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INTERPRETATION

I. Interpretation for purposes of constitution:

In this Constitution unless the context otherwise requires:

- 1.1 **Act:** "Act" means the Companies Act 1993;
- 1.2 **Address for Service:** "Address for Service" means the address for service of the Company;
- 1.3 **Approved Borrowing:** "Approved Borrowing" means mortgage finance required by the Company to enable purchase of an undivided one 1/yth share (where y is the total number of partners in the Partnership) of the Baywood Forest land plus overdraft accommodation up to a maximum of \$25,000 to be arranged by the Baywood Forest Partnership, such finance to be provided by a Registered Bank;
- 1.4 **Board:** "Board" means the Board of directors of the Company;
- 1.5 **Company:** "Company" means Baywood Forest (No.) Limited;
- 1.6 **Constitution:** "Constitution" means this Constitution as amended from time to time;
- 1.7 **Default Rate:** "Default Rate" means such rate of interest which is 5% p.a. above the rate of interest that would be payable by the Baywood Forest Partnership on any unauthorised overdraft banking accommodation extended to the Baywood Forest Partnership by its bankers at such time;
- 1.8 **Effective Interest:** "Effective Interest" has the meaning given to that expression in section OB 1 of the Tax Act;
- 1.9 **Loss Attributing Qualifying Company:** "Loss Attributing Qualifying Company" has the meaning given to that expression in section HG 14 of the Tax Act;
- 1.10 **Manager:** "Manager" means Forest Enterprises Limited or such other person appointed as the manager of the Partnership from time to time by the Partnership.
- 1.11 **Office:** "Office" means the registered office of the Company;
- 1.12 **Original Shareholder:** "Original Shareholder" means Forest Enterprises Investments Limited as the original shareholder in the Company;
- 1.13 **Partnership:** "Partnership" means the Baywood Forest Partnership of which the Company is a partner;
- 1.14 **Partnership Agreement:** "Partnership Agreement" means the Deed of Participation constituting the Baywood Forest Partnership dated 30 March 2001.
- 1.15 **Plan:** "Plan" means the plan for planting, tending, maintaining, managing and marketing the trees on the Baywood Forest Partnership land as prepared by the Manager and as may be amended from time to time in accordance with the Partnership Agreement.
- 1.16 **Qualifying Company:** "Qualifying Company" has the meaning given to that expression in section OB 3(1) of the Tax Act;
- 1.17 **Register:** "Register" means the register of shareholders to be kept in compliance with section 87 of the Act;
- 1.18 **Registered Bank:** "Registered Bank" means a registered bank as defined in the Reserve Bank of New Zealand Act 1989;
- 1.19 **Sui Juris:** "Sui Juris" means persons who are under no disability affecting their legal capacity to deal with their property, including the right to bind themselves by contracts, to sue and be sued, and does not include minors or mentally disordered persons;
- 1.20 **Tax Act:** "Tax Act" means the Income Tax Act 1994;
- 1.21 **Trustee:** "Trustee" means The Trustees Executors and Agency Company of New Zealand Limited (trading as TOWER Trust) or such other trustee corporation appointed to act as the statutory supervisor from time to time under the Partnership Agreement.
- 1.22 **Companies Act:** terms used which are defined in or which bear a clear meaning under the Act shall bear the same meaning in this Constitution unless the context plainly requires otherwise;

- 1.23 **Headings:** headings are for ease of reference only and shall not be deemed to form any part of the context or to affect the interpretation of this Constitution;
- 1.24 **Clauses and Schedule:** references to clauses and the schedule are references to clauses of and the schedule to this Constitution. The schedule to this Constitution shall have the same effect as if set out in the body of this Constitution.
- 1.25 **Months:** references to months shall be deemed to be references to calendar months;
- 1.26 **Persons:** references to persons shall be deemed to include references to individuals, companies, corporations, firms, partnerships, joint ventures, associations, organisations, trusts, states or agencies of state, government departments and local and municipal authorities in each case whether or not having separate legal personality;
- 1.27 **Plural and Singular:** words importing the singular number shall include the plural and vice versa;
- 1.28 **Statutes and Regulations:** references to a statute include references to regulations, orders or notices made under or pursuant to such statute or regulations made under the statute and references to a statute or regulation include references to all amendments to that statute or regulation whether by subsequent statute or otherwise and a statute or regulation passed in substitution for the statute or regulation referred to as incorporating any of the provisions; and
- 1.29 **Writing:** references to written material or to material in writing shall be deemed to include material which is written, printed, typewritten, photocopied, facsimiled, or otherwise represented or reproduced in visible form.

COMPANIES ACT

2. Constitution and the Companies Act:

The provisions of the Companies Act 1993 are negated, modified, adopted and extended as provided by this Constitution.

OBJECTS OF THE COMPANY

3. Objects

The objects for which the Company is established are to:

- 3.1 **Investment:** invest in forestry;
- 3.2 **Forest Partnership:** enter into the Partnership to purchase land for afforestation purposes and to establish, maintain and harvest trees;
- 3.3 **Qualifying Company:** become a Qualifying Company under Subpart HG of the Tax Act 1994 until otherwise determined by the Company in accordance with clause 10;
- 3.4 **Amalgamation:** amalgamate the Company with any other company or companies in the Partnership if the amalgamation is in the opinion of the Board in the best interests of the Company and subject to any approvals of shareholders required under the Act;
- 3.5 **Any Other Objects:** the pursuit of any other objects which are incidental or conducive to the attainment of the above objects.

SHARE CAPITAL

4. Maximum Number of Shareholders:

Subject to clause 10 and so long as the Company is a Qualifying Company, the Company shall have five or fewer shareholders (as determined where appropriate in accordance with section OB 3 of the Tax Act).

5. Share Capital:

The share capital of the Company is ONE THOUSAND (1000) ordinary shares to be issued for such consideration as agreed to be paid by the Original Shareholder in accordance with section 41 of the Act.

6. Shares Have Same Rights:

Each share in the Company shall at all times have the same rights in terms of priority, amount payable per share and otherwise to:

- 6.1 **Profits:** profits that may be distributed at any time by the Company;

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- 6.2 Distributions of Assets:** distributions of the net assets of the Company (or the proceeds of distribution thereof) in the event of distribution of all the net assets of the Company (whether on its liquidation or otherwise);
- 6.3 Distributions of Capital:** distributions at any time of the paid up capital of the Company;
- 6.4 Decision Making Rights:** notwithstanding any other clause in this Constitution each share in the Company shall carry at all times the same right to exercise voting power and participate in any decision making at any time concerning:
- 6.4.1 Distributions:** any distributions to be made by the Company;
- 6.4.2 Constitution:** the Constitution of the Company;
- 6.4.3 Capital:** any variation in the capital of the Company;
- 6.4.4 Directors:** the appointment or election of directors of the Company;
- 6.4.5 Major Transaction:** the approval of a major transaction;
- 6.4.6 Amalgamation:** the approval of an amalgamation of the Company under section 221 of the Act; and
- 6.4.7 Liquidation:** liquidation of the Company.

