

Supplementary Prospectus

SmartTrans Holdings Limited
ACN 009 065 650

This Supplementary Prospectus is dated 10 June 2015 and was lodged with ASIC pursuant to Section 719(1) of the *Corporations Act* on 10 June 2015. The ASIC takes no responsibility as to the contents of this Supplementary Prospectus. This Supplementary Prospectus is important and shall be read together with the contents of the Prospectus of SmartTrans Holdings Limited (**SmartTrans** or the **Company**) dated 15 May 2015 (**Prospectus**). If you are in any doubt as to the contents of this document, you should consult your sharebroker, solicitor, banker or accountant without delay. Terms used in this Supplementary Prospectus shall have the same meaning as ascribed to them in the Prospectus.

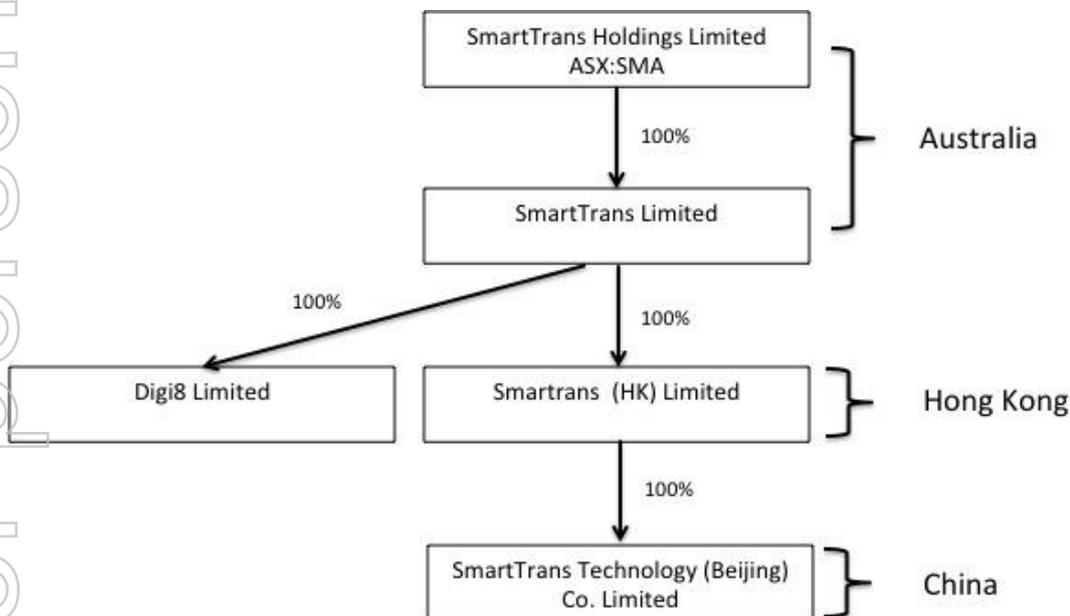
Additional Disclosure

The Directors wish to provide the following additional disclosure to investors in respect of the Offer.

1. Corporate structure update

The Company advises that it now owns 100% of Digi8 Limited (**Digi8**) having acquired the 50% interest formerly held by Magna Fortis Pty Limited for the nominal sum of \$1.

As previously announced (17 February 2012) Digi8 was established to enable SmartTrans and Magna Fortis to jointly contribute marketing funds towards certain of the SmartTrans group's online mobile products but it has not done so for about 12 months. The Company is assessing the optimal use for Digi8 and in the meantime the current corporate structure of the SmartTrans group is as follows:



As shown above, and as previously disclosed to the ASX, the Company's business and operations in China is conducted through its wholly owned subsidiary, SmartTrans Technology (Beijing) Co Ltd (**SmartTrans Beijing**). For clarity, it is noted that the income derived from its operations in China is received by SmartTrans Beijing.

