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# BUILDING BLOCKS FOR GROWTH

NOTICE OF ANNUAL  
GENERAL MEETING



SEPHAKU  
HOLDINGS LTD

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# NOTICE OF ANNUAL GENERAL MEETING

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# LETTER TO SHAREHOLDERS

We invite you to attend Sephaku Holdings' annual general meeting (AGM), which will be held at The JSE Dining Room, 9th Floor, Johannesburg Stock Exchange, 2 Gwen Lane, Sandown in Sandton on Thursday, 12 September 2019 at 11:00. We encourage you to attend and vote at the AGM as this is your opportunity to meet and question members of the company regarding the group's performance for the year ended 31 March 2019.

The integrated annual report will not be mailed to shareholders as part of our strategy to contain costs. However, all the information that you may require for the purposes of voting at the AGM is included in this booklet, including the detailed notice of AGM, the summarised consolidated financial statements and other supporting documentation. Printed copies of the notice of AGM will also be available at the AGM. The integrated annual review and annual financial statements are available on <http://sephakuholdings.com/investor-centre/investor-centre-2/>.

If you are not able to attend the AGM, you may vote by proxy according to the instructions in the notice of AGM and form of proxy.

For the summary of shareholders' rights in respect of proxy appointments as contained in section 58 of the Companies Act, 71 of 2008 (Companies Act), refer to the proxy form at the end of this booklet.

Yours sincerely

*Acorim*

**Acorim Proprietary Limited**

*Group company secretary*

31 July 2019

# NOTICE OF ANNUAL GENERAL MEETING



## **Sephaku Holdings Limited**

Incorporated in the Republic of South Africa

Registration number: 2005/003306/06

JSE share code: SEP

ISIN: ZAE000138459

In terms of section 62(3)(a) of the Companies Act, 71 of 2008, as amended (the Companies Act), notice is hereby given to the shareholders of Sephaku Holdings Limited ("SepHold" or the "Company") that the annual general meeting ("AGM") of the shareholders of SepHold will be held at The JSE Dining Room, 9th Floor, Johannesburg Stock Exchange, 2 Gwen Lane, Sandown in Sandton on Thursday, 12 September 2019 at 11:00, for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions set out in this notice of AGM (notice), as well as such other matters as may be required to be dealt with at the AGM in terms of the Companies Act. This notice is available in English only.

## **RECORD DATES**

The board of directors of SepHold (the Board) has determined in terms of section 62(3)(a), read together with section 59(1)(b) of the Companies Act, the record date on which a shareholder must be registered in the securities register of SepHold for the purposes of determining which shareholders of SepHold are entitled to:

- receive notice of the AGM is Friday, 19 July 2019; and
- participate in and vote on the resolutions to be proposed at the AGM is Friday, 6 September 2019.

Accordingly, the last day to trade SepHold shares in order to be recorded in the securities register of SepHold in order to be entitled to participate in and vote at the AGM will be Tuesday, 3 September 2019.

## **ACTION BY SHAREHOLDERS**

Certificated shareholders or "own name" registered dematerialised shareholders are entitled to attend, participate and vote at the AGM or any postponement or adjournment thereof or may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder or member of the Board.

Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM or any postponement or adjournment thereof.

Dematerialised shareholders (not with "own-name" registration) must notify their Central Securities Depository Participant (CSDP) or broker of their intention to attend the AGM in order for such CSDP or broker to be able to issue them with the necessary Letter of Representation to enable them to attend the AGM or, alternatively, should the dematerialised shareholder not wish to attend the AGM, they should provide their CSDP or broker with their voting instructions.

For administrative purposes only, we request that forms of proxy be delivered to The Meeting Specialist Proprietary Limited, at Johannesburg Stock Exchange Building, One Exchange Square, 2 Gwen Lane, Sandown, Johannesburg, 2196, South Africa or be posted to The Meeting Specialist Proprietary Limited, PO Box 62043, Marshalltown, 2107, South Africa, by no later than 11:00 on Tuesday, 10 September 2019 (or 48 hours before any postponement or adjournment of the AGM, which date, if necessary, will be notified on the Stock Exchange New Service (SENS)). Completed forms can also be emailed to [proxy@tmsmeetings.co.za](mailto:proxy@tmsmeetings.co.za).

Thereafter, forms of proxy may be handed to the chairman of the AGM, at the AGM, before voting on a particular resolution commences.

At the AGM, each shareholder will have voting rights determined in terms of the voting rights attaching to the shares held by such shareholder as set out in the memorandum of incorporation of the company (MOI).

AGM participants will be required to provide identification to the reasonable satisfaction of the chairman of the AGM. An official identification document issued by the South African Department of Home Affairs, a driver's licence or a valid passport will be accepted as sufficient identification.

Shareholders who have any doubt as to the action they are required to take in respect of the following resolutions should consult their CSDP, broker, banker, attorney, accountant or other professional adviser immediately.

## **ELECTRONIC PARTICIPATION**

In terms of section 61(10) of the Companies Act, every shareholders' meeting of a public company must be reasonably accessible within South Africa for electronic participation by shareholders. Therefore, shareholders or their proxies may participate in (but not vote at) a meeting by way of a teleconference call if they wish to do so. In this event:

- written notice to participate via electronic communication must be sent to SepHold's company secretary, Acorim Proprietary Limited, to sephaku@acorim.co.za, to be received by no later than 11:00 on 5 September 2019;
- a pin number and dial-in details for the conference call will be provided;
- shareholders will be billed separately by their own telephone service providers for the teleconference call to participate in the AGM; and
- valid identification will be required:
  - a) if the shareholder is an individual, a certified copy of their identity document and/or passport;
  - b) if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution, specifying the name of the individual that is authorised to represent the relevant entity at the AGM by way of teleconference call; and
  - c) a valid email address and/or facsimile number.

Shareholders participating in this manner and who may wish to vote will still have to appoint a proxy to vote on their behalf at the AGM.

## **PURPOSE**

The purpose of the AGM is for the following business to be transacted:

- a) The Board will present the annual financial statements of SepHold for the financial year ended 31 March 2019 (2019 AFS), including the reports of the independent auditors, the directors, the remuneration and nomination committee, the social and ethics committee and the audit and risk committee to shareholders;
- b) The shareholders will consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out in this notice (which are to be proposed at the AGM) in accordance with the requirements of the MOI of SepHold, the Companies Act, the JSE Listings Requirements, and to the extent applicable, in accordance with the principles and recommended practices set out in the King Report on Corporate Governance™ for South Africa, 2016 (King IV)\*; and
- c) Consider any and all matters of SepHold as may lawfully be dealt with at the AGM.

## **AGENDA**

### **Presentation of annual financial statements**

The integrated annual report of SepHold for 2019 financial year, incorporating, *inter alia*, the directors' report, the 2019 AFS, the report of the independent auditors, the report of the remuneration and nomination committee, social and ethics committee and the report of the audit and risk committee were made available to shareholders on 30 July 2019.

The 2019 AFS together with the report of the independent auditors and the reports of the directors will be presented to the shareholders at the AGM as required in terms of the Companies Act, read with the Companies Regulations, 2011.

### **Report from the social and ethics committee**

In accordance with Regulation 43(5)(c) of the Companies Act, the chairman of the social and ethics committee or, in his absence, any member of the committee, will present the committee's report to shareholders at the AGM.

### **Ordinary resolutions**

To consider and, if deemed fit, to pass, with or without modification, all of the ordinary resolutions relating to the business set out below.

With the exception of ordinary resolution number 6, the minimum percentage of voting rights required for each of the ordinary resolutions set out below to be adopted is more than 50% (fifty percent) of the voting rights exercised on each of the resolutions by shareholders present or represented by proxy at the AGM.

In terms of the JSE Listings Requirements, ordinary resolution number 6 must be passed by a 75% (seventy-five percent) majority of the votes cast in favour of the resolution by shareholders present or represented by proxy at the AGM.

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# NOTICE OF ANNUAL GENERAL MEETING (continued)

## 1. ORDINARY RESOLUTION NUMBER 1

### Re-appointment of independent external auditor

**“Resolved that** on recommendation of the current audit and risk committee, BDO South Africa Incorporated be and is hereby appointed as the independent external auditors of SepHold (until the conclusion of the next AGM of SepHold). Rudi Huiskamp, as the individual designated registered auditor, and the audit and risk committee be and is hereby authorised to determine the auditor’s remuneration.”

### Explanatory note

Following the finalisation of the merger between BDO South Africa Incorporated (“BDO”) and Grant Thornton Johannesburg in December 2018, the former Grant Thornton Johannesburg office (including the satellite offices in Nelspruit, Polokwane and Rustenburg) were consolidated under the BDO brand.

