

**IT CAPITAL LIMITED**  
**Notice of Annual General Meeting**

Notice is hereby given that the 2002 Annual General Meeting of IT Capital Limited ("Company") will be held at the Hilton Hotel, Princes Wharf, 147 Quay Street, Auckland, New Zealand on Tuesday, 23 July 2002, commencing at 9:30am.

**BUSINESS TO BE TRANSACTED**

**Annual Report**

Presentation of the annual report for the year ended 31 March 2002 and the auditor's report.

**Resolutions**

**Ordinary Business**

To consider and, if thought fit, to pass the following ordinary resolutions:

1. **To re-elect Mr John Robertson as a director in accordance with the Company's constitution.**  
Mr Robertson retires by rotation and, being eligible, offers himself for re-election. (See profile below)
2. **To re-elect Mr Alan Townsend as a director in accordance with the Company's constitution.**  
Mr Townsend retires by rotation and, being eligible, offers himself for re-election. (See profile below)
3. **To record that Ernst & Young is automatically reappointed as auditor of the Company pursuant to section 200 of the Companies Act 1993 and to authorise the directors to fix the auditor's remuneration.**
4. **To authorise the total directors' remuneration per annum, commencing 1 April 2002, to be:**
  - (a) **\$15,000 and 375,000 shares in respect of each director who, from time to time, holds office as a director; and**
  - (b) **\$30,000 and 750,000 shares in respect of the chairman**

**provided that, in no event shall the total remuneration payable by the Company for the year commencing 1 April 2002, exceed \$105,000 fees paid and 2,625,000 shares issued.**

Listing Rule 3.5.1 requires that the shareholders of the Company approve the remuneration payable to the directors of the Company by means of an ordinary resolution. Listing Rule 6.2.2 requires a notice of meeting to be accompanied by an appraisal report where an issue of shares is likely to result in more than 50% of that issue being acquired by directors or associated persons of directors.

Each director other than the Chairman will receive \$15,000 per annum, together with 375,000 ordinary shares with an ascribed value of 4 cents per share. The Chairman will receive \$30,000 per annum, together with 750,000 ordinary shares with an ascribed value of 4 cents per share. Previously shareholders had approved total remuneration payable to all directors of \$100,000 per

annum. If this resolution is passed the total remuneration payable by the Company for the year commencing 1 April 2002 will not exceed \$105,000 fees paid and 2,625,000 shares issued. The amount of the increase is \$5,000 per annum in fees and 2,625,000 shares in the Company (with an ascribed value of \$105,000).

Listing Rule 7.3.1 requires this Resolution 4 to be approved by ordinary resolution of the shareholders of the Company and Listing Rule 9.3.1 disqualifies any director or any associated person of a director from voting on this Resolution 4.

(See explanatory note 1 and the appraisal and independent adviser's report that accompanies this notice).

- 5. To authorise the Board to issue to certain employees of the Company up to 2,000,000 share options in the Company at any time during the period of 12 months from the date of the passing of this resolution and the allotment of shares in the Company upon an exercise of the share options on the terms and conditions described in the explanatory notes accompanying this notice.**

The Listing Rules require shareholder approval for the issue of options to employees of the Company. Listing Rule 7.3.1 requires this Resolution 5 to be passed by ordinary resolution of the shareholders of the Company and the issue of the options must occur within 12 months of the date of the shareholders meeting.

(See explanatory note 2 that accompanies this notice)

- 6. To authorise and approve the issue and allotment by the Company of 62,500,000 fully paid ordinary shares in the Company at 4 cents per share to certain habitual or institutional investors in the numbers determined by the Board, and otherwise on the terms and conditions described in the explanatory notes accompanying this notice.**

Listing Rule 7.3.1 requires this Resolution 6 to be approved by ordinary resolution of the shareholders of the Company.

Jay Snider or nominee will subscribe for 12,500,000 of these shares. Mr Snider is a director of the Company and pursuant to Listing Rule 9.3.1, he and his associated persons are disqualified from voting on this Resolution 6.

None of the remaining shares issued and allotted pursuant to this resolution will be issued to directors or associated persons of directors. Any investors who subscribe for shares issued pursuant to this resolution and any of their associated persons will be disqualified from voting on this Resolution 6 pursuant to Listing Rule 9.3.1.

(See explanatory note 3 that accompanies this notice)

- 7. To authorise and approve the entry into the Management Services Contract between Platinum Management Limited and the Company, on the terms and conditions described in the explanatory notes accompanying this notice.**

The Listing Rules require shareholder approval for material transactions with related parties. Platinum Management Limited is a related party of the Company by virtue of being an associated

person of Maurice Bryham and David McKee Wright who are related parties of the Company. Because the fees payable per annum under the contract to Platinum Management Limited exceeds 0.5% of the lesser of the Company's shareholders' funds and the Company's average market capitalisation it is a material transaction with a related party for the purposes of the Listing Rules and requires approval under Rule 9.2.1. The options to be issued under the contract also require the approval of shareholders under Resolution 8.

Platinum Management Limited, Mr Bryham and Mr McKee Wright and their associated persons are disqualified from voting on this Resolution 7 pursuant to Listing Rule 9.3.1.

The transactions the subject of Resolutions 7, 8, 9 and 10 are linked and interdependent. That is, the completion of one transaction will not occur without the completion of the other three transactions. The attached appraisal report considers all four transactions.

(See explanatory note 4 and the appraisal and independent adviser's reports that accompany this notice)

**8. To authorise and approve the issue by the Company of 50,000,000 share options in the Company to Platinum Management Limited and the allotment of shares in the Company upon an exercise of the share options on the terms and conditions described in the explanatory notes accompanying this notice.**

The Listing Rules require shareholder approval for the issue of the options and allotment of new shares to Platinum Management Limited upon the exercise of the options. Listing Rule 7.3.1 requires this Resolution 8 to be approved by ordinary resolution of the shareholders of the Company. Listing Rule 7.5 prohibits securities issued under this Resolution 8 being allotted to persons if there is a significant likelihood that the issue will result in any person or group of associated persons materially increasing their ability to exercise effective control of the Company unless the precise terms and conditions of the issue have been approved by an ordinary resolution of shareholders of the Company. Further, Listing Rule 6.2.2 requires a notice of meeting to be accompanied by an appraisal report, where the meeting will consider a resolution required by Listing Rule 7.5. Because the issue of options to Platinum Management Limited is linked to the transactions the subject of Resolutions 7, 9 and 10, the attached appraisal report also considers the issue of the options the subject of this Resolution 8.

Upon exercise of some or any of the options issued pursuant to Resolution 8 the allotment of shares in the Company may result in PML (as allottee) and its associates (Maurice Bryham and David McKee Wright) becoming the holder or controller of an increased percentage of voting rights in the Company for the purposes of the Takeovers Code. By obtaining shareholder approval pursuant to Rule 7(d) of the Code in respect of the allotment of shares on the exercise of the options, shares may be allotted on the exercise of the options without a requirement on PML or any of its associates to make an offer under the Code.

Therefore, in addition to complying with Rules 7.3.1 and 7.5 of the Listing Rules, Resolution 8 is being put to shareholders under Rule 7(d) of the Takeovers Code. Section 17(2) of the Takeovers Code prohibits PML and its associates from voting on Resolution 8.

The transactions the subject of Resolutions 7, 8, 9 and 10 are linked and interdependent. That is, the completion of one transaction will not occur without the completion of the other three transactions.

(See explanatory notes 6 and 9 and the appraisal and independent adviser's reports that accompany this notice)

- 9. To authorise and approve the issue and allotment by the Company of 15,000,000 fully paid ordinary shares in the Company to each of Maurice Bryham and David McKee Wright for consideration of 4 cents per share.**

The Listing Rules require shareholder approval for the issue of new shares to Mr Bryham and Mr McKee Wright. Listing Rule 7.3.1 requires this Resolution 9 to be approved by ordinary resolution of the shareholders of the Company.

Mr Bryham and Mr McKee Wright and any of their associated persons will be disqualified from voting on this Resolution 9 pursuant to Listing Rule 9.3.1.

In addition to compliance with Rule 7.3.1 of the Listing Rules, Resolution 9 is being put to shareholders under Rule 7(d) of the Takeovers Code. Section 17(2) of the Takeovers Code prohibits Mr Bryham and Mr McKee Wright and their associates from voting on this Resolution 9.

The transactions the subject of Resolutions 7, 8, 9 and 10 are linked and interdependent. That is, the completion of one transaction will not occur without the completion of the other three transactions. The attached appraisal report considers all four transactions.

