



# CAPILANO HONEY LIMITED

ACN 009 686 435

## Offer Document

Fully underwritten Non-Renounceable  
Pro-Rata Offer of  
1 New Share for every 10 Shares held as at the Record  
Date at an issue price of \$19.50 per New Share  
to raise up to a maximum of \$16.8 million\*

The Offer closes at **5.00 p.m. (Brisbane time)** on **Monday, 20 June 2016**

**This is an important document and requires your immediate attention.**

**This Offer Document contains important information about the Offer, and should be read in its entirety before any investment decision regarding the New Shares offered under this Offer Document is made.**

**If after reading this Offer Document, you have any questions about the Offer, you should speak to your professional adviser.**

**This Offer Document is not a prospectus and does not necessarily contain all of the information that an investor would find in a prospectus or may require before making an investment decision in relation to the Offer.**

\*Assuming Eligible Shareholders comprise all Shareholders as at the date of this Offer Document and before the costs of the Offer

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OF AMERICA**

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## Table of Contents

1.	Important Notice .....	1
2.	Timetable * .....	4
3.	Chairman's Letter .....	5
4.	Details of the Offer and Top Up Offer .....	7
5.	Action required by Shareholders .....	11
6.	Investor Presentation .....	15
7.	Risk factors.....	27
8.	Additional Information.....	30
9.	Glossary and Interpretation .....	37
10.	Corporate Directory .....	40

# Offer Document

## 1. Important Notice

This Offer Document contains an offer by Capilano Honey Limited ACN 009 686 435 (**Company**) to Eligible Shareholders of 1 New Share for every 10 Shares held as at the Record Date. It is very important that you carefully read this Offer Document in its entirety before deciding whether to invest further in the Company. In particular, you should consider the risk factors set out in **Part 7**, which could affect the financial performance of the Company and the value of the Shares. You should carefully consider all these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stock broker, lawyer or other professional adviser before deciding whether to invest.

This Offer Document does not constitute financial product advice and has been prepared without taking into account the financial objectives, financial situation or particular needs (including financial and taxation issues) of any Eligible Shareholder.

This Offer Document has been prepared by the Company and is dated 23 May 2016.

This Offer Document is not a prospectus or disclosure document under the Corporations Act and has not been lodged with ASIC. In particular, this Offer Document does not contain all the information that an investor would find in a prospectus or may require in order to make an informed investment decision regarding, or in respect of the rights and liabilities attaching to, the New Shares.

### ***Forward-looking information***

This Offer Document includes forward-looking statements that have been based on current expectations about future acts, events and circumstances. In particular, this Offer Document contains forward-looking statements regarding the Company and its current and disclosed future operations. Any statement describing a forecast, goal, expectation, intention or belief of the Company is a forward-looking statement, the achievement of which is subject to risks and uncertainties that are outside of the control of the Company. Actual events, results and outcomes could differ materially from the expectations described in such forward-looking statements. None of the Company, the Directors or any other person can assure you that any forward looking statement or implied outcome will be achieved.

### ***Disclaimer***

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Offer Document. Any information or representation in connection with the Offer that is not contained in this Offer Document may not be relied upon as having been authorised by the Company or by any of the Directors. None of the Company, the Directors or any other person warrants the future performance of the Company or the return of capital or income on any investment made under the Offer, or the amount or availability of any income derived from that investment.

In making representations in this Offer Document, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and the ASX Listing Rules, as well for certain matters that may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

### ***Restrictions on distribution of this Offer Document***

This Offer Document and the accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of New Shares in any place outside of Australia, New Zealand, Hong Kong and Singapore in which, or to any person to whom, it would be unlawful to make such an offer. The distribution of this Offer Document and the accompanying Entitlement and Acceptance Form in jurisdictions outside of Australia, New Zealand, Hong Kong and Singapore may be restricted by law and persons who come into possession of this Offer Document and the accompanying Entitlement and Acceptance Form should seek advice and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

The Offer is not extended to, and no New Shares will be issued to, Shareholders having registered addresses outside Australia, New Zealand, Hong Kong and Singapore, unless a formal written offer has been made to those Shareholders, in accordance with the legislation and regulations within such jurisdiction.

This Offer Document is not a prospectus or disclosure document under the Corporations Act and has not been, nor will it be, lodged, filed or registered with ASIC or any other regulatory authority under the securities laws of any country. It is the personal responsibility of each Applicant to ensure that it has

# Offer Document

complied with all laws of any country relevant to its Application. The return of a completed Entitlement and Acceptance Form will be taken by the Company to be a representation by the Applicant that the Applicant is an Eligible Shareholder and that its Application does not result in a breach of any applicable law.

In particular, the New Shares have not been and will not be, registered under the Securities Act or equivalent laws of any state or other jurisdiction in USA.

This Offer Document does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the USA. Neither the Entitlements nor any of the New Shares have been, or will be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the USA. Accordingly, the Entitlements may not be issued to, purchased by, or taken up or exercised by, and the New Shares may not be offered or sold to any US Person, unless such Entitlement or New Share has been registered under the Securities Act, or is offered and sold in a transaction that is exempt from, and not subject to, the registration requirements of the Securities Act and applicable securities laws of any state or other jurisdiction of USA.

Neither this Offer Document nor any other documents relating to the Offer of Entitlements or New Shares may be sent to or distributed in the USA.

Please also see **Part 8.6** below.

## ***Application for New Shares***

If you wish to apply for New Shares, you must, unless otherwise permitted by the Board in writing, either:

- complete and return to the Share Registry, the personalised Entitlement and Acceptance Form which accompanies this Offer Document along with a cheque, bank draft or money order for the appropriate Application Money in full (at \$19.50 per New Share); or
- make payment of the appropriate Application Money in full through BPAY<sup>®</sup>,

in each case by the Closing Date.

If you have not received a personalised Entitlement and Acceptance Form, please contact the Share Registry by:

- telephone: +61 1300 306 230 (toll free within Australia).

## ***Privacy disclosure***

The Company, its officers, employees, agents, contractors and third party service providers (including the Share Registry) (collectively, **Collecting Parties**) have already collected certain personal information from Eligible Shareholders. The Entitlement and Acceptance Form accompanying a hard copy of this Offer Document requires Eligible Shareholders to provide information that may be personal information for the purpose of the *Privacy Act 1988* (Cth) (**Privacy Act**) to the Collecting Parties. If an Eligible Shareholder makes an Application, the Collecting Parties may update personal information already collected or collect additional personal information about the Applicant. The personal information collected may include (but is not limited to) the Applicant's full name, date of birth, addresses and phone numbers.

The collection and management of Applicants' personal information are conducted in accordance with the Privacy Act, which governs the use of a person's personal information and sets out principles governing the ways in which organisations should treat personal information.

Personal information that the Collecting Parties collect from Applicants through their Entitlement and Acceptance Forms is used to evaluate Applications and in the case of successful Applications, to issue securities in the Company to successful Applicants and provide services and appropriate administration in relation to those Applicants' security holdings in the Company.

The Corporations Act requires that the Company include personal information about Shareholders (including name, address and details of Shares held) in its public register and disclose this personal information to ASIC. The information contained in the Company's public register must remain there even if a person ceases to be a Shareholder. Information contained in the Company's registers is also used to facilitate corporate communications (including the Company's financial results, annual report and other information that the Company may wish to communicate to its Shareholders) and for the purpose of compliance with legal and regulatory requirements.

## Offer Document

If the Collecting Parties are obliged to do so by law, an Applicant's personal information will be passed on to other parties strictly in accordance with legal requirements. Once personal information is no longer needed by the Collecting Parties, the Collecting Parties will destroy or de-identify that information.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Collecting Parties may:

- use the personal information provided by the relevant Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Company and its related bodies corporate, agents, contractors and third party service providers, including the Share Registry, mailing houses and professional advisers and to ASIC and other regulatory authorities; and
- disclose the relevant Applicant's personal information to recipients both in Australia and other jurisdictions for the purposes set out in this privacy disclosure statement, or as otherwise required by law.

If an Applicant does not provide the information required on the Entitlement and Acceptance Form, the Collecting Parties (as relevant) may not be able to accept or process that Applicant's Application.

For further information about the Company's management of personal information, including how an Applicant may request access to or seek the correction of his or her personal information or submit a complaint or a general privacy-related query, please see the Company's Privacy Policy, which is available at [http://capilano.com.au/privacy\\_policy/](http://capilano.com.au/privacy_policy/).

### ***Defined terms***

Capitalised terms used in this Offer Document are defined in **Part 9 Glossary and Interpretation**.