The audit and risk committee assessed the performance and accreditation of the proposed independent auditor and the proposed individual registered auditor (ie the designated auditor) in terms of the applicable regulations and legislation and is satisfied with their independence, accreditation and performance. The audit and risk committee is also satisfied that the audit firm is accredited to appear on the JSE List of Accredited Auditors and that the individual registered auditor of SepHold does not appear on the JSE List of Disqualified Auditors. The audit and risk committee confirms that independence assessments of the current audit firm and the designated individual auditor of SepHold will continue to be conducted, and that the audit and risk committee is cognisant of the timing of audit firm rotation in light of the mandatory audit firm rotation requirements issued by the Independent Regulatory Board for Auditors (“IRBA”) effective on 1 April 2023.

Having reviewed the IRBA’s finding and inspection report as well as a summary of internal review findings provided by the auditors, in terms of paragraph 22.15(h) of the JSE Listings Requirements, the audit and risk committee is satisfied that both BDO and Rudi Huiskamp are accredited in terms of the JSE Listings Requirements and are independent from the Company.

## 2. ORDINARY RESOLUTION NUMBER 2

### Re-election of directors

**“Resolved to** individually re-elect each of the following directors (ordinary resolutions numbers 2.1 to 2.2 to be voted on and adopted as separate resolutions). The Board recommends the re-election of these directors.”

**2.1 Ordinary resolution number 2.1: “Resolved that** the re-election of MJ Janse van Rensburg as an independent non-executive director, who retires by rotation at this AGM, but being eligible to do so, offers herself for re-election, is hereby confirmed.”

**2.2 Ordinary resolution number 2.2: “Resolved that** the re-election of MM Ngoasheng as an independent non-executive director, who retires by rotation at this AGM, but being eligible to do so, offers himself for re-election, is hereby confirmed.”

### Explanatory note

In accordance with the MOI of SepHold, one-third of all non-executive directors are required to retire at the AGM. Accordingly, Ms MJ Janse Rensburg and Mr MM Ngoasheng will retire and, being eligible, offer themselves for re-election to serve as directors of SepHold.

The remuneration and nomination committee reviewed the composition of the Board against corporate governance, individual performance and diversity requirements and has recommended the re-election of the directors listed above. The performance of each retiring director has been assessed.

Following this review, the Board recommends to shareholders the re-election of the above-mentioned directors, by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, as required under section 68(2) of the Companies Act.

Abbreviated *curricula vitae* in respect of each director offering themselves for re-election as a director, appears in Annexure 2 of this notice.

## 3. ORDINARY RESOLUTION NUMBER 3

### Election of the chairman and members of the audit and risk committee

**“Resolved to** individually elect the following independent non-executive directors (ordinary resolutions numbers 3.1 to 3.3) of SepHold as the chairman and members of the audit and risk committee until the conclusion of the next AGM of SepHold. The Board recommends the appointment of these members.”

**3.1 Ordinary resolution number 3.1: “Resolved that,** subject to the passing of ordinary resolution number 2.1, the election of MJ Janse van Rensburg as a member and chairman of the audit and risk committee, be and is hereby confirmed.”

**3.2 Ordinary resolution number 3.2: “Resolved that** the election of B Williams as a member of the audit and risk committee, be and is hereby confirmed.”

**3.3 Ordinary resolution number 3.3: “Resolved that** the election of B Bulu as a member of the audit and risk committee, be and is hereby confirmed.”

### Explanatory note

In terms of section 94(2) of the Companies Act, an audit committee comprising at least (3) three members must be elected by shareholders at each AGM of a public company. Further, in terms of regulation 42 of the Companies Regulations, 2011, at least one-third of the members of a public company's audit committee must have appropriate academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

Having reviewed the composition of the audit and risk committee, the qualifications, experience, expertise and independence of each of the members of the audit and risk committee, the remuneration and nomination committee satisfied itself that the members of the audit and risk committee continue to meet the requirements of the Companies Act. The Board recognises that King IV recommends against the appointment of the Board chairman to the audit committee. The decision to re-appoint B Williams to the audit committee was informed by the number of independent, non-executive directors in the board and their availability. Consideration was also made of the SepHold cost reduction programme in deciding to not appoint a new board member to fill the position vacated by P Makwana who resigned in October 2018. Therefore, NOMCO decided that B Williams is best qualified to fulfil the position without the appointment of an additional independent, non-executive director to comply with the requisites of the composition of the committee.

The remuneration and nomination committee accordingly, unanimously recommends and supports the election of MJ Janse van Rensburg, B Williams and B Bulu to the audit and risk committee.

Abbreviated *curricula vitae* in respect of each member of the audit and risk committee, appears in Annexure 2 of this notice.

## 4. NON-BINDING ADVISORY VOTE (COMPRISING NON-BINDING ADVISORY VOTE NUMBERS 4.1 AND 4.2, ALL INCLUSIVE)

### Non-binding advisory vote on the SepHold remuneration policy and implementation report

**4.1 Ordinary resolution number 4.1:** "Resolved that, as a separate non-binding advisory vote, SepHold's remuneration policy, as set out in Annexure 3, be and is hereby approved."

**4.2 Ordinary resolution number 4.2:** "Resolved that, as a non-binding advisory vote, the implementation report, as set out in Annexure 3, be and is hereby approved."

### Explanatory note

In terms of King IV read with the JSE Listings Requirements, the company's remuneration policy and implementation report must each be tabled to shareholders for a non-binding advisory vote at each AGM of the Company. These non-binding advisory votes enable shareholders to express their views on the Company's remuneration policy and on the manner in which the Company implements the remuneration policy.

The non-binding resolutions are of an advisory nature only and failure to pass these resolutions will not have any legal consequences relating to existing arrangements. The Board will take the outcome of each of the non-binding advisory votes into consideration when considering SepHold's future remuneration policy and implementation report.

In terms of JSE LR 3.84(k), the remuneration policy must record the measures that the board of directors commits to take in the event these non binding resolutions are voted against by 25% or more of the voting rights exercised, the Company will, as recommended by King IV and required by the JSE, implement certain measures, including:

- an invitation to dissenting shareholders (those who voted against the policy and/or implementation report) to engage with the Company; and
- the manner and timing of such engagement.

Thereafter, the Company will engage with the shareholders to address the matters of concern.

## 5. ORDINARY RESOLUTION NUMBER 5

### Signature of documents

"Resolved that each director of SepHold, or the company secretary, be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for, or incidental to, the implementation of those resolutions set out in this notice."

## 6. ORDINARY RESOLUTION NUMBER 6

### General authority to issue shares for cash

"Resolved that, subject to the Companies Act and the JSE Listings Requirements, SepHold be and is hereby granted general authority to allot and issue the unissued ordinary shares in the capital of SepHold (or options to subscribe for, or securities that are convertible into such ordinary shares) as an issue for cash, as and when suitable situations arise and, on such terms and conditions as they deem fit, subject to the following:

- The authority shall be valid until the date of the next AGM of SepHold, provided it shall not extend beyond 15 months from the date of this AGM.

# NOTICE OF ANNUAL GENERAL MEETING (continued)

- Issues in terms of this authority will not, in the period stipulated in the JSE Listings Requirements 5.50(b), in aggregate, exceed 5% (five percent) of the number of ordinary shares in SepHold's issued share capital as at the date of this notice of AGM (being 10 410 809 shares) and in the event of a sub-division or consolidation of issued equity securities, this authority must be adjusted accordingly to represent the same allocation ratio.
- Any equity securities issued under this authority during the validity period as contemplated in the JSE Listings Requirements 5.50(b) must be deducted from the 10 410 809 shares stipulated in this notice.
- The shares, which are the subject of the issue for cash, must be of a class already in issue or, where this is not the case, must be limited to such equity securities or rights that are convertible into a class already in issue.
- The shares must be issued only to public shareholders (as defined in the JSE Listings Requirements) and not to related parties.
- The maximum discount at which such shares may be issued is 10% (ten percent) of the weighted average traded price of the Company's shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities.
- Upon any issue of shares for cash which, on a cumulative basis within the validity period of this general authority, constitute 5% (five percent) of the number of shares of the class in issue as at the date of this AGM, the Company shall by way of an announcement on SENS, give full details thereof in compliance with the JSE Listings Requirements.

This resolution and the restrictions contained herein do not apply to any *pro rata* rights offer to shareholders. In terms of the JSE Listings Requirements, this resolution requires more than 75% (seventy-five percent) of the voting rights in favour thereof to be adopted.

## Explanatory note

The purpose of this ordinary resolution number 6 is to obtain a general authority for and to authorise SepHold by way of a general authority in terms of the JSE Listings Requirements and the Companies Act, to issue ordinary shares for cash in SepHold. The effect of the passing of this ordinary resolution will be to authorise SepHold, from time to time, to issue ordinary shares as may be required, *inter alia*, in terms of capital raising exercises and to maintain a healthy capital adequacy ratio.