(See explanatory notes 7 and 9 and the appraisal and independent adviser's reports that accompany this notice)

### **Special Business**

To consider, and if thought fit, to pass the following special resolution:

- 10. To authorise and approve the acquisition by the Company of the following shareholding interests from Maurice Bryham and David McKee Wright, and to authorise and approve the issue and allotment of 137,500,000 fully paid ordinary shares in the Company as consideration for the acquisitions of:**
- (a) 40% of the share capital of Datasquirt Limited;**
  - (b) 50% of the share capital of Conceptual Solutionz Limited; and**
  - (c) 70% of the share capital of Sealegs International Limited.**

The Acquisition is a major transaction for the purposes of section 129 of the Companies Act 1993 and accordingly must be approved by a special resolution of the shareholders of the Company. Further, the Acquisition is a material transaction with related parties for the purposes of Listing Rule 9.2.1, requiring approval by an ordinary resolution of the shareholders of the Company. The issue of shares as consideration for the Acquisition also requires shareholder approval by separate resolution under Listing Rule 7.3.1. However, the New Zealand Stock Exchange has granted a

waiver from the requirement to pass separate ordinary resolutions so long as the resolution is approved by way of a special resolution.

Listing Rule 9.2.5 requires a notice of meeting to be accompanied by an appraisal report, where the meeting will consider a resolution required by Listing Rule 9.2.1. The appraisal report in respect of the Acquisition and the consideration payable in respect of the Acquisition is attached.

Maurice Bryham, David McKee Wright and any of their associated persons will be disqualified from voting on this Resolution 10 pursuant to Listing Rule 9.3.1.

In addition to compliance with Listing Rule 7.3.1, Resolution 10 is being put to shareholders under Rule 7(d) of the Takeovers Code. Section 17(2) of the Takeovers Code prohibits Mr Bryham and Mr McKee Wright and their associates from voting on this Resolution 10.

The transactions the subject of Resolutions 7, 8, 9 and 10 are linked and interdependent. That is, the completion of one transaction will not occur without the completion of the other three transactions. The attached appraisal report considers all four transactions.

(See explanatory notes 8 and 9 and the appraisal and independent adviser's reports that accompany this notice)

"ordinary resolution" means a resolution passed by a simple majority (50%) of shareholders present and voting at the meeting in person or by proxy. Resolutions 1 - 9 are ordinary resolutions.

"special resolution" means a resolution passed by a majority of 75% of shareholders present and voting at the meeting in person or by proxy. Resolution 10 is a special resolution.

By order of the board of directors

John Robertson

Chairman

21 June 2002

## **DIRECTORS' PROFILES**

### **John Robertson**

John Robertson is a principal of Matthewson & Robertson, Corporate Advisers. He has had considerable experience in North America, advising companies on market entry and development strategies. Over the past year he has managed the rationalisation of IT Capital. John is a member of the NZ Institute of Directors and the Institute of Chartered Accountants.

His other directorships include Chairmanship of Infrastructure Auckland and a Director of Hotech Edge Limited. He is also Chairman of the Pacific Foundation and Counties Manukau Sports Foundation.

### **Alan Townsend**

Alan Townsend is a Vice President of Trimble Navigation Ltd, a US public company which has traded on NASDAQ since 1990. He has world wide responsibility for Trimble's Mapping and Agricultural businesses. In addition he is Managing Director of Trimble Navigation New Zealand Limited, a research and development operation for Trimble based in Christchurch. Alan is a proven entrepreneur who built Trimble NZ into one of New Zealand's larger IT companies.

Alan brings to IT Capital a unique blend of electronics and software expertise, entrepreneurship, executive management skills of global operations, NASDAQ public company experience and a large network of global contacts in the IT industry.

## **EXPLANATORY NOTES TO THE RESOLUTIONS**

### **1. RESOLUTION 4**

- 1.1 The current annual remuneration of the directors taken together is \$100,000. This amount was approved in July 1994 by the shareholders of the Company. This annual sum has been allocated among the members of the board of directors ("Board"), which have, since that time, ranged between 4 and 6 in number. The proposed increase in director's remuneration is based on there being up to 6 directors (including the Chairman).
- 1.2 The total remuneration payable by the Company for the year commencing 1 April 2002 will not exceed \$105,000 fees paid and 2,625,000 shares issued. The amount of the increase is \$5,000 per annum in fees and 2,625,000 shares in the Company (with an ascribed value of \$105,000).
- 1.3 The shares are being issued in lieu of directors fees for no cash consideration and have an ascribed value of 4 cents per share. The shares will be issued within 10 working days of the date of the shareholders meeting. All such shares will rank parri passu with ordinary shares then on issue in the Company.
- 1.4 Remuneration is an important element in attracting high quality directors. The Board considers that the proposed remuneration is appropriate having regard to the nature and size of the Company's business, and the responsibilities and workloads of the directors.