7. Qualifying Company:

The limitations in the following clauses 8, 9, 11, 12, 13, 25, 32.1, 34.4, 55 and 56 shall apply to all shareholders (other than the Original Shareholder of the Company) until a resolution is made in accordance with clause 10 revoking Qualifying Company status.

8. Restriction on Subsequent Shareholders:

Subject to any restrictions in this Constitution, every person (including any person whose shares in the Company are held by a nominee) but not the Original Shareholder, who is at any time a shareholder of the Company must be:

- 8.1 Natural Person:** a natural person who is Sui Juris; or
- 8.2 Trustee:** a trustee of a trust in respect of which all dividend income derived by the trustee from the qualifying company during the income year is beneficiary income of beneficiaries and such beneficiaries are related by blood, marriage or adoption, in each case within the first degree of relationship.

9. Elections:

Each shareholder shall by notice in writing to the Inland Revenue Department:

- 9.1 Qualifying Company:** elect that the Company become a Qualifying Company and be personally liable for his or her share of the income tax payable by the Company for each income year in which the election remains in force pro rata to each shareholder's shareholding in the Company for the relevant income year by an election in accordance with section HG 4 of the Tax Act; and
- 9.2 Loss Attributing Qualifying Company:** elect that the Company become a Loss Attributing Qualifying Company by an election in accordance with section HG 14(c) of the Tax Act.

10. Revocation of Qualifying Company Status

The Board may resolve to revoke the Qualifying Company and Loss Attributing Qualifying Company status of the Company at such point in time in the Board's opinion that the benefits of such status are no longer material. Upon a resolution to that effect by the Board the following steps shall be taken:

- 10.1 Notice to Shareholders:** the Board shall forward to every shareholder a copy of the resolution of the Board resolving to revoke Qualifying Company and Loss Attributing Qualifying Company status. That notice shall state that unless a contrary intention is expressed to the Board within 10 working days of service on the shareholder of that notice, the Trustee shall complete a notice of revocation on behalf of that shareholder pursuant to its power of attorney;
- 10.2 Revocation of Shareholder Election:** subject to clause 10.1, the Trustee shall complete a notice in writing revoking the shareholder elections made in accordance with clause 9 on behalf of the shareholders. Such notice shall be furnished to both the Commissioner of Inland Revenue and

the Company in accordance with sections HG 5(1) and HG 15(1) of the Tax Act;

- 10.3 Revocation of Director Elections:** the Board shall resolve that the director elections regarding Qualifying Company and Loss Attributing Qualifying Company status shall be revoked. Written notice of that resolution shall be furnished to the Commissioner of Inland Revenue in accordance with sections HG 3(4) and HG 15(1) of the Tax Act.

11. No Voluntary or Deemed Revocation of Loss Attributing Qualifying Company Election:

No shareholder or Sui Juris natural person shall at any time in respect of the Company voluntarily revoke or allow to be revoked or allow to be deemed to be revoked any of the following, otherwise than in accordance with clause 10:

- 11.1 Qualifying Company election:** a Qualifying Company election in respect of the Company;
- 11.2 Personal liability for tax election:** an election to be personally liable for tax payable by the Company equivalent to that shareholder's, or any other shareholder's, Effective Interest in the Company;
- 11.3 Loss Attributing Qualifying Company election:** a Loss Attributing Qualifying Company election in respect of the Company.

12. Revocation of Election or Exceeding Shareholding:

If, otherwise than in accordance with clause 10, any shareholder revokes a notice of election made in respect of the Company under clause 9, or allows, or causes, the number of shareholders in the Company (as determined by section OB 3 of the Tax Act) to exceed the maximum number of five as permitted by the Tax Act and this Constitution, that shareholder shall be deemed to have forfeited all of his or her shares in the Company and the forfeited shares may be disposed of in accordance with clause 25 and all the provisions of clauses 26 to 29 inclusive shall apply accordingly. Forfeiture shall be effective following a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture.

13. Additional Obligations of Trustee Shareholder:

Where any shareholder is a trustee holding shares in the Company on behalf of a trust, that shareholder must ensure that the relevant Qualifying Company and Loss Attributing Qualifying Company elections as required by the Tax Act and this Constitution are at all times in full force and effect in respect of the trustee's shareholding, and that the shareholder numbers as deemed by section OB 3 of the Tax Act have not at any time caused the Company to exceed the maximum shareholding of five shareholders as permitted by the Tax Act and this Constitution.

14. No Trusts to be Recognised:

Except as required by law no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in or claim to any share or any interest in or claim to any fractional part of a share or (except only as by this Constitution or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

LIABILITY OF SHAREHOLDERS

15. Liability of Original Shareholder:

Subject to the Original Shareholder transferring any shares to a subsequent shareholder and the name of that subsequent shareholder being entered in the share register, the liability of the Original Shareholder of the Company shall be limited to the amount, if any, remaining unpaid on the consideration agreed to be paid by the Original Shareholder on the issue of those shares so transferred.

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16. Liability of Subsequent Shareholders:

Subject to the provisions of the Act, the liability of shareholders shall be limited to the amounts called by the Board:

16.1 Partnership Expenses: to meet the annual cash flow requirements in respect of the Company's pro rata share in the Partnership that liability being limited to the expenditure incurred by the Manager on behalf of the Partnership to the date of the call or to be incurred by the Manager on behalf of the Partnership in the current financial year in which the call is made, being expenditure reasonably contemplated by the Plan and expressly set out in the Plan; and

16.2 Company Expenses: to meet the ordinary costs of the day to day operation, management and administration of the Company.

17. No Other Liability:

Shareholders shall have no other liabilities in respect of their shares except those liabilities arising from amounts called by the Board in respect of items expressly referred to in clauses 16.1 and 16.2.

CALLS ON LIABILITY

18. Board may make Calls:

18.1 Calls: The Board may from time to time make such calls as it thinks fit upon the shareholders in respect of the liability expressed in clause 16.

18.2 Time: A call shall be deemed to be made at the time when the resolution of the Board authorising the call was passed and may be requested to be paid by instalments.

