

YOUR CHOICES

Either: *Reinvest your dividends in further Cynotech Holdings' shares*

Participation Notice

Please complete the Participation Notice enclosed with this Offer Document if you wish to reinvest the dividends on all or some of your Cynotech Holdings shares in further shares.

If you participate, on each dividend payment date you will be sent a statement detailing your dividend entitlement and the number of additional shares issued to you under the Plan.

Written notice must be given to the Cynotech Holdings' Share Registry if you wish to vary your participation in the Plan in future.

Level of Participation

You can elect full or partial participation in the Plan. If you tick the Full Participation box in the Participation Notice, this will cover your current shareholding, any future shares you purchase, and any shares allocated to you under the Plan.

If you wish to participate only in respect of some of your shares, tick the Partial Participation box and write that number of shares in the space provided. Partial participation in the Plan means that the rules of the Plan will apply only to the number of shares nominated by you now (or such lesser number as are registered in your name from time to time), until you notify Cynotech Holdings, Share Registry in writing of a variation or you sell your total shareholding. If you wish to partially participate in the Plan, you must nominate a minimum of 1,000 shares.

Or: *Continue to receive dividends by cheque or direct credit*

If you wish to continue to receive future dividends by cheque or direct credit, do not return the Participation Notice.

If at a later date you decide that you wish to participate, simply complete the Participation Notice and return it to Cynotech Holdings' Share Registry.

GENERAL FEATURES

Flexibility

Participation is optional. You can join, withdraw or vary your level of participation in the Plan at any time by advising Cynotech Holdings' Share Registry in writing. If your notice of participation is received on a date after a Record Date for a dividend, the notice will not be effective for that dividend. Your notice will take effect on the day following the payment date. Otherwise your notice will take effect immediately.

You can still sell your shares at any time. Participation in the plan does not affect this.

Share Price

The share price for reinvestment purposes is calculated as set out in the Rules of the Plan on pages 2-6. The price is based on a 12.5 percent discount to the volume weighted average sale price for the shares sold on the NZAX on each of the first five days following the date when the board of Cynotech Holdings has determined entitlements to dividends (the Record Date).

Costs

There are no costs to participate. You will not be charged brokerage or commission costs for any shares issued under the Plan.

Changes or cancellation to the plan

Cynotech Holdings can change, suspend or cancel the Plan. If this happens, notice will be given to all participants. If the Board changes the Rules of the Plan, that notice must be given in time for participants to withdraw from the Plan or change the number of their shares to which the Plan relates, before the next dividend is struck.

Tax

Under New Zealand tax law at the date this document was prepared, generally the position in respect of a dividend reinvested in shares is the same as that for a dividend taken in cash. Cynotech Holdings will provide details of the dividend, taxes withheld and credits available so that you can complete your tax return. You should contact your professional tax adviser if you have any questions or if you require more information about your tax position.

RULES OF THE PLAN

Introduction

1. The dividend reinvestment plan enables shareholders to invest the cash dividend payable on all or any of their shares to acquire additional shares. The additional shares acquired will be fully paid shares. The rules of the plan as determined by the board of directors are set out below.
2. Words defined on page 6 of this offer document have the same meaning in these rules.

Participation in the plan

3. Participation in the plan is optional and open to all shareholders. Participation may be varied or terminated at any time, subject to the restrictions and procedures provided for in these rules.
4. Each shareholder to whom an invitation is made to participate in the plan will be given a reasonable opportunity to accept the invitation.
5. Shares acquired by a shareholder under the plan will be acquired on the rules set out in this offer document and subject to the same rights as shares acquired by all other shareholders participating in the plan.
6. Shareholders not participating in the plan will receive their dividends by cheque or direct credit.

Participation notice

7. Election to participate in the plan must be made on the Participation Notice enclosed with this offer document.
8. Participation will be effective for dividends payable in relation to the first Record Date after receipt by Cynotech Holdings of a correctly completed Participation Notice.

