

Hills Holdings Limited

Chairman's script for the General Meeting to be held on 22 December 2011 at 2:00pm CST

Welcome

Good afternoon, ladies and gentlemen. My name is Jennifer Hill-Ling and I am the Chairman of Hills Holdings Limited.

It is now 2:00pm and as we have a quorum present, I declare the meeting open and welcome you all here today.

Apologies

Your company secretary, Mr Lethbridge is holding a number of apologies from shareholders unable to attend today which will be recorded in the minutes of today's proceedings.

Meeting Schedule

The items of Business as they appear in the Notice of Meeting are:

- the adoption of a new Constitution; and
- the approval of Proportional Takeover Provisions.

The adoption of the new Constitution will be implemented if Resolution 1 is approved, regardless of whether Resolution 2 is approved. The insertion of the Proportional Takeover Provisions into the new Constitution will only be implemented if Resolution 1 and Resolution 2 are approved.

Questions

Only shareholder who registered today and have received a blue voting card, are entitled to ask questions at today's Meeting.

Shareholders will be given the opportunity to ask any questions relating to the new Constitution or the Proportional Takeover Provisions shortly.

Voting

Total proxy votes received are shown on the screen now.

I intend to vote all undirected proxies in favour of each resolution.

Voting on both resolutions will be conducted by a poll. The poll will be held at the end of the meeting.

Notice of meeting

The notice of meeting was dispatched to all shareholders and I propose that the notice of meeting be taken as read.

Item1 Special Resolution: Adoption of the new Constitution

Moving now to Item 1 on the Agenda, which is the adoption of a new Constitution.

Shareholder approval is being sought for the adoption of a new Constitution for the Company in place of its existing Constitution. If the resolution to approve the adoption of the new Constitution is passed, the new Constitution will be effective from the close of today's meeting.

Your Board undertook a review of the current Constitution, which was adopted at the Annual General Meeting in 1999, and determined that it should be brought up to date with the current provisions of the Corporations Act 2001, the ASX Listing Rules and into line with current market practice for ASX listed companies.

Rather than propose a multitude of specific amendments to update each relevant provision of the current Constitution, your Board considered that it is preferable to repeal the current Constitution and replace it with a new Constitution.

The structure of the new Constitution is not materially different from the current Constitution. The Board does not consider that the differences between the new Constitution and the current Constitution materially alter the position of the Company's shareholders in general.

The principal substantive differences between the current Constitution and the new Constitution have been summarised and appear in the Explanatory Statement sent to shareholders.

Your Directors unanimously recommend that shareholders vote in favour of resolution 1 to approve the adoption of the new Constitution.

The proxy votes received on Resolution 1 are shown on the screen now.

I will now put the motion:

“That the new Constitution tabled at the meeting, and signed by the Chairman of the meeting for the purposes of identification, be approved and adopted as the Constitution of the company, in place of the current Constitution, with effect from the close of the meeting.”

Are there any questions?

I remind shareholders that, as this is a special resolution it requires a majority of at least 75 per cent in favour for the motion to be passed.

Voting on this resolution will be held over until the conclusion of the final item of business to allow the poll to be conducted.

Item 2 Special Resolution: Approval of Proportional Takeover Provisions

Item 2 on the Agenda is the approval of proportional takeover provisions.

While the Notice of Meeting and Explanatory Statement provides detailed information on the Proportional Takeover Provisions as required by the Corporations Act, I think it important to summarise some of this information ahead of the resolution being put to shareholders today.

The proportional takeover provisions are similar to those set out in the Company's existing Constitution, which prohibit the registration of shares acquired under a proportional takeover bid unless a resolution approving the bid is passed by shareholders of the company.

Under the Corporations Act, a company may only include such provisions in its constitution with the approval of shareholders. The approval for the provisions in the Company's existing Constitution has lapsed in accordance with the Corporations Act, and the Board is therefore seeking a fresh approval for inserting these new provisions into the new Constitution.

Your Board considers that the insertion of the proportional takeover provisions will benefit all Shareholders. Without these provisions, a bidder might be able to obtain control of the Company using a proportional takeover bid without shareholders having the opportunity to sell all their shares. Shareholders may then be exposed to the risk of being left as a minority in the Company with a bidder being able to acquire control of the Company without payment of an adequate premium for all of their shares.

The proportional takeover approval provisions lessen this risk because they give shareholders the opportunity to decide whether a proportional takeover bid should proceed. If it does proceed, individual shareholders can make a separate decision as to whether they wish to accept the proportional offer for their shares.

Your Directors unanimously recommend that shareholders vote in favour of Resolution 2 to approve the insertion of Proportional Takeover provisions into the new Constitution of the Company.

The proxy votes received on Resolution 2 are shown on the screen now.

I will now put the motion:

"That, conditional upon the approval of Resolution 1 and with effect from the close of the meeting, the proportional takeover provisions set out in Annexure A to the Explanatory Statement be inserted into the Constitution as Articles 6.9 – 6.14."

Are there any questions?

I remind shareholders that, as this is a special resolution, it requires a majority of at least 75 per cent in favour for the motion to be passed.

I will now hold a poll on Resolution 1 to adopt the new Constitution and Resolution 2 to approve the Proportional Takeover Provisions.

Closure

The formal results from today's meeting will be released to the ASX later today and will be posted on the company's website.

That concludes proceedings today and I now declare the meeting closed. Thank you for attending.