18.3 Payment of Calls: Each shareholder shall, subject to receiving at least 10 working days written notice specifying the time or times and place of payment, pay to the Trustee at the time or times and place appointed by the Board the amount of every call so made on such shareholder and the Trustee shall hold such moneys in trust for the Company.

18.4 Revocation or Postponement of Call: A call may be revoked or postponed as the Board may determine.

19. Amount of Calls:

Any bank, governmental authority or other processing intermediary charges or any other charges associated with the payment of the calls are the responsibility of the shareholder, who must ensure that the amount received, net of any charges deducted from the payment, is the amount of the call in terms of clause 18.

20. Liability of Joint Holders:

The joint holders of a share shall be jointly and severally liable to pay all calls in respect of liability under clause 16.

21. Interest:

If a sum called in accordance with clause 18 is not paid before or on the time appointed for payment thereof the person from whom the sum is due shall pay interest on that sum from the time appointed for payment thereof to the time of actual payment at the Default Rate. The Board may in its sole discretion waive the requirement for the payment of interest under this clause.

FORFEITURE OF SHARES

22. Notice of Default:

If any person liable fails to pay any call or any instalment at the time appointed for payment, the Board may at any time during such time as any part of the call or instalment remains unpaid serve notice on such person requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued.

23. Final Payment Date:

The notice shall name a further day (not earlier than the expiration of 10 working days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment on or before the time appointed the shares in respect of which the money was owing will be liable to be forfeited.

24. Forfeiture:

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may be forfeited at any time before the required payment has been made by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

25. Sale of Forfeited Shares:

Subject to compliance with the provisions of Subpart HG and section OB 3 of the Tax Act, any forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board in its sole discretion thinks fit and, at any time before a sale or disposition, the forfeiture may be cancelled on such terms as the Board thinks fit.

26. Cessation of Shareholding:

A person whose share has been forfeited shall cease to be a shareholder in respect of the forfeited share, but shall nevertheless remain liable to pay to the Company all money which, at the time of forfeiture, was payable by such person to the Company in respect of the share, but that liability shall cease if and when the Company receives payment in full of all such money in respect of the share.

27. Notes in Respect of Forfeiture:

On the forfeiture of any share the Board shall cause a note of such forfeiture and the date thereof to be entered on the Register and shall cause notice of such forfeiture and the date thereof to be given to the shareholder in whose name it stood immediately prior to the forfeiture and shall upon the disposal of any forfeited share cause a note of the manner and date of such disposal to be similarly entered. A note of such forfeiture on the Register shall be conclusive evidence of forfeiture as against all persons claiming to be entitled to the share.

28. Validity of Sale:

The Company may receive the consideration, if any, given for a forfeited share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of, and such person shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money, if any, nor shall such person's title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

29. Board may Accept Surrender:

The Board may accept from any shareholder a surrender of such shareholder's shares which are liable to forfeiture or any part thereof upon such terms as may be agreed between such shareholder and the Company.

TRANSFER OF SHARES

30. No Pre-Emptive Provisions:

Any share in the capital of the Company may be sold or transferred by any shareholder without any requirement to offer that share for acquisition to existing holders of shares in the Company.

31. Execution and Effectiveness of Transfers:

The instrument of transfer of any share shall be executed by or on behalf of the transferor and when necessary by or on behalf of the transferee. The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the Register in respect thereof.

32. Transferee Obligations:

Upon transfer of any share or shares to a transferee who was not prior to such transfer a shareholder in the Company the transferee shall:

32.1 Transferee Election: within 63 days of that transfer make the elections required under clause 9;

32.2 Power of Attorney: sign a Power of Attorney in favour of the Trustee in a form approved by the Board;

32.3 Pay Company Costs: pay the costs incurred by the Company in approving and giving effect to the transfer of the shares to the transferee.

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33. Form of Transfer:

Shares may be transferred by instrument in writing in any usual or common form which may be prescribed by law and as approved by the Board.

34. Board May Refuse Transfers:

Subject to compliance with the provisions of section 84 of the Act the Board may refuse to register any transfer of a share or shares:

- 34.1 Unpaid Liability:** where any liability to the Company has not been fully paid;
- 34.2 Special Circumstances:** where the Board has notice of any agreement by the transferor shareholder to transfer only to some specified person or persons or subject to some specified condition or conditions;
- 34.3 Incomplete Documentation:** where the instrument of transfer is not accompanied by the certificate of the shares to which it relates and/or such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
- 34.4 Qualifying Company Status:** where the transfer of the share or shares would cause the Company to cease to be a Qualifying Company; or
- 34.5 Board's Discretion:** where the Board acting in good faith decides in its absolute discretion that the transfer of the shares would not be in the best interests of the Company or any of its shareholders.

35. Transfer to be Returned:

If the Board refuses to register a transfer it shall within five working days of the date on which the Board resolved to refuse to register the transfer send to the transferee notice of the refusal and return the transfer to the transferee.

36. Suspension of Registration:

The registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine provided that registration shall not be suspended for more than 30 days in any year.

TRANSMISSION OF SHARES

37. Persons Entitled to be Recognised:

In the case of the death of a shareholder the survivor or survivors where the deceased was a joint holder and the legal personal representatives of the deceased where he or she was a sole holder shall be the only persons recognised by the Company as having any title to his or her interest in the shares; but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him or her with other persons.

38. Transfer of Shares:

Any person becoming entitled to any shares in consequence of the death of a shareholder may, upon such evidence being produced as may from time to time properly be required by the Board and subject to this Constitution, elect either to be registered as holder of the shares or to have some person nominated by him or her registered as the transferee thereof, but the Board shall, in either case, have the right to decline or suspend registration as they would have had in the case of a transfer of the share by that shareholder before his or her death.

39. Mental Disorder, Death and Bankruptcy:

Where the registered holder of any share becomes a mentally disordered person (within the meaning of the Mental Health Act 1969), becomes the subject of any order made pursuant to the Protection of Personal and Property Rights Act 1988, dies or becomes bankrupt or where any share becomes the subject of any order made pursuant to the Protection of Personal and Property Rights Act 1988 his or her manager, welfare guardian, personal representative or the assignee of his or her estate or the manager in respect of the shares or other person having authority to administer his or her estate as the case may be shall upon the production of such evidence as may from time to time be properly required by the Board in that behalf be entitled to the same dividends and other advantages and to the same rights (whether in relation to meetings of the Company or to voting or otherwise) as

the registered holder would have been entitled to if such registered holder had not become a mentally disordered person, become the subject of any order made pursuant to the Protection of Personal and Property Rights Act 1988, died or become bankrupt or if the share had not become the subject of any order made pursuant to the Protection of Personal and Property Rights Act 1988.

