

# **SMARTPAY LIMITED**

## **SHARE PURCHASE PLAN**

**28 May 2010**

**THIS IS AN IMPORTANT DOCUMENT. IF YOU HAVE ANY QUESTIONS IN RELATION TO THE SHARE PURCHASE PLAN PLEASE CONSULT YOUR FINANCIAL ADVISER OR CALL THE SHARE PURCHASE PLAN INFORMATION LINE ON 09 488 8777.**

**SMARTPAY**  
LIMITED

## CONTENTS

<b>Key Dates .....</b>	<b>1</b>
<b>Questions and Answers.....</b>	<b>2</b>
<b>Terms and Conditions.....</b>	<b>6</b>
<b>Glossary .....</b>	<b>12</b>
<b>Directory .....</b>	<b>13</b>

## KEY DATES

Date	Event
<b>5.00pm on 21 May 2010</b>	<b>Record Date</b> The date on which Eligible Shareholders are determined
<b>28 May 2010</b>	<b>Opening Date</b> Share Purchase Plan documents mailed to Eligible Shareholders. Share Purchase Plan opens.
<b>16 June 2010</b>	<b>Closing Date</b> Share Purchase Plan closes. Applications must be received by 5.00pm.
<b>23 June 2010</b>	<b>Allotment Date</b> Shares allotted. Trading is expected to commence on NZSX on the next Trading Day.
<b>24 June 2010</b>	<b>Despatch Date</b> Transaction confirmation despatched to participating shareholders.

\* SmartPay reserves the right to alter the key dates

*These materials do not constitute an offer of securities for sale in the United States to U.S. Persons (as defined in Regulation S under the U.S. Securities Act of 1933) ("US Persons") and may not be sent or disseminated, directly or indirectly, in the United States or to any U.S. Person in any place. SmartPay's Shares have not been and will not be registered under the U.S. Securities Act of 1933 ("the U.S. Securities Act") or the securities laws of any state of the United States and may not be offered, sold, or otherwise transferred in the United States or to, or for the account or benefit of, any U.S. Person except in compliance with the registration requirements of the U.S. Securities Act and any other applicable state securities laws or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.*

Signed by each Director of SmartPay Limited, or by his agent authorised in writing:



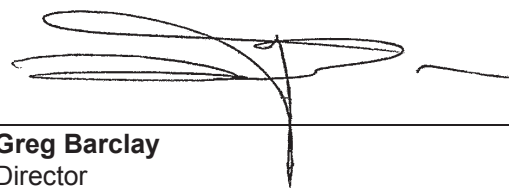
**John Seton**  
Chairman



**Ian Bailey**  
Director



**Wayne Johnson**  
Director



**Greg Barclay**  
Director

## QUESTIONS AND ANSWERS

*Defined words and expressions used in this Share Purchase Plan offer document are capitalised – see the Glossary on page 12 for their definition. These Questions and Answers are a summary only and you should refer to the attached Terms and Conditions for further information.*

### 1. What is the Share Purchase Plan (“SPP”)

The SPP allows Eligible Shareholders to purchase additional ordinary shares (“Shares”) in SmartPay Limited (“SmartPay”) without incurring brokerage or other transaction costs. You are eligible to participate in the SPP (an Eligible Shareholder) if you are a shareholder of SmartPay and:

- (a) you were registered as a holder of fully paid Shares at 5.00pm on the Record Date, which is Friday, 21 May 2010; and
- (b) your registered address is in New Zealand (and you do not hold the relevant Shares on behalf of another person who resides outside New Zealand); and
- (c) you are not a U.S. Person or acting on behalf of a U.S. Person (within the meaning of the U.S. Securities Act of 1933).

SmartPay has determined that it is not lawful or practical for shareholders in jurisdictions other than New Zealand to participate in the SPP.

There is no minimum shareholding requirement to participate in the SPP.

### 2. What is the price of the Shares and how many can I purchase?

The price of the Shares to be issued under the SPP has been set by SmartPay at 3.3356 cents per Share.

