

21 August 2014

Dear Shareholder

**Colorpak Limited  
Dividend Reinvestment Plan**

*This is an important notice in relation to the company's final dividend that should be read carefully as it affects any existing dividend reinvestment instructions lodged with the registry.*

On 14 August 2014 Colorpak Limited announced a final dividend for the 2013/14 financial year of 1.75 cents per share, fully franked. The Record Date for determining entitlements to the final dividend is 11 September 2014 and the dividend will be paid on 8 October 2014.

The Company advises that the Company's Dividend Reinvestment Plan (Plan) is in operation for the final fully franked dividend of 1.75 cents, under which shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. The Plan is offered at a 2.5% discount to the weighted average share price, calculated by reference to the first day on which those shares are quoted ex dividend in relation to this dividend and the following four business days.

The Board has determined that holders of Colorpak Limited ordinary shares who have a registered address in Australia or New Zealand are eligible to participate in the Plan.

Colorpak Limited invites all eligible shareholders to participate in the Plan subject to the Plan Rules. Enclosed with this letter are:

- a summary of the Plan Rules;
- a Plan election form; and
- a business reply envelope.

If you wish to participate in the Plan for the next dividend, please complete the enclosed Plan election form and return it in the enclosed reply envelope to the Company's share registry by 5.00pm Melbourne time on 12 September 2014. Applications received after this date will not be effective for the dividend payable on 8 October 2014. If your application is received prior to 5.00pm Melbourne time on 12 September 2014 and you sell your shares between the record date and the dividend payment date, then your dividend entitlement will still be satisfied in the form of new shares.

You will need to complete an election form to participate in the Plan for the next dividend whether this is the first time you want to participate in the Plan or if you have participated in the Plan in previous years. Election forms lodged in previous years will not apply to the next dividend.

Please call Link Market Services Limited on +61 1300 554 474 if you require any assistance in completing the election form.

Shareholders electing to participate in the Plan should consider their own personal circumstances, including seeking advice from their financial or other adviser and read the summary of the Plan Rules enclosed with this invitation. The summary contains information on the Plan including:

- how shareholders can access the Plan; and
- the effect of sales and purchases on Plan participation.

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Colorpak Limited | ACN 107 485 898 | ABN 56 107 485 898 | [colorpak.com.au](http://colorpak.com.au)



To the extent that shareholders do not participate in the Plan, then two of the Company's existing institutional shareholders have agreed to take up those entitlements so that shares will be issued to the full extent of the dividend declared.

A full copy of the Plan Rules is available from the Company's website at <http://www.colorpak.com.au/dividends>.

Yours sincerely



Geoff Willis  
**Chairman**

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**Colorpak Limited** (ABN 56 107 485 898)  
**Dividend Reinvestment Plan (Plan)**

## **Summary of Plan rules**

**Purpose:** The purpose of the Plan is to provide shareholders with the option of applying dividends declared by the company as a subscription for fully paid ordinary shares rather than receiving those dividends directly in cash.

**Eligibility:** All holders of ordinary shares whose address in the company's share register is in Australia or a jurisdiction in which the company is satisfied that the offer and issue of shares under the DRP is lawful and practicable are eligible to participate in the Plan. The Directors may determine that a shareholder or class of shareholders are not eligible to participate if they are, or hold shares on behalf of other persons who are, resident outside of Australia or such other jurisdiction as may be determined by the Directors.

**Participation:** Eligible shareholders may elect to participate in the Plan in respect of a proportion of their holding and, subject to the terms of the Plan, may vary the level of participation or withdraw from the Plan at any time. Any shareholder who elects partial participation must nominate a proportion of shares registered in their name from time to time (including shares issued pursuant to the Plan or otherwise acquired after commencement of participation) to participate in the Plan. The Directors may at any time with written notice to participating shareholders limit the number of shares that may participate.

**Applications to participate:** To participate in the Plan eligible shareholders must complete the Reinvestment Plan Application or Variation and return it to the company's share registry. A separate notice must be lodged for each shareholding account. Participation in the Plan will commence with the first dividend payment after receipt by the company of the Reinvestment Plan Application or Variation, provided it is received no later than one business day after the record date for that dividend. The Reinvestment Plan Application or Variation will also operate for all future Dividends in respect of which the Plan operates, unless superseded by a Reinvestment Plan Application or Variation or the participant has ceased to participate in the Plan.

**Variation of level of participation or withdrawal from the Plan:** Participating shareholders may vary the level of participation or withdraw from the Plan at any time by completing a Reinvestment Plan Application or Variation and returning it to the share registry. The variation or withdrawal will be effective for a dividend if the Reinvestment Plan Application or Variation is received no later than one business day after the record date for that dividend. Participating shareholders that sell their eligible shares, with the sale registered on or after the record date for a particular dividend (but prior to the dividend payment date), will still receive that dividend in the form of new shares and will then cease to participate in the Plan.

**Entitlement:** Participating shareholders will be entitled on each dividend payment to be issued the nearest whole number of ordinary shares (rounding up or down to the nearest whole number) which the cash dividend on Plan Shares in the relevant shareholding account would acquire at the issue price. Participating shareholders will not be entitled to any fractional entitlement to any shares nor to receive payment of any residual cash balance in respect of any amount rounded down.

**Issue price of Plan Shares:** Shares allotted under the Plan will be issued at the weighted average market price of ordinary shares of the company sold on the ASX during a period determined by the company of not less than 5 trading days commencing before or after the relevant record date, less any applicable discount.

**Costs:** The issue of shares under the Plan will not be subject to brokerage, commissions, stamp duty or other transaction costs. All administrative costs will be met by the company.

**Ranking of Plan Shares:** Shares issued under the Plan will rank equally in every respect with the company's existing issued fully paid ordinary shares and will participate in all dividends subsequently declared or paid.