# Offer Document

## 2. Timetable \*

Event	Anticipated Date*
Announcement of Offer and lodgement of Appendix 3B and Offer Document with ASX	<b>Monday, 23 May 2016</b>
Notice of Offer sent to Shareholders	<b>Tuesday, 24 May 2016</b>
Shares quoted on an “ex-rights” basis**	<b>Wednesday, 25 May 2016</b>
Record date for determining eligibility of Shareholders to participate under the Offer	<b>Thursday, 26 May 2016 7.00 p.m. (Brisbane time)</b>
Offer Document and Entitlement and Acceptance Forms dispatched to Eligible Shareholders	<b>Tuesday, 31 May 2016</b>
Last date to extend the Closing Date	<b>Pre-open on Wednesday, 15 June 2016</b>
Closing Date	<b>Monday, 20 June 2016 5.00 p.m. (Brisbane time)</b>
Expected commencement of trading of New Shares on a deferred settlement basis on ASX	<b>Tuesday, 21 June 2016</b>
Notify ASX of under subscriptions (if any)	<b>Thursday, 23 June 2016</b>
New Shares (including Additional New Shares) are issued, shareholder holding statements dispatched and deferred settlement trading ends	<b>Monday, 27 June 2016</b>
Normal trading of New Shares commences	<b>Tuesday, 28 June 2016</b>

\* These dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable laws, to vary any of the dates relating to the Offer, including extending the Closing Date or accepting Applications after the Closing Date, either generally or in particular cases, with the consent of the Underwriters. However, all Applicants are encouraged to submit their Application as soon as possible. Any extension of the Closing Date will have a consequential effect on the date of issue of the New Shares. Neither the Offer nor the Top Up Offer requires the approval of Shareholders.

Any material changes to the above timetable will be announced by the Company on its ASX announcements platform. The Company’s announcements are accessible from ASX’s website at [www.asx.com.au](http://www.asx.com.au) under the code “CZZ”.

\*\* Shares commence trading without the right to participate in the Offer.

# Offer Document

## 3. Chairman's Letter

Dear fellow Shareholder,

On behalf of the Board, I am pleased to invite you to participate in a pro-rata non-renounceable rights issue by the Company to raise up to a maximum of \$16.8 million (before associated costs) (**Offer**). The Offer is fully-underwritten by Canaccord Genuity (Australia) Limited (ACN 075 071 466) and Morgans Corporate Limited (ACN 010 539 607) (collectively, **Underwriters**)

### ***Details of the Offer***

All Shareholders registered as at 7.00 p.m. (Brisbane time) on Thursday, 26 May 2016 (**Record Date**) and who have a registered address in Australia, New Zealand, Hong Kong or Singapore, will be entitled to subscribe for 1 fully-paid ordinary share in the Company (**New Share**) for every 10 Shares that they hold as at the Record Date (with all Entitlements to be rounded up to the nearest whole New Share).

Shareholders who have exercised their Entitlements in full are further invited to subscribe for Shortfall Shares, to the extent there are any Shortfall Shares after acceptances of the Offer. Subject to the terms of the Top Up Offer (see **Part 4.3** for details), all Additional New Shares will be allocated at the discretion of the Board.

All New Shares not subscribed for under the Offer or the Top Up Offer will be taken up by the Underwriters (or any sub-underwriters engaged by the Underwriters in consultation with the Board).

The price payable on application for each New Share is \$19.50, which represents:

- a 7.0% discount to the Company's theoretical ex rights price;
- a 7.7% discount to the closing price of Shares on the ASX on 18 May 2016, being the trading day immediately prior to the Company entering into a trading halt in connection with the announcement of the Offer (**Last Trading Day**);
- a 11.3% discount to the VWAP of Shares traded on the ASX in respect of the 15 consecutive trading days up to and including the Last Trading Day; and
- a 9.5% discount to the VWAP of Shares traded on the ASX in respect of the 30 consecutive trading days up to and including the Last Trading Day.

The Offer is currently scheduled to close at 5.00 p.m. (Brisbane time) on Monday, 20 June 2016. Any variation of the Closing Date will be announced by the Company on the ASX.

The Entitlements being offered under the Offer are non-renounceable. This means that your Entitlement cannot be sold and, if not taken up by the Closing Date, will lapse and be of no value.

All New Shares (including Additional New Shares) issued under this Offer Document will rank equally with existing Shares.

### ***Purpose of the Offer***

The Capital Raising strengthens both the financial and competitive position of the Company. Funds raised will be applied to:

- fund the acquisition of beekeeping enterprises;
- strengthen the balance sheet and provide flexibility for further strategic acquisitions;
- increase working capital to support continued business growth and new export market sales;
- enable capital investment in select production efficiency upgrades and new product capabilities; and
- fund a dedicated marketing budget supporting new product developments and export market growth.

Further information regarding the use of the funds raised from the issue of New Share is set out in **Part 4.9**.

### ***Actions for Shareholders***

I and my fellow Directors encourage all Eligible Shareholders to read this Offer Document in its entirety before making any decision as to whether to further invest in the Company. If you have any queries in relation to the Offer or the consequences of subscribing for New Shares in your particular circumstances, it is strongly recommend that you seek professional investment advice.

## Offer Document

If you decide to participate in the Offer, please ensure that you either:

- return your completed Entitlement and Acceptance Form, together with the appropriate Application Money in full by cheque, bank draft or money order, to the Share Registry; or
- make payment of the appropriate Application Money in full by BPAY<sup>®</sup>,

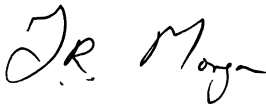
by no later than the close of the Offer, which is scheduled to occur at **5.00 p.m. (Brisbane time)** on **Monday, 20 June 2016** (unless extended at the discretion of the Board, with the consent of the Underwriters).

As a result of the Underwriting Agreement, if you decide not to exercise all or some of your Entitlement or are not eligible to participate in the Offer, it is likely that your current percentage shareholding in the Company may, as a result of the conduct of the Offer and the Top Up Offer, be diluted.

For further details on how you can deal with your Entitlement (if any), and the consequences of taking up your Entitlement or otherwise allowing your Entitlement to lapse, please refer to **Part 5**.

On behalf of the Board, I take this opportunity to thank all Shareholders for your current and future support of the Company.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Trevor R Morgan', written in a cursive style.

**Trevor R Morgan**  
Non-Executive Chairman

# Offer Document

## 4. Details of the Offer and Top Up Offer

### 4.1 The Offer

Eligible Shareholders are invited to participate in a fully-underwritten, pro-rata non-renounceable offer of New Shares to raise up to approximately \$16.8 million (before costs).

The Offer will be conducted on the basis of 1 New Share for every 10 Shares held on the Record Date – being **7.00 p.m. (Brisbane time) on Thursday, 26 May 2016** – at an Issue Price of **\$19.50 per New Share**, which is payable in full on Application. Fractional entitlements will be rounded up to the nearest whole number.

The Issue Price represents a discount of approximately:

- a 7.0% discount to the Company's theoretical ex rights price;
- a 7.7% discount to the closing price of Shares on the ASX on 18 May 2016, being the trading day immediately prior to the Company entering into a trading halt in connection with the announcement of the Offer (**Last Trading Day**);
- a 11.3% discount to the VWAP of Shares traded on the ASX in respect of the 15 consecutive trading days up to and including the Last Trading Day; and
- a 9.5% discount to the VWAP of Shares traded on the ASX in respect of the 30 consecutive trading days up to and including the Last Trading Day.

The Offer is fully underwritten by Canaccord Genuity (Australia) Limited and Morgans Corporate Limited.

### 4.2 Eligible Shareholders

This Offer Document contains an offer of New Shares to Eligible Shareholders.

**"Eligible Shareholders"** are those holders of Shares who:

- (a) are registered as a holder of Shares as at the Record Date;
- (b) have a registered address in Australia, New Zealand, Hong Kong or Singapore;
- (c) are not resident in the USA and are neither a US Person nor acting for the account or benefit of a person in the USA or who is a US Person; and
- (d) are eligible under all applicable securities laws to receive the Offer under this Offer Document.

Shareholders as at the Record Date that are not Eligible Shareholders are by definition, **"Ineligible Shareholders"**.

### 4.3 Top Up Offer and Additional New Shares

Eligible Shareholders that have fully subscribed for their Entitlements under the Offer will be able to apply for additional New Shares (**Additional New Shares**) under the Top Up Offer. Additional New Shares will be sourced from Entitlements that were not taken up under the Offer. Under the Top Up Offer, an Eligible Shareholder that takes up all of its Entitlement under the Offer, may (but will not be required to) apply for Additional New Shares at the Offer Price up to the lesser of:

- 50% of its Entitlement; and
- 200 New Shares.

# Offer Document

## **Examples**

An Eligible Shareholder holding 3,000 Shares at the Record Date and who takes up all its Entitlements (i.e. all 300 New Shares), will be permitted to also apply for 150 Additional New Shares under the Top Up Offer, they being the lesser of:

- 150 New Shares, being 50% of its Entitlement (i.e. 50% of 300); and
- 200 New Shares.

An Eligible Shareholder holding 5,000 Shares as at the Record Date and who takes up all its Entitlement (i.e. all 500 New Shares), will be permitted to also apply for 200 Additional New Shares under the Top Up Offer, they being the lesser of:

- 250 New Shares, being 50% of its Entitlement (i.e. 50% of 500); and
- 200 New Shares.

Eligible Shareholders can subscribe for Additional New Shares by completing the relevant part of the Entitlement and Acceptance Form, or by payment through BPAY®.

There is no guarantee that Eligible Shareholders will receive any or all of the number of Additional New Shares applied for. By applying for Additional New Shares, applicants under the Top Up Offer agree to:

- accept whatever lesser number of Additional New Shares than were applied for that are allotted to them; and
- accept a refund of Application Money in relation to those Additional New Shares applied for but which are not allocated, without interest.

The total number of Additional New Shares allocated and issued under the Top Up Offer will not exceed the total number of Shortfall Shares available after all acceptances of the Offer have been determined. Where Eligible Shareholders have applied for an aggregate number of Additional New Shares that exceeds the number of Shortfall Shares, the Board reserves the right to allot and issue all Additional New Shares in its absolute discretion.