40. Right to Refuse Transfers:

The Board shall have the same right to refuse to register the person entitled to any shares by reason of the death, bankruptcy, insolvency, lunacy or infancy of any shareholder or any shareholder's nominee as if such person were the transferee named in an ordinary transfer presented for registration.

MEETINGS OF SHAREHOLDERS

41. Calling Meetings:

The Board shall call a meeting of shareholders in the following instances:

- 41.1 Annual Meeting:** subject to clause 43.2, an annual meeting of shareholders in accordance with section 120 of the Act.
- 41.2 Special Meeting:** a special meeting of shareholders on the written request of any shareholder in the Company in accordance with section 121 of the Act.

42. Proceedings at Meetings:

The provisions of the Schedule to this Constitution shall govern proceedings at meetings of shareholders.

RESOLUTIONS IN LIEU OF MEETING

43. Resolutions by Meeting or in Lieu of Meeting:

The provisions of section 122 of the Act shall apply to the Company so that:

- 43.1 Signed Resolution:** anything that may be done by the Company by resolution passed at a meeting of the Company may be done by the Company in the same manner or by resolution passed without a meeting or any previous notice being required by means of a resolution signed by not less than 75% of the shareholders having the right to vote on that resolution who together hold not less than 75% of the votes entitled to be cast on that resolution;
- 43.2 May Dispense with Annual Meeting:** it shall not be necessary for the Company to hold an annual meeting if everything required to be done at that meeting (by resolution or otherwise) is done by resolution in accordance with this clause 43;
- 43.3 Agents May Sign:** any such resolution may be signed on behalf of a shareholder by such shareholder's agent duly authorised in writing; and
- 43.4 Copies to Other Shareholders:** the Company shall within five working days after any resolution to which this clause relates is passed send to every shareholder by or on behalf of whom the resolution has not been signed a copy thereof including the signatures.

POWER OF ATTORNEY

44. Power of Attorney to Trustee:

The shareholders other than the Original Shareholder shall irrevocably appoint the Trustee to be their attorney. The Trustee as attorney shall have the following powers:

- 44.1 Attend Meetings:** to attend any meeting of the shareholders of the Company and exercise the same powers including voting on any resolution;
- 44.2 Financial Statements:** to vote on any resolution to receive, approve and adopt any directors' statement, directors' report, or financial statements within the meaning of section 8 of the Financial Reporting Act 1993;
- 44.3 Appointment of Auditors:** to vote on any resolution regarding appointment of auditors to the Company under sections 196(1) and 196(2) of the Act;
- 44.4 Contract:** to vote on any resolution authorising the directors to enter into any contract on behalf of the Company;

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- 44.5 Appointment of Directors:** to vote on any resolution appointing a director of the Company;
- 44.6 Directors' Acts:** to vote on any resolution confirming directors' acts, accepting a director's resignation or removing a director from office;
- 44.7 Resolutions in Lieu of Meeting:** to sign any resolution made in lieu of a meeting of shareholders pursuant to section 122 of the Act; and
- 44.8 Revocation of Qualifying Company Status:** subject to Clause 10 to revoke any Qualifying Company election in respect of the Company, any election to be personally liable for tax payable by the Company and any Loss Attributing Qualifying Company election in respect of the Company.

45. Limitation of Power of Attorney:

Notwithstanding the powers specified in clause 44, the Trustee as attorney shall have no power to vote on any special resolution or any resolution in respect of borrowing or any matters in respect of the Partnership in which the Company is a partner and without limiting the generality of the foregoing, the Trustee as attorney shall have no power to vote on any shareholders' resolution:

- 45.1 Amending Constitution:** amending the Constitution;
- 45.2 Adopting new Constitution:** adopting a new Constitution;
- 45.3 Borrowing:** to borrow or raise any sums of money or to give any guarantees or grant any securities in the name of the Company (except any Approved Borrowing which shall not be subject to the restriction in this clause) or;
- 45.4 Partnership Decisions:** voting on any decisions required to be made by the Company as a partner in the Partnership.

DIRECTORS

46. Number of Directors:

Unless and until otherwise determined by the Board, the minimum number of directors shall be one and the maximum number shall not exceed four.

47. Tenure of Office:

Each director of the Company shall hold office until:

- 47.1 Removal:** Removal in accordance with the Constitution; or
- 47.2 Vacation of Office:** Vacation of office pursuant to section 157 of the Act.

48. Appointment and Removal of Directors:

Section 153 of the Act is qualified to the extent that:

- 48.1 Appointment:** The director or directors of the Company shall be such person or persons as may from time to time be appointed by the Company by ordinary resolution but so that the total number of directors shall not at any time exceed the maximum number fixed by clause 46.
- 48.2 Appointment by Board:** The Board shall have power at any time and from time to time to appoint any person to be a director either to fill a casual vacancy or as an additional director but so that the total number of directors shall not at any time exceed the maximum number fixed by clause 46.
- 48.3 Removal:** Every director shall hold office subject to the provisions of this Constitution and may at any time be removed from office by ordinary resolution of the Company.

49. Alternate Directors:

Each director shall have the power from time to time to appoint by notice in writing to the Company any person to act as an alternate director in his or her place either for a specified period or generally during the absence from time to time of such director and from time to time and in like manner to remove any such alternate director. Unless otherwise provided for by terms of his or her appointment an alternate director shall have the same rights, powers and privileges (including the right to receive notice of meetings of directors but excluding the power to appoint an alternate director under this clause) and shall discharge all the duties of and be subject to the same provisions as the director in whose place he or she acts. An alternate director shall not be remunerated otherwise than out of the remuneration of the director in whose place he or she acts and shall ipso facto vacate

office if and when the director in whose place he or she acts vacates office. Any notice appointing or removing an alternate director may be given by delivering the same or by sending the same through the post or by facsimile transmission to the address for service and shall be effective as from the receipt thereof at the address for service.

50. Remuneration:

No remuneration shall be payable by the Company to the directors. However, the Board may repay to any director all such reasonable expenses as he or she may incur in attending and returning from meetings of the Board or of any committee of the directors or meetings of shareholders or otherwise in or about the business of the Company.

51. No Shareholding Qualifications:

A director shall not be required to hold any shares of the Company by way of qualification. A director who is not a shareholder in the Company shall nevertheless be entitled to attend and speak at general meetings.

