

Notice of Annual Meeting

Notice is hereby given that the Annual Meeting of Shareholders of Michael Hill International Limited (the 'Company') will be held at the Soundings Theatre, Museum of New Zealand Te Papa Tongarewa, Cable Street, Wellington on Friday, 5 November 2010 commencing at 10.30 am.

Business

The business of the Annual Meeting will be:

1 Financial statements and reports

To receive and consider the Annual Report including the financial statements and the auditor's report for the year ended 30 June 2010.

See Explanatory Notes.

2 Re-election of Emma Jane Hill and Gary John Gwynne as directors

To consider, and if thought fit, to re-elect Emma Jane Hill and Gary John Gwynne as directors of the Company by passing the following separate ordinary resolutions:

- a. "That Emma Jane Hill be re-elected as a director of the Company."
- b. "That Gary John Gwynne be re-elected as a director of the Company."

See Explanatory Notes.

3 Appointment of New Auditors

To consider, and if thought fit, to appoint Ernst & Young as new auditors of the Company by passing the following ordinary resolution:

"That shareholders approve for the purposes of section 196 of the Companies Act 1993 the appointment of Ernst & Young as the Company's auditors."

See Explanatory Notes

4 Issue of 2,000,000 options to Chief Executive, Michael Robin Parsell

To consider, and if thought fit, to approve the issue of 2,000,000 options to acquire ordinary shares to Mike Parsell by passing the following ordinary resolution:

"That shareholders approve for the purposes of NZSX Listing Rule 7.3.1 the issue of up to a maximum of 2,000,000 options ('Options') to acquire ordinary shares in the Company to Michael

Robin Parsell on the terms and conditions set out in the Explanatory Notes.”

See Explanatory Notes. Resolution 3 is the subject of an Appraisal Report for the purposes of the NZSX Listing Rules and shareholders are encouraged to read this document in deciding how to vote.

5 Hill Family proposals

To consider, and if thought fit, to enable the Hill Family to consolidate their shareholding in the Company into a single entity by passing the following ordinary resolution:

“That shareholders approve for the purposes of the Takeovers Code, the consolidation of the Hill Family shareholdings in the Company into a single entity through the transfer of the holdings of the Quinten Trust, Michael Hill International Share Trust and the Boxer Hill Trust to Durante Holdings Pty Limited (‘Durate’), being an entity wholly owned by the Boxer Hill Trust, in the manner set out in the Explanatory Notes.”

See Explanatory Notes. Resolution 5 is subject to an Independent Advisers’ Report for the purposes of the Takeovers Code and shareholders are encouraged to read this document in deciding how to vote.

6 Other business

To consider any other ordinary business which may be properly brought before the meeting.

Proxies

All shareholders are entitled to attend and vote at the Annual Meeting or to appoint a proxy to attend and vote in their place. A proxy need not be a shareholder of the Company. Individuals who are disqualified from voting on any resolution are unable to vote a discretionary proxy.

By virtue of NZSX Listing Rule 9.3.1, Mike Parsell and any associated person are precluded from voting on Resolution 4.

By virtue of Rule 17 of the Takeovers Code, the interests of the Hill Family (being the Boxer Hill Trust, the Quinten Trust, and the Michael Hill International Share Trust) and their associates (being Emma Hill who holds a parcel of ordinary shares in her own name) are precluded from voting on Resolution 5.

Enclosed with this Notice of Annual Meeting is a Proxy/Corporate Representative Form. For the appointment of a proxy to be valid, the form must be deposited at the offices of the Company's share registrar, Computershare Investor Services Limited, at either Private Bag 92119, Auckland 1142 or at Level 2, 159 Hurstmere Road, Takapuna, North Shore City, so as to be received no later than 48 hours before the start of the Annual Meeting (being no later than 10.30 am on Wednesday, 3 November 2010).

Postal voting is not permitted.

All of the Directors offer themselves as proxy to shareholders and, subject to the restriction that they cannot vote a discretionary proxy on a resolution if they themselves are disqualified from voting, will vote in favour of each of the resolutions put to the Annual Meeting unless otherwise directed.

Corporate representatives

A corporation which is a shareholder may appoint a person to attend the Annual Meeting on its behalf in the same manner as that in which it could appoint a proxy. The Proxy/Corporate Representative Form must be signed on behalf of the company by a person acting under the company's express or implied authority.

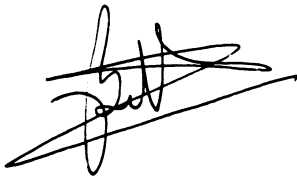
Requisite majorities

In order for an ordinary resolution to be passed, an affirmative vote of a simple majority of more than 50% of the votes cast by those entitled to vote and who vote in person or by proxy is required. Each of the resolutions to be voted on by shareholders at the Annual Meeting is an ordinary resolution.

NZX approval

NZX has reviewed and approved this Notice of Annual Meeting.

By order of the board of directors

A handwritten signature in black ink, appearing to be 'W. K. Butler', written over a horizontal line.

W. K. Butler

Company Secretary

19 October 2010

Explanatory Notes

Business Item 1 – Financial statements and reports

The financial statements and auditor's report included in the Company's Annual Report were respectively audited and prepared by the Company's existing auditors, PricewaterhouseCoopers ('PwC').

PwC have provided notice to the Company of their resignation as the Company's auditor with effect from the conclusion of the Annual Meeting.

Under Business Item 3 (Resolution 3), shareholders are asked to appoint Ernst & Young as the Company's new auditors pursuant to section 196 of the Companies Act 1993.

The Explanatory Notes to Business Item 3 (Resolution 3) below explain the circumstances of PwC's resignation and why the Company seeks shareholder approval to appoint Ernst & Young as auditors.

Business Item 2 (Resolutions 1 and 2) – Re-election of Emma Jane Hill and Gary John Gwynne as directors

Emma Jane Hill and Gary John Gwynne are currently directors of the Company and retire by rotation in accordance with NZSX Listing Rule 3.3.11. Each director, being eligible, offers himself for re-election.

NZSX Listing Rule 3.3.11 requires a specified number of the Company's directors to retire from office on a rotational basis each year at the Company's Annual Meeting. The retiring directors are eligible for re-election at that same Annual Meeting. Those required to retire are those who have been longest in office since they were last elected or deemed elected.

Emma Hill is currently a director of the Company and was first appointed a director in 2007.

Gary Gwynne is currently a director of the Company and was first appointed a director in 1998.

Further details regarding Emma Hill and Gary Gwynne are contained in the Company's Annual Report which can be viewed at the Company's website: www.michaelhill.com. The Board does not consider Emma Hill to be an independent director. The Board does consider Gary Gwynne to be an independent director.

Director Recommendations

The other directors support the re-election of Emma Hill and Gary Gwynne as directors and recommend that shareholders vote to approve Resolutions 1 and 2.

Business Item 3 (Resolution 3) - Appointment of New Auditors

As a part of its ongoing review of governance policies and their implementation, the Company has conducted a review of the role of auditor. In doing so the Company has

been mindful of the desirability that auditors are in a position to discharge their role independently and free from actual and perceived conflicts of interest.

PwC has been the Company's auditor for many years. In more recent times the level of non-audit fees paid to PwC has been significant and the Company anticipates that this trend will continue as the Company and its group continues to grow. Following discussions between the Company and PwC arising out of the Company's review, PwC advised the Company on 4 August 2010 that it would resign as the Company's auditor with effect from the conclusion of the Annual Meeting.

The Board requested that the Audit Committee conduct a selection process for a replacement auditor. The Audit Committee subsequently issued a request for proposals (RFP) seeking responses from suitably qualified accounting firms.

Following careful review and consideration of the responses received to the RFP the Audit Committee determined that Ernst & Young were the most suitably qualified appointment. A recommendation to this effect was made by the Audit Committee to the Board. The Board agrees with the recommendation made by the Audit Committee and on this basis seeks the approval of shareholders to the appointment of Ernst & Young for the purposes of section 196 of the Companies Act 1993.

