



# CAPS HOLDINGS LIMITED

## NOTICE TO SHAREHOLDERS

Notice is hereby given that an Extraordinary General Meeting of the Members of CAPS Holdings Limited will be held in the CAPS Holdings Training Room, No. 2 Manchester Road, Southerton, Harare, Zimbabwe, on Thursday, the 30th of June 2011, at 1500 hours.

### AGENDA

Members are advised that the following will be the **special business** requiring **special resolutions**. Members will be required to consider and, if thought fit, to pass, with or without modification(s), the following resolutions:

1. Voluntary delisting of CAPS Holdings Limited from the Zimbabwe Stock Exchange (ZSE)
2. Share Consolidation

### SPECIAL BUSINESS:

#### 1. VOLUNTARY DELISTING OF CAPS HOLDINGS LIMITED FROM THE ZIMBABWE STOCK EXCHANGE

##### As a special resolution:

**That the Company voluntarily delists from the Zimbabwe Stock Exchange as of 30 September 2011.**

### EXPLANATORY NOTES

The reasons for the proposed delisting are mainly to allow the directors greater speed and flexibility in decision-making in respect of certain proposed restructuring and re-financing of the Group. The main actions the directors will be pursuing after the delisting are set out below for shareholders to consider before making their decision. It is the directors' intention that the restructured companies will be re-listed at an appropriate future date.

It is proposed that the restructuring of the Group begin at this extraordinary general meeting with a further special resolution on share consolidation set out below.

Currently, the Group is under-performing and is facing some operational challenges which can be addressed if there is an injection of capital. The Board seeks to engage some potential investors and the proposed new status of the Company will allow fast decision-making and greater flexibility in achieving this.

Trading on the Zimbabwe Stock Exchange has been poor due to the worldwide financial meltdown and economic climate in the country. Consequently, the shares of the Company have consistently traded at a discount compared to the Asset Value of the Group.

For these reasons, the Board believes that it is in the best interests of the Company and the shareholders as a whole if the delisting occurs as soon as possible.

#### Implications of the Delisting for Shareholders

Subsequent to delisting, the Company will be a public company instead of a public listed company. A public company is defined in the Companies Act (**Chapter 24:03**) as one with more than 50 shareholders.

This will mean that shareholders will no longer be able to trade their shares on the Zimbabwe Stock Exchange. Shareholders who might wish to sell their shares after the delisting may do so, but the price per share will be determined by private valuation and agreement between individual buyer and seller, and the means of sale will be restricted to private deals.

All shareholders, including directors who may be shareholders, are entitled to vote on the Delisting Resolution. This Resolution, if approved by shareholders, will result in the delisting of the Company from the Zimbabwe Stock Exchange.

The directors are mindful of the fact that some shareholders may wish to sell their shares before the delisting and therefore the directors have set a date of 30 September 2011 for the delisting in order to allow adequate time for such shareholders to dispose of their shares in good order.

Shareholders wishing to sell their shares in the Company before the delisting may do so as normal through their stockbrokers on the Zimbabwe Stock Exchange.

The Board of the Company hopes that shareholders will continue to support the Company whether it is listed or not.

#### Tax Implications for CAPS shareholders

The directors of CAPS Holdings Limited advise that the usual Capital Gains Tax and

Value Added Tax will apply to any sale of shares.

### FURTHER RESOLUTION

#### 2. SHARE CONSOLIDATION

##### As Special Resolutions

**2.1 That, in respect of the authorised share capital of 800,000,000 (eight hundred million) ordinary shares of US\$0.00025 (0.025 United States cents) each, every 10 (ten) shares be and are hereby consolidated into one share of US\$0.0025 (0.25 United States cents) each, such that:**

**2.1.1 The authorised share capital of 800,000,000 (eight hundred million) ordinary shares of US\$0.00025 (0.025 United States cents) each shall consolidate into 80,000,000 (eighty million) ordinary shares of \$0.0025 (0.25 United States cents) each;**

**2.1.2 The issued share capital of 453,092,169 (four hundred and fifty three million, ninety two thousand, one hundred and sixty nine) ordinary shares of US\$0.00025 (0.025 United States cents) each shall consolidate into 45,309,217 (forty five million, three hundred and nine thousand, two hundred and seventeen) ordinary shares of US\$0.0025 (0.25 United States cents) each;**

