

## Notice of 2004 Annual Meeting

Notice is hereby given that the eighteenth Annual Meeting of shareholders of Wellington Drive Technologies Limited will be held in the Albert Room of the Crowne Plaza Auckland Hotel, 128 Albert Street, Auckland, on Friday 26<sup>th</sup> of November 2004 commencing at 3.00 p.m. for the purpose of transacting the following business:

### Ordinary Business

1. To hear the addresses by the Chairman and Chief Executive Officer.
2. To elect Directors.
  - (a) Simon Mander who was appointed a director on 17 June 2004, retires in accordance with the Constitution of the Company, and offers himself for re-election.
  - (b) Dr R.J. Thomson, in accordance with the Constitution of the Company, retires by rotation. Dr R.J. Thomson being eligible, offers himself for re-election.A profile of directors offered for election is attached to this notice.
3. To authorise the Directors to fix the remuneration of the Auditors for the ensuing year.

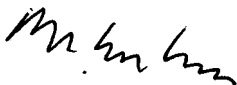
### Special Business

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

“That the existing constitution of the Company be revoked and the Company adopt the new constitution in the form tabled at the meeting and signed by the Chairman for the purpose of identification.”

Shareholders are referred to the following Explanatory Notes for details of the proposed Company Constitution.

By Order of the Board

A handwritten signature in black ink, appearing to read "R. N. Jackson".

.....  
*R. N. Jackson*  
Secretary, Auckland  
24 September 2004

### Notes

**If you propose to attend the Annual Meeting**, please ring Rachel Durney on (09) 414-9252 and advise the numbers attending. Alternately you may email her on [rachel@wdtl.com](mailto:rachel@wdtl.com).

**If you do not propose to attend the Annual Meeting** but wish to be represented by proxy please complete and sign the Proxy Form and Voting Paper enclosed. This form may be folded as



indicated, sealed and mailed to the Company. If you wish to deposit your proxy by fax, please send it to (09) 414-6591. Proxy Forms must be received by the Company no later than 48 hours prior to the commencement of the meeting.



## **EXPLANATORY NOTES**

### **Ordinary Business**

### **PROFILES OF DIRECTORS OFFERED FOR ELECTION**

#### **Simon Mander**

Independent

Mr Mander is a professionally qualified mechanical engineer whose previous positions include two years with Lion Breweries New Zealand as Planning Director and four years with McKinsey & Company as a strategy management consultant. He has extensive experience in strategy development and execution at a corporate and industry level across a number of industries ranging from primary, FMCG, industrial goods, petroleum/petrochemical to heavy industry within SE Asia, Australia and New Zealand. He has a specialist functional knowledge in manufacturing and operations, particularly in at the area of performance improvement. Recently Mr Mander returned to New Zealand after a two year involvement with the operational turnaround and restructuring of the then Pasmenco Ltd now trading as Zinifex the worlds largest integrated zinc producer. He was appointed a director of Wellington Drive Technologies Ltd in June 2004.

#### **Dr Ray Thomson**

Not independent

Dr Thomson (51) has considerable experience within the financial community in New Zealand and has served as a director of a number of public and private companies. He was an executive director of Omnicorp Investments Ltd from 1985 to 1988, and Executive Chairman of Strathmore Group Ltd from 1988 to 1999. He has been a director of Wellington Drive Technologies Ltd since 1988.

### **Special Business**

### **CONSTITUTION**

NZX has recently made a number of changes to its Listing Rules (Rules). Set out below is a summary of the key changes to the Rules. Because Wellington Drive Technologies Limited (Company) is listed on the NZSX, it must comply with the Rule changes. The Company's constitution needs to be updated because it no longer accurately reflects the Rules.

The directors are of the view that given the scope and extent of the Rule changes since the Constitution was adopted, the best approach is now to adopt a new Constitution. The proposed Constitution is in a short form. A short form Constitution must be read in conjunction with and by reference to the Rules and the Companies Act 1993 which are incorporated by reference. Various other NZX listed companies have opted for this approach.