52. Cross Directorships:

A director of the Company may be or become a director or other officer of, or otherwise interested in, any other company in which the Company may be interested or otherwise, and no such director shall be accountable to the Company for any remuneration or other benefits received by him or her as a director or officer of, or from his or her interests in, any such other company unless the Company otherwise directs or the law requires.

POWERS AND DUTIES OF DIRECTORS

53. Directors to Manage:

Subject to the restrictions imposed by this constitution, the business of the Company shall be managed by the Board who may pay all expenses incurred in promoting and registering the Company and may exercise all such powers of the Company as are not by the Act or by this Constitution required to be exercised by the Company in a meeting of shareholders subject nevertheless to the provisions of this Constitution and of the Act and to such directions not being inconsistent with any provisions which may be prescribed by the Company in meeting; but no direction made by the Company in meeting shall invalidate any prior act of the directors which would have been valid if that direction had not been made.

54. Partnership Matters:

Any decisions required to be made by the Company as a partner in the Partnership shall be referred by the Board to a meeting of the shareholders. Such a decision shall be voted upon by the shareholders, and the votes the Company may exercise as a partner in the Partnership shall be exercised in the same manner and in the same proportions as those votes cast by the shareholders of the Company in that meeting. Without limiting the generality of the foregoing, the following matters shall be referred to a meeting of shareholders:

- 54.1 Borrowing:** the borrowing or raising of any sums of money or the giving of any guarantees or granting of any securities in the name of the Company (except any Approved Borrowing which shall not be subject to the restriction in this clause);
- 54.2 Harvest:** harvest of the Partnership tree crop;
- 54.3 Distribution of Profits:** distribution of the profits in the Partnership venture; and
- 54.4 Variation to the Plan:** any variation to the Plan requiring a special resolution of the Partners under the Deed of Participation.

55. Directors to Make Appropriate Elections:

Each director shall upon becoming a director elect that the Company become a Qualifying Company and a Loss Attributing Qualifying Company by notices in writing to the Commissioner of Inland Revenue. Neither election shall be voluntarily revoked by any director otherwise than in accordance with clause 10. In the event of any director election being deemed to be revoked through death or some other circumstance set out in section HG 15(3) of the Tax Act, the remaining directors shall ensure that the

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election is reinstated during the period of grace defined in section HG 15(3) of the Tax Act.

56. Directors to Act on Deemed Revocations of Shareholders:

Subject to clause 10, should any shareholder election be deemed to be revoked by the provisions of section HG 5(2) or section HG 15(3) of the Tax Act as the case may be the directors shall, within the relevant periods of grace defined in section HG 6 or section HG 15(3) of the Tax Act, use their best endeavours to ensure that the relevant election is reinstated.

57. Attorneys:

The Board may from time to time and at any time by power of attorney appoint any person whether nominated directly or indirectly by the Board to be the attorney or attorneys of the Company for such purposes and with such powers authorities and discretions (not exceeding those vested in or exercisable by the directors under this Constitution) and for such period and subject to such conditions as it may think fit and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in such attorney.

58. Negotiable Instruments:

All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for money paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Board from time to time by resolution determines.

PROCEEDINGS OF DIRECTORS

59. Proceedings of Directors:

The provisions of the Third Schedule to the Act are deleted and replaced as hereinafter provided.

- 59.1 Regulation of meetings:** The directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit.
- 59.2 Quorum:** The quorum necessary for the transaction of business by the Board may be fixed by the Board and, unless so fixed, shall be two directors or their alternates appointed in accordance with clause 49.
- 59.3 Convening meetings:** A director may at any time, and the Manager at the request of a director shall, at any time, by any means of communication, summon a meeting of the Board. Notice of such meeting shall be given to each of the other directors for the time being entitled to receive notice of meetings of the Board, that notice giving not less than five working days notice of the meeting and stating the place, time and objects of the intended meeting and such notice may be given either personally or by sending the same through the post or by facsimile transmission to the address supplied by such director to the Company for that purpose and in default of such address having been supplied then to his or her last known address within New Zealand. It shall not be necessary to give notice of a meeting of the Board to any director for the time being absent from New Zealand.
- 59.4 Voting:** Questions arising at any meeting of the Board shall be decided by a majority of votes. The chairperson shall have a second or casting vote. Subject to clause 59.5, no business shall be transacted when a quorum is not present.
- 59.5 Vacancies:** The continuing directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number necessary for a quorum, the continuing directors or director may act only for the purpose of increasing the number of directors to the number necessary for a quorum or for the purpose of summoning a special meeting of the Company.
- 59.6 Chairperson:** The Board may elect a chairperson of its meetings and determine the period for which he or she is to hold office; but if no such chairperson is elected, or if at any meeting the chairperson is not present within five minutes

after the time appointed for holding the meeting, the directors present may choose one of their number to be chairperson of the meeting.

- 59.7 Resolution in writing:** A resolution in writing, signed by a majority of the directors for the time being entitled to receive notice of a meeting of the Board shall be as valid and effectual as if it had been passed at a meeting of the Board duly convened and held provided that the directors signing the resolution would constitute a quorum and would have the power to pass such a resolution at a meeting of the Board. Any such resolution may consist of several documents (including facsimile or other similar means of communication in like form, each signed by one or more directors.
- 59.8 Telephone Meetings:** For the purposes of this Constitution the contemporaneous linking together by telephone of a number of the directors not less than the quorum together with the Manager whether or not any one or more of the directors is out of New Zealand shall be deemed to constitute a meeting of the Board and all the provisions thereof as to meetings of the Board shall apply to such meetings by telephone so long as the following conditions are met:
- 59.8.1 Notice:** all the directors for the time being entitled to receive notice of a meeting of the Board (including any alternate for any director) shall be entitled to notice of a meeting by telephone and to be linked by telephone for the purposes of such meeting;
- 59.8.2 Telephone Notice:** notice of any such meeting may be given on the telephone;
- 59.8.3 Ability to Hear:** each of the directors taking part in the meeting by telephone and the Manager must be able to hear each of the other directors taking part at the commencement of the meeting;
- 59.8.4 Acknowledgment:** at the commencement of the meeting each director must acknowledge his or her presence for the purpose of a meeting of the Board to all the other directors taking part;
- 59.8.5 Permission to Leave Telephone Meeting:** A director may not leave a telephone meeting by disconnecting his or her telephone or other means of communication unless he or she has previously obtained the express consent of the chairperson of the meeting and a director shall be conclusively presumed to have been present and to have formed part of the quorum at all times during the meeting by telephone or other means of communication unless he or she has previously obtained the express consent of the chairperson of the meeting to leave the meeting as aforesaid; and
- 59.8.6 Minutes of Telephone Meeting:** Any minute of a telephone meeting which is signed by the chairperson and the Manager, and declared to be a true and correct record of the proceedings of the meeting, shall be deemed conclusive evidence of the proceedings of the meeting and of all necessary formalities.
- 59.9 Minutes:** The Board must ensure that minutes are kept of all proceedings at meetings of the Board. If the minutes of the proceedings are identical in every respect to the minutes of the proceedings for all the other companies in the Partnership (save for the name of the company), it shall be a sufficient record of the minutes if a photocopy is kept of the one set of minutes signed by the directors provided there is a schedule attached to the minutes stating the name of the Company and all other companies in the Partnership to which those minutes relate.
- 59.10 Assenting to Identical Resolutions:** If a resolution pursuant to clause 59.7 is identical in every respect to a resolution for all the companies in the Partnership (save for