**2.1.3 The effective date of consolidation of the shares shall be the day immediately following the delisting of the Company from the Zimbabwe Stock Exchange;**

**2.2 The authorised share capital shown in the Company's Memorandum of Association be amended accordingly.**

**2.3 Subsequent to the delisting, the directors seek approval to raise a maximum of US\$15,000,000 (fifteen million United States dollars) by way of a new share issue or other equity instruments through a possible rights issue or a private placement.**

### FUTURE PLANS

Assuming the above resolutions are passed, the directors will be exploring the following objectives:

- a) Introducing new private investors to the Group;
- b) Raising funding for the Group to the extent of US\$15 million to retire existing debt, re-tool the factory, refurbish the hospital theatres and provide working capital support;
- c) Considering unbundling the Group into separate entities, i.e. CAPS Pharmaceutical Manufacturing, CAPS Distribution and CAPS Health Care.

Should this plan be implemented, shareholders will be given a dividend in specie by CAPS Holdings in the resultant Groups. (A dividend in specie means that each CAPS Holdings shareholder will, at no cost to themselves, have both their CAPS Holdings shares and shares in the new Groups).

- d) Listing of the re-structured CAPS Holdings Groups.

### CONDITIONS PRECEDENT

The above resolutions are conditional upon the following:

- 1) Shareholder Approval

The approval by at least 75% of the shareholders, by special resolution at the Extraordinary General Meeting, of which this notice is part.

- 2) Zimbabwe Stock Exchange Approval

The Zimbabwe Stock Exchange has already given its approval for the publication of this notice.

**By Order of the Board,**

C. Mahari (Mrs.)  
Company Secretary  
15 April 2011



**CAPS HOLDINGS LIMITED  
PROXY FORM**

For use at the Extraordinary General Meeting of the Company to be held at 1500 hours on Thursday, the 30<sup>th</sup> of June 2011, in the CAPS Holdings Training Room, No. 2 Manchester Road, Southerton, Harare, Zimbabwe.

The Company Secretary  
CAPS Holdings Limited  
C/O First Transfer Secretaries  
No. 1 Armagh Avenue  
Eastlea  
P.O. Box 11  
Harare  
Zimbabwe

	For	Against	Abstain
Delisting CAPS Holdings Limited from the Zimbabwe Stock Exchange (ZSE)			
Share Consolidation			

OR

The Company Secretary  
CAPS Holdings Limited  
No. 2 Manchester Road  
Southerton  
Harare  
P.O. Box ST 201  
Harare  
Zimbabwe

Signature of Shareholder.....

Date .....

**NOTES**

1. A shareholder entitled to attend and vote may insert the name/s of one or more proxies or the names of two alternative proxies of the shareholder's choice in the space provided with or without deleting "the Chairman of the Extraordinary General Meeting". Any such proxy, who need not be a shareholder of the Company, is entitled to attend, speak and vote in his stead. Should this space be left blank, the proxy will be exercised by the Chairman of the meeting.
2. The person whose name appears first on the proxy form and is present in the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. If a shareholder does not indicate on this instrument that his proxy is to vote in favour or against any resolution or abstain from voting or gives contradictory instructions or should any further resolution/s or any amendment/s which may be properly put before the Extraordinary General Meeting be proposed, the proxy shall be entitled to vote as he thinks fit.
4. Any alteration or correction made to this form must be initialled by the signatory/signatories.
5. The completion and lodging of this form will not prejudice a shareholder from attending the Extraordinary General Meeting and speaking and voting thereat to the exclusion of any proxy /proxies appointed in terms hereof should the shareholder wish to do so.
6. Forms of proxy must be lodged at the office of the Company not less than 48 hours before the time appointed for holding the meeting.
7. The Chairman of the meeting may accept or reject any proxy form which is completed and / or received other than in accordance with these instructions.

I/We.....  
of.....  
.....being the registered holder/s of  
.....  
ordinary shares in CAPS Holdings Limited do hereby  
appoint:.....  
or failing him .....

or failing him, the Chairman of the Extraordinary General Meeting, as my / our proxy to vote on my / our behalf at the Extraordinary General Meeting which will be held at 1500 hours on Thursday, the 30<sup>th</sup> of June 2011, in the CAPS Holdings Training Room, No. 2 Manchester Road, Southerton, Harare, Zimbabwe, and at any adjournment thereof and to vote on my / our behalf or to abstain from voting as indicated below: