



4 May 2012

## ANNOUNCEMENT

### Chairman's Script – 2012 EGM

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It is my pleasure to declare open this Extraordinary General Meeting of Capilano Honey Limited, and welcome everyone present.

#### **Resolution 1 – Amend Constitution**

The Resolution is a special resolution to amend the Company's constitution in respect of CBL's right to appoint directors to the board of CHL in the event that CHL's main business operations or undertaking ceases to be involved in the honey business, or CHL ceases to be supplied honey by beekeepers represented by CBL.

#### ***Background***

CHL intends to apply for listing on the Australian Securities Exchange ('ASX').

The exchange on which CHL is currently listed, the Bendigo Stock Exchange ('BSX') will no longer be available to CHL from 1 July 2012, necessitating either a move to a new exchange or a delisting.

ASX has determined that CHL's constitution contains a provision which in its present form makes CHL unsuitable for listing on that exchange. ASX has indicated that, while CHL remains in the honey business and continues to source honey from beekeepers represented by CBL, the provision enabling CBL to appoint two directors to the board of CHL is acceptable. However, ASX's view is that if CHL's main business operations or undertaking ceases to be involved in the honey business or CHL otherwise ceases to source honey from the CBL Beekeepers, the continued operation of CBL's appointment rights is unacceptable.

CHL has no plans to exit the honey business or to cease sourcing honey from CBL Beekeepers.

#### ***What are the reasons for this proposal?***

As discussed above, the reason for the proposed amendments to CHL's constitution is to facilitate the listing of CHL on the ASX.

#### ***What are the proposed changes?***

There are no proposed changes to the existing honey supply agreements between CHL and its supplier shareholders.

The Resolution is to approve the amendment of the constitution of CHL to remove CBL's director appointment rights if CHL's main business operations or undertaking ceases to be involved in the honey business or CHL ceases to source honey from CBL Beekeepers.

Details of all the proposed changes and their effect were set out in the table in Annexure A of the Notice of Meeting.

#### ***Advantages and disadvantages for members***

As discussed above, the main advantage for members of the proposal is the removal of an impediment to the listing of CHL on the ASX. CHL believes that moving CHL's listing to ASX is the best option.

Advantages from being listed on the ASX relate to enhancing the prospect of an increase in share price through increased level of broker promotion and support, ease of transactions through on-line and electronic trading, increased level of information about the company and increased level of visibility.

CHL does not believe there are any material disadvantages for members flowing from the proposed amendments.

The directors unanimously believe that the proposed changes to CHL's constitution are in the best interests of the Company and recommend that Shareholders vote in favour of the Resolution.

CBL has consented in writing to the amendments to the Company's constitution proposed in the Resolution

#### **Closure**

Ladies and Gentlemen, this brings the Extraordinary General Meeting to a close. I thank you for your attendance here today, and for your participation in the proceedings.