



SEPHAKU

HOLDINGS LTD

Sephaku Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number: 2005/003306/06)

Share code: SEP

ISIN: ZAE000138459

("SepHold" or "the Company")

NOTICE OF SUBMISSION OF PROPOSED ORDINARY RESOLUTIONS TO THE SHAREHOLDERS OF SEPHOLD RELATING TO THE PRO-RATA ISSUE OF SHARES BY THE COMPANY, TO BE ADOPTED IN TERMS OF THE COMPANY'S MEMORANDUM OF INCORPORATION AND SECTION 60 OF THE COMPANIES ACT NO. 71 OF 2008, AS AMENDED ("THE COMPANIES ACT") ("NOTICE")

The defined terms set out herein, apply to this Notice, the Resolutions, the Written Consent and the Proxy Form. An electronic copy of this Notice will be available on the Company's website (<http://sephakuholdings.com/>) from the issue date of this Notice.

Dear SepHold Shareholder

1. INTRODUCTION

- 1.1 Shareholders were advised during the release of the Company's interim financial results for the period ended 30 September 2019 that the board of directors of SepHold (the "**Board**") intended to undertake a rights offer to raise approximately R50 million.
- 1.2 Given the current market and trading conditions, resulting in, inter alia, reduced profitability numbers, the Board has taken a decision to focus on prudent debt management, and decreasing net debt levels of the Company and its subsidiaries ("**the Group**"), through an increase in cash balances. This is a strategy which the Board communicated to shareholders during the release of its latest financial results.
- 1.3 A decrease in net debt levels (through an increase in available cash reserves) is also necessary to ensure the Group's continued compliance with debt covenants imposed by the Group's lenders.
- 1.4 It is therefore the Board's intention to propose a renounceable, partially underwritten rights offer to be implemented in the first quarter of 2020, in order to raise approximately R50 million in equity (the "**Proposed Rights Offer**").
- 1.5 Accordingly, the Board has resolved to propose that SepHold shareholders consider and, if deemed fit, pass, with or without modification, the ordinary resolutions set out in **Annexure 1** to this Notice (the "**Resolutions**"), by written consent in terms of section 60 of the Companies Act, in order to ensure that the Board is authorised to issue ordinary shares of the Company ("**Shares**"), pursuant to the Proposed Rights Offer.
- 1.6 The Board confirms that the Resolutions comply with the requirements of the Company's Memorandum of Incorporation ("**MOI**").
- 1.7 The relevant circular in respect of the Proposed Rights Offer shall be distributed to shareholders in due course subject to the Resolutions being approved.
- 1.8 Further details regarding the reasons for the proposed Resolutions are set out in the Notice.

2. REASONS FOR THE PROPOSED RESOLUTIONS

- 2.1 Whilst in terms of JSE Listings Requirements shareholders' approval is not required for a company to undertake an issue of shares for cash pursuant to a rights offer, clause 8.7 of the Company's MOI, contains a more stringent regime and requires shareholders' approval for any issue of Shares whether pursuant to a rights offer or otherwise. The general authority for the issue of Shares for cash obtained at the Company's most recent annual general meeting does not suffice for purposes of the Proposed Rights Offer as certain of the parameters and limitations contained in that general authority are unsuitable for purposes of the Proposed Rights Offer.
- 2.2 Accordingly, the Company requires an additional and specific authority from its shareholders to undertake the Proposed Rights Offer. Thus, the Resolutions are proposed for this purpose.
- 2.3 As the Resolutions are being proposed in terms of and pursuant to the Company's MOI, and not the JSE Listings Requirements, it is permissible for the Company to submit the Resolutions to Shareholders for voting in terms of section 60 of the Companies Act, as opposed to convening a shareholders' meeting.