## **2. RESOLUTION 5**

- 2.1 It is proposed in Resolution 5 to authorise the Board of the Company to issue up to 2,000,000 share options to certain employees of the Company on the recommendation of senior management of the Company, but at the discretion of the Board. No options the subject of this Resolution 5 will be issued to directors, related parties of the Company or to their associated persons. The number of options granted to each employee will also be at the discretion of the Board.
- 2.2 The purpose of the issue is to incentivise employees of the Company to perform to the best of their ability and to allow the Company to raise further capital when the options are exercised.
- 2.3 The options will be issued to employees from time to time and in such numbers as the Board of the Company thinks fit. The options must be issued within 12 months of the date of the notice of the meeting and will be issued for no consideration. The options will not be quoted or tradable on any stock exchange or other secondary market. The options are exercisable by written notice to the Company (accompanied by the relevant exercise monies). Half the options may be exercised on or after 1 November 2003 with the remainder being exercisable on or after 1 November 2004. No option will be exercisable unless the average market price per share (weighted by volume) of shares sold on the New Zealand Stock Exchange during the 15 working days ending on the date of the exercise of that option is more than or equal to 8 cents per share. The exercise price for each of the options is 4 cents per share. Any unexercised options will expire if they have not been exercised on the earlier of 31 December 2005 or within 30 days of an employee leaving the employment of the Company. Shares issued pursuant to an exercise of the options will rank pari passu with ordinary shares then on issue in the Company.

## **3. RESOLUTION 6**

- 3.1 It is proposed that the Company issue 12,500,000 ordinary shares in the Company to Jay Snider or nominee and 50,000,000 ordinary shares in the Company to certain other habitual or institutional investors.
- 3.2 The shares are to be issued at a price of 4 cents per share. The shares will be issued within 10 working days of the date of the shareholders meeting. All such shares will rank pari passu with ordinary shares then on issue in the Company.
- 3.3 The purpose of the issue is to strengthen the Company's financial position by increasing the level of equity in the business for working capital and in readiness for the Company's future business acquisitions.

## **4. RESOLUTION 7**

- 4.1 The purpose of the resolution is to approve the Management Services Contract between Platinum Management Limited ("PML") (a company associated with David McKee Wright and Maurice Bryham) and the Company, the key terms of which are as follows:
- the term of the contract is three years;

- the services to be provided are all the day to day management of the Company as directed by the Board from time to time;
- PML will procure the services of Maurice Bryham and David McKee Wright to perform the key management services;
- fees payable by the Company are \$300,000 per annum (plus GST) and the Company shall reimburse PML on a monthly basis for reasonable business expenses incurred by PML in providing the services; and
- the Company will issue 50,000,000 options to PML on the terms and conditions described in explanatory note 6 below.

## 5. LINKED TRANSACTIONS

5.1 The investors' subscription for the shares the subject of Resolutions 6 and 9 are conditional upon:

- shareholder approval;
- investors subscribing, in aggregate, for 92,500,000 shares (i.e. the share issues approved under Resolutions 6 and 9, raising \$3.7 million); and
- the Company and PML entering into the Management Services Contract the subject of Resolution 7.

5.2 The transactions the subject of Resolutions 7, 8, 9 and 10 are linked and interdependent. That is, the completion of one transaction will not occur without the completion of the other three transactions. The attached appraisal report considers all four transactions.

## 6. RESOLUTION 8

6.1 The purpose of the issue of options under Resolution 8 is to incentivise management and to raise further capital for the Company when the options are exercised. The Company will issue a total of 50,000,000 options to PML, such options to be issued within 10 working days of the date of the shareholders meeting. The options will become exercisable in a series of tranches over a period of 30 months from the date of the meeting of shareholders. The exercise price for each of the options is 4 cents per share. The respective commencement dates of the exercise periods and the trigger prices corresponding to these options are as follows:

<u>Tranche</u>	<u>Number of Options Exercisable</u>	<u>Commencement of Exercise Period</u>	<u>Trigger Price</u>
a)	10 million	6 months after shareholders' meeting	NZ\$0.08
b)	10 million	12 months after shareholders' meeting	NZ\$0.105
c)	10 million	18 months after shareholders' meeting	NZ\$0.13
d)	10 million	24 months after shareholders' meeting	NZ\$0.155

e) 10 million 30 months after shareholders' meeting NZ\$0.18

- 6.2 The options can be exercised by written notice to the Company (accompanied by the relevant exercise moneys) at any time from the commencement of the relevant exercise period until the expiry of 90 days following the termination of the Management Services Contract the subject of Resolution 7. No option will be exercisable unless the average market price per share (weighted by volume) of shares sold on the New Zealand Stock Exchange during the 15 working days ending on the date of the exercise of that option, is more than or equal to the trigger price corresponding to the relevant tranche above. The number of options, the exercise price and the trigger price will be adjusted to take account of any share reconstructions.
- 6.3 The options will not be quoted or tradable on any stock exchange or other secondary market. Upon the valid exercise of any options, shares will be issued and allotted within 10 working days. Shares issued upon an exercise of the options will rank pari passu with ordinary shares then on issue in the Company.