## SPECIAL RESOLUTIONS

To consider and, if deemed fit, to pass, with or without modification, all of the special resolutions relating to the business set out below. At least 75% (seventy-five percent) of the voting rights exercised on each individual resolution must be exercised in favour of those resolutions in order for it to be validly adopted.

### 7. SPECIAL RESOLUTION NUMBER 1

#### General authority to repurchase securities

**“Resolved that**, an acquisition by any entity of the group\* is hereby authorised, by way of a general authority, from time to time, to repurchase any of the shares issued by SepHold. The authority will be upon such terms, conditions and in such amounts as the directors may from time to time determine. It will be subject to the provisions of sections 46 and 48 of the Companies Act, the MOI of any entity of the group and the JSE Listings Requirements, which may be amended from time to time. Acquisitions by SepHold of its own shares may not, in the aggregate, exceed in any one financial year, 20% (twenty percent) of its issued share capital of that class of shares acquired from the date of the grant of this general approval. In respect of any other group entity, such acquisition of SepHold shares may not exceed 10% (ten percent).

The provisions of the authority are:

- the repurchase of securities will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between any group entity and the counterparty (reported trades are prohibited);
- this general authority shall be valid only until the next AGM or for 15 (fifteen) months from the date of this resolution, whichever period is shorter;
- repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value for the securities for the 5 (five) business days immediately preceding the date on which the transaction is affected;
- at any point in time, SepHold may only appoint one agent to effect any repurchase on the Company's behalf;
- no group entity may repurchase securities during a prohibited period, as defined in the JSE Listings Requirements. Unless a repurchase programme is in place in terms of which the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of such programme have been submitted to the JSE in writing prior to the commencement of the prohibited period.
- SepHold will instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, SepHold, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;

\* SepHold, Métier Mixed Concrete (PTY) Ltd and Dangote Cement SA (PTY) Ltd are collectively referred to as the group.

- SepHold may only effect the repurchase once a resolution has been passed by the Board confirming that the Board has authorised the repurchase, the group applied and passed the solvency and liquidity test as contemplated in section 4 of the Companies Act (test) and that since the test was done there have been no material changes to the financial position of the group; and
- an announcement will be published on SENS as soon as any group entity has acquired securities constituting, on a cumulative basis, 3% (three percent) of the number of securities in issue and for each 3% (three percent) in aggregate of the initial number acquired thereafter.”

Although there is no immediate intention to affect a repurchase of the SepHold securities, the directors would utilise the general authority to repurchase securities as and when suitable opportunities present themselves, which opportunities may require expeditious and immediate action.

### **Adequacy of working capital**

The directors undertake that, after considering the maximum effect of securities which may be repurchased and the price at which the repurchases may take place pursuant to the general authority, for a period until the next AGM or 15 (fifteen) months (whichever is shorter), after the date of this notice of AGM:

- The group\* entities will be able to repay their debts in the ordinary course of business;
- The consolidated assets fairly valued in accordance with International Financial Reporting Standards (IFRS) and on a basis consistent with the last financial year of the Company, will exceed the consolidated liabilities of SepHold;
- The working capital, stated capital and reserves will be adequate for the ordinary business purpose of the group;
- A resolution by the Board will be passed that it has authorised the repurchase, that the group has passed the solvency and liquidity test; and
- since the test was performed, there have been no material changes to the financial position of the group.

### **Other disclosure in terms of section 11.26 of the JSE Listings Requirements**

The JSE Listings Requirements require the following disclosures:

- Major shareholders set out on page 26; and
- Share capital of SepHold set out page 27 of this notice.

### **Material change**

Other than the facts and developments reported in the 2019 AFS (as set out in the 2019 integrated annual report of SepHold), there have been no material changes in the financial or trading position of the group since the date of the audit report and up to the date of this notice.

### **Directors' responsibility statement**

The directors, whose names are set out in the corporate information section of this notice, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 1, and certify that to the best of their knowledge and belief, there are no facts in relation thereto that have been omitted which would make any statement in relation to this special resolution false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this special resolution contains all the information required by the JSE Listings Requirements.

### **Explanatory note**

The purpose of this special resolution number 1 is to obtain a general authority for, and to authorise, any group entity, by way of general authority in terms of the JSE Listings Requirements and the Companies Act, to acquire SepHold issued ordinary shares which general authority shall be valid until the earlier of the next AGM of SepHold or the variation or revocation of such general authority by special resolution by any subsequent general meeting of SepHold, provided that the general authority shall not extend beyond 15 (fifteen) months of the date of this AGM.

The effect of the passing of this special resolution will be to authorise any group entity to acquire the issued ordinary shares in SepHold.

It is the intention of the Board to use such authority should prevailing circumstances (including the financial position of the Company, tax dispensations and market conditions) in the opinion of the Board warrant it. In this regard, the Board will take into account, *inter alia*, an appropriate capitalisation structure for the long-term cash needs and the best interest of SepHold.

\* SepHold, Métier Mixed Concrete (PTY) Ltd and Dangote Cement SA (PTY) Ltd are collectively referred to as the group.

# NOTICE OF ANNUAL GENERAL MEETING (continued)

## 8. SPECIAL RESOLUTION NUMBER 2

### Non-executive directors' remuneration

"Resolved that, to the extent applicable in terms of section 66(9) of the Companies Act, the payment by SepHold of remuneration to its non-executive directors for their services as non-executive directors of SepHold during the financial year ending 31 March 2020 be approved."

### Non-executive directors' fees

2019 – ANNUAL FEE	R
Chairman of the Board	440 000
Independent non-executive	335 000

PROPOSED FEE STRUCTURE 2020 – ANNUAL FEE	R
Chairman of the Board	440 000
Independent non-executive	335 000

### Explanatory note

The Companies Act requires that fees paid to directors for their services as directors be authorised by shareholders by way of special resolution. The passing of this special resolution will have the effect of approving the directors' fees payable by SepHold for the year ending 31 March 2020, in accordance with section 66(9) of the Companies Act.

## 9. SPECIAL RESOLUTION NUMBER 3

### Financial assistance for any beneficiary participating in the SepHold incentive scheme

"Resolved that shareholders hereby approve of SepHold providing any or indirect financial assistance, as contemplated as such in section 44 of the Companies Act, as may apply to any beneficiary participating in the SepHold share incentive scheme or a person related to any beneficiary.

### Explanatory note

Section 44 of the Companies Act regulates the provision of financial assistance by the Company to any person by way of a loan, guarantee, the provision of security or, otherwise, for the purpose of or in connection with (i) the subscription of any option, or any securities, issued or to be issued by the Company or related or inter-related company, or (ii) for the purchase of any securities of the Company, or a related or inter-related company.

It may be necessary for the Company to provide financial assistance to directors and employees who participate in the SepHold share incentive scheme. This assistance is only envisaged under the circumstances where options are exercised and an election is made to dispose of some or all of these shares to cover the issue price and the resulting income tax liability. On a strict interpretation, financial assistance is provided from the time of exercise of the option until the proceeds of the sale are paid to the Company.

This is the only assistance envisaged to directors and employees under this section.

## 10. SPECIAL RESOLUTION NUMBER 4

### Financial assistance for present or future subsidiaries

"Resolved that shareholders hereby approve, in terms of section 45 of the Companies Act, the provision by SepHold of direct or indirect financial assistance to any of its present or future subsidiaries."

Special resolutions numbers 3 and 4 are hereby approved provided that no such financial assistance may be provided at any time in terms of this authority after the expiry of 2 (two) years from the date of the adoption of the special resolutions (for avoidance of doubt, these special resolutions above will be voted on by the shareholders as separate special resolutions) and provided that:

- the recipient(s) of such financial assistance, the form, nature and extent of such financial assistance, and the terms and conditions under which such financial assistance is provided, are determined by the Board of directors of SepHold from time to time;
- the Board may not authorise SepHold to provide any financial assistance pursuant to these special resolutions unless the Board meets all those requirements of sections 44 and 45 of the Companies Act, which are required to meet in order to authorise SepHold to provide such financial assistance; and
- such financial assistance to a recipient thereof is, in the opinion of the Board, required for the purpose of meeting all or any of such recipient's operating expenses (including capital expenditure), and/or funding the growth, expansion, reorganisation or restructuring of the businesses or operations of such recipient, and/or funding such recipient for any other purpose which, in the opinion of the Board of directors of SepHold, is directly or indirectly in the interests of SepHold.

**Explanatory note**

Section 45 of the Companies Act provides, *inter alia*, that any financial assistance to related or inter-related companies and corporations, including, *inter alia*, to subsidiaries of the Company, must be provided only pursuant to a special resolution of the shareholders, adopted within the previous 2 (two) years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category, and the Board of directors must be satisfied that:

- immediately after providing the financial assistance, SepHold would satisfy the solvency and liquidity test, as defined in section 4 of the Companies Act;
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company; and
- any conditions or restrictions in respect of the granting of financial assistance set out in SepHold's MOI have been satisfied.