In the event that shareholders vote to approve Ernst & Young's appointment as auditor, Ernst & Young will hold office until the Company's next annual meeting at which time they will be subject to reappointment in the usual manner.

The financial statements and auditor's report included in the Annual Report presented to shareholders under Business Item 1 at the Annual Meeting were respectively audited and prepared by PwC as the Company's existing auditors.

Directors' Recommendation

The Board is satisfied following the RFP process conducted by the Company's Audit Committee that Ernst & Young are the most appropriate appointment as the Company's new auditor. The Board recommends that shareholders vote to approve Resolution 3.

Business Item 4 (Resolution 4) - Issue of 2,000,000 options to Chief Executive, Michael Robin Parsell

Michael Robin Parsell ('Mike') is the Company's Chief Executive and a director. He has served the Company as a Director since 1989 and Chief Executive since 2000. In particular, Mike has overseen the Company's continued growth and success in uniquely difficult retail trading conditions over the last 3 years.

The Company announced to the market on 21 December 2009 that the Board had resolved to issue to Mike, in aggregate and across the next 4 years, 2,000,000 options to subscribe for ordinary shares ('Options') on certain terms and conditions and subject to the Company obtaining the necessary shareholder approvals at the Annual Meeting for the purposes of NZSX Listing Rule 7.3.1.

Subject to shareholder approval, the Options are to vest in Mike in the following tranches:

- a 800,000 Options in November 2010
- b 400,000 Options in September 2011
- c 400,000 Options in September 2012
- d 400,000 Options September 2013

Each tranche of Options may be exercised during a specific Exercise Period and on the conclusion of this period the Options expire and can no longer be exercised. Each Option will entitle Mike, on the Option being vested in him, to subscribe for one ordinary share in the Company at an Exercise Price for each tranche which is calculated at 30% above the volume weighted average price (VWAP) of the Company's ordinary shares in the 20 business days following the announcement of the Company's annual results for the financial year immediately preceding the Options vesting in Mike. Details of the respective Exercise Periods, Expiry Dates and Exercise Prices for each tranche of Option are set out below for the benefit of shareholders in Table 1.1.

Why does the Board want to grant the Options?

The grant of Options to Mike is consistent with Options previously issued to other senior management (including the Options issued to Mike in 2002) and is made on the basis of the Board's belief that part of Mike's remuneration should be linked to the value he creates for the Company's shareholders through increases in share price.

The issue of the Options helps achieve this objective by giving Mike an interest in the Company, the value of which can be influenced by his performance as Chief Executive (as measured by the Company's share price). This will further promote a partnership environment as between the Chief Executive, senior management and shareholders.

Mike has played no role in considering or deciding any matter relating to the grant of the Options when these matters have come before the Board for decision.

Why is shareholder approval required?

The Company seeks shareholder approval to the grant of the Options for the purposes of NZSX Listing Rule 7.3.1.

NZSX Listing Rule 7.3.1 provides that the Company may issue equity securities if the precise terms and conditions of the specific proposal to issue those equity securities have been approved by resolution of the holders of securities whose rights or entitlements could be affected by that issue.

For the purposes of the Listing Rules the Options are considered to be equity securities, being securities that upon exercise will convert into ordinary shares in the Company.

Key Terms of the Options

After resolving to grant the Options to Mike, the Company executed an option agreement ('Option Agreement') with him on 18 December 2009. The issue of Options under the Option Agreement was provided to be subject to the approval of the Company's shareholders being obtained for the purposes of the NZSX Listing Rules at the Annual Meeting in New Zealand.

A summary of the terms and conditions of the grant of Options and the Options is included in this section of the Explanatory Notes for the benefit of shareholders.

The Options will vest in Mike in the tranches set out in Table 1.1 below on the respective Vesting Date for each tranche provided that Mike is employed by the Company as at this date and Mike has, in the sole opinion of the Company, duly and faithfully carried out his duties to the Company under his employment agreement.

