

MINUTES OF MEETING

Minutes of the Special General Meeting held at Mt Ommaney Hotel Apartments,
Mt Ommaney, Queensland at 3.30pm on Tuesday, 15 May 2007

PRESENT (SGM 036)

Directors: Trevor Morgan (Chairman), Ian Cane, Roger Masters (Managing Director), Phillip McHugh, Rosemary Doherty, Gregory Roberts and Bernard Ballantyne. Apologies were received from Simon Tregoning.

Staff by Invitation: Errol Bailey (*Company Secretary*), Richard Rivalland (*Financial Controller*), Peter McDonald (*General Manager - International Business*), Ben McKee (*Groups Operations Manager*), Andrew Bond (*Commerical Director – Medihoney*), Bill Winner (*Beekeeper Services Manager*), Carolyn Bryce (*Shareholder Services Administrator*) and Annette Zbasnik (*Corporate Secretary*) Apologies were received from Anthony Moloney (*Science & Strategic Development Director – Medihoney*).

Guests: Di Lohrisch (McCullough Robertson) and Junaide Latif (Cranstoun & Hussein).

Shareholders: 28 members & partners, as per attendance register.

OPENING & WELCOME (SGM 037)

Mr Morgan opened the meeting at 3.30pm and welcomed those present.

APOLOGIES (SGM 038)

The Chairman called for apologies from those shareholders unable to attend and these were received from Brett & Lynda Lutze, Richard Morgan, Graham Baker, Derek Brown and Trevor & Marian Weatherhead.

DECLARATION OF POLL (SGM 039)

The Chairman referred to the explanatory note accompanying the proxy forms forwarded to shareholders, and declared that voting on the two resolutions would be by poll.

Tellers

On a motion moved by Alistair Maloney and seconded by Don Keith it was resolved that Annette Zbasnik and Carolyn Bryce be appointed to count the votes.

Voting Slips

On a motion moved by John Sloss and seconded by Tony Knight it was resolved that all voting slips and associated computer records be destroyed once the votes were counted and the poll declared.

SALE OF MEDIHONEY PTY LTD TO COMVITA LIMITED (SGM 040)

*Following is an extract from the Chairman's address to the meeting:
Please note that CHL refers to this company and CBL refers to Capilano Beekeepers Ltd.*

"Shareholders have been advised previously that the Board of CHL were of the view that Medihoney had reached the stage where additional capital was required to support its future business development.

Not only has the Board been seeking money but it has also been seeking a partner with synergistic capabilities in this unique segment of wound care.

The services of Ernst & Young and others were engaged to search for potential partners or equity providers who might suit the company's needs.

This resulted in two similar proposals for an injection of funds in the order of A\$5.5 to A\$6.5 million in exchange for 50% of the business. One of the proposals required an issue of options in Capilano Honey Limited of up to 10% of existing capital at an exercise price of A\$6/share. Both proposals allowed for the funds to be introduced in stages for additional working capital, contingent upon achievement of agreed future milestones. The proposals also had business connections to other external parties which may have introduced non-monetary benefits useful to future development.

In these two proposals Medihoney would have retained 50% of the business and was to use the funds in product and market development, greater human resources and further research and development. Achieving profitability was projected in three to four years subject to successful accomplishment of product development and distribution goals.

A third proposal was received from Comvita Limited.

The Comvita proposal allows for the sale of 100% of the shares in Medihoney Pty Ltd to Comvita for consideration of A\$6 million. The purchase price is to be paid by A\$500,000 in cash and A\$5.5 million in Comvita shares. The Comvita shares are to be valued at a volume weighted average of trading prices over 10 days preceding the announcement of the transaction to the New Zealand Stock Exchange. This has resulted in an estimated price of NZ\$4.02 per share, and would result in the issue of approximately 1.5 million shares by Comvita, representing approximately 8% of that company's issued capital.

The deal proposes that the wound care business will be developed by Comvita, in which Capilano will have a direct investment. The merging of Medihoney with Comvita would greatly strengthen access to supply of active honey necessary for the antibacterial honey products. In particular, the distribution channels and markets are complementary and a combined sales force would compete more effectively with other wound care companies. A broader product range will assist in easier access to targeted channels. Duplication of both operating and research & development costs would be avoided, and the business would have access to the intellectual property of both companies. The combined resources of both organisations would accelerate the commercialisation process of wound care products.

It is proposed that the terms of a Sale Agreement would include:

- The Bee-Vital brand and product range remaining with Capilano.
- Capilano will permit Medihoney to continue to occupy its current premises for a period not exceeding 6 months from completion date on terms no less favourable than currently applying.
- Capilano will provide the range of services it currently provides to the company for a period not exceeding 6 months from the completion date on terms and conditions no less favourable than currently applying.
- To the extent legally possible Capilano and its subsidiaries are not to compete with therapeutic and medical honey applications for a period of five years from completion date but this restraint shall not apply to sales of the therapeutic honey marketed under the name Bee-Vital to the grocery and channels in which it is currently sold.