To the extent that any of the Entitlements of Eligible Shareholders are not allocated as New Shares under the Offer or as Additional New Shares under the Top Up Offer, those Entitlements will be subscribed for by the Underwriters or sub-underwriters, subject to the terms of the Underwriting Agreement.

## **4.4 Ranking of New Shares**

New Shares and Additional New Shares issued under this Offer Document will rank equally with all existing Shares.

## **4.5 Withdrawal of Offer**

The Board reserves the right to withdraw all or part of the Offer (including the Top Up Offer) at any time before the issue of New Shares, in which case the Company will refund any Application Money received in respect of those New Shares that are the subject of such withdrawal, without payment of interest.

## **4.6 No cooling off rights**

Cooling off rights do not apply to an investment in New Shares. Neither an Applicant under the Offer nor under the Top Up Offer will be permitted to withdraw their Application or payment once it has been accepted, except as allowed by law.

# Offer Document

## 4.7 No Entitlements trading

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders will not receive any value in respect of those of their Entitlements that they do not take up on or before the Closing Date.

## 4.8 Minimum subscription

There is no minimum subscription for the Offer.

## 4.9 Purpose of the Offer

The subscription monies received under the Offer and the Top Up Offer will be applied to fund costs relating to the following activities.

Proposed application of proceeds of the Offer	Million \$'s *
Corporate acquisitions and related debt repayment	6.6
Capital equipment	2.9
Marketing and new product development	2.7
Working capital and offer costs	1.0
Other debt reduction	3.6
<b>Total</b>	<b>16.8 **</b>

\* All dollar amounts are approximations.

\*\* The eligibility of Shareholders to participate under the Offer will not be determined until the Record Date. As such, in calculating this figure, the Company is assuming that Eligible Shareholders comprise all Shareholders as at the date of this Offer Document.

This table is illustrative only of the Company's present intention regarding use of funds. The precise activities that will be undertaken and the precise allocation of all or any of the funds raised may change without notice depending on market conditions and circumstances generally from time to time. There is no guarantee that funds raised will be applied precisely in the manner set out above or in the amounts described.

## 4.10 Underwriting

The Offer is fully-underwritten by Canaccord Genuity (Australia) Limited and Morgans Corporate Limited (collectively, **Underwriters**), who will be paid, in aggregate:

- an underwriting commission of 2.25% of the maximum amount to be raised under the Offer (**Underwritten Amount**); and
- a management fee of 0.75% of the Underwritten Amount.

There is a possibility that, pursuant to the Underwriting Agreement, the Underwriters may acquire up to a maximum of 859,712 New Shares, which will represent a voting power in the Company of 9.1% immediately after completion of the Offer, if no Eligible Shareholder takes up any New Shares in exercise of their Entitlements or under the Top Up Offer.

In order to minimise the 'flow through' to the Underwriters of New Shares not taken up by Eligible Shareholders pursuant to their Entitlements, Eligible Shareholders are invited to subscribe for Shortfall Shares in addition to their Entitlements, under the Top Up Offer. As noted **Part 4.3**, where Eligible Shareholders have applied for an aggregate number of Additional New Shares that exceeds the number of Shortfall Shares, the Board will retain discretion as to the

## Offer Document

final determination of how the Shortfall Shares (if any) will be distributed as between Eligible Shareholders that apply for Additional New Shares. However, the Board will consult with the Underwriters in that process. Any remaining Shortfall Shares must be taken up by the Underwriters or any sub-underwriters engaged by it in consultation with the Board.

The following table illustrates the potential maximum Shareholding that the Underwriters may acquire in the Company at certain assumed levels of Shortfall Shares. As at the date of this Offer Document, and other than as provided for under the Underwriting Agreement, neither Underwriter has any relevant interest in any Shares or other securities in the Company.

Potential Shortfall	Existing Shareholders		Underwriters	
	No. of Shares held	% of Total Voting Power in CZZ	No. of Shares held	% of Total Voting Power in CZZ
0% Shortfall	9,456,833	100.00%	0	0.00%
50% Shortfall	9,026,977	95.5%	429,856	4.5%
100% Shortfall	8,597,121	90.9%	859,712	9.1%

The Underwriting Agreement is in a market standard form for transactions of this size and type and contains customary covenants, indemnities and representations and warranties by the Company and terminating events which, if any occurs, will entitle the Underwriters to terminate their underwriting obligations. A summary of the material terms and conditions of the Underwriting Agreement is set out in **Part 8.1**.

### 4.11 Participation by major shareholder

Wroxby Pty Ltd (**Wroxby**) has indicated its intention to take up its full Entitlement, which represents approximately 17.2% of all New Shares offered under the Offer, and to sub-underwrite an additional number of New Shares. Based on Wroxby's stated intent with respect to the Offer, Wroxby's relevant interest in Shares and voting power in the Company could increase to a maximum of 19.9% of the total voting power in the Company, immediately after completion of the Offer, the Top Up Offer and its sub-underwriting of the Offer.

### 4.12 Opening and Closing Date for applications

The Offer opens for acceptances on **Tuesday, 31 May 2016** and all Entitlement and Acceptance Forms and payments of Application Money must be received by no later than **5.00pm (Brisbane time) on Monday, 20 June 2016**, subject to any variation of the Closing Date by the Company effected in accordance with the Corporations Act and the ASX Listing Rules and made with the consent of the Underwriters.

### 4.13 Allotment of New Shares and ASX Quotation

It is expected that allotment of the New Shares and all Additional New Shares will take place by no later than **Monday, 27 June 2016**. However, if the Closing Date is extended, the date for allotment may also be extended.

No allotment of New Shares will be made until permission is granted for their Quotation by ASX.

## Offer Document

### 5. Action required by Shareholders

#### 5.1 What you may do — choices available

Before taking any action you should carefully read this Offer Document and the other publicly available information about the Company on its website ([www.capilano.com.au](http://www.capilano.com.au)) and carefully consider the risk factors set out in **Part 7**.

The number of New Shares to which Eligible Shareholders are entitled is shown on the Entitlement and Acceptance Form. If you are an Eligible Shareholder you may:

Alternatives	See Part(s)
Allow your Entitlement to lapse	<b>5.2</b>
Take up your Entitlement in full or in part	<b>5.3</b>
Take up your Entitlement in full and apply for Additional New Shares	<b>5.3 and 5.4</b>

#### 5.2 If you wish to allow all your Entitlement to lapse

You are not required to accept all or any part of your Entitlement under the Offer. If you wish not to exercise any part of your Entitlement:

- (a) you should do nothing further in respect of the Offer; and
- (b) upon the Closing Date, your Entitlement will lapse and be of no further value or effect.

Please note that as a result of your election not to accept any part of your Entitlement under the Offer, and assuming that the New Shares are issued upon close of the Offer, your holding of Shares will be diluted so that the proportion that those Shares represent, as a proportion of all Shares that will be issued after close of the Offer, will decrease.

#### 5.3 If you wish to accept your Entitlement in full or in part

Either:

- (a) **Pay by cheque, bank draft or money order and return your personalised Entitlement and Acceptance Form**

If you are paying for your New Shares by cheque, bank cheque, bank draft or money order, complete and return the Entitlement and Acceptance Form with your payment. The Share Registry must receive your completed Entitlement and Acceptance Form together with full payment for the number of New Shares (and, if applicable, Additional New Shares) for which you are applying, by no later than **5.00 p.m. (Brisbane time)** on the Closing Date, which is scheduled to occur on **Monday, 20 June 2016** unless varied by the Company with the consent of the Underwriters.

Your cheque, bank cheque, bank draft or money order must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. Payments in cash will not be accepted.

Cheques must be made payable to '**Capilano Honey Limited**' and crossed '**Not Negotiable**'.

You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque, your Application will be rejected. We will not re-present any dishonoured cheques.

## Offer Document

or:

### **(b) Pay by BPAY®**

If you are paying for your New Shares by BPAY®, please refer to your personalised instructions on your Entitlement and Acceptance Form.

Please note that:

- if you choose to pay by BPAY®, you do not need to complete or return your personalised Entitlement and Acceptance Form but are taken to have made the declarations on that personalised Entitlement and Acceptance Form;
- Application Monies received by the Company in excess of the Issue Price multiplied by your Entitlement (**Excess Application Money**) may be treated as an application for the maximum whole number of Additional New Shares that the Excess Application Money will pay for in full, at the Issue Price; and
- if your Application Monies received are not sufficient to pay for your Entitlement in full, you are deemed to have exercised your Entitlement in respect of the maximum whole number of New Shares that your Application Monies received will pay for in full, at the Issue Price.

When completing your BPAY® payment, please make sure that you use the specific Biller Code and unique reference number provided on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form (i.e. where you have multiple holdings), please only use the reference number specific to the Entitlement on that form. If you inadvertently use the same reference number for more than one of your Entitlements, you will be deemed to have applied only for New Shares that are the subject of the Entitlement to which the reference number applies.

You should be aware that your own bank or other financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this possibility into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® are received by no later than **5.00 p.m. (Brisbane time)** on the Closing Date, which is scheduled to occur on **Monday, 20 June 2016** unless varied by the Company with the consent of the Underwriter.