Each Option will entitle Mike to subscribe for one ordinary share in the Company.

The Exercise Price, the Exercise Period and the Expiry Date are as specified in Table 1.1 and vary with respect to each tranche of Options.

Table 1.1 – Vesting Date, Exercise Price, Exercise Period and Expiry Date for Options

Tranche	Number of Options	Vesting Date	Exercise Price	Exercise Period	Expiry Date
1a	400,000	November 2010	Exercise price will be \$0.94 being an amount which was 30% above the VWAP of the Company's Ordinary Shares in the 20 business days following the announcement on 24 August 2009 of the Company's results for the year to 30 June 2009 to NZX.	The Options in Tranche 1(a) may be exercised in the period immediately following the announcement of the Company's annual financial results for the year ending 30 June 2014 though to 30 September 2019.	30 September 2019
1b	400,000	November 2010	Exercise price will be \$0.88 being an amount which was 30% above the VWAP of the Company's Ordinary Shares in the 20 business days following the announcement in August 2010 of the Company's results for the year to 30 June 2010 to NZX.	The Options in Tranche 1(b) may be exercised in the period immediately following the announcement of the Company's annual financial results for the year ending 30 June 2015 though to 30 September 2020.	30 September 2020
2	400,000	September 2011	Exercise price will be 30% above the VWAP of the Company's Ordinary Shares in the 20 business days following the announcement in August 2011 of the Company's results for the year to 30 June 2011 to NZX.	The Options in Tranche 2 may be exercised in the period immediately following the announcement of the Company's annual financial results for the year ending 30 June 2016 though to 30 September 2021.	30 September 2021
3	400,000	September 2012	Exercise price will be 30% above the VWAP of the Company's Ordinary Shares in the 20 business days following the announcement in August 2012 of the Company's results for the year to 30 June 2012 to NZX.	The Options in Tranche 3 may be exercised in the period immediately following the announcement of the Company's annual financial results for the year ending 30 June 2017 though to 30 September 2022.	30 September 2022

Tranche	Number of Options	Vesting Date	Exercise Price	Exercise Period	Expiry Date
4	400,000	September 2013	Exercise price will be 30% above the VWAP of the Company's Ordinary Shares in the 20 business days following the announcement in August 2013 of the Company's results for the year to 30 June 2013 to NZX.	The Options in Tranche 4 may be exercised in the period immediately following the announcement of the Company's annual financial results for the year ending 30 June 2018 though to 30 September 2023.	30 September 2023

Mike may exercise Options which have vested in him by giving notice to the Company and by paying the Exercise Price (and provided that notice is given during the Exercise Period and prior to the Expiry Date). An exercise notice must be for a minimum of 50,000 Options and any multiple of 50,000.

Notwithstanding the Exercise Period for each tranche, Options which have vested in Mike can be exercised immediately if:

- There is a proposal for an amalgamation, merger or acquisition of the Company which if successful would be likely to result in the Company's shareholders holding less than 50% of the equity securities of the amalgamated, merged or acquiring company (as the case may be); or
- There is an issue of new shares in the Company or a change in the legal or beneficial ownership of shares in the Company (or a series of linked transactions) which directly or indirectly alters the right to control more than 50% of the voting shares in the Company or receive more than 50% of any distribution from the Company; or
- There is a sale of the whole of a substantial part of the business of the Company.

In the event that the Company conducts a pro-rata rights issue for ordinary shares or securities convertible into ordinary shares prior to Mike issuing the Company an exercise notice for vested Options, the Option Agreement includes a mechanism to adjust the Exercise Price in order to preserve the economic equivalence of the Options.

In the event that the Company conducts a pro-rata bonus issue of ordinary shares, Mike is entitled on exercise of the Options to be issued with as many additional ordinary shares as would have been issued to Mike if he had held ordinary shares equal in number to the ordinary shares issued on the exercise of the Options.