## **7. RESOLUTION 9**

- 7.1 It is proposed that the Company issue 15,000,000 ordinary shares in the Company to each of Maurice Bryham and David McKee Wright at a price of 4 cents per share. The shares will be issued within 10 working days of the date of the shareholders meeting. All such shares will rank pari passu with shares then on issue in the Company.
- 7.2 The purpose of the issue is to strengthen the Company's financial position by increasing the level of equity in the business for working capital and in readiness for the Company's future business acquisitions.
- 7.3 Because the issue of shares to Mr Bryham and Mr McKee Wright is linked to the transactions the subject of Resolutions 7, 8 and 10, the attached appraisal report also considers the issue the subject of this Resolution 9.

## **8. RESOLUTION 10**

- 8.1 This resolution is to approve the purchase by the Company of 40% of the share capital of Datasquirt Limited, 50% of the share capital of Conceptual Solutionz Limited and 70% of the share capital of Sealegs International Limited (the "Acquisition") from Maurice Bryham and David McKee Wright (the "Vendors").
- 8.2 Datasquirt Limited's core business is the development, marketing, and commercialisation of a wireless application messaging engine which is aimed at becoming the foundation for a diverse range of business solutions.
- 8.3 Conceptual Solutionz Limited's core business is the development, marketing and commercialisation of its unique electric motor technology, known as the "Radial Electric Engine", with a current focus on the electric vehicle industry.
- 8.4 Sealegs International Limited's core business is the development, marketing and manufacture of a system to provide short distance overland transportation of recreational boats without sacrificing in-

water boat performance or altering handling characteristics (the "Sealegs System"). The Sealegs System comprises retractable and steerable boat wheels driven by an electrically-powered motor which uses standard engine batteries.

- 8.5 The directors believe that the Acquisition is in the best interests of the Company. The Acquisition is consistent with the Company's business plan of creating shareholder wealth through investment in innovative technology companies. The issue and allotment of fully paid, ordinary shares as consideration for the Acquisition is the most efficient and beneficial way for the Company to pay the purchase price for the Acquisition.
- 8.6 The consideration for the purchase of the shares the subject of Acquisition will be the issue of 68,750,000 fully paid ordinary shares in the Company to each of the Vendors, at an ascribed value of 4 cents per share. The ordinary shares will rank pari passu with all other ordinary shares in the Company then on issue.

## **9. TAKEOVERS CODE APPLICATION TO RESOLUTIONS 8, 9 AND 10**

### **Allotment of shares to Maurice Bryham and David McKee Wright pursuant to Resolutions 9 and 10**

- 9.1 By virtue of being a listed company, the Company is a code company for the purposes of the Takeovers Code (the "Code").
- 9.2 Assuming that all the share issues the subject of the resolutions to be considered and voted on at the shareholders meeting are issued and allotted (other than any shares to be allotted upon an exercise of the options the subject of Resolutions 5 and 8), the issue and allotment of ordinary shares to Maurice Bryham and David McKee Wright pursuant to Resolutions 9 and 10, will result in Mr Bryham and Mr McKee Wright each holding and controlling 20.7% of the voting rights in the Company. Furthermore, because Mr Bryham and Mr McKee Wright are associates for the purposes of the Code, their control over their individual shareholdings in the Company must be aggregated for the purposes of the Code, thereby rendering them jointly in control of 41.40% of the voting rights in the Company.
- 9.3 Under the Code, a person who holds or controls less than 20% of the voting rights in a code company may not become the holder or controller of an increased percentage of the voting rights in the code company, unless after the issue of the relevant parcel of voting rights, that person and that person's associates do not hold or control in excess of 20% of the voting rights in the code company. Where a person and their associates exceed that 20% threshold, they must make a takeover offer for all the shares in the Company pursuant to the Code.
- 9.4 However, by obtaining shareholder approval pursuant to Rule 7(d) of the Code in respect of the allotment of shares the subject of Resolutions 9 and 10, shares may be allotted to Mr Bryham and to Mr McKee Wright without a requirement on them to make a takeover offer under the Code.
- 9.5 Therefore, in addition to compliance with Rule 7.3.1 of the Listing Rules, Resolutions 9 and 10 are being put to shareholders under Rule 7(d) of the Code. Section 17(2) of the Code prohibits Mr Bryham and Mr McKee Wright and their associates from voting on these resolutions.