The issue price was fixed on 14 May 2010 on the basis that:

- (a) the issue price is required under the New Zealand Securities Act (NZX – Share and Unit Purchase Plans) Exemption Notice 2005 (the “Exemption Notice”) to be equal to or less than the lower of:
  - (i) the average end of day market price of SmartPay Shares during a period that falls within 30 days immediately prior to the date of the offer of the SPP or the date of the issue of Shares under the SPP;
  - (ii) the lowest price paid by investors in a private placement (if the offer under the SPP is made at the same time as, or within 30 days of, a private placement); and
- (b) SmartPay considers that an issue price of 3.3356 cents per Share is a sufficient discount to the current average market price of SmartPay Shares to encourage shareholder participation in the SPP; and
- (c) the issue price is the same price paid by investors under a recent private placement undertaken by SmartPay.

The issue price of 3.3356 cents per Shares reflects a discount of approximately 16.6% to the average end of day market price of SmartPay's shares on the NZSX during the period 29 April 2010 to 5 May 2010, being a period that falls within 30 days immediately before the date of this offer. The period 29 April 2010 to 5 May 2010 is specified as a reference point for determining the issue price in the Exemption Notice.

Eligible Shareholders may elect to purchase the following parcels of Shares below (if applicable, the number of Shares at each increment has been rounded down to the nearest whole number of Shares):

\$2,500	\$5,000	\$7,500	\$10,000	\$12,500	\$15,000
74,949 shares	149,898 shares	224,847 shares	299,796 shares	374,745 shares	449,694 shares

You should send in a cheque or bank draft (in each case in New Zealand dollars) for the value of the parcel selected together with your completed Application Form to the Share Registrar at the address set out in the Directory on page 13 so that the same is received by the Share Registrar by 5.00pm on 16 June 2010. Applications and funds may also be lodged with any Primary Market Participant, or any other channel approved by NZX, in time to enable forwarding to the Share Registrar before 5.00 pm on 16 June 2010.

No brokerage, commission, stamp duty, or other transaction costs will be payable by you in respect of the application for and issue of new Shares under the SPP.

All Shares issued under the SPP will be the same as ordinary Shares of SmartPay currently on issue. Shareholders who subscribe under the SPP will be eligible to participate in any future dividends to be declared by SmartPay. As at the date of this SPP offer document, SmartPay does not intend to pay a dividend for the financial year ended 31 March 2010 or the current financial year ending 31 March 2011. The Board of SmartPay may review this policy in subsequent financial years. Before deciding to declare a dividend for any particular financial year in future, the Board will take into account the level of net income generated by SmartPay, the level of working capital requirements for SmartPay's operations, its capital expenditure programme for the following financial year and any surplus cash after debt reduction. The timing and quantum of a proposed dividend in any future financial year will depend largely on the Board's assessment of the factors above as well as on the expected financial performance of SmartPay in the financial year immediately following the year in respect of which the dividend is proposed to be paid.

### **3. What if I own Shares through a Trustee or Custodian or own Shares in more than one capacity?**

If you own Shares through a trustee or custodian, then subject to certain certification requirements and other conditions, you may instruct the trustee or custodian to purchase Shares on your behalf, up to the \$15,000 limit. If you own Shares through a trustee or custodian and also own Shares in your own name, then you may either purchase Shares yourself or instruct your trustee or custodian to purchase Shares on your behalf; you may not do both.

If you receive more than one copy of this SPP, or if you hold SmartPay Shares in more than one capacity (eg, because you are both a sole and joint holder of Shares) you may only purchase Shares under one of the offer documents. You may not purchase some Shares on your own behalf and some Shares as a joint holder.

**4. Is this Offer transferrable to another person?**

No - this offer is personal to you and non-renounceable, so if you elect not to purchase any Shares under the SPP you may not transfer your right to purchase Shares under the SPP to anyone else.

**5. What are the risks to investing in the SPP?**

The market price of SmartPay Shares may rise or fall between the date of this offer and the date when the Shares are allotted to you. As the issue price has been fixed at 3.3356 cents per Share, changes to the market price of SmartPay Shares will not have any effect on the price to be paid for the Shares to be issued under the SPP. This means that the price paid under the SPP may be higher or lower than the price at which Shares in SmartPay are trading on the NZSX at the time the Shares are issued under the SPP.

In addition, as with any other investment in shares, the price at which SmartPay Shares trade after closing of the SPP may be lower than the price you pay for such Shares under the SPP. Accordingly, you should seek your own financial advice in relation to this offer and your participation in the SPP.

An investment in SmartPay Shares under the SPP is subject to the same risks as apply to your existing investment in SmartPay Shares.

**6. How do I apply for Shares under the SPP?**

If you wish to participate in the SPP, follow the step by step instructions set out on the reverse of the enclosed Application Form. Send your completed Application Form with your cheque or bank draft made payable to "SmartPay Limited" and crossed "Not Negotiable" to the Share Registrar as set out in the instructions on the Application Form. Applications may also be lodged with any Primary Market Participant, or any other channel approved by NZX, in time to enable forwarding to the Share Registrar before the Closing Date. If the exact amount of money is not tendered, SmartPay reserves the right not to accept all or part of your payment. In those circumstances, SmartPay will return your application and cheque or refund all or part of your payment without interest.

Participation in the SPP is entirely optional (subject to the eligibility criteria). The offer to acquire new SmartPay Shares is not a recommendation. If you are in any doubt about the SPP, whether you should participate in the SPP or how participation will affect you, you should seek independent financial and taxation advice before making a decision as to whether or not to accept this offer. SmartPay also recommends that you monitor the SmartPay share price and any announcements, which can be found at [www.nzx.com](http://www.nzx.com) (NZX code: SPY).

***You will not be able to withdraw or revoke your application once you have sent it in.***

**7. How long is the SPP open and when will I receive my Shares?**

The SPP opens on 28 May 2010 and is expected to close at 5.00pm on 16 June 2010, unless extended. If you want to participate you should ensure your Application Form and cheque or bank draft is received by 5.00pm on 16 June 2010. Please allow adequate time for mail deliveries to be received and payment to be cleared into SmartPay's bank account by this time. Applications received after this time may not be accepted.

You will receive Shares issued to you under the SPP on the Allotment Date, which is currently expected to be on or around 23 June 2010. Confirmation of the number of Shares issued to

you under the SPP will be sent on the Despatch Date, currently expected to be on or around 24 June 2010.

**8. Will I receive the number of Shares applied for?**

Under the NZSX Class Waiver which entitles SmartPay to make this SPP offer to shareholders, SmartPay may generally issue up to 30% of the number of fully paid ordinary shares already on issue under the SPP without shareholder approval provided certain conditions are met. As SmartPay has 845,805,951 Shares on issue at the date at which this SPP offer is made it can issue up to 253,741,785 Shares under the SPP. Given the number of shareholders in New Zealand at the Record Date and the issue price of 3.3356 cents per Share, it is possible for SmartPay to receive applications under the SPP for greater than 30% of the number of fully paid ordinary shares already on issue. Accordingly, SmartPay will scale back applications on a pro-rata basis (in proportion to the number of new Shares applied for under the SPP) so that the number of SmartPay Shares issued under the SPP is equal to or less than 30% of SmartPay's ordinary shares already on issue. Any fractional entitlements to Shares arising on scaling back will be rounded down to the nearest whole number of Shares.

If SmartPay scales applications, it may mean, for example, that if you apply for a NZ\$15,000 parcel and applications are scaled back by 5%, then your application will be scaled back to NZ\$14,250. In that event, you will receive a refund cheque for NZ\$750 at the same time as your transaction confirmation statement. No interest will be paid on refunded monies.

No Shares have been reserved for any class of applicant under the SPP. The Shares are available for subscription by all Eligible Shareholders in accordance with the terms and conditions of the SPP.

**9. How will Application Monies be Refunded?**

Any application monies refunded by SmartPay will be paid by cheque or direct credit (as determined by SmartPay in its absolute discretion) in New Zealand currency. By applying for SmartPay Shares under the SPP, each Eligible Shareholder authorises SmartPay to pay any monies to be refunded by using the payment instructions of the shareholder recorded in the share registry's records if SmartPay should elect to pay in such manner.

**10. Where will the Shares be Quoted?**

The Shares have been accepted for listing by NZX and will be quoted upon completion of the allotment procedures. However, NZX accepts no responsibility for any statement in this offer document.