Level of participation

9. Participation may be either full or partial.
10. In the case of full participation in the plan, these rules will apply to the dividends payable in respect of all the shares from time to time registered in the participant's name.
11. Partial participation applies only to the dividends in respect of the number of shares nominated by the participant in a Participation Notice or such lesser number of shares as may be registered from time to time in the participants' names at the relevant Record Date. The number nominated must be a minimum of 1,000 shares.

12. If the Participation Notice does not indicate the degree of participation, it will be treated as an application for full participation if it is otherwise correctly completed and signed.
13. A Participation Notice will not attach to the shares in respect of which it has been given, but will be personal to the shareholder giving it.
14. Any shares over which Cynotech Holdings has a lien or a charge in terms of its Constitution or other requirements of law will not be eligible to participate in the plan whilst the lien or charge subsists.

Operation of the plan

15. Cynotech Holdings will apply the cash dividend that is available for payment in respect of each participant's participating shares at the Record Date as payment for the shares acquired by the participant under the plan. The number of such shares will be calculated in terms of clauses **18** to **21** of these rules.
16. The board will, on the day that a participant would otherwise have been paid a cash dividend on participating shares, make the acquired shares available to the participant.
17. Shares acquired by the participant under the plan will be issued on the terms disclosed in these rules and will, from the date of acquisition, rank equally in all respects with all other fully paid shares.
18. The number of fully paid shares to be acquired by a participant under the plan will be calculated in accordance with the following formula:

$$N = \frac{PS \times D}{87.5\% \times P}$$

where:

- N = the number of shares to be acquired
- PS = the number of participating shares registered in the name of the participant at the record date
- D = the net cash dividend per share which would otherwise have been payable to the participant in relation to the participating shares
- P = The volume weighted average sale price for fully paid shares in Cynotech Holdings (expressed in cents and decimals of cents) sold on the NZAX on each of the first five business days immediately following the record date (which price may be adjusted at the discretion of the Board as set out in clause **20**).

19. If there are no sales of shares during that period, the weighted average sale price will be treated as the sale price for a share on the first sale on the NZAX which takes place after that period.
20. Any weighted average sale price may be reasonably adjusted by the board to allow for any bonus or dividend or other distribution expectation. If in the board's opinion, any exceptional or unusual circumstances have affected the weighted average sale price (including large or unusual trades on or off market), the Board may make such adjustment to the sale price as it considers reasonable.
21. Where the number of shares to be issued is not a whole number, the number of shares to be acquired by a participant will be rounded down to the nearest whole number.
22. At the time the price for the shares is set, Cynotech Holdings will ensure that it has no information that is not publicly available and that would, or would be likely to, have a material adverse effect on the realisable price of the shares if they were publicly available.

Statements to participants

23. Cynotech Holdings will send to each participant, on each dividend payment date, a statement detailing in respect of that participant:
- the number of participating shares as at the relevant Record Date
 - the amount of cash dividend and the amount paid in respect of participating shares and non-participating shares (if applicable)
 - the amount of any taxation deduction
 - the number of shares acquired under the plan
 - advice as to the amount of any taxation credits.

No costs to participants

24. No brokerage or commission costs will be payable by a participant in respect of the acquisition of shares under the plan.

Source of shares

25. Shares to be acquired by participants under the plan may, at the board's discretion, be:
- new shares issued by Cynotech Holdings or
 - existing shares acquired by Cynotech Holdings or a nominee or agent of Cynotech Holdings, or
 - any combination of the above.

Variation or termination of participation

26. A participant may, at any time, by giving written notice to Cynotech Holdings' Share Registry:
- increase or, subject to these rules, decrease the number of their shares which participate in the plan, or
 - terminate participation in the plan.
27. Such alteration or termination will take effect immediately upon receipt by Cynotech Holdings of the written notice. Except that any notice received between a record date and the corresponding payment date will take effect on the day following such payment date.
28. If a participant dies, participation in respect of their shares will be terminated by receipt by Cynotech Holdings' Share Registry of a notice of death in a form acceptable to Cynotech Holdings. Death of one of two or more joint holders will not automatically terminate participation.