As part of the ordinary conduct of the business, SepHold, where necessary, may provide guarantees and other support undertakings to third parties which enter into financial agreements with its subsidiaries and joint ventures in which the Company or members of the group have an interest. In the circumstances and in order to, *inter alia*, ensure that the group and other related and inter-related companies and entities continue to have access to financing for purposes of refinancing existing facilities and funding their corporate and working capital requirements, it is necessary to obtain approval of the shareholders as set out in this special resolution. This will allow the Board, always subject to applicable law, in particular the solvency and liquidity requirements as set out in the Companies Act, to provide financial assistance to any person for the purposes envisaged in section 44(2) of the Companies Act.

**Other business**

To transact such other business as may be transacted at an AGM or raised by shareholders with or without advance notice to SepHold.

By order of the Board

30 July 2019

**STATEMENT OF FINANCIAL POSITION**

for the year ended 31 March 2019

	<b>GROUP</b>	
	<b>2019 audited R</b>	<b>2018 audited R</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	147 059 791	143 665 110
Goodwill	223 421 981	223 421 981
Intangible assets	573 510	2 867 551
Investment in joint ventures	120 552	120 552
Investment in associate	812 201 874	765 870 275
Other financial assets	10 918 381	8 459 008
Long-term loans	-	2 000 000
Other investment	2 000 000	-
	<b>1 196 296 089</b>	<b>1 146 404 477</b>
<b>Current assets</b>		
Inventories	18 154 356	16 829 437
Current tax receivable	1 175 731	-
Trade and other receivables	100 849 007	133 331 514
Cash and cash equivalents	2 823 868	10 510 169
	<b>123 002 962</b>	<b>160 671 120</b>
<b>Total assets</b>	<b>1 319 299 051</b>	<b>1 307 075 597</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Stated capital	648 003 095	644 443 723
Reserves	14 351 157	12 025 844
Retained income	422 969 425	378 928 819
	<b>1 085 323 677</b>	<b>1 035 398 386</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Other financial liabilities	81 014 556	121 353 224
Deferred income	877 557	1 555 444
Deferred taxation	21 772 407	21 022 839
	<b>103 664 520</b>	<b>143 931 507</b>
<b>Current liabilities</b>		
Other financial liabilities	40 721 110	39 781 797
Current taxation payable	-	307 491
Operating lease liability	4 085 158	4 090 842
Trade and other payables	80 096 267	76 192 231
Deferred income	677 887	677 887
Bank overdraft	4 730 432	6 695 456
	<b>130 310 854</b>	<b>127 745 704</b>
<b>Total liabilities</b>	<b>233 975 374</b>	<b>271 677 211</b>
<b>Total equity and liabilities</b>	<b>1 319 299 051</b>	<b>1 307 075 597</b>
Net asset value per share (cents)	521,25	501,79
Tangible net asset value per share (cents)	413,75	392,51
Ordinary shares in issue	208 216 175	206 342 821

# STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2019

	GROUP	
	2019 audited R	2018 audited R
Revenue	835 823 568	830 686 042
Cost of sales	(515 275 407)	(488 756 744)
<b>Gross profit</b>	<b>320 548 161</b>	<b>341 929 298</b>
Other operating income	2 999 418	4 732 869
Operating expenses	(308 852 077)	(292 334 309)
<b>Operating profit</b>	<b>14 695 502</b>	<b>54 327 858</b>
Investment income	2 532 411	4 749 191
Profit from equity-accounted investment	46 331 599	20 819 672
Finance costs	(16 489 095)	(22 032 115)
<b>Profit before taxation</b>	<b>47 070 417</b>	<b>57 864 606</b>
Taxation	(3 029 811)	(13 697 584)
<b>Profit for the year</b>	<b>44 040 606</b>	<b>44 167 022</b>
<b>Other comprehensive income/(loss)</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Revaluation reserve on land of associate written back	-	(1 207 663)
<b>Total comprehensive income for the year</b>	<b>44 040 606</b>	<b>42 959 359</b>
<b>Total comprehensive income for the year attributable to:</b>		
Equity holders of the parent	44 040 606	42 959 359
	44 040 606	42 959 359
Basic earnings per share (cents)	21,21	21,60
Diluted earnings per share (cents)	21,19	21,49

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2019

	GROUP					
	Stated capital R	Revaluation reserve (relating to land of associate) R	Equity-based share option reserve R	Total reserves R	Retained income R	Total equity R
<b>Balance at 31 March 2017</b>	635 403 188	(1 207 663)	20 469 750	19 262 087	329 214 333	983 879 608
Profit for the year	-	-	-	-	44 167 022	44 167 022
Other comprehensive income for the year	-	1 207 663	-	1 207 663	-	1 207 663
Total comprehensive income for the year	-	1 207 663	-	1 207 663	44 167 022	45 374 685
Issue of shares	9 040 535	-	-	-	-	9 040 535
Employees' share option scheme	-	-	(8 443 906)	(8 443 906)	5 547 464	(2 896 442)
<b>Balance at 31 March 2018</b>	644 443 723	-	12 025 844	12 025 844	378 928 819	1 035 398 386
<b>Profit for the year</b>	-	-	-	-	44 040 606	44 040 606
<b>Other comprehensive income for the year</b>	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	44 040 606	44 040 606
<b>Issue of shares</b>	3 559 372	-	-	-	-	3 559 372
<b>Employees' share option scheme</b>	-	-	2 325 313	2 325 313	-	2 325 313
<b>Balance at 31 March 2019</b>	648 003 095	-	14 351 157	14 351 157	422 969 425	1 085 323 677

# STATEMENT OF CASH FLOWS

for the year ended 31 March 2019

	GROUP	
	2019 audited R	2018 audited R
<b>Cash flows from operating activities</b>		
Cash generated from operations	66 574 487	47 455 351
Interest income	2 532 411	4 749 191
Finance costs	(16 200 978)	(21 298 838)
Taxation paid	(3 763 466)	(12 472 313)
<b>Net cash from operating activities</b>	<b>49 142 454</b>	<b>18 433 391</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(19 945 027)	(14 915 358)
Disposal of property, plant and equipment	3 668 768	4 314 861
Loans repaid	1 100 000	650 837
Investment increase in joint venture	-	(40 754)
<b>Net cash (utilised in) investing activities</b>	<b>(15 176 259)</b>	<b>(9 990 414)</b>
<b>Cash flows from financing activities</b>		
Proceeds on share issue	-	6 149 397
Repayment of other financial liabilities	(39 687 472)	(55 534 494)
<b>Net cash (utilised in) financing activities</b>	<b>(39 687 472)</b>	<b>(49 385 097)</b>
<b>Total cash and cash equivalents movement for the year</b>	<b>(5 721 277)</b>	<b>(40 942 120)</b>
Cash and cash equivalents at the beginning of the year	3 814 713	44 756 833
<b>Total cash and cash equivalents at the end of the year</b>	<b>(1 906 564)</b>	<b>3 814 713</b>

# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 March 2019

## BASIS OF PREPARATION

The summarised consolidated financial results for the year ended 31 March 2019 (annual reporting period) have been prepared in accordance with the Companies Act, the JSE Listings Requirements, the framework concepts and the measurement and recognition requirements of IFRS, the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by Financial Reporting Standards Council as required by IAS 34 *Interim Financial Reporting*.

The results have been prepared on a historical cost basis.

The accounting policies applied in the preparation of the consolidated financial statements, from which the consolidated financial statements were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements, except for the changes in accounting policies as set out below. As a result of the adoption of new and amended standards and interpretations in issue that were effective for the first time in the current reporting period, a number of new policies were introduced. However, the adoption of these new amendments and interpretations did not have a material impact on the results for the current period. Refer to “Effects of changes in accounting policies” below for full details on the adoption of new and amended standards.

The preparation of the annual financial statements has been supervised by NR Crafford-Lazarus CA(SA).

## AUDIT OPINION

The summarised financial information included in this announcement is extracted from audited information but is not itself audited. The directors take full responsibility for the preparation of the summarised financial information and that it has been correctly extracted from the underlying annual financial statements.

The underlying annual financial statements have been audited by the group’s external auditors, BDO South Africa Incorporated. A copy of their unqualified report, as well as the annual financial statements, is available for inspection at the company’s registered office.

## EFFECTS OF CHANGES IN ACCOUNTING POLICIES

### IFRS 9 *Financial Instruments*

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement*. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an “expected credit loss” model for the impairment of financial assets. When adopting IFRS 9, the group has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of IFRS 9 in relation to classification, measurement and impairment are recognised in retained earnings.

The adoption of IFRS 9 has impacted the following areas:

- The classification and measurement of the group’s financial assets. The impact of this resulted in additional disclosure.
- The impairment of financial assets applying the expected credit loss model. This affects the group’s trade receivables.