3. SECTION 60 WRITTEN RESOLUTIONS

- 3.1 In terms of section 60 of the Companies Act, a resolution that could be voted on at a shareholders' meeting may instead be submitted for consideration to the shareholders entitled to exercise voting rights in relation to the resolution, and be voted on in writing by shareholders entitled to exercise voting rights in relation thereto, within 20 business days of the resolution being submitted to them.
- 3.2 Section 60(2) of the Companies Act provides that a resolution contemplated in terms of section 60(1) of the Companies Act will have been adopted if it is supported by persons entitled to exercise sufficient voting rights for it to have been adopted as an ordinary resolution (i.e. by more than 50% of the voting rights exercisable in respect thereof) and, if adopted, such resolution will have the same effect as if it had been approved by voting at a shareholders' meeting.

4. RECORD DATE

The Board has resolved that the record date for determining which shareholders are entitled to vote on the Resolutions in terms of the Written Consent shall be Friday, 6 December 2019.

5. SALIENT DATES

Salient dates and times are set out below^{1,2,3}

2019	
Record date to determine which shareholders are entitled to receive this Notice	Friday, 6 December
Notice posted and announced on SENS	Friday, 13 December
Date of receipt of this Notice, determined as the 7th (seventh) day following the day on which this Notice was posted as recorded by a post office ("Deemed Receipt Date")	Friday, 20 December
2020	
Deadline for the exercise of voting rights by shareholders on the Resolutions by 12:00	Wednesday, 22 January
Publication of the results of the voting on SENS ³	Thursday, 23 January
Distribution of statement of results of the Resolutions in terms of section 60(4) of the Companies Act by no later than ³	Wednesday, 5 February

1. *All references to dates and times are to local dates and times in South Africa.*
2. *The above dates and times are subject to amendment. Any such amendment will be released on SENS.*
3. *Whilst the deadline for the exercise of voting rights by shareholders is Wednesday, 22 January 2020, if the Company obtains the requisite majority of votes in respect of the Resolutions prior to that date, the Resolutions shall be deemed to have been passed and be in effect immediately from such earlier date, and the Company will distribute the statement of results in terms of section 60(4) of the Companies Act accordingly. The Company shall make an announcement on SENS as soon as such majority has been obtained.*

6. ACTION REQUIRED BY SHAREHOLDERS

- 6.1 **SHAREHOLDERS WHO HAVE DEMATERIALISED THEIR SHARES (OTHER THAN OWN-NAME DEMATERIALISED SHAREHOLDERS)** should advise their Central Securities Depository ("CSDP") or Broker as to what action they wish to take. This must be done in terms of the agreement entered into between them and their CSDP or Broker. Shareholders who have dematerialised their shares (other than own-name dematerialised shareholders) must **NOT** return the Form of Written Consent per **Annexure 2 ("Written Consent")** to Computershare Investor Services Proprietary Limited (the "**Transfer Secretaries**"), but must instead furnish their CSDP or Broker with their instructions for action.
- 6.2 **CERTIFICATED SHAREHOLDERS AND OWN-NAME DEMATERIALISED SHAREHOLDERS** may indicate, by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided, on the Written Consent, how they wish to cast their votes in relation to the relevant Resolutions. Please return the completed and signed Written Consent to the Transfer Secretaries by no later than 12:00 on Wednesday, 22 January 2020 (i.e. within 20 (twenty) business days from the Deemed Receipt Date) to any one of the following addresses:

By hand

Rosebank Towers
15 Biermann Avenue
Rosebank

By mail

PO Box 61051
Marshalltown, 2107
Email: proxy@computershare.co.za

Yours faithfully

Acorim Proprietary Limited
Company Secretary

13 December 2019

Sephaku Holdings Limited

(Incorporated in the Republic of South Africa)
(Registration number: 2005/003306/06)
Share code: SEP
ISIN: ZAE000138459
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**RESOLUTIONS SUBMITTED TO SHAREHOLDERS IN TERMS OF SECTION 60(1)
OF THE COMPANIES ACT**

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE ISSUE OF SHARES BY THE COMPANY PURSANT TO A PROPOSED RIGHTS OFFER

“**RESOLVED** as an ordinary resolution that, in terms of clause 8.7 of the Company’s MOI, the Company be and is hereby specifically authorised to issue Shares for the purpose of undertaking the Proposed Rights Offer, and accordingly the authorised unissued shares of the Company are hereby placed under the control of the Company’s board of directors to the extent required for this purpose.”