Accordingly, shareholders are being asked to adopt a new constitution. The new Constitution incorporates the Rules by reference rather than setting them out in the Constitution (as a result of an amendment made to Rule 3.1.1(a) in May 2004).



This new approach means that the Company should not need to alter its constitution to reflect future Rule changes. However, people wishing to understand the Company's Constitutional obligations will need to refer to the Rules themselves (a full copy of which is available at [www.nzx.com](http://www.nzx.com)). Shareholders are advised that the new constitution will not affect the rights attached to the Company's shares, nor impose or remove any restrictions on the Company's powers.

Further, because of this approach, the new Constitution does not repeat sections of the Companies Act 1993 which would apply to the Company whether or not they were in the Constitution. This means that the Company should not need to amend its Constitution each time the Companies Act is amended. Shareholders will not be required to approve amendments to the Constitution which are based on changes to the Rules.

NZX has approved the proposed new Constitution.

A copy of the Company's current Constitution can be viewed at [www.companies.govt.nz](http://www.companies.govt.nz) in the Company's online file. A copy of the proposed new Constitution can be viewed on the Company's website at [www.wdtl.com](http://www.wdtl.com).

#### **Recent key amendments to the Listing Rules**

NZX made several key changes to the Rules in October 2003 and again in May 2004. These amendments are summarised below.

##### **Change in thresholds for related party transactions**

- The related party transaction thresholds have changed so that they are now calculated on the basis of the Company's average market capitalisation (the previous test was based on the lesser of shareholders' funds or average market capitalisation).
- Related party transactions are now permitted without shareholder approval for transactions which are employment agreements (with a natural person who is not a director) or where the total value of the transaction is less than \$250,000.

##### **Change in thresholds for major transactions**

- The threshold for shareholder approval to a material transaction has been amended to transactions of a gross value exceeding 50% of an issuer's average market capitalisation (the previous test was 50% of the lesser of an issuer's average market capitalisation or the gross value of its assets).

##### **Increase in limits for issue of equity securities**

- The percentage limit of equity securities which may be issued without shareholder approval to persons other than directors or employees in any 12 month period has increased from 10% to 15%.
- The percentage limit of equity securities which may be issued to employees without shareholder approval in any 12 month period has increased from 2% to 3%.



- New equity securities may be issued to existing equity security holders without shareholder approval if the consideration does not exceed \$5,000 per holder and the number of equity securities issued does not exceed 30% of the number of fully paid equity securities already on issue.
- The time limit for completing issues of securities which have been approved by shareholders has been increased from 6 months to 12 months.
- The time limit for completing issues of securities made solely to employees has been increased from 12 months to 36 months.
- The Company cannot reprice or amend the terms of any securities issued with shareholder approval to or for the benefit of employees or directors, without either the approval of NZX or a further ordinary resolution of shareholders.

#### **Increase in limit for buybacks**

- The percentage limit of equity securities which may be acquired by an issuer in compliance with section 60(1)(b)(ii) of the Companies Act other than from directors, associated persons of directors or employees in any 12 month period has increased from 10% to 15%.

#### **Director remuneration and payments on cessation of office**

- The Company cannot make payments to directors on cessation of office without shareholder approval.
- No remuneration can be paid to a director in his or her capacity as a director of an issuer or any subsidiary of an issuer (unless that subsidiary is itself listed) unless authorised by an ordinary resolution.

#### **Corporate Governance**

- NZX has made a number of changes to the corporate governance provisions of the Rules. For the Company, these changes took effect from 29 October 2004.
- Issuers must have a minimum of two independent directors, or if the issuer has eight or more directors, either three or one-third (whichever is the greater) must be independent. The Board must determine who is independent and advise the market.
- Issuers must have an audit committee, with at least 3 members. It must comprise only directors and a majority must be independent. One member must have a financial or accounting background and among other things, the committee must ensure that the external auditor or lead audit partner is changed every 5 years.

NZX has adopted a Corporate Governance Best Practice Code (Code). Compliance with the Code is not mandatory, but issuers must disclose whether their corporate governance policies "materially differ" from the Code.