For contract assets arising from IFRS 15 and trade receivables, the group applies a simplified model or recognising lifetime expected credit losses as these items do not have a significant financing component.

There have been no changes to the classification or measurement of financial liabilities as a result of the application of IFRS 9.

There was no material impact on the group other than the new disclosure on accounting policies *Financial instruments* and notes on Trade and other receivables, Other financial assets and Risk management of the financial statements.

### IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 *Revenue from Contracts with Customers* and the related clarifications to IFRS 15 *Revenue from Contracts with Customers* (hereinafter referred to as IFRS 15) replace IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and several revenue-related interpretations. The new standard has been applied retrospectively without restatement, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at 1 January 2018. In accordance with the transition guidance, IFRS 15 has only been applied to contracts that are incomplete as at 1 January 2018.

There was no material impact on the group other than the new disclosure on accounting policies *Revenue from contracts with customers* and notes on Revenue and Other operating income of the financial statements.

## NET ASSET VALUE PER SHARE AND EARNINGS PER SHARE

	GROUP	
	Year ended 31 March 2019 audited R	Year ended 31 March 2018 audited R
<b>Net asset value and tangible net asset value per share</b>		
Total assets	1 319 299 051	1 307 075 597
Total liabilities	(233 975 374)	(271 677 211)
Net asset value attributable to equity holders of parent	1 085 323 677	1 035 398 386
Goodwill	(223 421 981)	(223 421 981)
Intangible assets	(573 510)	(2 867 551)
Deferred tax raised on intangible assets	160 583	802 914
Tangible net asset value	861 488 769	809 911 769
Shares in issue	208 216 175	206 342 821
Net asset value per share (cents)	521,25	501,79
Tangible net asset value per share (cents)	413,75	392,51
<b>Reconciliation of basic earnings to diluted earnings and headline earnings:</b>		
Basic profit and diluted profit from total operations attributable to equity holders of parent	44 040 606	44 167 022
(Profit) on sale of property, plant and equipment	(386 248)	(1 930 319)
Total taxation effect of adjustments	108 150	540 489
Headline earnings and diluted headline earnings attributable to equity holders of parent	43 762 508	42 777 192
<b>Reconciliation of weighted average number of shares:</b>		
Basic weighted average number of shares	207 610 543	204 431 259
Dilutive effect of share options	261 498	1 089 107
Diluted weighted average number of shares	207 872 041	205 520 366
Basic earnings per share (cents)	21,21	21,60
Diluted earnings per share (cents)	21,19	21,49
Headline earnings per share (cents)	21,08	20,92
Diluted headlines earnings per share (cents)	21,05	20,81

**NOTES TO THE SUMMARISED FINANCIAL STATEMENTS** (continued)

for the year ended 31 March 2019

**SEGMENT INFORMATION**

	Ready-mix concrete R	Head office R	Group totals R
<b>2019</b>			
Segment revenue – external revenue	835 823 569	-	835 823 569
Segment cost of sales	(515 275 407)	-	(515 275 407)
Segment expenses	(285 895 661)	(22 956 416)	(308 852 077)
Profit from equity-accounted investment	-	46 331 599	46 331 599
Profit on sale of property, plant and equipment	386 248	-	386 248
Segment profit after taxation	21 530 240	22 510 366	44 040 606
Taxation	(3 672 142)	642 331	(3 029 811)
Interest received	2 530 952	1 459	2 532 411
Interest paid	(16 303 589)	(185 506)	(16 489 095)
Depreciation and amortisation	(13 214 303)	(2 347 562)	(15 561 865)
Segment assets	251 252 272	1 068 046 779	1 319 299 051
Investment in associate included in the above total segment assets	-	812 201 874	812 201 874
Capital expenditure included in segment assets	19 827 063	117 963	19 945 026
Segment liabilities	(225 638 902)	(8 336 472)	(233 975 374)
<b>2018</b>			
Segment revenue – external revenue	830 686 042	-	830 686 042
Segment cost of sales	(488 756 744)	-	(488 756 744)
Segment expenses	(267 054 964)	(25 279 345)	(292 334 309)
Profit from equity-accounted investment	-	20 819 672	20 819 672
Profit on sale of property, plant and equipment	1 930 319	-	1 930 319
Segment profit/(loss) after taxation	48 013 015	(3 845 993)	44 167 022
Taxation	(14 339 915)	642 331	(13 697 584)
Interest received	4 747 855	1 336	4 749 191
Interest paid	(22 002 128)	(29 987)	(22 032 115)
Depreciation and amortisation	(11 591 223)	(2 366 354)	(13 957 577)
Segment assets	285 141 373	1 021 934 224	1 307 075 597
Investment in associate included in the above total segment assets	-	765 870 275	765 870 275
Capital expenditure included in segment assets	14 891 968	23 390	14 915 358
Segment liabilities	(267 423 681)	(4 253 530)	(271 677 211)

The only commodity actively managed by Métier Mixed Concrete Proprietary Limited (Métier) is ready-mix concrete. The group does not rely on any single external customer or group of entities under common control for 10% or more of the group's revenue as disclosed in the annual financial statements.

Dangote Cement South Africa Proprietary Limited (SepCem) is an associate of SepHold. No segment report has been presented for cement (the commodity) as the amounts attributable to cement (the commodity) have been included in the head office segment.

**INVESTMENT IN ASSOCIATE**

During 2017, Dangote Cement PLC and SepHold contributed R134 921 875 in equity to relieve pressure on the debt covenants. During the prior year, 6 938 839 shares at R7,00 per share were issued to SepHold, and 12 335 715 shares at R7,00 per share issued to Dangote Cement PLC regarding the 2017 contribution.

Since the debt service ratio was 1,225 during 2017 instead of the required 1,3, negotiations were entered into with Nedbank to reshape the payment profile. This was successfully completed during the second half of 2017 and required a further R95 million contribution by shareholders. Dangote Cement PLC made this contribution and, in terms of the relationship agreement, SepHold will have to contribute 36% of this on demand or face dilution of approximately 1,2 percentage points. The shareholders are still in agreement with regard to the postponement of the timing of the repayment or dilution. SepHold has a potential liability of R34,2 million or a dilution in investment.

## Summary of group interest in SepCem and its subsidiaries

	Year ended 31 December 2018 R	Year ended 31 December 2017 R
Non-current assets	3 277 241 222	3 295 208 712
Current assets	896 605 658	819 849 860
<b>Total assets</b>	<b>4 173 846 880</b>	<b>4 115 058 572</b>
<b>Total equity</b>	<b>1 624 828 550</b>	<b>1 496 269 042</b>
Non-current liabilities	(1 903 059 030)	(2 108 266 538)
Current liabilities	(645 959 300)	(510 522 992)
<b>Total liabilities</b>	<b>(2 549 018 330)</b>	<b>(2 618 789 530)</b>
Revenue for the period	2 292 157 090	2 365 548 412
Cost of sales	(1 852 356 625)	(1 853 935 209)
<b>Gross profit</b>	<b>439 800 465</b>	<b>511 613 203</b>
Operating profit	280 615 454	333 294 740
Investment income	26 492 846	13 988 113
Finance costs	(250 658 856)	(268 462 161)
Profit before taxation	56 449 444	78 820 692
Taxation (expense)/income	72 248 404	(20 988 270)
Profit after taxation for the year	128 697 848	57 832 422
<b>Total comprehensive income for the year</b>	<b>128 697 848</b>	<b>57 832 422</b>

### STATED CAPITAL

A total of 1 873 354 shares for a value of R1,90 issued during the current year were related to share options. A total of 2 294 551 shares issued during the prior year at a value of R2,68 for a cash amount of R6 149 397 relate to share options that were exercised by employees and directors. Of the issued share capital, a number of 2 582 200 shares relate to unsold exercisable shares at a value of R1,90 (1 873 354 shares) and R2,68 (708 846 shares).

The unissued ordinary shares are under the control of the directors.

### STATEMENT ON GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### EVENTS AFTER THE ANNUAL REPORTING PERIOD

The directors are not aware of any material fact or circumstance arising between the end of the financial year and the date of this report that would require adjustments to or disclosure in the financial results.

# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2019

## CHANGES TO THE BOARD

PM Makwana resigned from his position as an independent non-executive director and member of the audit and risk committee with effect from 1 October 2018. He was a board member for five years and nine months. Mr Makwana's resignation followed an appointment as a non-executive director and chairman of another board which will require a significant proportion of his time.

On 12 November 2018 and 30 November 2018, RR Matjiu and KJ Capes resigned from the Board as non-executive director and executive director respectively. Mr Capes will continue to consult to the group on business development matters as and when required.

## COMPANY SECRETARY

There were no changes to the company secretary during the financial year.