Explanatory note on ordinary resolution number 1:

The reason for ordinary resolution number 1 is to obtain approval from shareholders, in terms of the Company’s MOI, to enable the Company to issue Shares to existing shareholders of the Company for the purpose of raising approximately R50 million through the Proposed Rights Offer.

Voting requirement:

Ordinary resolution number 1 requires approval by shareholders holding more than 50% of the voting rights exercisable by the shareholders of the Company, in accordance with section 65(7) of the Companies Act.

ORDINARY RESOLUTION NUMBER 2 – GENERAL AUTHORITY TO IMPLEMENT

“**RESOLVED** as an ordinary resolution that, any director of the Company be and is hereby authorised, with power of substitution or delegation, to take such steps and execute such documents as may be required in order to implement ordinary resolution number 1.”

Voting requirement:

Ordinary resolution number 2 requires approval by shareholders holding more than 50% of the voting rights exercisable by the shareholders of the Company, in accordance with section 65(7) of the Companies Act.

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**FORM OF WRITTEN CONSENT IN TERMS OF SECTION 60 OF THE COMPANIES ACT
 ("WRITTEN CONSENT")**

FOR USE BY CERTIFICATED SHAREHOLDERS AND OWN-NAME DEMATERIALISED SHAREHOLDERS IN TERMS OF SECTION 60 OF THE COMPANIES ACT

Shareholders who have dematerialised their shares, other than own-name dematerialised shareholders, should advise their CSDP or Broker as to what action they wish to take. This must be done in terms of the agreement entered into between them and their CSDP or Broker. Shareholders who have dematerialised their shares (other than own-name dematerialised shareholders) must **NOT** return this Form of Written Consent to the Transfer Secretaries, but must instead furnish their CSDP or Broker with their instructions for action.

I/We (please print full names) _____

of _____ (address)

Telephone number: () _____ Mobile number: _____

Email address: _____

being the holders of _____ shares, hereby vote as follows:

	For	Against	Abstain
Ordinary Resolution number 1 Approval of the issue of Shares by the Company			
Ordinary Resolution number 2 Authority to implement			

Please insert the number of shares you wish to vote or insert an "X" if you wish to vote all of your shares.

Signed at _____ on _____

Signature _____

Assisted by me (where applicable) _____ Name _____

Capacity _____

Signature _____

Notes:

1. A person signing this Written Consent in a representative capacity must attach the documentary evidence establishing such authority to this Written Consent unless previously recorded by the Transfer Secretaries.
2. The Written Consent must be completed and signed in accordance with the instructions therein, and must be received by the Transfer Secretaries as follows:

The completed and signed Written Consent must be delivered to the Transfer Secretaries by Wednesday, 22 January 2020 at any one of the following addresses:

By hand

Computershare Investor Services (Pty) Ltd
Rosebank Towers
15 Biermann Avenue
Rosebank

By mail

Computershare Investor Services (Pty) Ltd
PO Box 61051
Marshalltown, 2107
Email: proxy@computershare.co.za

3. A certificated or own-name dematerialised shareholder's instructions on the Written Consent must be indicated by the insertion of the relevant number of votes exercised by that shareholder in the appropriate box provided. A certificated or own-name dematerialised shareholder is not obliged to use all the votes exercisable by such shareholder, but the total number of votes cast and in respect of which abstention is recorded may not exceed the total number of votes exercisable by the certified or own-name dematerialised shareholder.

