

## GeoOP Limited

### Notice of Special Meeting

Notice is hereby given that a special meeting of shareholders of GeoOP Limited (the **Company**) will be held at Bell Gully, Level 21 Vero Centre, 48 Shortland Street, Auckland on 5 May 2016 commencing at 9am.

The directors of the Board are pleased to call a special meeting to present the resolutions below to the shareholders as they represent a positive step forward for the Company by providing an expanded product suite and acquisition channels, adding scale, distribution and realisable cost synergies to accelerate the Company's path to profitability.

The following business will be considered at the special meeting.

The Directors unanimously recommend the approval of all resolutions as outlined below.

#### Special Business

1. To consider and, if thought fit, to pass the following resolution as a special resolution by the shareholders:

That, for the purposes of section 129 of the Companies Act 1993 and NZAX Listing Rule 9.1.1, the shareholders approve the entry into and execution, and the performance, by the Company of a sale and purchase deed between the Company, North Ridge Partners Pty Limited (as trustee of the Co-Investor No. 1 Fund), Valuestream Investment Management Limited (as trustee of the Co-Investor No. 3 PIPE Fund), JKM Consolidated Holdings Pty Limited and JKM Family Investments Pty Limited (**Vendors**) dated 10 March 2016 (**Sale and Purchase Deed**) for the sale and purchase of all of the shares in InterfacelT Pty Limited for a total purchase price of NZ\$9,000,000 (which purchase price is subject to adjustment in accordance with the terms of the Sale and Purchase Deed), to be satisfied by way of the issue of ordinary shares and convertible notes by the Company.

2. To consider and, if thought fit, to pass the following resolution as an ordinary resolution by the shareholders that:

- (a) for the purposes of Rule 7(d) of the Takeovers Code and NZAX Listing Rules 7.3.1(a) and 7.5, the Company may issue 15,000,000 ordinary shares of the Company to the Vendors in the proportions determined in accordance with the Sale and Purchase Deed at a price of NZ\$0.40 per share;
- (b) for the purposes of NZAX Listing Rules 7.3.1(a) and 7.5, the Company may issue 3,000,000 convertible notes to the Vendors (at a price of NZ\$1.00 per convertible note) in accordance with the Sale and Purchase Deed and the terms of a convertible note deed to be entered into by the Company (the terms of which are set out in Appendix 3) on settlement under the Sale and Purchase Deed;
- (c) for the purposes of Rule 7(d) of the Takeovers Code and NZAX Listing Rules 7.3.11(b) and 7.5, the Company may, on conversion of the convertible note referred to in (c) above, issue such number of ordinary shares of the Company to the Vendors and any transferee of the convertible notes as may be required by the terms of the convertible note deed, provided that the number of shares issued in this regard does not exceed 15,000,000;

- (d) for the purposes of Rule 7(d) of the Takeovers Code and NZAX Listing Rules 7.3.1(a) and 7.5, the Company may issue any further ordinary shares in the Company to the Vendors as required to satisfy any warranty claims under the terms of the Sale and Purchase Deed, provided that the number of shares issued in this regard does not exceed 7,500,000; and
  - (e) for the purposes of Rule 7(d) of the Takeovers Code and NZAX Listing Rules 7.3.1(a) and 7.5, the Company may issue any further ordinary shares in the Company to the Vendors as required to satisfy any performance fee under the terms of the Sale and Purchase Deed, provided that the number of shares issued in this regard does not exceed 25,000,000.
3. To consider and, if thought fit, to pass the following resolution as an ordinary resolution by the shareholders:

That, pursuant to clause 20.3 of the Company's Constitution, **Roger Keith Sharp** be appointed as a director of the Company with effect from settlement under the Sale and Purchase Deed.

***The directors of the Company are pleased to unanimously recommend approval of the resolutions above (including the allotment of the shares under rule 7(d) of the Takeovers Code). The directors' reasons for recommending this approval include that this will enable the Company to grow its business operations and the services it can provide by acquiring InterfacelT Pty Limited, which will provide the Company with additional scale, additional distribution, a strong base in the United States, realisable cost synergies and an accelerated path to profit for the Company.***

Please see the Explanatory Notes on page 4 for further information.

## **Important information**

### ***Record Date***

Any person who is registered as a shareholder of the Company at 5pm on Tuesday, 3 May 2016 is entitled to attend and vote at the meeting or to appoint a proxy to attend and vote in their place.

### ***Proxies***

All shareholders are entitled to attend and vote at the meeting or to appoint a proxy to attend and vote in their place. No shareholders are disqualified from voting in accordance with NZAX Listing Rule 9.3.1.

If you wish, you may appoint "The Chairman of the Meeting" as your proxy or as an alternative to your named proxy.

To appoint your proxy and vote online please go to the Link Market Services website at: <https://investorcentre.linkmarketservices.co.nz/voting/GEO>.

You will require your CSN/Holder number and Authorisation Code (FIN) to successfully validate your holding. Follow the prompts to appoint your proxy and, if desired, to provide voting instructions to your proxy. A Shareholder will be taken to have signed the Proxy Form by lodging it in accordance with the instructions on the website.

Alternatively please complete and sign the enclosed Proxy Form and return it in one of the following manners:

**Mail:** If mailing from in New Zealand, please place in the reply paid envelope provided. If mailing from outside New Zealand please place in the pre-addressed envelope, affix the postage from the country of mailing and post to Link Market Services, PO Box 91976, Victoria Street West, Auckland 1142, New Zealand

**Deliver:** Link Market Services, Level 11, Deloitte Centre, 80 Queen Street, Auckland

**Fax:** +64 9 375 5990

**Scan & email:** [meetings@linkmarketservices.co.nz](mailto:meetings@linkmarketservices.co.nz)  
(please put the words "GeoOp Proxy Form" in the subject line for easy identification)

The completed Proxy Form must be received by no later than 48 hours before the meeting, this being 9am on Tuesday, 3 May 2016. Online proxy appointments must also be completed by this time.