- 9.6 For the purposes of Rule 16 of the Code in respect of shares issued to Maurice Bryham under Resolution 9 and 10, it is noted that:
- (a) The allottee of the voting securities is Maurice Bryham.
  - (b) The number of voting securities being allotted is 83,750,000.
  - (c) The percentage of the aggregate of all existing voting securities and all voting securities being allotted that that number represents is 20.70%.
  - (d) The percentage of all voting securities that will be held or controlled by Mr Bryham after completion of the allotment is 20.70%.
  - (e) The issue price for the voting securities is 4 cents per share, payable on allotment, which will occur within 10 working days of the date of the shareholders meeting approving the issue.
  - (f) The reason for the allotment is set out at paragraphs 7.2 and 8.5 above.
  - (g) Provided that the allotment of the voting securities the subject of Resolutions 9 and 10 are approved at the meeting of shareholders, those allotments will be permitted under Rule 7(d) of the Code as an exception to Rule 6 of the Code.
  - (h) Mr Bryham confirms that there are no agreements or arrangements (whether legally enforceable or not) that have been, or are intended to be, entered into between him and any other person relating to the allotment, holding, or controlling of the voting securities to be allotted, or to the exercise of voting rights in the Company.
- 9.7 For the purposes of Rule 16 of the Code in respect of shares issued to David McKee Wright under Resolutions 9 and 10, it is noted that:
- (a) The allottee of the voting securities is David McKee Wright.
  - (b) The number of voting securities being allotted is 83,750,000.
  - (c) The percentage of the aggregate of all existing voting securities and all voting securities being allotted that that number represents is 20.70%.
  - (d) The percentage of all voting securities that will be held or controlled by Mr McKee Wright after completion of the allotment is 20.70%.
  - (e) The issue price for the voting securities is 4 cents per share, payable on allotment, which will occur within 10 working days of the date of the shareholders meeting approving the issue.
  - (f) The reason for the allotment is set out at paragraphs 7.2 and 8.5 above.
  - (g) Provided that the allotment of the voting securities the subject of Resolutions 9 and 10 are approved at the meeting of shareholders, those allotments will be permitted under Rule 7(d) of the Code as an exception to Rule 6 of the Code.
  - (h) Mr McKee Wright confirms that there are no agreements or arrangements (whether legally enforceable or not) that have been, or are intended to be, entered into between him and any

other person relating to the allotment, holding, or controlling of the voting securities to be allotted, or to the exercise of voting rights in the Company.

- 9.8 As Mr Bryham and Mr McKee Wright are associates, ITC also wishes to provide shareholders with information required under Rule 16 of the Code in respect of the share issues under Resolution 9 and 10 on a combined basis as follows:
- (a) The allottees of the voting securities are Maurice Bryham and David McKee Wright.
  - (b) The number of voting securities being allotted is 167,500,000.
  - (c) The percentage of the aggregate of all existing voting securities and all voting securities being allotted that that number represents is 41.40%.
  - (d) The percentage of all voting securities that will be held or controlled by Mr Bryham and Mr McKee Wright after completion of the allotment is 41.40%.
  - (e) The issue price for the voting securities is 4 cents per share, payable on allotment, which will occur within 10 working days of the date of the shareholders meeting approving the issue.
  - (f) The reason for the allotment is set out at paragraphs 7.2 and 8.5 above.
  - (g) Provided that the allotment of the voting securities the subject of Resolutions 9 and 10 are approved at the meeting of shareholders, those allotments will be permitted under Rule 7(d) of the Code as an exception to Rule 6 of the Code.
  - (h) Mr Bryham and Mr McKee Wright confirm that there are no agreements or arrangements (whether legally enforceable or not) that have been, or are intended to be, entered into between them and any other person relating to the allotment, holding, or controlling of the voting securities to be allotted, or to the exercise of voting rights in the Company.
- 9.9 As required by Rules 7(d) and 18, an independent adviser's report prepared by Grant Samuel is attached to this Notice of Meeting. The appraisal report required by the Listing Rules has been combined with the independent adviser's report required by the Code.
- 9.10 The directors of the Company recommend that the shareholders of the Company approve the allotment of the shares to Mr Bryham and Mr McKee Wright. The directors' reasons for this recommendation are to raise further capital for the Company and, in recognition of the fact that the allotment of shares in the Company as consideration for the Acquisition the subject of Resolution 10 is an efficient means of financing the Acquisition. Further, the directors believe that the Acquisition is fair and reasonable to the shareholders of the Company, that it is in the best interests of the Company and is consistent with the Company's business plan.