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FORM OF PROXY

(for use by certificated and own-name dematerialised shareholders only)

I/We (please print full names) _____
of _____ (address)

Telephone number: () _____ Mobile number: _____

Email address: _____

being the holders of _____ shares, appoint (see note 1)

1. _____ failing him,
2. _____ failing him,
3. the chairperson,

as my/our proxy to vote for me/us on my/our behalf in respect of the Resolutions proposed by the directors of the Company, as set out in **Annexure 1** of the Notice, for the purpose of considering and, if deemed fit, passing, with or without modification, the Resolutions, and to vote on the Resolutions in respect of the shares registered in my/our names in accordance with the following instructions (see note 6):

Resolutions proposed	Number of Votes		
	For	Against	Abstain
Ordinary Resolution number 1 Approval of the issue of Shares by the Company			
Ordinary Resolution number 2 Authority to implement			

Please insert the number of shares you wish to vote or insert an "X" if you wish to vote all of your shares.

Signed at _____ on _____

Signature _____

Assisted by me (where applicable) _____ Name _____

Signature _____

Notes:

1. The following categories of shareholders are entitled to complete a form of proxy:
 - a) Certificated shareholders whose names appear in the Company's register;
 - b) Own-name dematerialised shareholders whose names appear on the sub-register of a CSDP;
 - c) CSDPs with nominee accounts; and
 - d) Brokers with nominee accounts.
2. Certificated shareholders wishing to vote in respect of the Resolutions must ensure beforehand with the Transfer Secretaries that their shares are registered in their name.
3. Beneficial shareholders whose shares are not registered in their own-name, but in the name of another, for example, a nominee, may not complete a Form of Proxy, unless a Form of Proxy is issued to them by the registered holder and they should contact the registered holder for assistance in issuing instruction on voting such shares, or obtaining a Form of Proxy to vote in respect of the Resolutions.
4. All beneficial shareholders who have dematerialised their shares through a CSDP or Broker, other than those in their own-name, must provide the CSDP or Broker with their voting instructions. Shareholders who have dematerialised their shares, other than those in their own-name, must **not lodge the Written Consent**.
5. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided. The person whose name stands first on the Form of Proxy will be entitled to act as proxy to the exclusion of those whose names follow.
6. Please insert the number of votes in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of shares in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote, or to abstain from voting in respect of the Resolutions as he/she deems fit in respect of all of the shareholders' votes exercisable thereon. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder, or by the proxy, but the total of votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by the proxy.

Forms of proxy must be received by the Transfer Secretaries by Wednesday, 22 January 2020 at any one of the following addresses

By hand

Computershare Investor Services (Pty) Ltd
Rosebank Towers
15 Biermann Avenue
Rosebank

By mail

Computershare Investor Services (Pty) Ltd
PO Box 61051
Marshalltown, 2107
Email: proxy@computershare.co.za

7. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity must be attached to this Form of Proxy.
8. Any alteration or correction made to this Form of Proxy must be initialled by the signatory/ies.
9. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries.
10. The Company may reject or accept a Form of Proxy which is completed and/or received other than in accordance with these notes, if it is satisfied as to the manner in which the shareholder wishes to vote.

Summary of rights established by section 58 of the Companies Act as required in terms of sub-section 58(8)(b)(i):

1. A proxy appointment must be in writing, dated and signed by the shareholder and remains valid for one year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked in terms of paragraph 4.3 below (section 58(2)).
2. A shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder (section 58(3)(a)).
3. A proxy may delegate his or her authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy ("**proxy instrument**") (section 58(3)(b)).
4. Irrespective of the form of instrument used to appoint a proxy:
 - 4.1 the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder (section 58(4)(a));
 - 4.2 the appointment is revocable unless the proxy appointment expressly states otherwise (section 58(4)(b)); and
 - 4.3 if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or by making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company (section 58(4)(c)).
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 4.3 above (section 58(5)).
6. If the proxy instrument has been delivered to a company, as long as that appointment remains in effect, any notice required by the Companies Act or the Company's MOI to be delivered by the Company to the shareholder must be delivered by the Company to the shareholder (section 58(6)(a)), or the proxy or proxies, if the shareholder has directed the Company to do so in writing and paid any reasonable fee charged by the Company for doing so (section 58(6)(b)).
7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the MOI or proxy instrument provides otherwise (section 58(7)).