Any shareholder of the Company entitled to attend and vote at the meeting may appoint another person or persons as proxy to attend and vote on his or her behalf. A proxy need not be a member of the Company. If the proxy form is returned without direction as to how the proxy should vote on the resolution then the proxy may vote as he or she thinks fit on that resolution.

All joint holders of a share must sign the proxy form.

Companies may sign under the hand of a duly authorised officer or by power of attorney. If the proxy form has been signed under a power of attorney, a copy of the power of attorney (unless already deposited with the Company) and a signed certificate of non-revocation of the power of attorney must be delivered to the Company with the proxy form.

***Corporate Representatives***

A corporation that is a shareholder may appoint a representative to attend the meeting on its behalf in the same manner as that which it could appoint a proxy. Corporate representatives should bring along to the meeting evidence of their authority to act for the relevant corporation.

***Powers of attorney***

Any person representing a shareholder(s) by virtue of a power or attorney must bring a copy of the power of attorney (unless already deposited with the Company) and a signed certificate of non-revocation of the power of attorney must be produced to the Company.

***Postal Voting***

Pursuant to the Company's constitution, a shareholder may not exercise his/her right to vote at the meeting by casting a postal vote.

A handwritten signature in blue ink, appearing to read "Alan Beving", is written over a horizontal line.

**By Order of the Board of Directors**

**13 April 2016**

## Explanatory notes

These explanatory notes set out the details of the transactions which are the subject of the resolutions required by the shareholders of the Company under the Companies Act 1993 (the **Companies Act**) and the Takeovers Code Approval Order 2000 (the **Takeovers Code**).

### Special Resolution

The first resolution set out in this notice of meeting is a special resolution which requires approval by not less than 75% of the votes of those shareholders entitled to vote and voting on the resolution.

### Ordinary Resolution

The second and third resolutions set out in this notice of meeting are ordinary resolutions which require approval by a majority of the votes of those shareholders entitled to vote and voting on the resolution.

### *Resolution 1 – Performance of the Sale and Purchase Deed*

1. The Sale and Purchase Deed was entered into on 10 March 2016 and the announcement made in this regard can be found at <https://nzx.com/companies/GEO/announcements/279128>. Under that agreement, the Vendors have agreed to sell and the Company has agreed to acquire all of the shares in InterfaceIT Pty Limited (**IIT**) for the sum of NZ\$9 million, as adjusted under the Sale and Purchase Deed (the **Purchase Price**), to be satisfied partly by the issue of ordinary shares in the Company (**Consideration Shares**) and partly by the issue of convertible notes to the Vendors (**Convertible Notes**). A summary of the key terms of the Sale and Purchase Deed are set out in Appendix 2.

2. An indicative timeline in respect of the transactions contemplated by the Sale and Purchase Deed is as follows:

<b>5 May 2016</b>	Special general meeting held in accordance with this notice of meeting
<b>23 May 2016</b>	Sale and Purchase Deed becomes unconditional
<b>7 June 2016</b>	Settlement Date (issue of Consideration Shares and Convertible Notes; appointment of Roger Sharp as director of the Company)
<b>7 June 2017</b>	End of warranty claim period (other than claims for tax warranties) and issue of shares for any warranty claims that have been determined (outstanding warranty claims at this date will have shares issued once the relevant claim is determined)
<b>July 2017</b>	Performance fee calculated and any relevant shares issued
<b>7 June 2018</b>	Convertible Notes converted into shares or repaid (if not previously converted)

Please note that the above timetable is indicative only and may change at any time.

3. The Board of the Company believes that the acquisition of IIT provides the Company with additional scale, additional distribution, a strong base in the United States, realisable cost synergies and an accelerated path to profit for the Company.
4. The core IIT mobile sales application will become part of the Company's tools for workforce management and business productivity. The Board of the Company views this as an important strategic acquisition representing a further step in creating a multi-product proposition for businesses that want to become more efficient and manage their staff better, especially mobile staff. IIT has customers in Australia and the US. The US presence will play in favour of the Company's geographic expansion, which, through partnerships with AppDirect and MyCloudCure, will continue to increase its presence and market share in the US territories, starting with a focus on the West Coast.
5. Significant synergy benefits have been identified across the combined entity. A detailed analysis shows around 10-15% cost-out synergies and realisable revenue synergies. The combined entity is expected to have significantly reduced cash requirements and time to break even.
6. The entry into and performance of the Sale and Purchase Deed constitutes or may constitute an agreement to acquire, contingent on approval by shareholders, assets:
  - (a) the value of which is more than half the value of the Company's assets before the acquisition; and
  - (b) the gross value of which is in excess of 50% of the average market capitalisation of the Company.

As a result, the Sale and Purchase Deed must be approved by a special resolution of the Company's shareholders under both the Companies Act and NZAX Listing Rule 9.1.1.

7. Accordingly, the Board seeks the approval of the entry into and performance of the Sale and Purchase Deed by special resolution of the Company's shareholders in accordance with section 129 of the Companies Act and NZAX Listing Rule 9.1.1.

## ***Resolution 2 – Issue of shares and convertible notes***

### *Consideration Shares*

8. The Consideration Shares form part of the consideration for the acquisition of the shares in IIT. They will be issued to the Vendors in the proportions set out in the Sale and Purchase Deed, subject to the passing of Resolutions 1 and 2. Two of the Vendors, being North Ridge Partners and Valuestream Investment Management Limited, along with Wentworth Pty Limited (who will be allotted shares in the Company on conversion of the Convertible Notes transferred to it as set out in paragraph 12 below) (**Proposed Allottees**) are "associates" for the purposes of the Takeovers Code (see paragraphs 34 and 35 below). In respect of the issue of such shares, the Proposed Allottees will also be "associated persons" of Roger Sharp (a director of the Company following Settlement) for the purposes of NZAX Listing Rule 6.2.1(d).