Reduction of participation where no notice is given

29. Where a participant with partial participation disposes of part of his or her holding of shares then, unless the participant advises Cynotech Holdings otherwise:
- the shares disposed of will be deemed to be shares not participating in the plan from the date Cynotech Holdings registers a transfer of such shares, and
 - if the number of shares disposed of is more than the number of participant's shares not participating in the plan, the balance will be attributed to shares participating in the plan.

The Board's discretion

30. The board may at any time in its sole discretion resolve:
- that participation in the plan will not apply to the whole or part of any dividend and that the dividend, or the balance of the dividend (as the case may be), will be paid in cash;
 - that a participation notice will cease to be of any effect;

- that the plan be modified, suspended or terminated. If the plan is modified, a Participation Notice will be deemed to be a participation notice under the plan as modified unless such Participation Notice is subsequently changed or withdrawn by the participant;
- if shares are subdivided, consolidated or reclassified into one or more new classes of shares, a Participation Notice will be treated as a Participation Notice in respect of the shares as subdivided, consolidated or reclassified unless such participation notice is subsequently changed or withdrawn by the participant.

31. The Board cannot terminate or modify the Plan during the period commencing on a date 21 days before a record date and ending on the day of payment of the dividend relating to that record date.
32. Notice of any modification or termination will be given to all participants.

Administration and disputes

33. The board has absolute discretion to:
- resolve any disputes concerning the plan as it considers appropriate
 - adopt any administrative procedures it considers appropriate
 - delegate to any one or more persons the exercise of any of its powers or discretions in relation to the plan.

Applicable law

34. The plan, its operation and these rules will be governed by the laws of New Zealand.

Stock Exchange listing

35. Cynotech Holdings will apply for quotation on the NZAX of shares which are issued under the plan. It is expected that those shares will be quoted upon completion of allotment procedures. However, NZX accepts no responsibility for any statement in this offer document.

Available information

36. A copy of Cynotech Holdings's most recent annual report and financial statements complying with the Financial Reporting Act 1993 are available to every shareholder free of charge on request from:

Cynotech Holdings Limited
Level 4, 187 Broadway
Newmarket
Auckland
PO Box 9846
Newmarket
Auckland

Cynotech Holdings Share Registry Address

37. Link Market Services Limited
113 Tancred Street
Ashburton 8300
PO Box 384
Ashburton

Tax considerations

38. Neither Cynotech Holdings nor its directors, officers, employees, representatives or agents:

- take any responsibility for the taxation liabilities of participants or any consequences of such liabilities; or
- represent that a participant will gain any taxation advantage or will not incur any taxation disadvantage as a result of participation in the plan.

Definitions

The following words have these meanings in this offer document:

‘board’ means the board of directors of Cynotech Holdings.

‘cash dividend’ means the dividend payable excluding any imputation credits and after the deduction by Cynotech Holdings of any resident withholding tax or non-resident withholding tax.

‘Cynotech Holdings’ means Cynotech Holdings Limited.

‘NZAX’ means the alternative share market operated by NZX.

‘NZX’ means New Zealand Exchange Limited

‘participant’ means any eligible holder of shares who has completed (and has not withdrawn) a participation notice which has been accepted by the board.

‘participating share’ means a share registered in the name of a participant, which is subject to the plan.

‘Participation Notice’ means a participation notice accompanying this offer document as approved by the board.

‘plan’ means the Cynotech Holdings’ dividend reinvestment plan established by the board pursuant to Cynotech Holdings’ constitution on the terms set out in this offer document as amended from time to time.

‘Record Date’ means 5pm on the date fixed by the board for determining entitlement to dividend.

‘shareholders’ means the holders of shares.

‘shares’ means any shares of Cynotech Holdings.