Excess Application Money that is not sufficient to subscribe for a whole number of New Shares or Additional New Shares, at the Issue Price, will be refunded to you except where that amount is less than \$2.00, in which case it will be retained by the Company. The method by which you receive the refund will be at the discretion of the Company.

No interest will be paid to Eligible Shareholders on any Application Money received or refunded.

### **5.4 Applying for Additional New Shares**

If you have applied to take up all of your Entitlement in accordance with the Offer, you may also apply for Additional New Shares, which will be sourced from Entitlements that are not taken up by Eligible Shareholders under the Offer.

If you apply for Additional Shares and your application is successful (either in whole or in part), your Additional New Shares will be issued at the same time that the New Shares are issued under the Offer. As noted in **Part 4.3**, applications for Additional New Shares will be capped at the lesser of:

- 50% of your Entitlement; and
- 200 New Shares.

## Offer Document

There is no guarantee that you will receive any or all of the Additional New Shares that you apply for, or are deemed to apply for. Where Eligible Shareholders have applied for an aggregate number of Additional New Shares that exceeds the number of Shortfall Shares, the Board reserves its right to allot and issue Additional New Shares in its absolute discretion.

### 5.5 Acceptance of the Offer and Top Up Offer

By completing, and the Company receiving, your personalised Entitlement and Acceptance Form with the requisite Application Money, or making a payment by BPAY<sup>®</sup>, you:

- (a) agree to be bound by the terms of this Offer Document and the provisions of the Company's constitution;
- (b) authorise the Company to register you as the holder(s) of the New Shares allotted to you;
- (c) declare that all details and statements made in the Entitlement and Acceptance Form are complete and accurate;
- (d) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Offer and (if applicable) the Top Up Offer;
- (e) acknowledge that once the Company receives the Entitlement and Acceptance Form or your payment by BPAY<sup>®</sup>, you may not withdraw it except as allowed by law;
- (f) agree to apply for, and be issued with up to, the number of New Shares that your payment will pay for at the Issue Price of \$19.50 per New Share;
- (g) authorise the Company and its officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including:
  - (1) to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form; and
  - (2) if the Entitlement and Acceptance Form that you have returned to the Company is not completed correctly, to, in the Board's absolute discretion, reject it or treat it as valid, either in whole or in part, and for this purpose, you acknowledge that:
    - (A) the Board's decision as to whether to accept or reject the Entitlement and Acceptance Form, either in whole or in part, or how to construe, amend or complete it, is final; and
    - (B) the Entitlement and Acceptance Form does not need to be signed to be binding;
- (h) declare that you were the registered holder(s) at the Record Date (7:00 p.m. (Brisbane time), Thursday, 26 May 2016) of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date;
- (i) acknowledge that the information contained in this Offer Document is not investment advice or a recommendation that New Shares are suitable for you, given your investment objectives, financial situation or particular needs;
- (j) represent and warrant that the law of any place (other than Australia, New Zealand, Hong Kong and Singapore) does not prohibit you from being given this Offer Document or making an application for New Shares; and
- (k) represent and warrant that you are an Eligible Shareholder and have read and understood this Offer Document and the Entitlement and Acceptance Form and that you acknowledge the matters, and make the warranties and representations and agreements contained in this Offer Document and the Entitlement and Acceptance Form.

## Offer Document

By completing, and the Company receiving, your personalised Entitlement and Acceptance Form with the requisite Application Money or making a payment by BPAY<sup>®</sup> of any or all of the requisite Application Money, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are not in or ordinarily a resident of the USA, you are not a US Person (see **Part 8.6(b)** below), including that you are not acting for the account or benefit of, a US Person, and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares;
- (b) you acknowledge that:
  - (1) your Entitlement and the New Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia, New Zealand, Hong Kong and Singapore, and accordingly
  - (2) the Entitlements may not be taken up, and the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws; and
- (c) you have not and will not send any materials relating to the Offer or the Top Up Offer to any person in the USA or that is a US Person (including any person that is acting for the account or benefit of a US Person).

### 5.6 Payment for New Shares

The Issue Price of \$19.50 per New Share is payable in full on application.

The Application Money payable if you are to exercise your Entitlement in full, is set out on your personalised Entitlement and Acceptance Form.

Application Money will be held in trust in a subscription account until allotment. Any interest earned on Application Money will be for the benefit of the Company and will be retained by the Company whether or not the allotment of New Shares takes place.

### 5.7 Address details and enquiries

Completed Entitlement and Acceptance Forms should be forwarded in the enclosed reply paid envelope to the Company's Share Registry by mail to the following address:

Capilano Honey Limited  
C/- Link Market Services Limited  
GPO Box 3560  
Sydney, NSW 2001

Please note that payment of Application Money by BPAY<sup>®</sup> does not require the return of an Entitlement and Acceptance Form. If you would like further information, please contact your stockbroker, accountant or other professional adviser.

6. Investor Presentation



Operational and Business Development Update | Capital Raising

May 2016

# Important Notices and Disclaimer



This investor presentation (Presentation) has been prepared by Capilano Honey Limited ACN 009 686 435 (Capilano) in relation to a fully underwritten non-renounceable pro-rata offer of 1 new ordinary share for every 10 ordinary shares held by eligible shareholders of Capilano to raise up to \$16.8 million (Rights Issue). The Rights Issue is made to eligible shareholders of Capilano under section 708AA of the Corporations Act 2001 (Cth) (Corporations Act) as modified by Australian Securities and Investments Commission (ASIC) Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73 in respect of the Rights Issue.

## Summary information

This Presentation contains summary information about Capilano and its activities which is current as at the date of this Presentation. The historical information in this Presentation is, or is based upon, information that has been released to the market. It should be read in conjunction with Capilano's other periodic and continuous disclosure announcements including the Capilano results for the half year ended 31 December 2015 lodged with the Australian Securities Exchange (ASX) on 5 February, 2016 and other announcements to the ASX available at [www.asx.com.au](http://www.asx.com.au).

The information contained in this Presentation is of a general nature and has been prepared by Capilano with due care. However no representation or warranty, express or implied, is provided in relation to the accuracy or completeness of the information in this Presentation.

The information in this Presentation remains subject to change without notice. Capilano reserves the right to withdraw or vary the timetable for the Rights Issue without notice.

## Not an offer or financial product advice

This Presentation is not a prospectus, disclosure document, product disclosure statement or other offering document under Australian law or under any other law. It is provided for information purposes only and is not an invitation nor offer of securities for subscription, purchase or sale in any jurisdiction. This Presentation does not constitute financial product advice and does not and will not form any part of any contract for the acquisition of Capilano shares.

This Presentation does not purport to contain all the information that a prospective investor may require in evaluating a possible investment in Capilano nor does it contain all the information which would be required in a prospectus prepared under the Corporations Act. Prospective investors should conduct their own independent investigation and assessment of the Rights Issue and the information contained in this Presentation.

This Presentation does not constitute an offer of securities for sale in the United States, or to any person that is, or is acting for the account or benefit of, any U.S. person, or in any other jurisdiction in which such an offer would be illegal. This Presentation may not be distributed or released in the United States or to, or for the account or benefit of, any U.S. Person.

The securities proposed to be offered under the Rights Issue have not been, and will not be, registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States to, or for the account or benefit of, U.S. Persons unless the securities are registered under the U.S. Securities Act or an exemption from the registration requirements of the U.S. Securities Act is available.

## Investment risk

An investment in Capilano is subject to investment risk including possible loss of income and principal invested. Capilano does not guarantee any particular rate of return, the maintenance or return of any amount subscribed or invested in connection with the acquisition of any Capilano shares, the performance of Capilano nor any particular tax treatment.

## Financial information

All dollar values stated in this Presentation are in Australian dollars (A\$) and financial data is presented as at the date stated. The pro-forma financial information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of Capilano's views on its future financial condition and/or performance.

## Forward looking statements

This Presentation contains certain "forward-looking statements". The words "anticipate", "believe", "will", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward looking statements, opinions and estimates provided in this Presentation involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Capilano, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Forward looking statements are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may vary materially for many projections because events and actual circumstances frequently do not occur as forecast and these differences may be material.

Forward looking statements are not guarantees of future performance. These statements may assume the success of Capilano's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond the control of Capilano, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward looking statements may have been prepared or otherwise.

## Disclaimer

None of the underwriters, nor any of their or Capilano's respective advisers or any of their respective affiliates, related bodies corporate, directors, officers, partners, employees and agents, have authorised, permitted or caused the issue, submission, dispatch or provision of this Presentation. Except to the extent referred to in this Presentation, none of them makes or purports to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by any of them.

To the maximum extent permitted by law, Capilano, the underwriters and their respective affiliates, related bodies corporate, directors, officers, partners, employees and agents, disclaim all liability that may otherwise arise due to any information contained in this Presentation being inaccurate or due to information being omitted from this Presentation.