9. The aggregate issue price for the Consideration Shares is NZ\$6 million at an issue price of NZ\$0.40 per Consideration Share (with 15,000,000 shares to be issued). The Consideration Shares will be issued on the 10<sup>th</sup> business day following satisfaction or waiver of the conditions in the Sale and Purchase Deed (**Settlement Date**) and will rank equally with all other ordinary shares of the Company. The Proposed Allottees will receive 11,947,595 (79.65%) of the 15,000,000 shares to be issued.
10. Until the first anniversary of the settlement date, the Vendors have agreed not to sell or otherwise dispose, or transfer the effective control, of the Consideration Shares without the prior written approval of the Company, unless the Vendors sell the Consideration Shares pursuant to a full offer made under Rule 7(a) of the Takeovers Code.
11. The Consideration Shares are issued under sub-resolution 2(a) which, if passed, provides approval for such issue for the purposes of Rule 7(d) of the Takeovers Code and NZAX Listing Rules 7.3.1(a) and 7.5.

*Convertible notes*

12. The Convertible Notes form part of the consideration for the acquisition of the shares in IIT. They will be issued to the Vendors in the proportions set out in the Sale and Purchase Deed, subject to the passing of Resolutions 1 and 2. The aggregate issue price for the Convertible Notes is NZ\$3 million at an issue price of NZ\$1.00 per Convertible Note. The Convertible Notes will be issued on the Settlement Date (the Company has no other convertible notes on issue for ranking purposes). The Convertible Notes will be issued on the terms of the convertible note deed (the terms of which are summarised in Appendix 3). Immediately following the issue of the Convertible Notes, the Vendors have agreed to transfer 801,036 Convertible Notes to Wentworth Pty Limited (as trustee for the Wentworth Trust), so that the Convertible Notes will be held as follows:

Name of Convertible Note holder	Number of Convertible Notes held following transfer
North Ridge Partners Pty Limited	46,696
Valuestream Investment Management Limited	1,579,837
Wentworth Pty Limited	801,036
JKM Family Investments Pty Limited	571,958
JKM Consolidated Holdings Pty Limited	473

13. The Convertible Notes are issued under sub-resolution 2(b) which, if passed, provides approval for such issue for the purposes of NZAX Listing Rules 7.3.1(a) and 7.5. In respect of the issue of such notes, the Proposed Allottees will be “associated persons” of Roger Sharp (a director of the Company following Settlement) for the purposes of NZAX Listing Rule 6.2.1(d).
14. The Convertible Notes will be repaid or converted, at the option of the relevant holder (**Holder**), on the second anniversary of the Settlement Date (if the Holder takes no action to in respect of

such repayment or conversion, it will be deemed to have issued a notice requiring conversion, and such conversion will take place on the Settlement Date). The relevant Holder may also elect to convert some or all of the Convertible Notes at any time prior to that date. On conversion of the Convertible Notes, the relevant Holder will receive ordinary shares of the Company (**Conversion Shares**), based on the number of Convertible Notes converted, with the final number calculated by dividing the amount paid for the relevant Convertible Notes by the Conversion Price. Such shares will rank equally with all other ordinary shares of the Company. The Conversion Price is either:

- (a) the 90 day volume weighted average price (VWAP) over the 90 business day period before the Conversion Date; or
- (b) where the Holders elect to convert as part of a capital raising by the Company, the price at which shares are issued pursuant to that capital raising.

15. The table below sets out the possible numbers of Conversion Shares that could be issued on conversion of the Convertible Notes, and the total number of shares on issue following conversion (assuming a total of 15,000,000 Consideration Shares were issued prior to conversion, but that no other shares in the Company have been issued between Settlement Date and the date of conversion, resulting in the total number of shares on issue prior to conversion being 49,393,299). The Proposed Allottees will receive up to 12,137,845 (80.92%) of the Conversion Shares. In respect of the issue of such shares, the Proposed Allottees will also be “associated persons” of Roger Sharp (a director of the Company following Settlement) for the purposes of NZAX Listing Rule 6.2.1(d).

Market Price	Conversion Shares to be issued	Total number of shares on issue post-conversion	Percentage of total represented by Conversion Shares
\$0.20	15,000,000	64,393,299	23.29%
\$0.30	10,000,000	59,393,299	16.84%
\$0.40	7,500,000	56,893,299	13.18%
\$0.50	6,000,000	55,393,299	10.83%
\$0.60	5,000,000	54,393,299	9.19%

The volume weighted average price of the Company’s shares at the future time of conversion is inherently difficult to predict, given there are a number of factors (many of which are outside of the Company’s control) that may impact on market pricing at any point in time.

The Directors believe that a ‘realistic’ outcome for shareholders to consider is a range of conversion prices from \$0.30 to \$0.50, reflecting both recent trading prices and the pricing of the Consideration Shares at \$0.40 per share.



16. The Conversion Shares are issued under sub-resolution 2(c) which, if passed, provides approval for such issue for the purposes of Rule 7(d) of the Takeovers Code and NZAX Listing Rules 7.3.11(b) and 7.5.