By order of the Board



**Dr L Mohuba**

*Chief executive officer*

25 June 2019



**N Crafford-Lazarus**

*Financial director*

# BOARD OF DIRECTORS' CURRICULA VITAE

## MARTIE JACOBA JANSE VAN RENSBURG (62)

### Independent non-executive director

*BCompt (University of the Free State), BCompt Hons (University of South Africa), CA(SA), Executive Programme in Strategy and Organisation (Stanford University Business School), TCTA Leadership Development Programme (Gordon Institute of Business Science), AltX Director Programme (JSE & WBS)*

Martie was appointed as a director of SepHold on 22 September 2016. Between 1994 and 2008, she was the chief financial officer (CFO) (five years) and then chief executive officer (CEO) (10 years) of the Trans Caledon Tunnel Authority. She has served as non-executive director and member or chairman of audit committees for Bond Exchange of SA, Airports Company South Africa, Johannesburg Water SOC and Denel SOC. She is a non-executive director of the Development Bank of Southern Africa and the Independent Regulatory Board of Auditors and a non-executive member of the FirstRand Wholesale Credit Committee (International and Specialised Finance) and Ashburton Investment Credit Committee.

## MOSES MODIDIMA NGOASHENG (61)

### Independent non-executive director

*BA (Economics and International Politics) (University of South Africa), BSocSci (Hons) (University of KwaZulu-Natal), MPhil (University of Sussex)*

Moses was appointed a director of SepHold on 1 February 2008. He was instrumental in the industrial policy of the ANC and was economic advisor to former President Thabo Mbeki from 1995 to 2000. He serves on a number of boards, including AB InBev, SA Breweries and Dimension Data. Moses through his family trust owns 28.4% of Safika Holdings Proprietary Limited, which was owns 85% of Safika Resources Proprietary Limited.

## BRENT WILLIAMS (55)

### Chairman and independent non-executive director

*BA (University of Cape Town), BProc (University of Western Cape), LLM (Harvard University Law School)*

Brent was appointed as director and chairman of SepHold on 3 March 2012. He was admitted as an attorney in 1992 and has held a number of key positions. He is currently the CEO of Cliffe Dekker Hofmeyr.

## BUKELWA BULO (41)

### Independent non-executive director

*BBusSc (Finance) and PGDip in Accounting (University of Cape Town), CFA, Leadership Development Program at Harvard Business School*

Bukelwa was appointed a director of SepHold on 26 October 2018. She has over 10 years' experience in private equity with exposure to a wide spectrum of sectors, including industrial services and retail. Bukelwa has expertise in investment and divestment evaluation, deal structuring, and strategic and stakeholder management. She is a co-founder of Jade Capital Partnership Proprietary Limited, an investment holding company-focused primarily on the property, industrial, construction and building and construction materials sectors. Her current directorships include non-executive directorships on the boards of directors of Franki Geotechnical Proprietary Limited, Capital Appreciation Limited and Netcare Limited.

# REMUNERATION POLICY AND IMPLEMENTATION REPORT

## REMUNERATION POLICY

The group adopts a total cost to company approach in remunerating all its employees. This ensures that employees are appropriately rewarded and are aware of the terms and conditions under which they are employed.

The remuneration framework ensures that the group companies:

- align remuneration practices with the business strategy, objectives, values and long-term interests of the Company;
- appropriately compensate employees for services provided;
- ensure equitable and fair remuneration to facilitate the deployment of people throughout the business;
- ensure variable remuneration is aligned to company performance, at both a divisional and individual level;
- implement a flexible and competitive remuneration structure that:
  - is referenced to appropriate benchmarks;
  - reflects market and industry practices;
  - is tailored to the specific circumstances of the group; and
- comply with all relevant legal requirements.

Positioning of the total guaranteed package is based on an employee's level of demonstrated competency, qualifications, experience and performance. The total guaranteed package of employees new to the position are normally at the low end of the salary range. As the employee demonstrates increased experience, learning and performance, the package is adjusted based on the objective outcome of performance reviews. The following summarises the performance measurement criteria:

- **Entry point:** New to the job or building the skill.
- **Needs improvement:** The skill needs enhancing to improve performance.
- **Effective:** Meets expectations.
- **Excellent:** Exceeds expectations.
- **World-class:** Expert and fully competent.

The table below summarises the main components of the reward package for group employees. SepCem applies a different reward framework as a subsidiary of Dangote Cement PLC.

	OBJECTIVE	PRACTICE
Guaranteed pay	<ul style="list-style-type: none"> <li>● Remunerate above the market and industry average for key positions.</li> <li>● Remunerate market-related salaries for all other positions.</li> <li>● Review total guaranteed pay annually on 1 March.</li> </ul>	<ul style="list-style-type: none"> <li>● The level of skill and experience, scope of responsibility and the total remuneration package are taken into account when rewarding employees.</li> <li>● Appropriate market percentiles based on skills, experience and competitiveness.</li> </ul>
Short-term incentive (STI)	<ul style="list-style-type: none"> <li>● To motivate employees and incentivise delivery of performance over the financial year.</li> <li>● The appropriateness of measures and weightings are reviewed annually to ensure ongoing support of the strategy.</li> </ul>	<ul style="list-style-type: none"> <li>● Performance over the financial year is measured against targets set in the balanced scorecards.</li> <li>● Target bonus (30%, 50% and 70%) of the total guaranteed pay aligned with the level achieved as defined in the performance management policy.</li> <li>● The executive committee annual bonus is paid in cash in July each year for performance over the previous financial year.</li> </ul>
Long-term incentive (LTI)	<ul style="list-style-type: none"> <li>● To motivate and incentivise delivery over the long term.</li> <li>● Awards relating to total shareholder return and against a framework for determining vesting to ensure continued support of the Company strategy.</li> </ul>	<ul style="list-style-type: none"> <li>● Performance over three financial years is measured against targets for the performance period with vesting ranging between 0%, 50%, 100% and 200% of the total guaranteed pay. The award will consist of a share award bought in the open market.</li> </ul>
Termination benefits	<ul style="list-style-type: none"> <li>● To retain executive management.</li> </ul>	<ul style="list-style-type: none"> <li>● The CEO is on a permanent contract and there will be no unusual obligation for the group at retirement which is set at 65 years.</li> <li>● The CEO and financial director's (FD) employment contracts have a provision for a minimum payment equivalent to annual remuneration on termination of employment due to change of control. The share incentive scheme also provides for an early vesting of options in case of change of control.</li> </ul>

### SepHold executive management performance criteria

The board-approved performance indicators to measure executive management's performance are reviewed annually. The indicators are broadly categorised into financial (75%) and non-financial measures (25%).

Contrary to the remuneration policy which states that key employees should be remunerated at the upper percentile rate, executive management has deemed it prudent to receive guaranteed annual packages aligned to the JSE median for directors of listed companies one year in arrears since FY 2014 because of the construction industry downturn. Following the prolonged downturn in the construction sector, the executive directors' basic remuneration has not been adjusted upwards for the past three years to date.

Following consultations with shareholders, the STI and LTI score cards were revised as indicated in the tables below. The short-term assessment criteria will be applied to the FY 2020 performance bonus to be paid in FY 2021 and the long-term criteria will be applicable from FY 2022.

Short-term incentives scorecard					
PERFORMANCE INDICATOR	WEIGHTING (%)	PERFORMANCE CONDITION DETAIL	MINIMUM (30%)	TARGET (50%)	STRETCH (70%)
<b>Financial measures (75%)</b>					
Real <sup>1</sup> growth in headline earnings per share (HEPS)	37.5	HEPS growth over the previous year in excess of inflation	Real HEPS growth of more than 0%	Real HEPS growth of 4% per annum	Real HEPS growth of 8% per annum or more
Gearing, debt covenants and free cash flow	37.5	Measuring; 1. Total debt to equity 2. Debt service coverage ratio 3. Free cash flow	Company specific	Company specific	Company specific

<sup>1</sup> As measured against CPI.

# REMUNERATION POLICY AND IMPLEMENTATION REPORT

(continued)

Non-financial measures (25%)			
PERFORMANCE INDICATOR	WEIGHTING (%)	PERFORMANCE CRITERIA	EXECUTIVE(S) RESPONSIBLE
Group implementation of corporate governance best practices.	15	Level of group compliance and standards achieved <ul style="list-style-type: none"> <li>● JSE compliance</li> <li>● Application of King IV principles</li> <li>● Attainment of BEE rating</li> <li>● Achievement of safety and environment targets as determined by the company, will be measured against a portfolio of evidence</li> </ul>	CEO, FD and MD
Achievement of job specific personal goals. The achievement of job specific personal goals as determined by the Company will be measured against a portfolio of evidence.	10	Stakeholder engagement and relationship management. <ul style="list-style-type: none"> <li>● Satisfactory resolution of main stakeholder issues</li> </ul>	CEO
		Optimise funding structures to enable sustainability in down cycle and value accretive expansion in positive cycle  Investigate alternative sources of financing deals and mitigating risk of funding being withdrawn <ul style="list-style-type: none"> <li>● Achieve targeted debt/equity ratio</li> <li>● Compliance with all debt terms</li> <li>● Increase free cash flow</li> </ul>	FD
		Operational executives to demonstrate ability to: <ul style="list-style-type: none"> <li>● Utilise and maintain core competencies</li> <li>● Develop human capital and sustain an effective high-performance organisational culture</li> <li>● Promote ethical practices</li> <li>● Establish robust organisational controls</li> </ul>	Métier MD

Long-term incentives scorecard					
PERFORMANCE INDICATOR	WEIGHTING (%)	PERFORMANCE CONDITION DETAIL	MINIMUM (50%)	TARGET (100%)	STRETCH (200%)
Total shareholder return (TSR)	100	TSR is measured against the median of 6 comparable companies.	Median	Median +15%	Median +40%

The revised LTI scheme replaces the option scheme that ended in ended in FY 2018 will only be applicable from FY 2021. The option scheme will continue to vest until July 2022.

