary event such as a merger, amalgamation, or reorganisation involving Phoenix or any of its related companies; or
- (b) the acquisition or disposition of material assets of Phoenix or any of its related companies; or
- (c) an acquisition of equity securities by, or of Phoenix or any related company of Phoenix; or
- (d) any material change in the equity securities on issue, or policy relating to distributions, of Phoenix.

## 17 EQUITY SECURITIES OF PHOENIX

17.1 Details of the equity securities on issue in Phoenix and the rights of the holders in respect of capital, distributions and voting are set out below:

- 17.1.1 All shares in the Company rank equally and have one vote for each share on issue on a poll.
- 17.1.2 A shareholder who is a person supplying livestock to the Company and who elects to take a rebate payment as a distribution of profits cannot receive a dividend for the relevant period and cannot vote on any resolution relating to the payment of dividends.
- 17.1.3 Those shareholders who do not receive a rebate or hold shares in excess of the qualifying share level for rebates receive a dividend on their shares.
- 17.1.4 For the purposes of the offer from CMP all shareholders of Phoenix are treated equally.

17.2 There are no options or rights to acquire equity securities in the Company which are at present on issue or in existence.

**13 INTERESTS OF DIRECTORS AND OFFICERS OF PHOENIX IN MATERIAL CONTRACTS OF CMP**

No director, senior officer or associate of Phoenix and to the best of the knowledge and belief of the directors and senior officers of Phoenix no person who holds or controls more than 5% of any class of equity securities of Phoenix has any interest in any material contract to which CMP, or any related company of CMP, is a party.

**14 ADDITIONAL INFORMATION**

No information in the offer document is, to the knowledge or in the opinion of the directors of Phoenix, incorrect or misleading.

**15 RECOMMENDATION**

The directors of Phoenix unanimously recommend to the Shareholders of Phoenix that they accept the offer from CMP. The reasons for recommending the offer are:

- The price of the offer is fair and is significantly above the price at which shares in the Company have been traded, after taking into account the proposed dividend. The gross price including dividends is over 3 times the last recorded price at which shares were traded (\$2.40 per share).
- The offer allows Phoenix to distribute profits that would otherwise not have been distributed to shareholders.
- While the South Island kill is forecast to increase, significant changes in land use is concentrating the kill over a very short period of the year and the announcement of an increase in processing capacity in the region will put pressure on the business.
- The export market for premium beef requires consistent servicing with a full range of product. Phoenix at its level of critical mass has difficulties in achieving appropriate marketing strength and volume. This affects Phoenix's procurement competitiveness.
- Phoenix is a relatively small player in the market and has developed additional activities to broaden the spread for fixed overheads. In addition the opportunity to rationalise overheads will make it a stronger market competitor.

**5 OWNERSHIP OF EQUITY SECURITIES OF TARGET COMPANY**

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

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

are set out below.

<i>Director</i>	<i>Shares held 6 August 2001</i>
L A Bamfield	3,325
P F Berry	8,435
R S Cornelius	6,000
D M J Havill	32,600
D M Milne	28,162
J M Ryan	15,340
M H Sullivan	12,840
F E Wall	20,000
<i>Senior Officers</i>	
D M McLellan	18,200

5.2 No equity securities of Phoenix have been issued to directors and senior officers of Phoenix and their associates.

5.3 No directors or senior officers or their associates have obtained a beneficial interest in any equity securities of Phoenix under any employee share scheme or other remuneration arrangement.

**6 TRADING IN TARGET COMPANY EQUITY SECURITIES**

The number and designation of any equity securities of Phoenix acquired or disposed of by the persons set out in clause 5.1 during the six month before the

date of this statement together with the consideration paid for those equity securities, and the date of each transaction is as follows:

<i>Director or Senior Officer or Associates</i>	<i>Number of Securities Affected</i>	<i>Consideration paid for Securities</i>	<i>Date of Transaction</i>
<i>LA Bamfield</i>	<i>970</i>	<i>\$2.40</i>	<i>20.03.2001</i>
<i>LA Bamfield</i>	<i>480</i>	<i>\$2.40</i>	<i>19.04.2001</i>
<i>LA Bamfield</i>	<i>1360</i>	<i>\$2.40</i>	<i>29.06.2001</i>
<i>D M Milne</i>	<i>(2712)</i>	<i>family transfer</i>	<i>27.07.2001</i>
<i>J M Ryan</i>	<i>340</i>	<i>\$2.40</i>	<i>16.05.2001</i>

## 7 ACCEPTANCE OF OFFER

All of the directors and senior officers, and their associates of Phoenix intend to accept the offer from CMP for their equity securities in Phoenix.

## 8 OWNERSHIP OF EQUITY SECURITIES OF CMP

CMP holds no equity securities in Phoenix. No director, senior officer or associates of CMP, except for R S Cornelius and J M Ryan as disclosed in 5.1 above, hold any equity securities in Phoenix. Phoenix holds 20% of the ordinary shares on issue in CMP. There are 18,650,000 ordinary shares on issue in CMP and Phoenix holds 3,730,000 ordinary shares in CMP. All shares rank equally in all respects.

## 9 TRADING IN EQUITY SECURITIES OF CMP

9.1 No equity securities in CMP were acquired or disposed of by any director, senior officer of Phoenix or their associates in the six months period before the date of this statement.

## 10 ARRANGEMENTS BETWEEN CMP AND PHOENIX

No agreements or arrangements are made, or proposed to be made, between CMP, or any associates of CMP and Phoenix or any related company of Phoenix in connection with, in anticipation of, or in response to the offer.

## 11 RELATIONSHIP BETWEEN CMP AND DIRECTORS AND OFFICERS OF PHOENIX

11.1 The only agreements or arrangements made or proposed to be made between CMP and any associates of CMP and any of the directors or senior officers of Phoenix, or any related company of Phoenix (including particulars of any payment or other benefit proposed to be made or given by way of compensation for loss of office, or as to the remaining in or retiring from office) in connection with, and in anticipation of, or in response to the offer by CMP are as follows:

- (a) Mr Richard Cornelius and Mr Joe Ryan are currently directors of CMP and intend to continue as directors of CMP if the offer is successful.
- (b) Mr Richard Cornelius and Diane McLellan will remain in their present positions as senior employees of Phoenix. Each of such persons are employed under contracts that expire in December 2003 and would have an expectation of receiving compensation in the event of early termination of those contracts of employment.

11.2 Messrs Richard Cornelius and Mr Joe Ryan being directors of Phoenix are also directors of CMP but not of any related company of CMP. They understand that if the offer is successful they will continue to occupy those positions as directors of CMP.

11.3 Aratuna Freighters Limited, a company in which Mr D M J Havill is a director has continued to provide freighting services to Phoenix. It is likely that these arrangements will continue.

11.4 Phoenix has continuing and frequent transactions relating to the acquisition of livestock by Phoenix from some of its shareholders. The directors of Phoenix may also enter into those livestock contracts with Phoenix.

## 12 AGREEMENTS BETWEEN PHOENIX AND DIRECTORS AND OFFICERS OF PHOENIX

No agreements or arrangements are to be made or are proposed to be made between Phoenix or any related company of Phoenix and any of the directors or senior officers or their associates of Phoenix or its related companies 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 except as otherwise set out in the response to clause 11.