Your directors' believe the development of Medihoney to its fullest potential is best served by joining with Comvita, the other major participant in therapeutic honey in the international market. Capilano, through its sale of Medihoney will recoup its direct costs in the development of the Medihoney business over the past five years, and by holding a direct investment in Comvita, will share in the future success of the medical honey business. It is the recommendation of the Board of Capilano Honey Limited to sell Medihoney Pty Ltd to Comvita Limited for consideration of \$6 million.

We will now proceed to vote on the proposal by the Board of CHL to sell Medihoney to Comvita.

This resolution is also for the purpose of satisfying Chapter 7 of the BSX Listing Rules.

In accordance with the Corporations Law, approval of the proposed ordinary resolution will require a majority of 50% of the number of votes cast.

Under the CHL Constitution no ordinary resolution can be passed without the support of the Foundation Shareholder, CBL.

At the CBL SGM held earlier today shareholders resolved to support the recommendation to adopt the Sale of Medihoney Pty Ltd to Comvita. Accordingly the Foundation Share will be voted *IN FAVOUR* of the following resolution."

At the Chairman's request the Company Secretary then read the proposed motion to the meeting as follows;

That the recommendation from the Board for the proposed sale of Medihoney Pty Ltd to Comvita Limited for consideration of \$6 million, on terms set out in the Explanatory Memorandum be adopted.

The motion was moved by Ian Cane and seconded by Phillip McHugh.

There being no questions or comments from shareholders, the Chairman asked them to vote on the ballot papers provided.

RENEWAL OF 'PARTIAL TAKEOVER BIDS' IN THE CHL CONSTITUTION (SGM 041)

Following is an extract from the Chairman's address to the meeting:

"The special resolution dealing with the proportional takeover provisions does not change the constitution but rather seeks to maintain existing clauses that are due to expire in June if not renewed.

A proportional takeover bid is where a bidder makes an offer for certain percentage of every shareholder's holding. It is a form of partial takeover.

The *Corporations Act 2001* ('Act') regulates the conduct of all takeovers, including proportional bids. The Act allows the constitution of a company to contain provisions regulating proportional takeover bids for securities of the company, such as requiring a resolution of members to approve the bid.

The Act provides that proportional takeover approval provisions in a company's constitution cease to have effect at the end of three years (section 648G(1)). The three-year period of validity begins on the latter of the date of the company's incorporation, the date on which the constitution was adopted, or the date on which the appropriate section was renewed. This law is merely reflected in the relevant section of the CHL constitution.

For reasons of good corporate governance and to protect the interests of shareholders, the Board seeks to renew the proportional takeover approval provisions, and needs to do this by way of a special resolution of members.

In accordance with the Corporations Law, approval of the proposed special resolution will require a majority of 75% of the number of votes cast.

Under the CHL Constitution the Foundation Share, held by CBL, shall confer 75% of the total number of votes cast in relation to this special resolution.

At the CBL SGM held earlier today shareholders resolved to support the recommendation to adopt the Renewal of Rules 29 – 36 of the CHL Constitution. Accordingly the Foundation Share will be voted *IN FAVOUR* of the following resolution."

At the Chairman's request the Company Secretary then read the proposed motion to the meeting as follows;

That the Constitution be and is herewith amended by renewing Rules 29 to 36 'Approval of partial takeover bids' for a further three years from 1 June 2007.

The motion was moved by Rosemary Doherty and seconded by Greg Roberts.

There being no questions or comments from shareholders, the Chairman asked them to vote on the ballot papers provided.

Adjournment - Counting Of Votes

The Chairman formally adjourned the meeting at 3.50pm for the counting of votes.

Resumption

The Chairman then reconvened the meeting at 4.00.

RESULTS OF POLL (SGM 042)

At the invitation of the Chairman, the Secretary reported the results of the poll as follows:

Sale of Medihoney to Comvita Limited

IN FAVOUR of the motion	: 1,326,616	95% in favour
AGAINST the motion	: 67,790	

The Chairman advised accordingly that the motion was passed.

Renewal of 'Partial Takeover Bids' in the CHL Constitution

IN FAVOUR of the motion	: 1,188,074	86% in favour
AGAINST the motion	: 199,932	

The Chairman advised accordingly that the motion was passed.

CLOSURE (SGM 043)

There being no other business relating to the Special General Meeting, the Chairman thanked shareholders for their attendance and attention to business and he then closed the meeting at 4.02pm.