#### **Allotment of shares to PML upon exercise of the options the subject of Resolution 8**

- 9.11 Upon exercise of some or any of the options issued pursuant to Resolution 8 the allotment of shares in the Company may result in PML (as allottee) and its associates (Maurice Bryham and David McKee Wright) becoming the holder or controller of an increased percentage of voting rights in the Company for the purposes of the Takeovers Code. By obtaining shareholder approval pursuant to Rule 7(d) of the Code in respect of the allotment of shares on the exercise of the

options, shares may be allotted on the exercise of the options without a requirement on PML or any of its associates to make an offer under the Code.

9.12 The reason for the allotment of voting securities to PML is the compliance by the Company with its obligations to allot shares upon a valid exercise of the options. The reason for the issue of options is set out in paragraph 6.1 above.

9.13 Assuming that:

- (a) PML exercises all of its options in the Company on the terms and conditions described in explanatory note 6;
- (b) all of the share issues contemplated by the resolutions the subject of the shareholders meeting are approved and allotted;
- (c) PML's current associates (being Maurice Bryham and David McKee Wright) maintain their shareholding in the Company; and
- (d) no further shares are issued by the Company;

the maximum number of voting securities in the Company that could be allotted to PML on the exercise of the options is 50,000,000 and the maximum number of voting securities in the Company that could be held or controlled by PML and its associates (including all other voting securities to be allotted to them pursuant to Resolutions 9 and 10) after completion of the allotment of voting securities on the exercise of the options is 217,500,000. The percentage of the aggregate of all existing voting securities (including all other voting securities whose allotment is to be approved pursuant to Resolutions 6, 8, 9 and 10), and the maximum number of voting securities that could be allotted to PML on the exercise of all of the options that that maximum number represents is 10.99%. The maximum percentage of all voting rights in the Company which could be held or controlled by PML and its associates (including all other voting securities to be allotted to them pursuant to Resolutions 9 and 10) after completion of the allotment of voting securities on the exercise of the options is 47.85%.

9.14 The issue price upon exercise of each option is 4 cents per share and is payable on or before the date of allotment.

9.15 Provided that the allotments to PML of shares on the exercise of the options is approved at the meeting of shareholders, those allotments will be permitted under Rule 7(d) of the Takeovers Code as an exception to Rule 6 of the Takeovers Code.

9.16 As required by Rule 7(d), an independent adviser's report prepared by Grant Samuel is attached to this Notice of Meeting. The appraisal report required by the Listing Rules has been combined with the independent adviser's report required by the Takeovers Code.

9.17 The directors of the Company recommend that shareholders approve the issue of options to PML and therefore any allotment of shares in the Company pursuant to an exercise of those options. The directors' reasons for this recommendation are to raise further capital for the Company when the options are exercised and to ensure that PML, the management services company which has

been contracted to provide management services to the Company over the next three years, is suitably incentivised to perform to the best of its ability.

- 9.18 PML confirms that there is no agreement or arrangement (whether legally enforceable or not) that has been, or is intended to be, entered into between PML and any other person (other than Mr Bryham, Mr McKee Wright and the Company) relating to the allotment, holding, or controlling of the voting securities to be allotted upon the exercise of the options into shares in the Company, or to the exercise of voting rights in the Company. PML is a management services company associated with Mr Bryham and Mr McKee Wright.
- 9.19 Because of the nature and terms of the options, the Company is unable to specify either:
- (a) the number of voting securities that will ultimately be allotted to PML; or
  - (b) the potential maximum number of voting securities that PML may hold or control after completion of the allotment; or
  - (c) the percentage of the aggregate of all existing voting securities and all voting securities being allotted that that number represents; or
  - (d) the exact intended exercise date of the options.
- 9.20 As the Company is unable to specify these particulars, it is unable to comply with Rules 16(b) and 16(d) of the Code in a strict technical sense and PML is unable to comply with Rule 7(d). The company and PML have therefore sought from and been granted by the Takeovers Panel an exemption from the obligation to comply with Rules 16(b) and 16(d) of the Code and from Rule 7(d) of the Code to the extent that Rule 7(d) of the Code requires this notice of meeting to be in accordance with Rules 16(b) and 16(d) of the Code.
- 9.21 The Panel granted the exemptions subject to the conditions that:
- (a) the Company specify the information that has been included in paragraph 9.13;
  - (b) there is no change in the effective control of PML until after the allotment of the voting securities on the exercise of the last of the options;
  - (c) Resolutions 6, 7, 8, 9, and 10 are all approved by the shareholders of the Company;
  - (d) that none of the shares in the Company to be issued under Resolutions 4, 5 and 6 are issued to PML or any of its associates; and
  - (e) that this notice of meeting contains the above statement of the terms and conditions of the exemptions.