# Operational and Business Development Update



## **FY 2015 and 1H FY 2016 record revenue and earnings growth achieved**

- FY 2015 revenue increase of A\$34.9m (+41% over pcp) and 1H FY 2016 revenue increase of A\$9.2m (+15% over pcp)
- NPAT up 70% in FY 2015 over pcp and up 52% in 1H FY 2016 over pcp

## **Continued operational improvement and increased product mix flexibility**

- Changes in sales mix and wholesale price flexibility supported profitability in a higher honey price environment (1H FY 2016)
- Growing export sales and continued interest in natural wholesome product range

## **Comvita Joint Venture**

- Established to secure greater Manuka honey volumes to meet growing global sales demand, particularly in high value-in-use therapeutic channels

## **Acquisitions**

- Recently acquired beekeeping enterprises and other licenced apiary sites
- Strong pipeline of potential beekeeping acquisition opportunities

## **New product development**

- Innovative “industry-first” therapeutic product to be launched in 1H FY 2017 offers health benefits beyond those of regular honey

## **FY 2016 and FY 2017 outlook**

- FY 2016 NPAT expected growth range of (YoY growth: ~18% - ~25%), supported by:
  - Continued gains in domestic market share (organically and via acquisitions) and strong export sales
  - Investment in new product development and acquisition related costs
  - Investment in sales and marketing to support international growth
- Better rainfall suggests more favourable honey supply conditions may be seen in FY 2017

## **Capital Raising**

- 1 for 10 Non-Renounceable Entitlement Offer to raise approximately A\$16.8m (“Capital Raising”)
- Funds utilised to strengthen the financial and competitive position of the Company
- The business developments are expected to be immediately EPS accretive on a post Capital Raising basis
- Capilano has declared a fully franked dividend for FY 2016 of \$0.40 per share with Record Date at 30 June 2016 (Capital Raise shares cum dividend)

# Capital Raising Overview



## 1 for 10 Non-Renounceable Entitlement Offer to raise approximately A\$16.8 million

### Background to the Capital Raising

- The Capital Raising strengthens both the financial and competitive position of the Company
  - Fund the acquisition of beekeeping enterprises
  - Strengthen the balance sheet and provide flexibility for further strategic acquisitions
  - Increase working capital to support continued business growth and new export market sales
  - Capital investment in select production efficiency upgrades and new product capabilities
  - Dedicated marketing budget supporting new product developments and export market growth

### Major shareholder support

- Capilano's largest shareholder, Wroxby Pty Ltd, member of the Australian Capital Equity group, has confirmed its intention to take up its full entitlement and sub-underwrite an additional amount that could result in a maximum total holding, if no other acceptances are received, of 19.9% post Capital Raise



# Capital Raising Details



## Entitlement Offer

Approximately A\$16.8 million to be raised through a 1 for 10 Entitlement Offer of approximately 0.86 million shares

Entitlement Offer will be made to eligible shareholders registered as at 26 May 2016

Shortfall Facility will enable shareholders to take up New Shares in excess of their pro rata entitlements (subject to the Board's discretion)

## Price

A\$19.50 per New Share represents:

- 7.0% discount to Capilano's theoretical ex rights price ("TERP");
- 7.7% discount to Capilano's closing share price on 18 May 2016, the trading day immediately prior to Capilano entering into a trading halt in connection with the Entitlement Offer;
- 11.3% discount to the 15 trading day volume weighted average price ("VWAP") of Capilano's shares ending on 18 May 2016; and
- 9.5% discount to the 30 trading day VWAP of Capilano's Shares ending on 18 May 2016

## Underwriting

The Entitlement Offer is fully underwritten by Canaccord Genuity (Australia) Limited and Morgans Corporate Limited ("Joint Lead Managers" and "Underwriters")

## Non-renounceable

Entitlement Offer is non-renounceable. Entitlements not taken up by shareholders will lapse and will have no value

## Ranking and Eligibility

New Shares issued under the Entitlement Offer will rank equally in all respects with existing ordinary shares from allotment

# Capital Raising Timetable



Key Items	Date
Trading Halt	Thu, 19 May 2016
Announcement of Entitlement Offer	Mon, 23 May 2016
Mailing of Entitlement offer details	Tue, 24 May 2016
Ex date for entitlements	Wed, 25 May 2016
Record Date for the Entitlement Offer	Thu, 26 May 2016
Entitlement Offer opens	Tue, 31 May 2016
Entitlement Offer closes	5pm Mon, 20 June 2016
Shortfall announced to ASX	Thu, 23 June 2016
Shortfall settlement	Fri, 24 June 2016
Issue of New Shares under Entitlement Offer	Mon, 27 June 2016
New Shares commence trading on ASX	Tue, 28 June 2016
Dispatch of holding statements	Tue, 28 June 2016



# Capital Raising Sources and Uses of Funds



Sources		Uses	
Capital Raising	A\$16.8m	Corporate acquisitions and related debt repayment	A\$6.6m
		Capital equipment	A\$2.9m
		Marketing and new product development	A\$2.7m
		Working capital and offer costs	A\$1.0m
		Other debt reduction	A\$3.6m
		<b>Total</b>	<b>A\$16.8m</b>



# Pro Forma Balance Sheet



A\$ '000s	31-Dec-15	Pro forma 31-Dec-15
Accounts Receivable	19,896	19,896
Inventory	32,596	32,596
Other	707	707
<b>Total Current Assets</b>	<b>53,199</b>	<b>53,199</b>
Fixed Assets	25,694	20,694
Investment/JV loan	-	4,600
Other	2,607	607
<b>Total Non Current Assets</b>	<b>28,301</b>	<b>25,901</b>
Accounts Payable	19,857	19,857
Accruals	338	338
Other	1,835	1,835
<b>Total Current Liabilities</b>	<b>22,030</b>	<b>22,030</b>
<b>Net Debt</b>	<b>20,262</b>	<b>3,429</b>
<b>Net Assets</b>	<b>39,208</b>	<b>53,641</b>
Issued Capital	8,228	24,444
Retained Earnings	26,937	25,154
Reserves	4,043	4,043
<b>Total Equity</b>	<b>39,208</b>	<b>53,641</b>

*Following the Capital Raising and the completion of the Comvita Joint Venture, Capilano will have significant financial flexibility to continue to grow in new product categories and markets, and execute further value adding acquisitions.*

*The pro forma Balance Sheet contains adjustments to reflect the:*

- *Capital Raising net of costs*
- *Debt reduction*
- *FY 2016 dividend declared on expanded equity base*
- *Comvita Joint Venture including transfer of assets and loan to the Joint Venture*
- *Recent acquisitions*



# Comvita Joint Venture



## **Production of Manuka (*Leptospermum*) honey in Australia to develop medical and natural health products**

- Beekeeping joint venture owned 50:50 by Capilano and Comvita
- Established to secure greater Manuka honey volumes to meet growing global sales demand, particularly in high value-in-use therapeutic channels
- Capilano to also enter commercial packing and supply agreement whereby it will pack some of the Comvita products in Australia

## **Joint Venture partner contributions**

- Capilano – apiaries, access to existing manufacturing and processing facilities, staff and relationships
- Comvita – cash, corporate beekeeping and product IP, therapeutic and medicinal channel distribution
- Joint – Capilano-Comvita research initiatives

**The establishment and structure of the Comvita Joint Venture allows both Capilano and Comvita to accelerate their respective growth strategies in the Manuka honey industry**



# Acquisitions



## Recent acquisitions

- Capilano has recently completed, and expects to complete acquisitions of beekeeping enterprises and other licenced apiary sites
  - Total expected consideration : ~A\$3.6m – valuations in line with earnings multiples paid for acquisitions historically
- The acquisitions represent strategic assets that:
  - Enhance Capilano's high value honey supply base, including Manuka;
  - Provide geographic diversity including a beachhead in Western Australia;
  - Have capacity to materially grow production over time; and
  - Further Capilano's strategy to attract and retain new entrants to the beekeeping industry.
- The Manuka honey acquisition completed in July 2015 is performing well and in line with Capilano's expectations

## Future acquisitions

- Capilano has a pipeline of potential beekeeping acquisition opportunities and intends to continue its strategy of acquiring strategic assets that meet its objectives



# New Product Development



## New “industry-first” product to be launched in 1H FY 2017

- An innovative therapeutic product offering health benefits extending beyond basic nutritional qualities of regular honey
- The product benefits from extensive research initiatives and is exclusive to Capilano
- This product has the potential to further grow the total domestic honey segment and Capilano’s presence in this market, and will benefit from the scale built through previous acquisitions
- The product launch will be supported by an intensive, dedicated marketing campaign
- Initial domestic focus, with significant international appeal and export potential



# Outlook

- Maintain leading domestic market share
- Utilise excess capacity to increase volumes
- Continue growth in sustainable, profitable export markets
- Pursue new research to highlight the benefits of honey, while delivering and marketing new product innovations
- Work closely with beekeepers to strengthen security of supply and working relationships
- Continued focus on quality, flavour, service and cost
- Better rainfall suggests more favourable honey supply conditions may be seen in FY 2017
- The business developments are expected to be immediately EPS accretive on a post Capital Raising basis



## 7. Risk factors

The Company's business is exposed to a variety of commercial and other risks, all of which have some potential to affect the future profitability of the Company, the market price or value of the Shares, the Company's policy with respect to dividends and the prices that the Company is able to pay Supplier Shareholders for honey supplied.

There are specific risks which relate directly to the Company's business. In addition, there are general risks to which any investor in the equity capital market is exposed, many of which are largely beyond the control of the Company and the Directors.

The purpose of this **Part 7** is to outline some of the key risk factors that potential investors should have regard in deciding whether to make an investment in the Company, but is not intended to be an exhaustive list of the risks faced by the Company or its investors. This **Part 7** has been prepared without taking into account your individual financial objectives, financial situation and needs. New Shares offered under the Offer carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the New Shares.