Where there is an amalgamation or any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the exercise of the Options, the number of ordinary shares called for by Mike, or the Exercise Price, or both, will be reconstructed (as appropriate) by the Company in a manner which will not result in any benefit being conferred or detriment being suffered by Mike as compared to shareholders generally.

In the event that a takeover offer or merger or amalgamation proposal is made in relation to the Company, the Board of the Company, with the agreement of Mike, may vary any of the terms of the Option Agreement so as to facilitate Mike's participation in that proposal.

Provided that all other terms of the proposed issue are complied with, settlement for the issue of ordinary shares will occur no later than 10 business days after the delivery of an exercise notice. Mike must, on the relevant settlement date, pay by bank cheque or

other cleared funds the Exercise Price applicable to the ordinary shares, at which time the Company will immediately issue the relevant number of ordinary shares.

The Options are issued to Mike in consideration of his performing his duties as the Company's Chief Executive. Where Mike's employment is terminated for any reason (including his resignation) other than by reason of fraud or dishonesty by the Company (as determined by the board of the Company in its absolute discretion) and at the date of termination Mike has not exercised all of the Options which have vested in him and which have not expired ('Remaining Options'), Mike may exercise the Remaining Options regardless of whether or not the Remaining Options are then entitled to be exercised. If the Remaining Options are not exercised within three months after the date of termination, they may be cancelled by the Company giving written notice to Mike without any further obligation on the Company or right of Mike to any compensation.

Mike is not entitled to assign, transfer or otherwise deal with his rights or obligations under the Option Agreement without the Company's prior written consent.

All ordinary shares issued pursuant to the exercise of the Options will rank *pari passu* with all other ordinary shares of the Company on issue at that time, except in respect of dividends which have been declared but are unpaid at the date of delivery of an exercise notice and in respect of which the record date for determining entitlements falls prior to the settlement date for the issue of the Options.

The issue of Options to Mike is conditional upon the Company shareholders approving the issue of the Options. The Company will terminate the Option Agreement if that approval is not obtained.

Director Recommendation

The Board considers the issues of Options to Mike are an appropriate means of incentivising Mike in his role as Chief Executive of the Company. The Board recommends that shareholders approve Resolution 4.

Appraisal Report

NZSX Listing Rule 6.2.2 requires a notice of meeting to be accompanied by an appraisal report if, in the case of a resolution concerning an issue of securities, the issue is intended or is likely to result in more than 50% of the securities being acquired by directors or their associates and where the amounts and terms of the proposed issue will not be determined according to criteria applying generally to all employees eligible to participate in that issue. On this basis, an Appraisal Report is necessary and the Company has engaged Simmons Corporate Finance Limited to prepare an appraisal report for the purposes of NZSX Listing Rule 6.2.2 ('Appraisal Report').

A copy of the Appraisal Report is attached to the Notice of Meeting. Shareholders are encouraged to read the report when considering whether to vote to approve Resolution 4. The Appraisal Report concludes that:

"In our opinion, after having regard to all relevant factors, the consideration and the terms and conditions of the Director Options are fair to the Non-associated Shareholders."

Business Item 5 (Resolution 5) – Hill Family proposal – Consolidation of shareholding

Current holding and history

Michael Hill International Limited is a company founded on the vision and enterprise and of Michael Hill. The Hill Family trusts currently hold 47.62% of the voting rights on issue in the Company. The Hill Family trusts comprise the Quinten Trust, the Michael Hill International Share Trust and the Boxer Hill Trust (and the shares held by the Hill Family trusts are referred to in these Explanatory Notes as the 'Hill Family holdings'). Emma Hill, the associate of the Hill Family trusts, holds 1,524,750 MHI shares in her own name. Together the Hill Family trusts and their associate, Emma Hill, hold 48.02% of the voting rights on issue in the Company.