It is expected that you will be able to commence trading the Shares allotted to you under the SPP on the NZX on the Trading Day immediately after the Allotment Date. This is currently expected to be 24 June 2010.

## TERMS AND CONDITIONS

If you apply to participate in the SPP by completing and returning the Application Form, you are accepting the risk that the market price of Shares may change between the Record Date, the date at which you send in an Application Form, and the Allotment Date. This means that it is possible that up to or after the Allotment Date, you may be able to buy Shares at a lower price than the Issue Price.

We encourage you to seek your own financial and taxation advice regarding your participation in the SPP.

Defined words and expressions used in this booklet are capitalised – see the Glossary on page 12 for their definition.

These Terms and Conditions set out the terms and conditions of the offer made pursuant to the SPP. Please read these Terms and Conditions carefully.

### 1. Offer Timetable

<b>5.00pm on 21 May 2010</b>	<b>Record Date</b> Eligible Shareholders registered at 5.00pm on 21 May 2010 may participate in the SPP.
<b>28 May 2010</b>	<b>Opening Date</b> The Offer opens on 28 May 2010. This offer document is mailed to Eligible Shareholders on that date.
<b>16 June 2010</b>	<b>Closing Date</b> This offer closes at 5.00pm on 16 June 2010, unless extended. Application Forms and payment must be received by this time. Application Forms may not be processed or accepted as valid if they have not been received by this time.
<b>23 June 2010</b>	<b>Allotment Date</b> The Shares are proposed to be allotted on or around 23 June 2010.
<b>Trading Day after Allotment</b>	<b>Commencement of Trading</b> SmartPay expects the Shares will commence trading on the NZX on the trading day after the Allotment Date.
<b>24 June 2010</b>	<b>Despatch Date</b> SmartPay expects that a transaction confirmation and, if applicable, a refund as a result of a Scaleback being applied to your application, will be despatched to you on or around 24 June 2010.

\* SmartPay has a discretion to change, at any time, any of the Closing Date, the Allotment Date, and the Despatch Date (notwithstanding that the offer has opened, or Application Forms have been received) by lodging a revised timetable with NZX.

### 2. Eligible Shareholders

2.1 You may participate in the SPP if you are an Eligible Shareholder. An Eligible Shareholder is a person who, at 5.00pm on the Record Date, was recorded in SmartPay's share register as being a registered holder of Shares and having an address in New Zealand, unless that person holds Shares on behalf of another person who resides outside New Zealand. For the avoidance of doubt, no U.S. Person (as defined in Regulation S under the U.S. Securities Act of 1933) will be an Eligible Shareholder.

2.2 Joint holders of Shares are taken to be a single registered holder of Shares for the purposes of determining whether they are an Eligible Shareholder and the certification on the Application Form is taken to have been given by all of them.

2.3 If you are an Eligible Shareholder, your rights under this offer are personal to you and non-renounceable, so you may not transfer them.

### 3. Issue Price

3.1 The issue price for Shares under the SPP is 3.3356 cents per Share. The issue price reflects a discount of approximately 16.6% to the average end of day market price of SmartPay's shares on the NZSX during the period 29 April 2010 to 5 May 2010, being a period that falls within 30 days immediately before the date of this offer.

3.2 If you are an Eligible Shareholder you may apply to purchase one of the following parcels of Shares, by ticking the appropriate box on the Application Form.

\$2,500	\$5,000	\$7,500	\$10,000	\$12,500	\$15,000
74,949 shares	149,898 shares	224,847 shares	299,796 shares	374,745 shares	449,694 shares

3.3 Eligible Shareholders may only apply for a maximum of 449,694 Shares under the SPP and may only make one application. This applies to all Eligible Shareholders, including those who receive more than one offer under the SPP (for example, because they hold Shares in more than one capacity) and including whether the Eligible Shareholder is applying through a Custodian or on his or her own behalf. Accordingly, if you own Shares through a trustee or custodian and also own Shares in your own name, then you may either purchase Shares yourself or instruct your trustee or custodian to purchase Shares on your behalf; you may not do both.