## 10. Proxies and corporate representatives

- 10.1 A shareholder entitled to vote at the meeting may appoint another person (who need not be a shareholder) as a proxy to attend and vote on their behalf. A form is enclosed for appointment of a proxy. If you wish to appoint a proxy please read the notes at the bottom of the proxy appointment form carefully.

- 10.2 In the case of a corporation appointing a representative to attend the meeting to vote on its behalf, a certified copy of the resolution passed by the corporation, appointing the representative, must be deposited with the Company at least 48 hours before the meeting.

# ANNUAL GENERAL MEETING OF SHAREHOLDERS

23 July 2002



IT CAPITAL LIMITED

## PROXY APPOINTMENT

I/We ..... of .....

being a shareholder of IT Capital Limited hereby appoint .....

or failing him/her .....

as my / our proxy to vote on my/our behalf at the Annual General Meeting of Shareholders of IT Capital Limited to be held at [Hilton Hotel, Princes Wharf, 147 Quay Street], Auckland, New Zealand at [1.00pm] on 16<sup>th</sup> July 2002 and at any adjournment thereof.

Unless otherwise instructed, the proxy will vote as he or she thinks fit. Should the shareholder wish to direct the proxy how to vote, the following should be completed:

*Please indicate with a ✓*

Resolution number	For	Against
1. To re-elect Mr John Robertson as a director.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr Alan Townsend as a director.	<input type="checkbox"/>	<input type="checkbox"/>
3. To record that Ernst & Young is automatically reappointed as auditor of the Company and to authorise the Directors to fix the auditors' remuneration	<input type="checkbox"/>	<input type="checkbox"/>
4. To authorise the total directors' remuneration per annum, commencing 1 April 2002, to be:  (a) \$15,000 and 375,000 shares in respect of each director who, from time to time, holds office as a director; and  (b) \$30,000 and 750,000 shares in respect of the chairman  provided that, in no event shall the total remuneration payable by the Company for the year commencing 1 April 2002, exceed \$105,000 in fees and 2,625,000 shares.	<input type="checkbox"/>	<input type="checkbox"/>
5. To authorise the Board to issue to certain employees of the Company up to 2,000,000 share options in the Company.	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorise and approve the issue and allotment by the Company of 62,500,000 fully paid ordinary shares in the Company at 4 cents per share to certain habitual and institutional investors.	<input type="checkbox"/>	<input type="checkbox"/>

7.	To authorise and approve the entry into the Management Services Contract with Platinum Management Limited.	<input type="checkbox"/>	<input type="checkbox"/>
8.	To authorise and approve the issue by the Company of 50,000,000 share options in the Company to Platinum Management Limited and the allotment of shares in the Company upon an exercise of the share options	<input type="checkbox"/>	<input type="checkbox"/>
9.	To authorise and approve the issue and allotment by the Company of 15,000,000 fully paid ordinary shares in the Company to each of Maurice Bryham and David McKee Wright for the consideration of 4 cents per share.	<input type="checkbox"/>	<input type="checkbox"/>
10.	To authorise and approve the acquisition by the Company of the following shareholding interests from Maurice Bryham and David McKee Wright, and to authorise and approve the issue and allotment of 137,500,000 fully paid ordinary shares in the Company as consideration for the acquisitions of shares representing 40% of Datasquirt, 50% of Conceptual Solutionz and 70% of Sealegs International.	<input type="checkbox"/>	<input type="checkbox"/>

Signature(s): .....

Date: .....

### IMPORTANT NOTES

1. The Chairman of the meeting is prepared to act as a proxy for any shareholder(s).
2. Proxy forms must be lodged at the registered office of the Company, Level 2, 235 Broadway, Newmarket, PO Box 1726, Auckland, New Zealand, not less than 48 hours before the start of the meeting.
3. This form must be signed by you or your attorneys. Your attorney must be authorised in writing. This form, and a copy of the power of attorney appointing the attorney or other authority, if any, under which it is signed together with a certificate of non-revocation must be deposited with the Company at least 48 hours before the meeting.
4. In the case of joint holdings, all joint holders must sign the proxy forms.
5. Forms appointing a proxy for a corporation must be signed by an authorised officer or attorney on behalf of the corporation.