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the name of the company) it shall be sufficient evidence that the directors have assented to the resolution if the original resolution is signed by the directors and a photocopy is kept by the Company of the original resolution provided there is a schedule attached to the original resolution stating the name of the Company and all other companies in the Partnership to which the resolution relates.

INDEMNITY AND INSURANCE

60. Power to Indemnify for Costs:

The Company may indemnify a director, the Manager, or employee of the Company or a related Company for any costs incurred by him or her in any proceeding:

- 60.1 **Capacity as Director Manager or Employee:** that relates to liability for any act or omission in his or her capacity as a director, the Manager, or employee; and
- 60.2 **Acquittal or Discontinued Proceedings:** in which judgment is given in his or her favour, or in which he or she is acquitted, or which is discontinued.

61. Indemnities in Relation to Liability:

The Company may indemnify a director, the Manager, or employee of the Company or a related Company in respect of:

- 61.1 **Capacity as Director Manager or Employee:** liability to any person other than the Company or a related Company for any act or omission in his or her capacity as a director, the Manager, or employee; or
- 61.2 **Defending or Settling Claim:** costs incurred by that director, the Manager, or employee in defending or settling any claim or proceeding relating to any such liability; not being criminal liability or liability in respect of a breach, in a case of a director, of the duty specified in section 131 of the Act or, in the case of the Manager or an employee, of any fiduciary duty owed to the Company or related Company.

62. Power to Insure Against Liability or Costs:

The Company may, with the prior approval of the Board and to the extent permitted by law, effect insurance for a director, the Manager, or employee of the Company or a related Company in respect of:

- 62.1 **Capacity as Director Manager or Employee:** liability, not being criminal liability, for any act or omission in his or her capacity as a director, the Manager or employee; or
- 62.2 **Defending or Settling Claim:** costs incurred by that director, the Manager or employee in defending or settling any claim or proceeding relating to any such liability; or
- 62.3 **Defending Criminal Proceedings:** costs incurred by that director, the Manager or employee in defending any criminal proceedings in which he or she is acquitted.

COMPANY ADMINISTRATION

63. Administration of the Company:

The Manager shall perform the following administrative functions on behalf of the Company:

- 63.1 **Understand Constitution:** have a clear understanding of this Constitution and of the provisions of the Act as they touch upon the Company;
- 63.2 **Establish Registers:** ensure that the registers required to be kept by the Act or this Constitution are established and properly maintained;
- 63.3 **Prepare Returns:** ensure that all returns required to be lodged with the Registrar of Companies are prepared and filed within the appropriate time limits;
- 63.4 **Organise Meetings:** organise and attend meetings of the shareholders and the Board, which will include the sending out of notices, the preparation of agendas, the marshalling of proxies and the keeping of minutes;
- 63.5 **Be Conversant with Procedures:** be conversant with meeting procedures (particularly the relevant provisions of this Constitution in respect of quorum requirements, voting procedures and proxy provisions, so that the chairperson can be properly advised if the need arises);

63.6 **Ensure Accounts Kept:** ensure that the Company's accounting records are kept in accordance with the relevant statutory provisions;

63.7 **Supervise Tax Returns:** supervise the preparation of tax returns and ensure compliance with the various taxing provisions, including income tax, withholding tax, goods and services tax, etc.

63.8 **Attend to Insurance:** attend to the Company's insurance requirements and ensure that the Company is properly protected;

63.9 **Comply with Instructions:** comply with the instructions of the Board.

DIVIDENDS

64. Dividends to be Authorised by the Board:

The Board may authorise the payment of a dividend by the Company at a time, and of an amount, as it sees fit so long as the Board is satisfied on reasonable grounds that the Company, immediately after the payment of the dividend, will satisfy the solvency test.

65. Dividends on Shares not Fully Paid Up to be Paid Pro Rata:

All dividends on shares not fully paid up shall be authorised and paid in proportion to the amount paid to the Company in satisfaction of the liability of the shareholder to the Company in respect of the shares either under this Constitution or pursuant to the terms of issue of the shares.

66. Recipients:

Dividends and bonuses shall so far as the Company is concerned be payable to the person or persons entered on the Register as the holder for the time being of the shares in respect of which such dividends and bonuses are authorised by the Board either at the date or time they are authorised by the Board to be payable or if no such date or time is specified then at the time of the authorisation of such dividends or bonuses.

67. Deduction of Unpaid Calls:

The Board may deduct from any dividend payable to any shareholder any sums of money, if any, presently payable by such shareholder to the Company on account of calls or otherwise in relation to the shares on which such dividends are payable.

68. No Interest:

No dividend shall bear interest against the Company.

69. Unclaimed Dividends:

All dividends unclaimed for one year after having been authorised may be invested or otherwise made use of by the Board for the benefit of the Company until claimed, and all dividends unclaimed for five years after having been declared may be forfeited by the Board for the benefit of the Company. The Board may, however, annul any such forfeiture and agree to pay a claimant who produces evidence of entitlement to the Board's satisfaction of the amount due to such claimant unless in the opinion of the Board such payment is not in the best interests of the Company.

NOTICES

70. Service:

A notice may be served by the Company upon any director or shareholder either personally or by posting it in a prepaid envelope or package addressed to such director or shareholder at such person's registered address (being the address for the time being entered in the Register in respect of a share holder, and in respect of a director or Manager being that person's last known address), or to the address, if any, supplied by that person to the Company for the giving of notices to such person, or by delivery to a document exchange or by facsimile to the facsimile telephone number of such person.

71. Time of Service by Facsimile:

A notice served by facsimile shall be deemed to have been served on the day following completion of transmission thereof.