**Plan records:** Shareholders participating in the Plan will receive a statement for each shareholding account at the time of each dividend payment showing full details of the amount of dividend entitlement, the issue price and the number of shares issued.

**Sale of shares:** Shareholders participating in the Plan may sell any of their shares, including shares participating in the Plan or issued under the Plan, at any time. Participating shareholders who have elected partial participation will continue to participate on the same proportionate basis following the sale of such shares.

**Stock Exchange listing:** Application will be made for all shares allotted under the Plan to be quoted on the Australian Securities Exchange (ASX).

**Taxation:** The following comments are an overview only of some of the possible tax consequences of participating in the Plan and only apply to shareholders who hold their shares on capital account and who are Australian residents for tax purposes.

It does not purport to be a complete analysis and does not apply to shareholders who hold their shares on income account. Nor does it apply to shareholders that may be subject to special tax rules such as banks, insurance companies, tax exempt organisations, superannuation funds or dealers in securities. Shareholders should seek their own tax advice, which takes into account their personal circumstances.

#### *Taxation of Dividends*

Cash dividends applied to acquire shares under the Plan normally form part of a shareholder's assessable income in the same manner as if paid to the shareholder.

Under the dividend imputation system, if the dividend is fully franked or partly franked, the shareholder may be entitled to a tax offset (or refund of tax). In this case, the shareholder will generally need to include in their assessable income the amount of any franking credits in addition to the cash dividend paid. Generally, the tax offset will be equal to the amount of the franking credits included in their assessable income.

There are circumstances where a shareholder may not be entitled to the benefit of franking credits. The application of these rules depends on the shareholder's own circumstances including the period for which the shares are held and the extent to which the shareholder is "at risk" in relation to their shareholding.

If the tax offset to which an Australian resident individual shareholder or certain other entities is entitled exceeds their tax liability for the year the dividend is paid, these "excess credits" may be refunded to the shareholder by the Australian Taxation Office.

#### *Shares: capital gains tax on later sale*

Shares issued under the Plan are likely to be subject to Australia's capital gains provisions when sold by the shareholder.

For capital gains tax purposes, the cost base of a share issued under the Plan to the shareholder will include the amount of the cash dividend applied on their behalf to acquire the share under the Plan.

The time of acquisition of the shares by the shareholder will be the time the shares are issued. This is relevant to whether the shareholder qualifies for a discount capital gain exemption for a gain made on a subsequent sale of the shares.

That is, if the shareholder is an individual (or, in some cases, a trustee) or a complying superannuation entity and realises a capital gain on the disposal, the shareholder may qualify for the discount capital gains tax exemption. A 50% exemption may apply for individuals and some trustees; a one-third exemption may apply for a complying superannuation entity. The exemption will generally only apply if the shareholder has held their shares for at least 12 months prior to the disposal for capital gains tax purposes.

**Modification and termination of the Plan:** The Plan may be varied, suspended or terminated by the Directors of the company at any time by giving participants written notice on the Company's website and to the ASX as provided in the Plan Rules.



X99999999999

**A REINVESTMENT PLAN APPLICATION OR VARIATION**

Please use a BLACK pen. Print CAPITAL letters inside the shaded areas.

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| 1 | 2 | 3 |
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Where a choice is required, mark the box with an 'X'

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| X |
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This form is to be completed where the securityholder wishes to have their payments reinvested under the rules of the Reinvestment Plan.

I/We being the above named holder of registered securities wish to participate in the Plan as indicated below.

I/We authorise the application of the payment to me/us with respect to the number of securities participating in the Plan at the price and subject to the rules of the Plan.

I/We hereby agree to be bound by the rules of the Plan in subscribing for additional securities.

I/We acknowledge that I/we may vary or cancel my/our participation in the Plan, in accordance with the rules of the Plan. This will cancel any earlier Plan instructions and take priority over any direct credit instructions.

Degree of Participation (cross appropriate box):

|                          |                           |                                       |
|--------------------------|---------------------------|---------------------------------------|
| <input type="checkbox"/> | <b>FULL PARTICIPATION</b> | – Including any further acquisitions. |
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or

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|--------------------------|------------------------------|--|--|--|--|--|--|--|--|--|
| <input type="checkbox"/> | <b>PARTIAL PARTICIPATION</b> | – Please specify the number of securities to participate in the Plan   |  |  |  |  |  |  |  |  |
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or

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| <input type="checkbox"/> | <b>CANCEL PARTICIPATION</b> | – If you wish to cancel your Plan participation. |
|--------------------------|-----------------------------|--|

**B SIGNATURE(S) OF SECURITYHOLDER(S) – THIS MUST BE COMPLETED**

Securityholder 1 (Individual)

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|--|

Sole Director and Sole Company Secretary/Director (delete one)

Joint Securityholder 2 (Individual)

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Director/Company Secretary (delete one)

Joint Securityholder 3 (Individual)

|  |
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|  |
|--|

Date \_\_\_\_/\_\_\_\_/\_\_\_\_

**Signing Instructions:** This form should be signed by the securityholder. If a joint holding, all securityholders should sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth) (or for New Zealand companies, the *Companies Act 1993*).

**Personal Information Collection Notification Statement:** Link Group advises that personal information it holds about you (including your name, address, date of birth and details of the financial assets) is collected by Link Group organisations to administer your investment. Personal information is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. Some or all of your personal information may be disclosed to contracted third parties, or related Link Group companies in Australia and overseas. Your information may also be disclosed to Australian government agencies, law enforcement agencies and regulators, or as required under other Australian law, contract, and court or tribunal order. For further details about our personal information handling practices, including how you may access and correct your personal information and raise privacy concerns, visit our website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