To limit dilution of shareholders' interests through the option scheme, the new LTIs are awarded in cash after a three-year vesting period during which the executive's performance is assessed against the key performance indicators. The cash awarded is used to purchase shares in the market to align the executives to shareholder interest. The executives are required to hold the shares for a period of two years during which they may benefit from capital appreciation and any dividends paid.

### Summary of single total remuneration figure for minimum, target and stretch performance

The table below summarises the assumption of the delivery of the minimum, target and stretch performance achievement on total remuneration of the CEO and FD in a single total figure based on the revised remuneration policy.

2020	CHIEF EXECUTIVE OFFICER			
	Base R	STI R	LTI R	Total R
Base <sup>2</sup>	2 600 000		The long-term	2 600 000
Min (30%)	2 600 000	780 000	incentives will only	3 380 000
Target (50%)	2 600 000	1 300 000	be measurable	3 900 000
Stretch (70%)	2 600 000	1 820 000	from FY 2021	4 420 000

2020	FINANCE DIRECTOR			
	Base R	STI R	LTI R	Total R
Base <sup>2</sup>	3 500 000		The long-term	3 500 000
Min (30%)	3 500 000	1 050 000	incentives will only	4 550 000
Target (50%)	3 500 000	1 750 000	be measurable	5 250 000
Stretch (70%)	3 500 000	2 450 000	from FY 2021	5 950 000

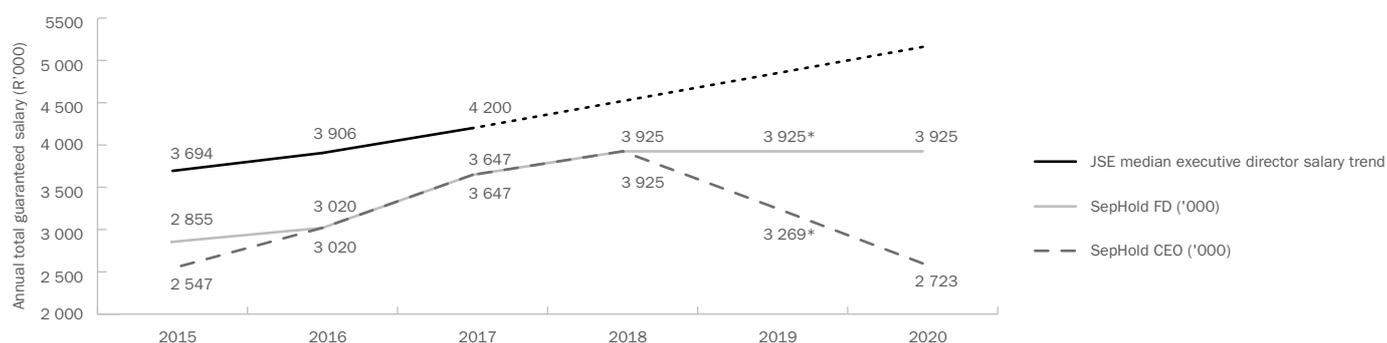
<sup>2</sup> Base includes travel allowance where applicable.

The STIs have been below the minimum achievable target due to the prevailing challenging trading conditions.

### Guaranteed executive base salary analysis

The guaranteed base salary benchmark for the executives is the practices and remuneration trends report compiled by PwC. The choice of the benchmark is that the report is based on a survey of the directors' salaries of all JSE listed companies. The 2018 report released in July 2018 on the 2017 trend reveals that the REMCO and management have demonstrated prudence and responsible governance practice regarding not increasing the base salaries of the CEO and FD since FY 2017 in alignment of the executives' salary to the challenging building materials operating context. The data in the graph below is extracted from the report to demonstrate the alignment of the FD and CEO's total guaranteed salary to the challenging building materials operating context.

Comparison of listed JSE company directors' median total guaranteed salary to SepHold executives' remuneration



\* The actual payment was R3 624 000 for the FD and R3 019 000 for the CEO due to suspension of the 13th cheque.

Source: JSE directors' TGP data extracted from the PwC 2018 Executive Directors' Practices and Remuneration trends report, tenth edition released July 2018.

# REMUNERATION POLICY AND IMPLEMENTATION REPORT

(continued)

## IMPLEMENTATION REPORT

At the AGM in September 2018 the executive directors announced a cost reduction plan for head office expenditure focusing on remuneration which constitutes a high percentage of total head office cost. The first step was not to replace a Board director not available for re-election and two other directors who resigned thereby reducing the members of the board from 10 to 7 including the finance director and the chief executive officer. The annualised saving in the reduction of the salary bill was R2,28 million and the largest portion was the reduction by R1,2 million in basic salary of the CEO. Furthermore, over the last two years, the executive directors' annual bonuses have decreased by R1,5 million combined and for the second consecutive year, no increase in basic salaries was proposed by management.

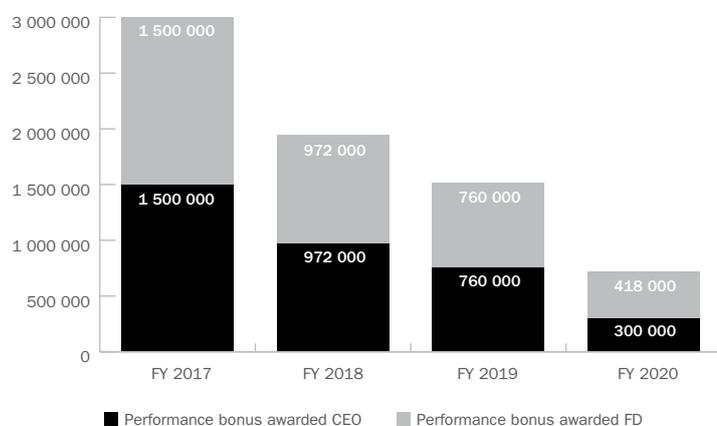
The executive directors decided to suspend the annual 13th cheque in FY 2019 and the STI payments were reduced to R760 000 in line with the FY 2018 performance against target measures. The table below shows the remuneration for FY 2018 and FY 2019. The FY 2019 numbers contain the saving in the CEO base salary for the six months since implementation commenced in October 2018 and is expected to double in the current financial year (FY 2020).

	Remuneration R	Prior year (FY 2018) performance bonuses R	Travel allowances R	Pension fund R	IFRS 2 staff cost relating to share-based payments vesting expense (non-cash) R	Total R
<b>Executive 2019</b>						
Dr L Mohuba	2 895 366	760 000	-	123 802	593 140	4 372 308
NR Crafford-Lazarus	3 349 200	760 000	150 000	123 802	581 136	4 964 138
KJ Capes	720 000	-	-	-	-	720 000
	<b>6 964 566</b>	<b>1 520 000</b>	<b>150 000</b>	<b>247 604</b>	<b>1 174 276</b>	<b>10 056 446</b>
<b>2018</b>						
Dr L Mohuba	3 801 117	972 000	-	123 802	568 555	5 465 474
NR Crafford-Lazarus	3 649 620	972 000	151 497	123 802	870 533	5 767 452
KJ Capes	1 080 000	-	-	-	-	1 080 000
	<b>8 530 737</b>	<b>1 944 000</b>	<b>151 497</b>	<b>247 604</b>	<b>1 439 088</b>	<b>12 312 926</b>
<b>Prescribed officer 2019</b>						
WJ du Toit	1 761 567	242 769	25 200	166 692	146 383	2 342 611
<b>2018</b>						
WJ du Toit	1 648 350	385 492	25 200	156 081	125 970	2 341 093

## Reconciliation of the CEO and FD FY 2020 bonus to FY 2019 performance

Measure of performance	Weight %	Actual performance	Metric achieved %	Bonus awarded %
<i>Financial measures</i>				
Real growth in HEPS	30	Flat	0	0
EBITDA	25	64% of budget	0	0
Gearing/covenants	20	Not achieved	0	0
<i>Non-financial measures</i>				
Safety, environment and transformation	15	Achieved 80% of target	12	6
<i>Personal goals</i>				
- CEO	10	Achieved 70% of target	7	3.5
- FD	10	Achieved target	10	5
Total awarded %				
- CEO				9.5
- FD				11

### Awarded performance bonus trend



The CEO and FD STIs awarded for the FY 2019 performance to be paid in FY 2020 were based on the measures in the table above. The bonus to be paid will therefore be R418 000 for the FD and R300 000 for the CEO representing the 11% and 9.5% weighted scores respectively. The bonuses for the executives have decreased by 72% for the FD and 80% for the CEO since the R1,5 million paid out for each executive in FY 2017. The reduction in bonuses has largely been due to under-performance in the financial measures as a result of depressed demand for building materials.