#### *Warranty Claims*

17. The Company has agreed that, if any of the warranties (other than warranties as to tax) set out in the Sale and Purchase Deed are breached (**Warranty Claims**), the Purchase Price will be re-adjusted to reflect the reduction in equity value of the Company or IIT (as applicable), provided such Warranty Claims are made prior to the first anniversary of Settlement Date.
18. The Company and the Vendors have agreed that the readjustment will be by way of issue of additional ordinary shares in the Company (at \$0.40 per share and ranking equally with all other ordinary shares of the Company) in the Vendors' respective proportions (for a breach of a warranty given by the Company), or transfer (for nil consideration) of Consideration Shares by the Vendor to the Company (for a breach of a warranty given by the Vendors). Any such shares in the Company would be issued on the first anniversary of the Settlement Date or, in respect of warranty claims that have yet to be determined as at that date, the date on which the warranty claim is determined. In respect of the issue of such shares, the Proposed Allottees will also be "associated persons" of Roger Sharp (a director of the Company following Settlement) for the purposes of NZAX Listing Rule 6.2.1(d).
19. The parties have agreed that the maximum number of ordinary shares in the Company that may be issued by the Company to satisfy the Purchase Price (15,000,000) and all Warranty Claims (7,500,000) is 22,500,000 Consideration Shares, each at an issue price of \$0.40 per share (39.55% of shares then on issue, assuming no shares in the Company other than the Consideration Shares have been issued between Settlement Date and the date of the issue of shares relating to a warranty claim). The Proposed Allottees will receive up to 17,921,392 (79.65%) of such shares.
20. While all Warranty Claims with a value in excess of \$50,000 individually, and \$100,000 when aggregated with all other Warranty Claims, will require the issue of additional shares (such shares being issued in respect of aggregate claim amounts in excess of \$100,000 only), the Company is not presently aware of any circumstances that are likely to give rise to a Warranty Claim.
21. The shares issued in respect of any Warranty Claims are issued under sub-resolution 2(d) which, if passed, provides approval for such issue for the purposes of Rule 7(d) of the Takeovers Code and NZAX Listing Rules 7.3.1(a) and 7.5.

#### *Performance Fee*

22. The Company has agreed that if the Company's recurrent revenue exceeds NZ\$4.5 million within the 12 month period commencing 1 July 2016 (the **Performance Period**), the Vendors are entitled (in their respective proportions) to additional consideration (the **Performance Fee**), being the dollar amount equal to:

$$a = b \times \text{NZ\$}2.00;$$

Where:

**a** = the Performance Fee payment, in dollars; and

**b** = the amount in Revenue in excess of NZ\$4.5 million for the Performance Period.

**Revenue** means the amount of gross recurring subscription, license fee and support revenue received from ordinary customers, but does not include one-off training and implementation income, grant income or other revenues received from non-customer parties (such as interest), or any revenue from entities subsequently acquired by the Company after the Settlement Date.

23. The Performance Fee will be calculated by the Company's auditor following the audit of the Company's 2017 financial year accounts i.e., in July 2017 and may be satisfied by payment of cash, by the issue of ordinary shares in the Company (ranking equally with all other ordinary shares of the Company), or by a mixture of both (at the discretion of the Company). If the Performance Fee is satisfied by way of share issue, the additional shares in the Company will be issued to the Vendors within three business days of the determination of the Performance Fee with a value equal to the 90 day volume weighted average price (VWAP) per share over the last 90 business days of the Performance Period. There is no limitation on the Performance Fee that the Company may have to pay to the Vendors (and hence no limitation on the number of additional shares the Company may be required to issue), other than the level of recurrent revenue achieved by the Company during the Performance Period. In respect of the issue of such shares, the Proposed Allottees will also be "associated persons" of Roger Sharp (a director of the Company following Settlement) for the purposes of NZAX Listing Rule 6.2.1(d).
24. The table below sets out the possible levels of the Performance Fee if the Company achieves \$4-7 million of recurrent revenue (excluding further acquisitions) between 1 July 2016 and 30 June 2017. Assuming a volume weighted average price (VWAP) range of \$0.20-\$0.60, the following number of additional Consideration Shares would be issued by the Company:

		\$4 million	\$5 million	\$6 million	\$7 million
Revenue in excess of \$4.5 million		\$0	\$500,000	\$1,500,000	\$2,500,000
Performance Fee (a = b x \$2.00)		\$0	\$1,000,000	\$3,000,000	\$5,000,000
Additional Consideration Shares issued	\$0.20	0	5,000,000	15,000,000	25,000,000*
	\$0.30	0	3,333,333	10,000,000	16,666,667
	\$0.40	0	2,500,000	7,500,000	12,500,000
	\$0.50	0	2,000,000	6,000,000	10,000,000
	\$0.60	0	1,666,667	5,000,000	8,333,333

\*The Proposed Allottees would receive 19,912,658 shares if this scenario eventuated.

25. The combined businesses of the Company and IIT are expected to have annualised Recurrent Revenue of ~\$5.3 million for the 2017 financial year. Directors believe that in considering a 'realistic' scenario, a range of Recurrent Revenues of \$5m - \$6m is appropriate. As noted above, while it is difficult to predict a share price at the future date of issuance of shares in respect of the Performance Fee, a range of \$0.30 - \$0.50 has been assumed. On these assumptions, the Vendors would be entitled to receive between 2,000,000 and 10,000,000 shares under the Performance Fee. The Proposed Allottees would receive between 1,593,013 and 7,965,063 shares on this basis.
26. The shares issued in respect of the Performance Fee are issued under sub-resolution 2(e) which, if passed, provides approval for such issue for the purposes of Rule 7(d) of the Takeovers Code and NZAX Listing Rules 7.3.1(a) and 7.5.
27. If Resolution 2 (as a whole) is passed, the issue of the Consideration Shares, the shares issued in relation to any Warranty Claims, the shares issued in respect of the Performance Fee, the Convertible Notes and the shares issued on conversion of the Convertible Notes referred to in Resolution 2 will be approved in terms of rule 7(d) of the Takeovers Code as an exception to rule 6 of the Takeovers Code, as well as in terms of NZAX Listing Rules 7.3.1(a), 7.3.11(b) and 7.5.

#### *Summary of 'realistic' Share Issuance Outcomes*

28. The tables above provide an illustration of the shares that would be issued under a wide range of theoretical scenarios. Given the wide variance in possible outcomes, Directors provided a view below on a 'realistic' series of outcomes (assuming that no shares will be issued under the Warranty Claims):
- Performance Fee based on Revenue of between \$5,000,000 and \$6,000,000; and
  - shares issued for the Performance Fee and Convertible Note conversion being priced on an assumed volume weighted price of between \$0.30 and \$0.50 per share.

	Shareholding of Vendors (Shareholding of Proposed Allottees in brackets)			
	\$5 million Revenue		\$6 million Revenue	
Pricing of Performance Fee and Convertible Note Shares	Shares issued	% of shares on issue	Shares issued	% of shares on issue
<b>\$0.30</b>	28,333,333 (22,694,513)	45.2% (36.2%)	35,000,000 (28,004,555)	50.4% (40.4%)
<b>\$0.40</b>	25,000,000 (20,007,783)	42.1% (33.7%)	30,000,000 (23,990,315)	46.6% (37.3%)
<b>\$0.50</b>	23,000,000 (18,395,745)	40.1% (32.1%)	27,000,000 (21,581,771)	44.0% (35.2%)

29. Directors note that the Company will be conducting further capital raising initiatives to fund the continuing growth of the merged entity. Such capital raising initiatives would almost certainly result in a dilution of the Proposed Allottees' interests in the Company.

30. If resolutions 1 and 2 are passed, then, assuming that:

- (a) all Consideration Shares are issued (15,000,000 shares);
- (b) the Conversion Shares are issued at \$0.30 per share (10,000,000 shares);
- (c) 7,500,000 shares are issued in respect of Warranty Claims; and
- (d) Revenue of \$5,000,000 is achieved in respect of the Performance Fee and an issue price of \$0.30 per share (3,333,333 shares),

i.e., a total of 35,833,333 shares are issued, the Proposed Allottees would hold 40.8% (28,669,166 shares) of the 70,226,632 shares on issue. The effect of this scenario on a shareholder of the Company holding 1,000,000 shares in the Company (being 2.9% of the 34,393,299 shares currently on issue) prior to all such issuances would, following such issuances, be to reduce their percentage shareholding to 1.4% (of 70,226,632 shares on issue).

Further details of the risk of dilution, along with details of the control over the Company that could be acquired by the Vendors, can be found in the independent adviser's report in section 1.3 on pages 5 to 9, and section 2.7 on pages 19 and 20. VIML will be "substantial product holder" for the purposes of section 274 of the Financial Markets Conduct Act 2013.

#### *Takeovers Code approval*

31. Under Rule 6 of the Takeovers Code, a person who holds or controls:

- (a) no voting rights, or 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 that event, that person and the person's associates hold or control not more than 20% of the voting rights in the code company; or
  - (b) 20% or more of the voting rights in a code company may not become a holder or controller of an increased percentage of the voting rights in the code company.
32. There are a number of exceptions to this rule. These include where a person becomes the holder or controller of voting rights in a code company by allotment of shares that have been approved by an ordinary resolution pursuant to Rule 7(d) of the Takeovers Code.
33. The Company is a code company as it is a listed issuer that has financial products that confer voting rights quoted on a licensed market.
34. Under the Takeovers Code, a person is an “associate” of another person if:
- (a) the persons are acting jointly or in concert; or
  - (b) the first person acts, or is accustomed to act, in accordance with the wishes of the other person; or
  - (c) the persons are related companies; or
  - (d) the persons have a business relationship, personal relationship, or an ownership relationship such that they should, under the circumstances, be regarded as associates; or
  - (e) the first person is an associate of a third person who is an associate of the other person (in both cases under any of paragraphs (a) to (d)) and the nature of the relationships between the first person, the third person, and the other person (or any of them) is such that, under the circumstances, the first person should be regarded as an associate of the other person.

A director of a company or other body corporate is not an associate of that company or body corporate merely because he or she is a director of that company or body corporate.

35. The Proposed Allottees are “associates” for the purposes of the Takeovers Code. JKM Consolidated Holdings Pty Limited and JKM Family Investments Pty Limited are not “associates” of the Proposed Allottees for the purposes of the Takeovers Code.
36. The Proposed Allottees currently hold no shares in the Company. The Proposed Allottees currently have no further associates who hold shares in the Company for the purposes of the Takeovers Code.
37. As a result of the proposed issues of shares referred to in paragraphs 8 to 29 above, the Proposed Allottees will hold more than 20% of the shares in the Company and, once they hold more than 20%, will increase their percentage voting rights.

38. The total percentage of the Company held by the Proposed Allottees after all of the share issues set out in paragraphs 8 to 29 above will be up to 41.78% prior to the issue of shares in respect of the Performance Fee and, theoretically, up to 51.6% following the issue of shares in respect of the Performance Fee (this amount is based on a maximum number of shares for approval purposes, but there is theoretically no maximum number of shares which could be issued in respect of the Performance Fee, as there is no maximum level of Revenue which could be earned by the Company).
39. Accordingly, under the Takeovers Code, each allotment of shares referred to in paragraphs 8 to 29 above requires the approval of shareholders by ordinary resolution.
40. If shareholders approve Resolution 2, then they are approving the issues of the shares to the Proposed Allottees for the purposes of rule 7(d) of the Takeovers Code.
41. The information required under rule 16 of the Takeovers Code is set out in Appendix 1 of this notice of meeting.

#### *Independent Adviser's Report*

42. As required by rule 18 of the Takeovers Code, the Company has commissioned an Independent Adviser's Report on the issues of the shares referred to in paragraphs 8 to 29 above.
43. The Independent Adviser's Report is required by the Takeovers Code because, as a result of the issue of the shares, the Proposed Allottees will hold or control more than 20% of the voting rights in the Company. The Takeovers Code requires that, where shareholders are being asked to give their approval under rule 7(d) of the Takeovers Code, the directors must obtain a report from an independent adviser on the merits of the proposed allotment having regard to the interests of those persons who may vote to approve the allotment, comprising all of the shareholders of the Company.
44. Simmons Corporate Finance Limited has prepared the Independent Adviser's Report and a copy of that report is attached to this notice of meeting.

#### *Minority buy-out rights*

45. If Resolution 1 is passed, any shareholder who votes all of the shares that are registered in that shareholder's name and have the same beneficial owner against Resolution 1 will be entitled, if the shareholder elects to do so, to require the Company to purchase their shares, under section 111 of the Companies Act. The Companies Act prescribes specific procedures in relation to any such exercise of minority buy out rights. Any shareholder who is entitled, and wishes, to require the Company to purchase its shares in accordance with the above may within 10 working days of the passing of Resolution 1 give a written notice to the Company.
46. The buy-out price will be a "fair and reasonable price" determined by the Company (or an arbitrator where an objection is received) as at the close of business on the day before the date on which the resolution was passed i.e., prior to the transaction contemplated by the Sale and Purchase Deed. The Sale and Purchase Deed is conditional on only \$200,000 of shares by value, or 500,000 shares by number, being subject to such a buy-back. If a greater number of

shares is subject to the buy-back, then the Company will have to apply to the Court for relief from the buy-back obligation, otherwise the condition will not be met.

*Directors' recommendation*

47. It is proposed that the shareholders approve Resolutions 1 and 2.
48. The directors of the Company are of the view that the overall transaction represented by the Sale and Purchase Deed and the issue of the Consideration Shares (including those issued in respect of the Warranty Claims and the Performance Fee), Convertible Notes and Conversion Shares is an effective and efficient means of achieving profitability and reducing the cash requirements of the Company, and this transaction is in the best interest of all shareholders. The directors unanimously recommend that the shareholders approve the resolutions.

**Resolution 3 – Appointment of Roger Keith Sharp as Director**

49. If Resolutions 1 and 2 are passed, the Vendors will have the right, under clause 6.2(h) of the Sale and Purchase Deed, to nominate a representative to become a Director of the Company. The appointment of the nominated person must be approved by an ordinary resolution of ordinary shareholders (i.e., a majority of shareholders entitled to vote and voting on the resolution). The appointment of the nominated person will only take effect if Settlement occurs.
50. The Vendors have nominated Roger Keith Sharp, Chairman of IIT, to be appointed as Director of the Company.

*About Roger Sharp*

51. Based in Singapore, Roger has 30 years' global experience in financing, advising and running growth companies. He started his technology career in San Francisco in 1983, then founded a database company which he sold in 1987. Roger subsequently worked in investment banking for 15 years, with posts as CEO of ABN AMRO Asia Securities in Hong Kong and Global Head of Technology for ABN AMRO Bank in London.
52. In 2002, Roger and colleagues founded North Ridge Partners [www.northridgepartners.com](http://www.northridgepartners.com) a technology merchant bank which invests in and advises technology small caps around the region. Examples are [travel.com.au](http://travel.com.au) Limited (ASX: TVL) which was acquired by Wotif Group Holdings Limited and Software of Excellence International Limited (NZX: SOE) which was acquired by Henry Schein Inc., a Fortune 500 company.
53. Roger is presently Chairman of Asia Pacific Digital Limited (ASX: DIG), a Non-Executive Director of Webjet Limited (ASX: WEB) and Chairman of Interface IT Pty Limited. He was previously Chairman of TVL and a Non-Executive Director of SOE.

*Directors' recommendation*

54. The directors of the Company are of the view that Roger Keith Sharp will make a significant contribution to the Company and recommend that the shareholders approve Resolution 3.

### ***Effect of Resolutions not being passed***

**Each of Resolutions 1, 2 and 3 are conditional on the others. If one Resolution is not passed, then none of the other Resolutions will have any effect (unless the Vendors waive their right to appoint the director referred to in Resolution 3 below) and Settlement under the Sale and Purchase Agreement will not occur i.e., IIT will not be acquired by the Company.**

### ***Other matters***

#### *Board Chair*

55. The Board has determined that, upon the successful completion of the transaction, there will also be a change to the governance structure of the Board.
56. Roger Sharp will join the Board as Chair (Mark Weldon, as current Chair, will remain a director but there will be no other changes to the Board other than outlined below). In line with the strategy of additional offshore capital raising, and a much greater focus on international markets, the Board has determined that it is in the best interests of shareholders to have a global Chair with substantial time to dedicate to the Company in offshore markets, alongside the CEO. Roger Sharp will be a non-Independent Chair of the Company under the NZAX Listing Rules.
57. At the same time, the role of Chair of Audit and Risk will be extended to become the Chair of Audit and Risk, and Lead Independent Director. Viv Brownrigg will fill this position. The Lead Independent Director portion of this role will be charged with taking the Chair role if any conflicts emerge with respect to the Chair being non-Independent. This role will lead resolution of any director conflicts, such as the contractual obligations with respect to IIT and any subsequent performance or other payments.

#### *Capital Raising and potential listing*

58. As part of the transaction, the Board has agreed to (provided settlement takes place) enter into a mandate, with North Ridge Partners to act as corporate advisor in respect of a potential future capital raising.
59. The Board intends, subject to market conditions and the performance of the combined company, to list the combined entity on the ASX either as part of the above capital raising or at a later date. The Board has not yet determined what form such a listing would take.