72. Time of Service by Post:

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A notice sent by post or delivered to a document exchange shall be deemed to have been served:

72.1 In New Zealand: in the case of a person whose last known address is in New Zealand, at the expiration of 48 hours after the envelope or package containing the same was duly posted or delivered in New Zealand; and

72.2 Outside New Zealand: in the case of a person whose last known address is outside New Zealand, at the expiration of 5 working days after the envelope or wrapper containing the same was duly posted by fast post in New Zealand.

73. Proof of Service:

In proving service by post or delivery to a document exchange it shall be sufficient to prove that the envelope or package containing the notice was properly addressed and posted or delivered with all attached postal or delivery charges paid. In proving service by facsimile, it shall be sufficient to prove that the document was properly addressed and sent by facsimile.

74. Service on Joint Holders:

A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder first named in the Register in respect of the share.

75. Service on Representatives:

A notice may be given by the Company to the person or persons entitled to a share in consequence of the death or bankruptcy of a shareholder by addressing it to such person or persons by name or by title or by any appropriate description, at the address, if any, within New Zealand supplied for the purpose by the person or persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

76. Persons Without Registered Addresses:

If a person has no registered address and has not supplied to the Company an address for the giving of notices to such person then that person shall not be entitled to have any notices sent to him or her or it from the Company and the Office shall be the deemed address for such person.

REMOVAL FROM THE NEW ZEALAND REGISTER

77. Board may Apply:

In the event that:

77.1 Cessation of business: the Company has ceased to carry on business, has discharged in full its liabilities to all its known creditors, and has distributed its surplus assets in accordance with this Constitution and the Act; or

77.2 No surplus assets: the Company has no surplus assets after paying its debts in full or in part, and no creditor has applied to the Court under section 241 of the Act for an order putting the Company into liquidation; the Board may in the prescribed form request the Registrar to remove the Company from the New Zealand register.

CERTIFIED as the Constitution of the Company

Signed by **FOREST ENTERPRISES INVESTMENTS LIMITED** as Applicant:



Authorised Person

Stephen Arthur Robert Wilton

SCHEDULE

Proceedings at Meetings of Shareholders

1. Chairperson -

(1) If the directors have elected a chairperson of the Board, and the chairperson of the Board is present at a meeting of shareholders, he or she must chair the meeting.

(2) If no chairperson of the Board has been elected or if, at any meeting of shareholders, the chairperson of the Board is not present within 15 minutes of the time appointed for the commencement of the meeting, the directors present shall elect one of their number to be chairperson of the meeting. If at any meeting no director is willing to act as chairperson, or if no director is present within 15 minutes of the time appointed for holding the meeting, the shareholders present shall choose one of their number to be chairperson of the meeting.

2. Notice of meetings -

(1) Written notice of the time and place of a meeting of shareholders must be sent to every shareholder entitled to receive notice of the meeting and to every director and the auditor of the Company not less than 10 working days before the meeting.

(2) The notice must state -

- (a) The nature of the business to be transacted at the meeting in sufficient detail to enable a shareholder to form a reasoned judgment in relation to it; and
- (b) The text of any special resolution to be submitted to the meeting.

(3) An irregularity in a notice of a meeting is waived if all the shareholders entitled to attend and vote at the meeting attend the meeting without protest as to the irregularity, or if all such shareholders agree to the waiver.

(4) The accidental omission to give notice of a meeting to, or the failure to receive notice of a meeting by, any person entitled to receive such notice does not invalidate the proceedings at that meeting.

(5) The chairperson may, and if so directed by the meeting shall, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

3. Methods of holding meetings -

A meeting of shareholders may be held either -

- (a) By a number of shareholders, who constitute a quorum, being assembled together at the place, date, and time appointed for the meeting; or
- (b) Subject to the Constitution of the Company, by means of audio, or audio and visual, communication by which all shareholders participating and constituting a quorum, can simultaneously hear each other throughout the meeting.

4. Quorum -

(1) Subject to subclause (3) of this clause, no business may be transacted at a meeting of shareholders if a quorum is not present.

(2) A quorum for a meeting of shareholders is present if two shareholders or their proxies are present or have cast postal votes.

(3) If a quorum is not present within 30 minutes after the time appointed for the meeting, -

- (a) In the case of a meeting called under section 121(b) of the Act, the meeting is dissolved;
- (b) In the case of any other meeting, the meeting is adjourned to the same day in the following week at the same time and place, or to such other date, time, and place as the directors may appoint, and, if, at the adjourned meeting, a quorum is not present within 30 minutes after the time appointed for the meeting, the shareholders or their proxies present are a quorum.

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5. Voting -

- (1) In the case of a meeting of shareholders held under clause 3(a) of this Schedule, unless a poll is demanded, voting at the meeting shall be by whichever of the following methods is determined by the chairperson of the meeting:
 - (a) Voting by voice; or
 - (b) Voting by show of hands.
- (2) In the case of a meeting of shareholders held under clause 3(b) of this Schedule, unless a poll is demanded, voting at the meeting shall be by the shareholders signifying individually their assent or dissent by voice.
- (3) A declaration by the chairperson of the meeting that a resolution is carried by the requisite majority is conclusive evidence of that fact unless a poll is demanded in accordance with subclause (4) of this clause.
- (4) At a meeting of shareholders a poll may be demanded by -
 - (a) the chairperson; or
 - (b) not less than two shareholders having the right to vote at the meeting present in person or by proxy; or
 - (c) any shareholder or shareholders representing not less than 20% of the total voting rights of all shareholders having the right to vote at the meeting present in person or by proxy; or
 - (d) by a shareholder or shareholders holding shares in the Company that confer a right to vote at the meeting and on which the aggregate amount paid up is not less than 20% of the total amount paid up on all shares that confer that right.
- (5) A poll may be demanded either before or after the vote is taken on a resolution.
- (6) If a poll is taken, votes must be counted according to the votes attached to the shares of each shareholder present in person or by proxy and voting.
- (7) The chairperson of a shareholders' meeting is not entitled to a casting vote.
- (8) For the purposes of this clause, the instrument appointing a proxy to vote at a meeting of the Company confers authority to demand or join in demanding a poll and a demand by a person as proxy for a shareholder has the same effect as a demand by the shareholder.
- (9) The demand for a poll may be withdrawn.
- (10) Except as provided in subclause (11) of this clause, if a poll is duly demanded it shall be taken in such manner as the chairperson directs and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- (11) A poll demanded on the election of a chairperson or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairperson of the meeting directs and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.
- (12) On voices or on a show of hands every shareholder present in person or by proxy shall have one vote and on a poll every shareholder who is present in person or by proxy shall have one vote for every share of which such shareholder is the holder.
- (13) In the case of joint holders the vote of the first named on the Register who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the other joint holders.
- (14) No shareholder shall be entitled to vote at any meeting unless all calls or other sums presently payable by such shareholder in respect of shares in the Company have been paid.