The current shareholdings of the Hill Family trusts are set out in the Table 2.1 below:

Table 2.1 - Current Hill Family holdings

Name of Trust and Trustees	Number of voting securities	Percentage of voting securities on issue
Richard Michael Hill, Ann Christine Hill and Veritas Hill Limited as trustees of the Quinten Trust	98,059,900	25.6%
Donald Wolleston Hewitt and Veritas Hill Limited as trustees of the Michael Hill International Share Trust	80,916,220	21.12%
Richard Michael Hill, Ann Christine Hill and Veritas Hill Limited as trustees of the Boxer Hill Trust	3,456,900	0.9%

On 25 August 2010, the Hill Family advised the Company that it wishes to consolidate the Hill Family holdings set out above into a single entity (referred to in these Explanatory Notes as the 'Consolidation Proposal'). The Consolidation Proposal will not apply to shares owned by Emma Hill in her own name.

The Hill Family has advised the Company that it considers the consolidation of the Hill Family holdings into a single entity is desirable because it will assist in their achieving the following:

Administrative Efficiency: A single entity will enable the Hill Family holdings to be held and managed with a greater degree of administrative efficiency. The existing structure requires three separate administrative procedures (e.g. bank records, tax returns, voting forms) which will be considerably simplified by a single holding.

Improved Structure: A single entity in the form of a company wholly owned by one of the Hill Family trusts will enable the Hill Family holdings in the Company, regarded as business assets, to be separated from the personal and family assets of the Hill Family and managed in a manner more appropriate to the holdings under an appropriate governance structure and with access to suitably qualified directors in the future. The Hill Family has recognised that with the

passing of time this becomes an increasingly important part of inter-generational asset management. Similar consolidated structures are common amongst corporate groups with significant founding family shareholdings.

The Company is a 'code company' being subject to the Takeovers Code Order 2001 (the 'Takeovers Code' or the 'Code') by virtue both of its listing on NZX and the fact that it has more than 50 shareholders.

Rule 6(1)(a) of the Takeovers Code prohibits any person who holds or controls no voting rights or less than 20% of the voting rights in code company from becoming the holder or controller of an increased percentage of the voting rights in the code company unless, after that event, that person and that person's associates hold or control not more than 20% of the voting rights in the code company except as provided in Rule 7.

Rule 7(c) permits such increase in voting rights if the acquisition by a person of voting securities in the code company has first been approved by an ordinary resolution of shareholders entitled to vote in accordance with the requirements of the Takeovers Code. The Company seeks this approval in Resolution 5.

The Consolidation Proposal will involve a single entity, Durante, being an entity wholly owned by the Boxer Hill Trust, one of the existing Hill Family Trusts, acquiring the voting securities currently held by each of the Hill Family trusts, including the Boxer Hill Trust and in doing so increasing its holding of voting securities in the Company from no voting securities prior to the Consolidation Proposal to approximately 47.62%. For this reason the Company seeks shareholder approval for the Consolidation Proposal pursuant to Rule 7(c) of the Takeovers Code.

At their current shareholding level of 47.62% the Hill Family trusts do not have the benefit of the facility provided by Rule 7(e) of the Takeovers Code (colloquially referred to as the "creep" facility) to increase their percentage shareholding in the Company without any requirement for shareholder approval or an independent adviser's report. This facility is only available to a single entity who holds more than 50% of the voting securities on issue in a 'code company'.

Proposed Structure

Subject to the necessary shareholder and any regulatory approvals, rulings or exemptions being obtained, Durante will acquire the voting securities currently held by each of the Hill Family Trusts. It will not acquire the shares held by Emma Hill in her own name.

Durante was incorporated specifically for the purpose of acquiring and holding the voting securities held by the different Hill Family trusts under the Consolidation Proposal. All shares in Durante are wholly owned by the Boxer Hill Trust, being one of the existing Hill Family trusts.

The directors of Durante are Michael and Emma Hill, but may in the future include independent directors, appointed for their expertise. Durante directors are appointed and removed in the usual manner by way of an ordinary resolution of Durante's shareholder (i.e. the Boxer Hill Trust).

A single holding through Durante will enable the holdings in the Company, regarded as business assets, to be separated from the personal and family assets of the Hill Family

and managed in a manner more appropriate to its nature as an investment and business asset and with the benefit of an appropriate governance structure.

The Hill Family and the Board do not consider that the proposed structure results in any change in the effective control of the Hill Family holdings. The Boxer Hill Trust and its trustees will retain ownership of all shares in Durante which will hold the Hill Family holdings. Effective control and ownership will remain the same albeit one step removed.

Under the constitution of Durante the Boxer Hill Trust, as the sole shareholder, has the sole right to appoint and remove the directors of Durante.

It is intended that the consolidation of the Hill Family holdings into the single entity will occur within 3 months of the necessary shareholder and any regulatory approvals, rulings or exemptions being obtained.

Rule 15 of the Takeovers Code provides that shareholders must receive the following information before voting on any resolution under Rule 7(c) of the Takeovers Code. The required information is set out below:

- (a) Durante is the person who will acquire the voting securities; and
- (b) the following are the particulars of the voting securities to be acquired by Durante (this information is also represented in tabular form below in Table 2.2):
 - (i) in aggregate 182,433,020 voting securities are to be acquired;
 - (ii) this number represents 47.62% of all voting securities on issue in the Company
 - (iii) after the completion of the acquisition Durante will hold or control 47.62% of all voting securities on issue in the Company
 - (iv) after the completion of the acquisition 48.02% of all voting securities on issue in the Company will be held by Durante and its associates.
- (c) Durante will acquire the voting securities held by the Quinten Trust and Michael Hill International Share Trust by way of capital distributions via the family trusts, and accordingly there is no consideration for these acquisitions. The acquisition of those voting securities presently held by the Boxer Hill Trust will be for a consideration equal to the volume weighted average price of the Company's shares on NZSX in the five trading days prior to the acquisition. The acquisitions will occur within three months of all of the necessary shareholder and any regulatory approvals, rulings or exemptions being obtained.
- (d) the acquisition is being made to enable the Hill Family holding of voting securities to be held by a single entity which will enable the holding to be managed with greater administrative efficiency, and in the future with the expertise required of an investment of this scale and nature.
- (e) the acquisition, if approved, will be permitted under Rule 7(c) of the Takeovers Code as an exception to Rule 6 of the Takeovers Code.
- (f) the Company has been advised by Durante that it has not entered into (nor does it intend to enter into) any agreement or arrangement (whether legally enforceable or not) with any other person relating to the acquisition (other than that between the Boxer Hill Trust, the Michael Hill International Share Trust, and

the Quinten Trust in respect of the acquisition of shares by Durante) relating to the acquisition, holding, or control of the voting securities to be acquired, or to the exercise of voting rights in the Company.

- (g) an independent adviser's report prepared by Simmons Corporate Finance Limited for the purposes of Rule 19 is attached to this Notice of Annual Meeting.
- (h) Michael Hill, Emma Hill and Christine Hill have abstained from making any recommendation to shareholders on the basis of their interest in the Consolidation Proposal. The remaining directors have decided not to make a recommendation to shareholders in respect of the Consolidation Proposal. The reason for not doing so is that the remaining directors regard the Consolidation Proposal as not having any discernible impact on the Company and no other shareholder is participating in the Consolidation Proposal. The remaining directors nevertheless recognize and understand the reasons for the Consolidation Proposal and have no objection to it.

Table 2.2 shows the Hill Family shareholdings in the Company post the completion of the Consolidation Proposal.

Table 2.2 – Post Consolidation Proposal Hill Family holdings

Name	Number of voting securities	Percentage of voting securities on issue	Percentage of voting securities on issue (includes associates)
Richard Michael Hill, Ann Christine Hill and Veritas Hill Limited as trustees of the Quinten Trust	0	0%	48.02%
Donald Wolleston Hewitt and Veritas Hill Limited as trustees of the Michael Hill International Share Trust	0	0%	48.02%
Richard Michael Hill, Ann Christine Hill and Veritas Hill Limited as trustees of the Boxer Hill Trust	0	0%	48.02%
Durante	182,433,020	47.62%	48.02%
Emma Hill	1,524,750	0.40%	48.02%