### 4. Custodians

4.1 Any Eligible Shareholder that:

(a) is a trustee corporation or a nominee company and holds Shares in SmartPay by reason only of acting for another person in the ordinary course of business of that trustee corporation or nominee company; or

(b) holds Shares in SmartPay by reason only of being a bare trustee of a trust to which the Shares are subject,

is a custodian ("Custodian") under the SPP.

4.2 Custodians may apply to purchase Shares for greater than \$15,000 but only up to the total value of Shares applied for by each beneficial owner for which the Custodian acts as a Custodian. Custodians must confirm to SmartPay that they are holding Shares as a Custodian for beneficial owners by providing the written certification to SmartPay described in clause 4.3 below. Each beneficial owner may only direct the Custodian to apply on behalf of that beneficial owner for one of the parcels described in clause 3.2. A separate application form must be completed for each beneficial owner.

4.3 If a Custodian applies to purchase Shares on behalf of a beneficial owner, the Custodian must certify to SmartPay in writing together with the application:

(a) that the Custodian holds Shares directly or indirectly as a Custodian for beneficial owners;

- (b) the number of those beneficial owners;
- (c) in respect of each of the beneficial owners, how many Shares the beneficial owner or the beneficial owner's agent has instructed the Custodian to accept on behalf of that beneficial owner; and
- (d) that each relevant beneficial owner has a registered address in New Zealand and is not a "U.S. Person" or a person acting on behalf of a U.S. Person (as defined in Regulation S of the U.S. Securities Act 1933);
- (e) that the Custodian undertakes not to accept on behalf of any of those beneficial owners for which it acts directly or indirectly as a Custodian, in any 12 month period, under this SPP or any similar arrangement, Shares in SmartPay the total issue price of which is more than \$15,000.

## **5. Completing the Application Form and paying for Shares**

- 5.1 If you wish to participate in the SPP, you must complete the Application Form and provide a cheque or bank draft in accordance with the instructions on the Application Form. Payments must be drawn down on a New Zealand bank account.
- 5.2 Eligible Shareholders should send in a cheque or bank draft for the value of the Share parcel selected.
- 5.3 To be valid, applications and payment must be received by Computershare Investor Services Limited by 5.00pm on 16 June 2010. Applications received after that date will only be accepted at SmartPay's discretion. Application forms should be sent, with the cheque or bank draft, to:

SmartPay Share Purchase Plan  
C/- Computershare Investor Services Limited  
PO Box 92119  
Auckland Mail Centre  
Auckland 1142

## **6. SmartPay's discretion to accept or reject applications**

- 6.1 SmartPay has discretion to accept or reject your application to purchase Shares under the SPP, including (without limitation) if:
  - (a) your Application Form is incorrectly completed or incomplete or otherwise determined by SmartPay to be invalid;
  - (b) your payment is dishonoured or has not been completed correctly;
  - (c) the cheque or bank draft that you enclose with your Application Form is not denominated in New Zealand dollars for the exact amount of the parcel that you have selected on the Application Form;
  - (d) it appears that you are applying to buy more than \$15,000 (in aggregate) of Shares (except if you are a Custodian applying on behalf of more than one beneficial owner in accordance with clause 4.2);
  - (e) your Application Form is received after the Closing Date. Whilst SmartPay has discretion to accept late Application Forms and payments, there is no assurance that

it will do so. Late Application Forms and payments, if not processed, will be returned to you at your registered address. No interest will be paid on any application monies returned to you;

- (f) SmartPay believes that you are not an Eligible Person or Custodian;
- (g) you are a Custodian or purport to be a Custodian and fail to provide the certification required by clause 4.3; or
- (h) SmartPay considers that your application does not comply with these Terms and Conditions.

6.2 If your application is not accepted due to any reason (in whole or in part due to scaling or otherwise), SmartPay will return your cheque or bank draft or refund all or part of your payment (as applicable) without interest. The return of cheques, bank drafts and refunds should be made at the time transaction confirmations are sent to successful applicants and in any event by no later than 5 business days after the date on which shares under the SPP are issued.

## **7. Significance of sending in an application**

7.1 If you apply to participate in the SPP by completing and returning the Application Form:

- (a) your application, on these Terms and Conditions, will be irrevocable and unconditional (ie, it cannot be withdrawn);
- (b) you certify to SmartPay that you are an Eligible Shareholder, or you are a Custodian applying on behalf of a beneficial owner as set out in clause 4.3(c), who is entitled to apply for Shares under these Terms and Conditions;
- (c) you agree to be bound by the constitution of SmartPay;
- (d) you certify to SmartPay that you are not applying for Shares under the SPP with an application price in excess of \$15,000 even though you may have received more than one offer under the SPP or received offers in more than one capacity under the SPP;
- (e) you authorise SmartPay (and its officers or agents) to correct any error in, or omission from, your Application Form and to complete the Application Form by the insertion of any missing details;
- (f) you acknowledge that SmartPay may at any time irrevocably determine that your Application Form is valid, in accordance with these Terms and Conditions, even if the Application Form is incomplete, contains errors or is otherwise defective;
- (g) you accept the risk associated with any refund that may be despatched to you by cheque to your address shown on SmartPay's share register;
- (h) you agree to indemnify SmartPay for, and to pay to SmartPay within five business days of demand, any dishonour fees or other costs and expenses SmartPay may incur in presenting a cheque for payment which is dishonoured;
- (i) you acknowledge that none of SmartPay, its advisers, or agents has provided you with investment advice or financial product advice, and that none of them has an obligation to provide advice concerning your decision to apply for and purchase Shares under the SPP;

- (j) you acknowledge the risk that the market price for the Shares may change between the Record Date, the date you apply for Shares under the SPP and the Allotment Date. A change in market price during this period will not affect the Issue Price but may affect the value of the Shares you receive under the SPP;
  - (k) you acknowledge that the price at which the Shares trade may go down as well as up and that any investment in Shares under the SPP is subject to the same risks as apply to your existing investment in SmartPay shares;
  - (l) you acknowledge that SmartPay may disclose any information in or relating to your application and accompanying cheque to the Share Registrar in connection with their management of the SPP;
  - (m) you acknowledge that your application for Shares under the SPP is subject to scaling back if the total number of Shares applied for exceeds 30% of the total number of SmartPay ordinary shares currently on issue. Your application (as scaled back) will remain valid;
  - (n) you acknowledge that SmartPay is not liable for any exercise of its discretions referred to in these Terms and Conditions; and
  - (o) you irrevocably and unconditionally agree to the Terms and Conditions and agree not to do any act or thing which would be contrary to the spirit, intention, or purpose of the SPP.
- 7.2 If a Custodian applies to purchase Shares under the SPP for a beneficial owner pursuant to clause 4.2, the certification referred to in clause 7.1(d) will be taken to be given by the beneficial owner on whose behalf the Custodian is applying to purchase Shares.

## **8. Scaleback**

- 8.1 If SmartPay receives applications under the SPP for Shares totalling, in aggregate, more than 30% of the total number of SmartPay ordinary shares already on issue, then SmartPay will scale back applications on a pro-rata basis (in proportion to the number of new Shares applied for under the SPP) so that the number of SmartPay Shares issued under the SPP is equal to or less than 30% of SmartPay's ordinary shares already on issue. Any fractional entitlements to Shares arising on scaling back will be rounded down to the nearest whole number of Shares.

## **9. The Shares**

- 9.1 Shares issued under the SPP will rank equally with, and have the same voting rights, dividend rights, and other entitlements as, existing fully paid Shares in SmartPay quoted on the NZSX.
- 9.2 The Shares have been accepted for listing by NZX and will be quoted upon completion of the allotment procedures. However, NZX accepts no responsibility for any statement in this offer document.
- 9.3 You cannot trade in any Shares issued to you pursuant to the SPP, either as principal or agent, until official quotation on the NZSX in accordance with the NZX Listing Rules. SmartPay expects the Shares will commence trading on the NZSX on the Trading Day immediately after the Allotment Date.

## **10. Financial Statements**

- 10.1 You may obtain free of charge the most recent annual report and financial statements of SmartPay by contacting SmartPay, or you may download the reports from the SmartPay website <http://www.smartpay.co.nz>

## **11. Amendments to the SPP and waiver of compliance**

- 11.1 SmartPay reserves the right to, in its absolute discretion, waive compliance with any provision of the Terms and Conditions, amend or vary the Terms and Conditions and suspend, withdraw, or terminate the SPP, at any time. Any such waiver, amendment, variation, suspension, withdrawal, or termination will be binding on all Eligible Shareholders. SmartPay will notify NZX if it does so waive, amend, or vary the Terms and Conditions or suspend, withdraw, or terminate the SPP.
- 11.2 SmartPay reserves the right to waive compliance with any provision of these Terms and Conditions. If SmartPay waives compliance with any provision of these Terms and Conditions, such waiver will apply to all Eligible Shareholders.

## **12. Interpretation of Documents**

- 12.1 In the event of any conflict between these Terms and Conditions (including the Glossary) and the accompanying letter from the Chairman and Managing Director and Questions and Answers, these Terms and Conditions shall take precedence.

## **13. Governing Law**

- 13.1 These Terms and Conditions shall be governed by and construed in accordance with the laws of New Zealand.

## **14. Disputes**

- 14.1 If any dispute arises in connection with the SPP, SmartPay may settle it in any manner it thinks fit. It may do so generally or in relation to any particular participant, application, or Share. SmartPay's decision will be final and binding.

## **15. Inconsistency**

- 15.1 Unless otherwise determined by the directors of SmartPay, in the event of any inconsistency between the terms and conditions of the SPP and SmartPay's constitution, SmartPay's constitution shall prevail.

## GLOSSARY

**"Allotment Date"** means on or around 23 June 2010, unless extended.

**"Application Form"** means the personalised application form relating to the SPP that you received with this booklet, including the instructions on the reverse of the form.

**"Board"** means the board of directors of SmartPay.

**"Closing Date"** means 5.00pm on 16 June 2010, unless extended.

**"Custodian"** has the meaning given to it in clause 4.1.

**"Despatch Date"** means a date on or around 24 June 2010, unless extended.

**"Eligible Shareholder"** means a person who, at 5.00pm on the Record Date, was recorded in SmartPay's share register as being a registered holder of Shares and having an address in New Zealand, unless that person holds the relevant Shares on behalf of another person who resides outside New Zealand. For the avoidance of doubt, no U.S. Person (as defined in Regulation S under the U.S. Securities Act of 1933) will be an Eligible Shareholder.

**"Issue Price"** means the price at which the Shares will be issued pursuant to the SPP, being 3.3356 cents per Share.

**"NZX"** means NZX Limited.

**"NZSX"** means the main board equity security market operated by NZX.

**"NZX Class Waiver"** means the class waiver for all NZSX and NZAX Issuers from Listing Rule 7.3.1, granted by NZX on 30 April 2010.

**"Opening Date"** means 28 May 2010.

**"Record Date"** means 5.00pm on 21 May 2010.

**"Scaleback"** means the reduction in the amount of Shares under the SPP (compared to the dollar amount applied for) that SmartPay will undertake if it receives applications under the SPP for more than 253,741,785 Shares in aggregate.

**"Share Registrar"** means Computershare Investor Services Limited of Level 2, 159 Hurstmere Road, Takapuna, North Shore City.

**"Shares"** means ordinary shares of SmartPay Limited.

**"SPP"** means the Share Purchase Plan detailed in these Terms and Conditions.

**"SmartPay"** means SmartPay Limited, a New Zealand company with company number 304625, having its registered office at 182-190 Wairau Road, Glenfield, Auckland.

**"Terms and Conditions"** means the terms and conditions set out on pages 6 to 12 of this SPP booklet.

**"Trading Day"** means a day on which the NZSX is open for normal trading business.

## DIRECTORY

### **Registered Office**

SmartPay Limited  
182-190 Wairau Road  
Glenfield  
North Shore City 0627  
New Zealand

PO Box 100490  
North Shore Mail Centre  
North Shore City 0745

### **Legal Advisers**

Claymore Partners Limited  
Level 2, Claymore House  
63 Fort Street  
Auckland  
New Zealand

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Shortland Street  
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