



**GALE PACIFIC LIMITED**  
(ASX: GAP)

## **ASX and Media Release**

**Notice under section 708AA(2)(f) of the *Corporations Act 2001 (Cth)***

25 February 2009

The Manager  
Company Announcements Office  
ASX Limited  
Level 45 – South Tower, Rialto  
525 Collins Street  
MELBOURNE VIC 3000

Gale Pacific has announced a renounceable rights issue of 1.25 new shares for every 1 existing share held by shareholders with a registered address in Australia or New Zealand as at 7:00pm Melbourne time on 19 February 2009 (the **Offer**). Gale Pacific advises that:

- (a) the new shares will be offered for issue without disclosure to investors under Part 6D.2 of the *Corporations Act 2001 (Cth)* (the **Act**);
- (b) this notice is being given under section 708AA(2)(f) of the Act;
- (d) as at the date of this notice, Gale Pacific has complied with:
  - (i) the provisions of Chapter 2M of the Act as they apply to Gale Pacific; and
  - (ii) section 674 of the Act;
- (e) as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Act; and
- (f) the potential effect that the issue of the new shares will have on the control of Gale Pacific, and the consequences of that effect, will depend on a number of factors including:
  - (i) the level of shareholder participation (including both the taking up of entitlements and applications for additional shares);
  - (ii) which shareholders participate; and

- (iii) the extent to which rights to apply for new shares are traded, exercised and who may decide to exercise them.

If every shareholder was to take up their full entitlement, there would be no effect on the control of Gale Pacific, as the Offer is made pro-rata and in that case there would not be any scope for any shareholder to apply for additional new shares under the Offer and there would be no shortfall for the underwriters (Investec Wentworth Private Equity Limited (**Investec**) and Thorney Holdings Pty Ltd (**Thorney**) (each an **Underwriter**).

Investec currently owns 22.1% of Gale Pacific and Thorney owns 22.3%. At the completion of the Offer:

- if all entitlements are taken up – Investec will own 22.1% and Thorney will own 22.3%; and
- if no entitlements are taken up other than by the Underwriters – Investec will own 36.4% and Thorney will own 36.5%.

Each of Investec and Thorney has advised Gale Pacific that it does not presently intend to change its existing relationship with Gale Pacific (other than the number of Gale Pacific shares it holds) including the continuation of the business of Gale Pacific, major changes to the business of Gale Pacific including redeployment of the fixed assets, the future employment of the present employees of Gale Pacific and its position relating to the current composition of Gale Pacific's board.

The final shareholding interests of each of the Underwriters upon completion of the Offer will depend upon the factors noted above.

It should be noted that the Underwriters hold their Gale Pacific shares independently of each other, and that at the date of this document they are not acting in concert or otherwise associates of each other.

The following can be said about the potential effect of the Offer on the control of Gale Pacific:

- currently, neither Underwriter controls Gale Pacific, but each has a degree of influence that an approximate 20% shareholder would be expected to have in an otherwise relatively widely-held ASX listed company;
- currently, one of the directors of Gale Pacific is an employee of the Investec group;
- as noted above, if every shareholder was to take up their full entitlement, there would be no effect on the control of Gale Pacific following the Offer;
- should other shareholders elect not to take up their entitlement, each of the Underwriters would increase their holding in Gale Pacific by

approximately 14%, giving each of them increased voting power as well as gaining a greater degree of influence over the operations of Gale Pacific; and

- following the Offer, should each of the Underwriters hold over 25% of Gale Pacific's shares, either of them could prevent the passing of a special resolution by Gale Pacific's shareholders.

Yours sincerely



**Sophie Karzis**  
Company secretary

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