Unless otherwise indicated by the context, the references to the Company in this **Part 7** include the Company's subsidiaries and joint venture operations.

The Directors strongly recommend that potential Applicants read this Offer Document in its entirety (including this **Part 7**) and consult their professional advisers before deciding whether to apply for New Shares.

### 7.1 Agriculture industry

The Company's access to honey supply may be constrained by natural or competitive reasons, which may in turn limit the Company's volume of sales and adversely affect its profitability.

The supply of honey to the Company can be adversely affected by reduced access to floral resources, bee diseases, unfavourable weather (drought) and environmental and climatic conditions and beekeeper diversification into non-honey producing activities such as crop pollination and the export of packaged bees.

Low honey production, or increased demand for honey, may result in high honey purchase prices which, if persistent, could have a significant negative impact on the Company's financial performance.

Any future changes in government regulation regarding floral resources can also have a significant negative impact on honey supply, and in turn, the financial performance of the Company.

### 7.2 Honey supply

The honey supply fluctuates from season to season according to various external factors such as weather conditions. In times of a surplus of honey supply, the total annual quantity of honey supplied to the Company exceeds the quantity required to satisfy demand for domestic market retail products and industrial honey and value added retail packed exports. Consequently, in this scenario, the Company will be an exporter of Industrial Bulk Honey to the world commodity honey market. On the other hand, in times of a shortage of honey supply, the Company will need to import honey from overseas markets to satisfy the demand by its customers.

The net value in Australian dollars of honey exports or imports is subject to wide variations resulting from movements in export or import market prices (usually quoted in US dollars) and the exchange rate value of the Australian dollar against the US dollar and other currencies.

Variations in price, exchange rates and market conditions are outside the control of the Company and can have a significant (including potentially negative) effect on prices paid for honey purchased and received for honey sold, and consequential company profits.

# Offer Document

## 7.3 Consumer perceptions

Australian consumers traditionally regard honey as a natural, healthy food product. However, it should be recognised that changes in lifestyles and eating habits could affect future demand and the Company's profitability can be affected by changes in customer perception and attitudes towards honey and to branded and non-branded products. Permanent reductions in future demand for honey may have a materially adverse effect on the financial performance and profitability of the Company.

## 7.4 Funding

The Company estimates that the funds raised pursuant to the issue of New Shares under this Offer Document will be sufficient to meet the Company's monetary requirements for the purposes stated in **Part 4.9**.

To the extent additional capital is required, such funding (whether through debt, equity or both) may not be available to the Company on commercially acceptable terms, or at all. Any additional equity financing may dilute Shareholdings and debt financing, if available, may involve restrictions on the Company's current and future financing and operating activities. If the Company is unable to raise adequate funds, the Board may have to consider liquidating some or all of the Company's assets or winding up the Company. Any of these consequences may significantly and adversely impact the value of the Company and the Shares.

## 7.5 Government action

Economic, regulatory and taxation policies of the government in Australia and protectionist policies and other actions by governments in countries where the Company exports are sold, may adversely affect the future profitability of the Company.

## 7.6 Industrial action

The Company has a good record of harmonious relationships with employees and unions, and has entered into Union Collective Agreements with respect to its factory employees. However, industrial action such as strikes, black bans or secondary boycotts, whether originating in the Company's workforce or elsewhere, could disrupt business and adversely affect the Company's trading and financial results.

## 7.7 Low barriers to entry

There are few barriers to entry for packing honey for the Australian market. There is no assurance that the Company will be able to respond effectively and in a timely manner to the actions of competitors. The development, promotion and supply by competitors of alternative products that are equal or superior to the Company's product offerings could reduce the level of market demand for its products, cause downward price pressure on its products and reduce the market share of the Company. Such factors could seriously impede the financial performance, profitability and prospects of the Company.

## 7.8 Market concentration

The retail grocery market in Australia is dominated by a small number of powerful corporate group entities who, between them, account for the majority of annual retail grocery sales. The consequent concentration of buying power can be a disadvantage to the Company.

## 7.9 Overseas activities

The Company operates its business overseas, and in conjunction with other entities in various countries. There are risks inherent in doing business on an international level. To the extent that it is a party to a strategic alliance and reliant on third parties the Company may be subject to the effect of their partners' business practices and strategic decisions. The Company may also be subject to any change in economic or political conditions in another country, as well as changes in exchange rates.

## Offer Document

### 7.10 Overseas conditions

Any outbreak of hostilities or pandemics may have a serious and adverse effect on global economic conditions, in addition to the Company's direct export performance. This may have an adverse effect on the Company's financial performance.

### 7.11 Price competition

Price competition is common and often aggressive at both wholesale and retail levels of the domestic market. In the generic and house brand retail product market and the industrial honey market, competition is almost exclusively on a tendered price basis, and consequently, margins are often low.

### 7.12 Product concentration

The Company derives substantial strength from the concentration of its management resources in the packing and marketing of honey supplied by its suppliers, and relies on this activity for a significant proportion of its profitability. Any event or circumstance which reduces the supply or demand for honey in Australia or overseas, or restricts the Company's access to markets will have a material effect on the profitability of the Company.

### 7.13 Product contamination

Adverse publicity resulting from product contamination or malicious tampering could have serious consequences for the Company and the industry as a whole through reduced demand for honey. Any residues of chemicals or other unnatural substances in local or overseas honey could restrict the markets in which such honey could be sold or render the honey unacceptable to consumers in any market. Contamination could result in a product recall at considerable cost to the Company and threat to future business.

### 7.14 Market conditions

The price of shares quoted for trading by ASX is impacted by various international and domestic factors. As the Company is listed on ASX, its share price is subject to numerous influences which may affect both the share market generally or the Company's share price in particular. The factors which may create share price fluctuations include inflation, economic conditions, commodity prices, interest rates, currency exchange rates and investor sentiment generally.

### 7.15 Economic risk and external market forces

The operating and financial performance of the Company is influenced by a variety of general economic and business conditions. Factors including, but not limited to, political movements, stock market trends, changing commodity prices, currency exchange rates, interest rates, inflation levels, industrial disruption, terrorism or other hostilities, environmental impacts, international competition, taxation changes and legislative or regulatory changes, may all have an adverse impact on the Company's operating costs, profit margins and share price. These factors are beyond the control of the Company and the Company cannot, to any degree of certainty, predict how they will impact on the Company from time to time.

A prolonged deterioration in general economic conditions in Australia or overseas can be expected to have a corresponding adverse impact on the operating and financial performance of the Company.

# Offer Document

## 8. Additional Information

### 8.1 Underwriting Agreement

The Offer is fully underwritten by Canaccord Genuity (Australia) Limited (ACN 075 071 466) and Morgans Corporate Limited (ACN 010 539 607) (collectively **Underwriters** and individually an **Underwriter**).

Each Underwriter has agreed to fully underwrite the Offer – initially in equal proportions - in consideration for an aggregate:

- a management fee of 0.75% of the maximum amount to be raised under the Offer, being \$16.8 million (**Offer Amount**); and
- an underwriting commission of 2.25% of the Offer Amount.

The Company has also agreed to reimburse the Underwriter for reasonable out-of-pocket expenses incurred in connection with the Underwriting Agreement.

The Underwriting Agreement was negotiated on an arm's length basis and is on customary terms and conditions.

In particular, under the Underwriting Agreement:

- the Company has provided warranties and undertakings commonly provided to professional underwriters to a capital raising of the kind contemplated under this Offer Document and has agreed to indemnify the Underwriters and their related personnel, in respect of any third party claims and loss suffered or incurred in connection with the Offer, this Offer Document and any breach of the Underwriting Agreement by the Company;
- the Company has agreed to indemnify the Underwriters in respect of any third party claims and losses, including legal fees, incurred directly or indirectly in connection with the Offer, including for any misleading or deceptive statements or omissions in the Offer Document, the allotment of shares under the Rights Offer, and any breach of the Underwriting Agreement by the Company. However, the indemnity provided by the Company does not extend to any losses to the extent that those losses are finally judicially determined to result primarily from any fraud, wilful misconduct, gross negligence or breach of contract of the Underwriters;
- each Underwriter may terminate the Underwriting Agreement at any time if that Underwriter becomes aware of any one or more of the following events (the list below is not exhaustive and the terms have been summarised rather than stated in full):
  - (1) (**Section 708AA Notice**) the Company fails to give a notice required to be lodged with ASX under section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73) (**Section 708AA Notice**) to ASX on the announcement date except where the sole reason for failing to do so is an act or omission of an Underwriter;
  - (2) (**trading of securities**) trading in any securities of the Company is suspended by ASX for more than 5 trading days, or any securities of the Company quoted on ASX cease to be so quoted;
  - (3) (**withdrawal**) the Company withdraws or terminates the Offer;
  - (4) (**repayment**) any circumstance arises that results in the Company either repaying the money received from Applicants or offering Applicants an opportunity to withdraw their acceptances for New Shares and be repaid their Application Money;