6. Proxies -

- (1) A shareholder may exercise the right to vote either by being present in person or by proxy.
- (2) A proxy for a shareholder is entitled to attend and be heard at a meeting of shareholders as if the proxy were the shareholder.
- (3) A proxy must be appointed by notice in writing signed by the shareholder and the notice must state whether the

appointment is for a particular meeting or a specified term not exceeding 12 months.

- (4) No proxy is effective in relation to a meeting unless a copy of the notice of appointment is produced before the start of the meeting.
- (5) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notorially certified copy of that power or authority shall be deposited at the Office or Address for Service or at such other place within New Zealand as is specified for that purpose in the notice convening the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.
- (6) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given if no intimation in writing of such death insanity revocation or transfer as aforesaid has been received by the Company at the Office or Address for Service before the commencement of the meeting or adjourned meeting at which the proxy is used.
- (7) An instrument appointing a proxy shall be in the form of Table A of this Schedule or in a form as near thereto as circumstances admit. The proxy form shall also set out the full text of every resolution to be considered at the meeting and shall give the shareholder the ability to vote in favour or against, as the case may be, each resolution through the proxy. If the shareholder does not direct the proxy how to vote the proxy will vote as he or she thinks fit.

TABLE A

Baywood Forest (No.) Limited

I/We _____ of _____ (being a shareholder/shareholders of the abovenamed company) hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to vote for me/us on my/our behalf at the (annual or special as the case may be) meeting of the company to be held on the _____ day of _____ 19__ and at any adjournment thereof.

SIGNED this _____ day of _____ 19__.

This form is to be used

(insert resolution 1)

* (in favour of the above resolution)

* (against the above resolution)

Unless otherwise instructed the proxy may vote as he or she thinks fit.

* *Strike out whichever is not desired.*

7. Postal votes -

- (1) A shareholder may exercise the right to vote at a meeting by casting a postal vote in accordance with the provisions of this clause.
- (2) The notice of a meeting at which shareholders are entitled to cast a postal vote must state the name of the person authorised by the Board to receive and count postal votes at that meeting.
- (3) If no person has been authorised to receive and count postal votes at a meeting, or if no person is named as being so authorised in the notice of the meeting, every director is deemed to be so authorised.
- (4) A shareholder may cast a postal vote on all or any of the matters to be voted on at the meeting by sending a notice of the manner in which his or her shares are to be voted to a person authorised to receive and count postal votes at that meeting. The notice must reach that person not less than 48 hours before the start of the meeting.
- (5) It is the duty of a person authorised to receive and count postal votes at a meeting -

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- (a) To collect together all postal votes received by him or her or by the Company; and
 - (b) In relation to each resolution to be voted on at the meeting, to count -
 - (i) The number of shareholders voting in favour of the resolution and the number of votes cast by each shareholder in favour of the resolution; and
 - (ii) The number of shareholders voting against the resolution, and the number of votes cast by each shareholder against the resolution; and
 - (c) To sign a certificate that he or she has carried out the duties set out in paragraphs (a) and (b) of this subclause and which sets out the results of the counts required by paragraph (b) of this subclause; and
 - (d) To ensure that the certificate required by paragraph (c) of this subclause is presented to the chairperson of the meeting.
- (6) If a vote is taken at a meeting on a resolution on which postal votes have been cast, the chairperson of the meeting must -
- (a) On a vote by show of hands, count each shareholder who has submitted a postal vote for or against the resolution;
 - (b) On a poll, count the votes cast by each shareholder who has submitted a postal vote for or against the resolution.
- (7) The chairperson of a meeting must call for a poll on a resolution on which he or she hold sufficient postal votes that he or she believes that if a poll is taken the result may differ from that obtained on a show of hands.
- (8) The chairperson of a meeting must ensure that a certificate of postal votes held by him or her is annexed to the minutes of the meeting.

8. Minutes -

- (1) The Board must ensure that minutes are kept of all proceedings at meeting of shareholders.
- (2) Minutes which have been signed correct by the chairperson of the meeting are prima facie evidence of the proceedings.

9. Shareholder proposals -

- (1) A shareholder may give written notice to the Board of a matter the shareholder proposes to raise for discussion or resolution at the next meeting of shareholders at which the shareholder is entitled to vote.
- (2) If the notice is received by the Board not less than 20 working days before the last day on which notice of the relevant meeting of shareholders is required to be given by the Board, the Board must, at the expense of the Company, give notice of the shareholder proposal and the text of any

proposed resolution to all shareholders entitled to receive notice of the meeting.

- (3) If the notice is received by the Board not less than 5 working days and not more than 20 working days before the last day on which notice of the relevant meeting of shareholders is required to be given by the Board, the Board must, at the expense of the shareholder, give notice of the shareholder proposal and the text of any proposed resolution to all shareholders entitled to receive notice of the meeting.
- (4) If the notice is received by the Board less than 5 working days before the last day on which notice of the relevant meeting of shareholders is required to be given by the Board, the Board may, if practicable, and at the expense of the shareholder, give notice of the shareholder proposal and the text of any proposed resolution to all shareholders entitled to receive notice of the meeting.
- (5) If the directors intend that shareholders may vote on the proposal by proxy or by postal vote, they must give the proposing shareholder the right to include in or with the notice given by the Board a statement of not more than 1000 words prepared by the proposing shareholder in support of the proposal, together with the name and address of the proposing shareholder.
- (6) The Board is not required to include in or with the notice given by the Board a statement prepared by a shareholder which the directors consider to be defamatory, frivolous, or vexatious.
- (7) Where the costs of giving notice of the shareholder proposal and the text of any proposed resolution are required to be met by the proposing shareholder, the proposing shareholder must, on giving notice to the Board, deposit with the Company or tender to the Company a sum sufficient to meet those costs.

10. Votes of joint holders -

Where 2 or more persons are registered as the holder of a share, the vote of the person named first in the Register and voting on a matter must be accepted to the exclusion of the votes of the other joint holders.

11. Loss of voting right if calls unpaid -

If a sum due to the Company in respect of a share has not been paid, that share may not be voted at a shareholder's meeting other than a meeting of an interest group.

12. Other proceedings -

Except as provided in this Schedule, a meeting of shareholders may regulate its own procedure.