## APPENDIX 1 - INFORMATION REQUIRED BY RULE 16 OF THE TAKEOVERS CODE

- (a) North Ridge Partners (as trustee of the Co-Investor No. 1 Fund) (**NRP**), Valuestream Investment Management Limited (as trustee of the Co-Investor No. 3 PIPE Fund) (**VIML**) and Wentworth Pty Limited (as trustee for Wentworth Trust) (**Wentworth**) are the Proposed Allottees.
- (b) Particulars of the securities to be allotted are as follows (for further details please see the examples of the Vendors' potential voting percentage in the Company in different situations in paragraphs 8 to 29 of the Explanatory Notes to this Notice of Meeting):
- (i) The maximum number of ordinary shares that could be allotted to:
- NRP is 1,326,178 (**NRP Allottee Shares**), (including up to 240,000 shares that may be issued pursuant to the conversion of the Convertible Notes, 171,503 shares that may be issued in relation to any Warranty Claims and 571,675 shares that may be issued in relation to the Performance Fee<sup>1</sup>);
  - VIML is 44,652,886 (**VIML Allottee Shares**) (including up to 7,905,000 shares that may be issued pursuant to the conversion of the Convertible Notes, 5,802,298 shares that may be issued in relation to any Warranty Claims and 19,340,993 shares that may be issued in relation to the Performance Fee); and
  - Wentworth is 4,005,000 (**Wentworth Allottee Shares**) (being issued pursuant to the conversion of the Convertible Notes);

The NRP Allottee Shares, VIML Allottee Shares and Wentworth Allottee Shares are, together, the **Allottee Shares**.

- (ii) Following the allotment of shares that may be allotted pursuant to the Sale and Purchase Deed (up to 47,500,000) and the shares that may be allotted on conversion of the Convertible Notes (up to 15,000,000), the total number of shares that could be allotted could be up to 62,500,000. The percentage of the aggregate of all existing voting securities and all voting securities that could be allotted that:
- the NRP Allottee Shares represent is 1.4% (1.0% when the shares issued in relation to the Performance Fee are excluded);
  - the VIML Allottee Shares represent is 46.1% (35.2% when the shares issued in relation to the Performance Fee are excluded); and
  - the Wentworth Allottee Shares represent is 4.1%.
- (iii) Following the allotment of shares that may be allotted pursuant to the Sale and Purchase Deed (up to 47,500,000, including 25,000,000<sup>1</sup> shares in relation to the Performance Fee) and the shares that may be allotted on conversion of the Convertible Notes (up to 15,000,000), the total number of shares on issue could be up to 96,893,299. The maximum percentage of all voting securities that could be held or controlled by:

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<sup>1</sup> Please see (b)(vii)(10) and (11) of this Appendix 1 for the assumptions on which this figure is based.

- NRP after completion of the allotments is 1.4% (1.0% when the shares issued in relation to the Performance Fee are excluded).
  - VIML after completion of the allotments is 46.1% (35.2% when the shares issued in relation to the Performance Fee are excluded).
  - Wentworth after completion of the allotments is 4.1%.
- (iv) The maximum percentage of all voting securities that will be held or controlled by:
- NRP and its associates (excluding VIML and Wentworth as “relying associates” i.e., associates of NRP who are also relying on rule 7(d) in relation to the relevant allotment of shares), after completion of the allotments is 1.4% (1.0% when the shares issued in relation to the Performance Fee are excluded)
  - VIML and its associates (excluding NRP and Wentworth as “relying associates”), after completion of the allotments is 46.1% (35.2% when the shares issued in relation to the Performance Fee are excluded).
  - Wentworth and his associates (excluding NRP and VIML as “relying associates”), after completion of the allotments is 4.1%.
- (v) Each of NRP, VIML and Wentworth is a “relying associate” of each other in respect of the allotments. NRP, VIML and Wentworth have no other associates in respect of the Company. The maximum percentage of all voting securities that will be held or controlled by NRP, VIML and Wentworth and their associates, after completion of the allotment of the Allottee Shares is 51.6%.
- (vi) The above information was determined on 13 April 2016 (**Calculation Date**).
- (vii) the assumptions on which the particulars in this paragraph (b) are calculated, include:
1. that the number of shares is the number of shares on issue on the Calculation Date;
  2. that there is no change in the total number of shares on issue between the Calculation Date and the end of the allotment period (other than as a result of the allotment or allotments);
  3. that, in relation to paragraphs (b)(i) to (iii), the proposed allottees are allotted the approved maximum number under the allotment or allotments;
  4. that, in relation to paragraphs (b)(i) to (iii), the proposed allottees and their associates are allotted the maximum number of voting securities;
  5. that no shares are required to be acquired by the Company under section 111 of the Companies Act 1993;
  6. 15,000,000 Consideration Shares are issued;

7. the maximum 7,500,000 shares are issued in respect of warranty claims;
8. the \$3.0 million of Convertible Notes are all converted into Conversion Shares;
9. the issue price for the Conversion Shares is \$0.20 per share, resulting in 15,000,000 Conversion Shares being issued;
10. a Performance Fee of \$5.0 million (based on Revenue of \$7 million), which is paid in Performance Shares; and
11. the issue price for the Performance Shares is \$0.20 per share, resulting in 25,000,000 Performance Shares being issued.

(c) The issue price for:

- (i) The Allottee Shares (excluding shares that may be issued pursuant to the conversion of the Convertible Notes or in respect of the Performance Fee) is NZ\$4,779,038 in aggregate (NZ\$0.40 per share, including in respect of shares that may be issued in relation to any Warranty Claims), which is payable on the Settlement Date;
  - (ii) The Convertible Notes is NZ\$3 million in aggregate (NZ\$1.00 per note), of which NZ\$2,427,568 will be held by the Proposed Allottees. This amount is payable on allotment of the Convertible Notes, which will take place on the Settlement Date. The aggregate issue price for the shares that may be allotted on conversion of the Convertible Notes is the face value of the Convertible Notes (NZ\$2,427,568 for the Proposed Allottees); and
  - (iii) The shares that may be issued in respect of the Performance Fee will be calculated in accordance with paragraph 22 to 26 of the notice of meeting, provided that the issue price will be no less than \$0.20 per share (with a maximum of 25,000,000 shares issued). The issue price is payable (by way of the obligation to pay the Performance Fee in cash being cancelled) within 10 business days of the Company's auditor calculating the Performance Fee (or, if the Performance Fee is disputed, within five business days of the resolution of that dispute).
- (d) The reason the Company is issuing and allotting the Allottee Shares is to enable the Company to grow its business operations and the services it can provide by acquiring IIT, which will provide the Company with additional scale, additional distribution, a strong base in the United States, realisable cost synergies and an accelerated path to profit for the Company.
- (e) The allotments under Resolution 2, if approved, will be permitted under rule 7(d) of the Takeovers Code as an exception to rule 6 of the Takeovers Code.
- (f) There is no agreement or arrangement (whether legally enforceable or not) that has been, or is intended to be, entered into between any allottee and any other person (other than between the relevant allottee and the Company in respect of the matters referred to in paragraphs (a) to (e)) relating to the allotments, holding, or control of the Allottee Shares (including the shares issued in respect of the conversion of the Convertible Notes, Performance Fee and any Warranty Claims), or to the exercise of voting rights in the Company.
- (g) The report from an independent adviser that complies with rule 18 of the Takeovers Code is attached to this notice of meeting.

- (h) The Directors make the following statement for the purposes of rule 19 of the Takeovers Code.

***The directors of the Company are pleased to unanimously recommend approval of the allotment of the Allottee Shares under rule 7(d) of the Takeovers Code. The directors' reasons for recommending this approval include that this will enable the Company to grow its business operations and the services it can provide by acquiring IIT, which will provide the Company with additional scale, additional distribution, a strong base in the United States, realisable cost synergies and an accelerated path to profit for the Company.***

## APPENDIX 2 – Key Terms of the Sale and Purchase Deed

1. The Company has entered into a Sale and Purchase Deed with North Ridge Partners Pty Limited (**NRP**), Valuestream Investment Management Limited, JKM Consolidated Holdings Pty Limited and JKM Family Investments Pty Limited (the **Vendors**) dated 10 March 2016 (the **Sale and Purchase Deed**).
2. The Company will acquire all of the shares in InterfaceIT Pty Limited (**IIT**) for the sum of NZ\$9 million (the **Purchase Price**), to be satisfied by issuing to the Vendors:
  - (a) 15,000,000 ordinary shares in the Company (**Consideration Shares**) at an issue price of NZ\$0.40 each (NZ\$6,000,000 in aggregate); and
  - (b) 3,000,000 convertible notes (**Convertible Notes**) at an issue price of NZ\$1.00 each (NZ\$3,000,000 in aggregate).
3. The Purchase Price:
  - (a) shall be increased by a performance payment (details of which can be found in paragraphs 22 to 26 of the Explanatory Note to the Notice of Meeting);
  - (b) is subject to an adjustment for working capital that will be paid in cash by way of an adjustment of the Purchase Price; and
  - (c) is subject to adjustment for any warranty claims (see paragraph 7 of this Appendix 2 below).
4. The Sale and Purchase Deed is conditional upon:
  - (a) the approval of shareholders of the Company to the acquisition being obtained at a special meeting to:
    - (i) the purchase of IIT shares;
    - (ii) the issue of the Consideration Shares and Convertible Notes to the Vendors; and
    - (iii) any additional Consideration Shares to satisfy warranty claims or to satisfy the performance payment;
  - (b) the Company having at least NZ\$1,800,000 cash in the bank when the approval in paragraph 4(a) above is obtained;
  - (c) the Vendors obtaining the release of all encumbrances in respect of IIT's shares and assets; and
  - (d) the Company being required to repurchase less than 500,000 shares in aggregate (or NZ\$200,000 in value) by shareholders as a result of shareholders invoking their minority

buy-out rights if the approvals in paragraph 4(a) above are obtained (other than if the High Court grants an order exempting the Company from having to repurchase the shares).

5. Settlement under the Sale and Purchase Deed shall take place prior to close of business on the date that is 10 business days after the date that the Sale and Purchase Deed becomes unconditional.
6. On Settlement, the Company is required to deliver a shareholders' resolution authorising the appointment on Settlement of Roger Sharp as a director of the Purchaser.
7. The Company and the Vendors have given the usual warranties that would be expected to be given by a purchaser and vendor (respectively) of the shares in a business. The discharge of warranty liabilities will, however, be made by way of an adjustment to the number of Consideration Shares. Please see paragraphs 17 to 21 of the Explanatory Note to the Notice of Meeting for more details on warranty claims.
8. Until the first anniversary of the settlement date, the Vendors have agreed not to sell or otherwise dispose, or transfer the effective control, of the Consideration Shares without the prior written approval of the Company, unless the Vendors sell the Consideration Shares pursuant to a full offer made under Rule 7(a) of the Takeovers Code.

### **APPENDIX 3 – Key Terms of Issue of the Convertible Notes**

1. The Convertible Notes have no right to be paid interest or dividends.
2. The Convertible Notes do not carry any rights to vote at meetings of the Company's shareholders.
3. The holder of the Convertible Note (**Lender**) may require conversion at any time.
4. The term of the notes is two years from the date of issue, at which time they will be repaid or converted at the Lender's option.
5. The conversion price will be either:
  - (a) the 90 day volume weighted average price over the 90 business day period before the conversion date; or
  - (b) where the Lender elects to convert as part of a capital raising by the Company, the price at which shares are issued pursuant to that capital raising.
6. The repayment price is the subscription price of the Convertible Notes i.e., \$1.00 per Convertible Note.
7. The Lender may transfer the Convertible Notes at any time.
8. The Convertible Notes are unsecured, but become immediately due and payable on the insolvency of the Company.
9. The Company has given limited warranties and covenants in respect of the Convertible Notes.