## Offer Document

- (5) **(ASX Approval)** either:
- (i) approval by the ASX for official quotation of the New Shares is refused, or is not granted by 21 June 2016 (or such later date agreed in writing by the Underwriters in their absolute discretion) or is subsequently withdrawn, qualified or withheld; or
  - (ii) ASX makes an official statement to any person or indicates to the Company or either of the Underwriters that official quotation of the New Shares will not be granted;
- (6) **(disclosures)** there is a statement in the Section 708AA Notice, the Offer Document or any supplementary notice which, in the Underwriters' reasonable opinion, is misleading or deceptive, or there is a matter required by the Corporations Act to be disclosed and which, in the Underwriters' reasonable opinion, is omitted from the Section 708AA Notice, the Offer Document and any supplementary notice;
- (7) **(supplementary notice)** the Company fails to lodge a supplementary notice in a form acceptable to the Underwriters in circumstances where the Underwriters reasonably believe that the Section 708AA Notice is defective;
- (8) **(compliance with regulatory requirements)** the Company contravenes the Corporations Act, the Listing Rules, its constitution or any other applicable law or regulation;
- (9) **(material adverse change)** there is a material adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company, including any material change in:
- (i) the earnings, future prospects or forecasts of the Company from those disclosed in the Offer Document; or
  - (ii) the assets, liabilities, financial position or performance, profits, losses or prospects of the Company from those respectively disclosed in the Offer Document;
- (10) **(ASIC action)** ASIC applies for an order under Part 9.5 of the Corporations Act in relation to the Offer or commences any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) in relation to the Offer;
- (11) **(Director)** a director of the Company:
- (i) is charged with an indictable offence relating to any financial or corporate matter or any regulatory body commences any public action against the director in their capacity as a director or announces that it intends to take any such action; or
  - (ii) is disqualified from managing a corporation under sections 206B, 206C, 206D, 206E, 206F or 206G of the Corporations Act;
- (12) **(prescribed occurrence)** the occurrence of an event specified in section 652C(2) of the Corporations Act, but where reference in that section to 'target' is replaced with a reference to 'Company'; or
- (13) **(timetable)** an event specified in the Timetable is delayed for more than 5 Business Days other than as the direct result of actions taken by an Underwriter (unless those actions are requested by the Company) or the actions of the Company (where those actions are taken with the Underwriters' prior consent).

## Offer Document

The Underwriting Agreement sets out additional termination events. However, an Underwriter may only exercise its rights to terminate its obligations under the Underwriting Agreement upon the occurrence of certain of those events (and others) if, in the reasonable opinion of the Underwriter, such an event will have a material adverse effect on the outcome of the Offer or could give rise to a liability for the Underwriter under any law or regulation.

### 8.2 Effect on capital structure

The actual effect of the issue of New Shares under this Offer Document will depend on the exact number of New Shares that are subscribed for and issued under the Offer and the Top Up Offer. The potential dilutionary effect of the issue of New Shares on existing Shareholders who do not participate, or who are not eligible to participate, in the Offer is outlined in **Part 8.3**.

As at the date of this Offer Document:

- there is one Foundation Share on issue in the capital of the Company, which entitles its holder, Capilano Beekeepers Ltd ACN 108 568 672, to appoint two beekeeper directors to the Board. Whilst the Foundation Share ranks equally to a fully-paid ordinary share in the Company, the Foundation Share does not entitle Capilano Beekeepers Ltd to participate in the Offer. All other shares in the issued capital of the Company are fully-paid ordinary shares; and
- there are no outstanding options to acquire Shares on issue. This will not change as a result of the implementation of the Offer or the Top Up Offer.

### 8.3 Effect on Shareholdings

As the Offer is fully underwritten, the respective Shareholdings of those Shareholders that are not eligible to participate in the Offer or, being eligible, do not exercise all of their Entitlements, may be diluted as a result of the completion of the Offer and, if applicable, the Top Up Offer.

In respect of those Eligible Shareholders that exercise some (but not all) of their Entitlements, the dilutionary effect of the Offer on their respective Interest in the Company will depend on the extent to which they take up their Entitlements.

By way of illustration, the following table shows the dilutionary effect of the Offer and the Underwriting Agreement on the Interests of Eligible Shareholders in the Company, assuming none or only 25%, 50% or 75% of their respective Entitlements are exercised:

Percentage of Entitlement exercised	Dilutionary Effect of Entitlement Offer on Shareholding as compared to Record Date (%)
0%	9.1%
25%	6.8%
50%	4.5%
75%	2.3%

Conversely, if an Eligible Shareholder takes up its Entitlement in full and subscribes for Additional New Shares under the Top Up Offer, the percentage Shareholding of that Eligible Shareholder may increase as a result of the Offer, depending on how many Additional New Shares are allocated to that Eligible Shareholder.

### 8.4 Effect on Control

The issue of the New Shares under the Offer is not expected to have any material effect on the control of the Company, as it exists at the Record Date.

# Offer Document

## 8.5 Existing Shareholders

As at the date of this Offer Document, the only Shareholder that has a relevant interest in Shares or voting power in the Company (**Interest**) of 5% or more is as follows:

Substantial Shareholder	Total Shares	Total voting power in CZZ
Wroxby Pty Ltd ( <b>Wroxby</b> )	1,477,892	17.19%

As the Offer is fully underwritten, the Interest of any one Eligible Shareholder (including Wroxby) will not increase as a result of that Eligible Shareholder taking up its Entitlement in full, even if no other Eligible Shareholder takes up any part of its Entitlement.

However, as Eligible Shareholders may apply for Additional New Shares in excess of their Entitlements pursuant to the Top Up Offer, Eligible Shareholders will have the opportunity to increase their relative percentage Shareholding, if there is a Shortfall and if they participate in the Top Up Offer. Participation in the Top Up Offer is capped as described in **Part 4.3**.

How the Shortfall (if any) will be distributed as between Eligible Shareholders that apply for Additional New Shares in excess of their Entitlements and other applicants will be determined at the time the Shortfall is calculated, in consultation with the Underwriter, and if applicable, the Board. Any remaining Shortfall Shares not subscribed for under the Offer or taken up under the Top Up Offer must be taken up by the Underwriter or any sub-underwriters engaged by it in consultation with the Board.

Wroxby has indicated its intention to take up its full Entitlement and to sub-underwrite an additional number of New Shares. Based on Wroxby's stated intent with respect to the Offer, Wroxby's relevant interest in Shares and voting power in the Company could increase to a maximum of 19.9% of the total voting power in the Company, immediately after completion of the Offer, the Top Up Offer and its sub-underwriting of the Offer.

## 8.6 Shareholders outside of Australia, New Zealand, Hong Kong and Singapore – general restrictions

It is not practicable for the Company to comply with the securities laws of most overseas jurisdictions in which Shareholders are located, having regard to the number of overseas Shareholders, the number and value of New Shares that these Shareholders would be offered and the cost that the Company would incur in order to comply with regulatory requirements in each of those relevant jurisdiction.

Accordingly:

- the Offer is not being extended and New Shares are not being offered and will not be issued to any Shareholders with a registered address which is other than Australia, New Zealand, Hong Kong and Singapore; and
- this Offer Document and the accompanying Entitlement and Acceptance Form do not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

No action has been taken to register or qualify the New Shares, or to otherwise permit an offering of New Shares, other than in Australia, New Zealand, Hong Kong and Singapore. The New Shares may not be offered in a jurisdiction other than Australia, New Zealand, Hong Kong and Singapore.

The distribution of this Offer Document in jurisdictions other than Australia, New Zealand, Hong Kong and Singapore may be restricted by law and therefore persons who come into possession of this document outside Australia, New Zealand, Hong Kong and Singapore should seek advice on, and observe, any such restrictions. A failure to comply with these restrictions may constitute a violation of applicable securities laws.

## Offer Document

It is the responsibility of any Applicant to ensure compliance with any laws of the country relevant to their application. Return of a duly completed Entitlement and Acceptance Form and/or payment of Application Money will be taken by the Company to constitute a representation that there has been no breach of such laws.

The Board reserves the right, in its sole discretion, to reject any Application that it believes comes from a person who:

- is not an Eligible Shareholder;
- is a person claiming to be an Eligible Shareholder or claiming to be applying on behalf of an Eligible Shareholder,

if the Company reasonably considers their claim to be entitled to participate in the Offer of the Top Up Offer to be false, exaggerated or unsubstantiated.

### **(a) New Zealand securities law requirements**

The New Shares are not being offered or sold to the public in New Zealand other than to Eligible Shareholders with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This Offer Document contains an offer to Eligible Shareholders of continuously quoted securities and has been prepared in accordance with the requirements of section 708AA of the Corporations Act. This Offer Document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (New Zealand). This Offer Document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

### **(b) Hong Kong**

This Offer Document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the laws of Hong Kong), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (**SFO**). No action has been taken in Hong Kong to authorise or register this Offer Document or to permit the distribution of this Offer Document or any documents issued in connection with the Offer. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to “professional investors” (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside of Hong Kong or only to professional investors (as defined in the SFO and any rules made under the SFO). No person allotted New Shares under the Offer may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Offer Document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this Offer Document, you should obtain independent professional advice.

# Offer Document

## **(c) Singapore**

This Offer Document and any other materials relating to the New Shares being offered pursuant to this Offer Document have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore pursuant to the Securities and Futures Act (Chapter 289 of the Singapore Statutes) (SFA). Accordingly, this Offer Document and any other disclosure document, such as a prospectus or other materials in connection with the Offer, or the invitation for subscription of these New Shares may not be issued, circulated or distributed, nor may any New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the exemptions in Subdivision (4) of Division 1, Part XIII of the SFA, or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Offer Document has been given to you on the basis that you are:

- (i) an “institutional investor” (as defined in section 4A(1)(c) of the SFA);
- (ii) a “relevant person” (as defined in section 275(2) of the SFA); or
- (iii) a person to whom an offer is being made, as referred to in section 275(1A) of the SFA.

Furthermore, by accepting this Offer Document, you represent and warrant that you are an investor falling within the categories set out above and agree to be bound by the disclaimers, limitations and restrictions described herein. In the event that you are not an investor falling within any of the categories set out above, please return this Offer Document immediately to the Company or the Share Registry. You may not forward or circulate this Offer Document to any other person in Singapore.

Any offer is not made to you with a view to any of the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares under the Offer. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## **(d) USA**

This Offer Document, the Cleansing Statement and any accompanying ASX announcements, and any Entitlement and Acceptance Form, do not constitute an offer to sell, or a solicitation of an offer to buy, any securities to any US Person, or in any other jurisdiction in which such an offer would be illegal. Neither this Offer Document nor any Entitlement and Acceptance Form may be distributed in or released in the USA or to any US Person.

Neither the Entitlements nor any New Share has been, or will be, registered under the Securities Act or the applicable securities laws of any state or other jurisdiction of USA.

Entitlements may not be exercised or purchased by US Persons. Neither the Entitlements nor New Shares may be offered or sold in USA, and any New Shares may not be resold in the USA, unless such Entitlements or New Shares have been registered under the Securities Act or are offered or sold in a transaction that is exempt from, or not subject to, the registration requirements of the Securities Act or the applicable securities laws of any state or other jurisdiction of USA. Entitlements and New Shares offered and sold in connection with the Offer will only be sold in “offshore transactions” (as defined in Rule 902(h) under the Securities Act) in compliance with Regulation S of the Securities Act.

# Offer Document

## 8.7 **Ineligible Shareholders**

Where this Offer Document has been dispatched to Ineligible Shareholders, it is provided for information purposes only.

In limited circumstances, the Company may elect to treat as Eligible Shareholders certain Shareholders who would otherwise be Ineligible Shareholders, provided the Company is satisfied that it is not precluded from lawfully issuing New Shares to such Shareholders either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable and not unduly onerous.

## 8.8 **Taxation consequences**

The taxation consequences of any investment in New Shares will depend upon your particular circumstances. Potential investors must make their own enquiries concerning the taxation consequences of an investment in the Company. The Company, its advisers, officers, employees and agents do not accept any responsibility or liability for any taxation consequences of investing in the Offer. Applicants should consult their tax adviser for advice applicable to their individual needs and circumstances, before making a decision as to whether to further invest in the Company.

# Offer Document

## 9. Glossary and Interpretation

### 9.1 Glossary

In this Offer Document and the Entitlement and Acceptance Form:

**Additional New Shares** means, in respect of an Eligible Shareholder, any Shortfall Share applied for by that Eligible Shareholder pursuant to the Top Up Offer, in addition to those New Shares subscribed for by that Eligible Shareholder in the exercise of its Entitlement, as described in **Part 4.3**.

**Applicant** means an Eligible Shareholder who applies for New Shares pursuant to the Offer, and where applicable, under the Top Up Offer.

**Application** means an application for New Shares, and where applicable, Additional New Shares, made by an Eligible Shareholder through completion and return of an Entitlement and Acceptance Form, payment by BPAY® or such other method prior approved in writing by the Board.

**Application Money** means, in respect of an Applicant, the total amount payable for the issue of all of the New Shares, and where applicable, Additional New Shares, applied for by that Applicant as specified in its Entitlement and Acceptance Form, at an issue price of \$19.50 per New Share.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires.

**ASX Listing Rules** means the Listing Rules of the ASX.

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means a day on which trading takes place on the ASX.

**Closing Date** means 5.00 p.m. (Brisbane time) on Monday, 20 June 2016, being the Closing Date of the offer (unless varied by the Company in accordance with the Corporations Act and the ASX Listing Rules, and with the consent of the Underwriters).

**Company** or **CZZ** means Capilano Honey Limited ACN 009 686 435, having ASX Stock Code "CZZ".

**Constitution** means the Company's constitution as at the date of this Offer Document.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** mean the directors of the Company as at the date of this Offer Document.

**Eligible Shareholder** has the meaning given in **Part 4.2**.

**Entitlement** means the entitlement of an Eligible Shareholder under the Offer, being 1 New Share for every 10 Shares held by that Eligible Shareholder as at the Record Date.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Offer Document.

**Honey Supply Agreement** means an agreement between a supplier and the Company for the supply of honey.

**Industrial Bulk Honey** means honey used as an ingredient in manufactured food products.

# Offer Document

**Ineligible Shareholder** means any Shareholder as at the Record Date that is not an Eligible Shareholder.

**Interest** means, in respect of a company, a relevant interest in the voting shares of, and the relevant person's voting power in, that company.

**New Share** means a Share offered by the Company for issue pursuant to the Offer, including, where the context permits, an Additional New Share.

**Offer** means the offer by the Company to Eligible Shareholders of non-renounceable rights to be issued New Shares pursuant to the terms set out in this Offer Document.

**Offer Period** means the period during which the Offer is open for acceptance, being the period commencing on and including the date of dispatch of this Offer Document and ending on and including the Closing Date.

**Quotation** means official quotation on ASX.

**Record Date** means 7.00 p.m. (Brisbane time) on Thursday, 26 May 2016.

**Securities Act** means U.S. Securities Act of 1933 (as amended).

**Share** means a fully paid ordinary share in the issued capital of the Company.

**Shareholder** means a person registered as a holder of one or more Shares on the register of members of the Company.

**Share Registry** means Link Market Services Limited ACN 083 214 537.

**Shortfall Shares** means those New Shares offered under the Offer which have not been validly applied for under either the Offer or the Top Up Offer by Eligible Shareholders by the Closing Date.

**Top Up Offer** means the offer of Shortfall Shares to Eligible Shareholders that have exercised their Entitlements in full prior to the Closing Date, on the terms set out in **Part 4.3**

**Underwriters** means, collectively, Canaccord Genuity (Australia) Limited ACN 075 071 466 and Morgans Corporate Limited ACN 010 539 607.

**Underwriting Agreement** means the underwriting agreement between the Company and the Underwriter dated 23 May 2016.

**USA** means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.

**US Person** means a person in the USA or acting for the account or benefit of a person in the USA, and for the avoidance of doubt, does not have the same defined meaning as is ascribed to the term "US Person" in Regulation S of the Securities Act.

**VWAP** means volume weighted average price.

## 9.2 Interpretation

In this Offer Document and the Entitlement and Acceptance Form:

- (a) the singular includes the plural and vice versa and a gender includes other genders;
- (b) other grammatical forms of a defined word or expression have a corresponding meaning;

## Offer Document

- (c) words and phrases have the same meaning as given to them in the Corporations Act (if any), unless otherwise defined above;
- (d) a reference to a Part is a reference to a section of this Offer Document;
- (e) a reference to a document or agreement, includes the document or agreement as novated, altered, supplemented or replaced from time to time;
- (f) a reference to any statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (g) a reference to A\$, \$A, \$, dollar or cents is to Australian currency;
- (h) a reference to time is to the time in Brisbane, Australia;
- (i) a reference to a year (other than a financial year) or a month means a calendar year or calendar month respectively;
- (j) a reference to a person includes a natural person, partnership, firm, body corporate, trust, joint venture, association, governmental or local authority or agency or other entity;
- (k) the words "include", "including", "for example", "such as" and similar expressions are not used as, nor are they to be interpreted as, words of limitation and, when introducing specific examples, do not limit the meaning of the words to which those examples relate or examples of a similar kind;
- (l) a reference to "Company", "CZZ", "we", "our" and "us" is to Capilano Honey Limited ACN 009 686 435;
- (m) a reference to "you" is to a person to whom the Offer is made;
- (n) headings, boldings, italics and underlines are for convenience only and do not affect the interpretation of this Offer Document; and
- (o) all references in this Offer Document to time are to the time in Brisbane, Queensland, Australia, unless expressly stated otherwise.

# Offer Document

## 10. Corporate Directory

### Board of Directors

*Chairman,  
Independent Non-Executive Director*  
Mr Trevor R Morgan

*Deputy Chairman,  
Independent Non-Executive Director*  
Mr Phillip F McHugh

*Managing Director*  
Dr Benjamin A McKee

*Independent Non-Executive Directors*  
Mr Simon L Tregoning  
Mr Robert N Newey

### Company Secretary

Mrs Annette Zbasnik

### Registered Office

399 Archerfield Road  
Richlands QLD 4077  
Phone: +61 7 3712 8282  
Facsimile: +61 7 3712 8286  
Email: [honey@capilano.com.au](mailto:honey@capilano.com.au)

### Website

[www.capilano.com.au](http://www.capilano.com.au)

### Share Registry

Link Market Services Limited  
Level 15, 324 Queen Street  
Brisbane QLD 4000  
Phone: +61 1300 554 474  
Fax: +61 2 9287 0303  
Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

### Auditor

William Buck (Qld)  
Level 21, 307 Queen Street  
Brisbane QLD 4000  
Phone: +61 7 3229 5100  
Fax: +61 7 3221 6027  
Email: [gld.info@williambuck.com](mailto:gld.info@williambuck.com)

### Legal Advisers

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