SmartTrans Beijing is registered as a wholly foreign owned entity (**WFOE**) in China. A WFOE is a limited liability company wholly owned by foreign investors. The advantages of incorporating a WFOE, compared with other types of enterprises, include, but are not limited to:

- (a) independence and freedom to implement the strategies of its parent company;

- (b) ability to formally carry out business rather than just function as a representative office and being able to issue invoices to their customers in RMB and receive revenues in RMB;
- (c) capability of converting RMB profits to foreign currency for remittance to its parent company outside of China;
- (d) protection of intellectual property;
- (e) control of human resources; and
- (f) greater efficiency in operations, management and future development.

Under PRC law, a foreign investment enterprise, including a WFOE, can, after following applicable procedures and paying applicable PRC taxes, remit profits out of China by declaration of dividends and can repatriate funds by various other means including repayment of loans, payment of interest on loans, payment of service fees and payment of royalties. While no specific arrangements are currently in place, SmartTrans Beijing's current intention is to repatriate funds/profits (as and when available) via intercompany loans and may also establish and pay service fees, royalties and software licence fees to the Company or the Company's Australian or Hong Kong registered subsidiaries to be determined by the Company having regard to prevailing circumstances and preferential tax treatment considerations at the time of such repatriation.

In relation to a WFOE:

- (a) It can distribute dividends (if any) from its after-tax profits in compliance with applicable Chinese accounting standards and rules and regulations. A WFOE is required to preserve a minimum of 10% of its after-tax profits each year as a reserve fund, until the cumulative reserve fund amounts to 50% of its registered capital. Currently, SmartTrans Beijing's registered capital is CNY600,000 (approximately AUD125,000); this may be increased in certain circumstances either voluntarily by the Company or where required by regulation. The Company periodically reviews the registered capital of SmartTrans Beijing having regard to the commercial advantage of a larger registered capital balanced against the restrictions on distribution of profits noted above.
- (b) The Chinese currency, Renminbi, is generally freely convertible for dividend payments or loan repayments. Where a WFOE wishes to convert currency (for example from Renminbi to Hong Kong dollars for the payment of dividends to SmartTrans (HK) Limited), then, subject to payment of tax on the dividends, it may withdraw the funds from foreign exchange accounts maintained with designated banks.
- (c) The approval of the State Administration of Foreign Exchange (SAFE) is required for certain foreign exchange transactions such as capital transfers, direct investments, investments in securities, derivative services and loans.

The Company's intention for the time being is for SmartTrans Beijing to re-invest the revenue it earns into additional marketing of online mobile products or other opportunities that may arise in China such as the development of other software and logistics products.

The amount of revenue to ultimately be transferred (repatriated) out of China will depend upon the normal exigencies of business but it is the ultimate goal of the Directors to create value for shareholders by way of dividends. As noted in the Prospectus, however, there can be no guarantee of the generation, or timing, of sufficient profits to enable dividends to be paid.

Whilst the Directors believe that there are compelling reasons to invest in SmartTrans, an investment does carry risks, including those highlighted in Section 6.5 of the Prospectus, and these risks should be carefully considered before applying for Shares under the Offer.

This Supplementary Prospectus has been signed by a Director of **SmartTrans Holdings Limited ACN 009 065 650** with the authority of each of the Directors and is dated 10 June 2015.

– ENDS –

<p>Further information please contact: Bryan Carr Managing Director AUST: +61 412 111 968</p>	<p>About SmartTrans <i>SmartTrans Holdings Limited (ASX: SMA) is a leading Australian technology and software provider that has developed a mobile and online billing and payment platform for the China market. The company has agreements in place with China Mobile, China Unicom, China Telecom CMPay, UnionPay and</i></p>
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Alipay. With the growing use of the smartphone as a billing device in China, the company is experiencing significant uptake of its technology in that market. SmartTrans has also developed cutting-edge proprietary logistics software which is used by some of Australia's leading blue-chip organisations who have long term contracts in place with the company. SmartTrans is assessing growth opportunities for its logistic offering in China to complement its mobile and online payments platform.

<http://www.smarttrans.com.au> SMA

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