# REMUNERATION POLICY AND IMPLEMENTATION REPORT

(continued)

## Non-executive directors' fees

	Fees for services as director R	Remuneration R	Performance bonus R	IFRS 2 staff cost relating to share- based payments vesting expense (non-cash) R	Total R
<b>Non-executive 2019</b>					
B Williams	440 000	-	-	-	440 000
PM Makwana*	167 500	-	-	-	167 500
MM Ngoasheng	335 000	-	-	-	335 000
MJ Janse van Rensburg	335 000	-	-	-	335 000
B Bulu	335 000	-	-	-	335 000
RR Matjui**	-	-	-	111 910	111 910
PF Fourie	-	4 415 351	1 758 559	-	6 173 910
	<b>1 612 500</b>	<b>4 415 351</b>	<b>1 758 559</b>	<b>111 910</b>	<b>7 898 320</b>
<b>2018</b>					
B Williams	410 000	-	-	-	410 000
PM Makwana	310 000	-	-	-	310 000
MM Ngoasheng	310 000	-	-	-	310 000
MJ Janse van Rensburg	310 000	-	-	-	310 000
B Maluleke	155 000	-	-	-	155 000
RR Matjui	-	-	-	165 028	165 028
PF Fourie	-	3 914 256	805 837	-	4 720 093
	<b>1 495 000</b>	<b>3 914 256</b>	<b>805 837</b>	<b>165 028</b>	<b>6 380 121</b>

\* Resigned 1 October 2018. His director fees for services were paid pro rata for 6 months.

\*\* Resigned 12 November 2018.

### Elements and purpose

The Company aims to attract and retain suitably skilled and experienced non-executive directors. An appropriate level of competitive remuneration is necessary to reward them for their time and its committees. The non-executive directors are remunerated by way of an annual fee paid in recognition of membership of the Board and its committees.

The non-executive directors, including the Company's chairman, do not receive any other employment benefits, performance-related remuneration, or any form of compensation for loss of office. The fee structure is reviewed and benchmarked annually to ensure that the proposed fees are aligned to market levels and support the attraction and retention of high-quality individuals.

### Service contracts

None of the directors have written service contracts with the Company and rotate in terms of the MOI.

For more details on the share options and the vesting conditions refer to page 28 below. Further details on the directors' interests in share options, refer to pages 12 and 13 of the annual financial statements on the Company website at [www.sephakuholdings.com/investor-centre/financial-reports/](http://www.sephakuholdings.com/investor-centre/financial-reports/)

# SHAREHOLDERS’ ANALYSIS

## SHAREHOLDERS HOLDING GREATER THAN 5% OF THE ISSUED SHARE CAPITAL AT YEAR-END

	Number of shares	%
Citi client Nominees No8 NY GW	22 140 882	10,63
Safika Resources Proprietary Limited Nominees	19 511 310	9,37

## RANGE OF SHAREHOLDINGS

	Number of shareholders	% of shareholders	Number of shares
<b>Share range</b>			
1 – 1 000	637	37,47	204 353
1 001 – 10 000	581	34,18	2 386 663
10 001 – 50 000	240	14,12	5 920 052
50 001 – 100 000	82	4,82	5 718 397
100 001 – 500 000	106	6,23	24 242 363
500 001 – 1 000 000	17	1,00	12 128 584
1 000 001 shares and over	37	2,18	157 615 763
<b>Total</b>	<b>1 700</b>	<b>100,00</b>	<b>208 216 175</b>

## PUBLIC AND NON-PUBLIC SHAREHOLDERS

	Shares held	%	Number of shareholders
Public	184 946 090	88,82	1 692
Non-public	23 270 085	11,18	8
- Directors' direct holdings	9 663 259	4,64	5
- Directors' indirect holdings	13 566 826	6,52	2
- Directors' associates	40 000	0,02	1
	<b>208 216 175</b>	<b>100,00</b>	<b>1 700</b>

# STATED CAPITAL AND RELATED-PARTY TRANSACTIONS

## STATED CAPITAL

	GROUP		COMPANY	
	2019 R	2018 R	2019 R	2018 R
<b>Authorised</b>				
1 000 000 000 ordinary shares with no par value				
<b>Issued – ordinary shares with no par value</b>				
206 342 821 (2018: 202 969 487) shares at the beginning of the period	644 443 723	635 403 188	644 443 723	635 403 188
1 873 354 (2018: 3 373 334) shares issued during the period	3 559 372	9 040 535	3 559 372	9 040 535
<b>208 216 175 (2018: 206 342 821) shares at the end of the period</b>	<b>648 003 095</b>	<b>644 443 723</b>	<b>648 003 095</b>	<b>644 443 723</b>

## SHARE-BASED PAYMENTS

	Number R	Weighted exercise price R	Total value R
<b>Share options granted on 15 October 2010</b>	10 000 000	2,68	26 800 000
Exercised in 2014	(304 333)		
Exercised in 2015	(1 950 666)		
Exercised in 2016	(298 639)		
Exercised and expired in 2017	(1 102 502)		
Exercised and expired in 2018	(6 343 860)		
Outstanding at 31 March 2018	-		
Outstanding at 31 March 2019	-		
<b>Share options granted on 29 June 2012</b>	3 500 000	1,90	6 650 000
Exercised in 2015	(750 000)		
Exercised in 2016	(13 313)		
Exercised and expired in 2017	(113 333)		
Outstanding at 31 March 2018	2 623 354		
Exercised in 2019	-		
Outstanding at 31 March 2019	2 623 354		
<b>Share options granted on 31 August 2012</b>	1 500 000	1,90	2 850 000
Exercised in 2015	(250 000)		
Exercised in 2016	-		
Exercised in 2017	(500 000)		
Outstanding at 31 March 2018	750 000		
Exercised in 2019	-		
Outstanding at 31 March 2019	750 000		
<b>Share options granted on 10 December 2014</b>	1 565 000	6,80	10 642 000
Exercised in 2016	-		
Resignation prior to vesting 2017	(100 000)		
Outstanding at 31 March 2018	1 465 000		
Exercised in 2019	-		
Outstanding at 31 March 2019	1 465 000		
<b>Share options granted on 31 March 2016</b>	1 630 000	4,40	7 172 000
Exercised in 2018	-		
Outstanding at 31 March 2018	1 630 000		
Outstanding at 31 March 2019	1 630 000		
<b>Share options granted on 30 June 2017</b>	1 905 000	3,00	5 715 000
Exercised in 2019	-		
Outstanding at 31 March 2019	1 905 000		
Total outstanding at 31 March 2018	8 373 354		
Total outstanding at 31 March 2019	8 373 354		
Total exercisable at 31 March 2018	3 861 687		
Total exercisable at 31 March 2019	4 893 354		

# STATED CAPITAL AND RELATED-PARTY TRANSACTIONS (continued)

## RELATED PARTIES

	GROUP		COMPANY	
	2019 R	2018 R	2019 R	2018 R
<b>Related-party balances</b>				
<b>Loan accounts - owing by/(to) related parties</b>				
Métier Mixed Concrete Proprietary Limited	-	-	(142 828 494)	(140 903 628)
Cross Company Management Proprietary Limited	9 845 327	7 385 954	9 845 327	7 385 954
Sephaku Investment Holdings Proprietary Limited	-	-	10 249	10 249
Incubex Minerals Limited	-	2 000 000	-	2 000 000
Union Atlantic Minerals Limited (previously Miranda Mineral Holdings Limited)	1 073 054	1 073 054	1 073 054	1 073 054
<b>Amounts included in trade receivables/(trade payables) regarding related parties</b>				
WKRD Properties Proprietary Limited	-	(92 668)	-	-
Plazatique Corp 27 CC	-	(51 619)	-	-
Dangote Cement South Africa Proprietary Limited	(3 247 449)	(8 508 007)	-	-
<b>Related-party transactions</b>				
<b>Purchases from related parties</b>				
Dangote Cement South Africa Proprietary Limited	86 018 809	87 857 887	-	-
<b>Rent paid to/(received from) related parties</b>				
Plazatique Corp 27 CC	1 156 696	1 061 189	-	-
WKRD Properties Proprietary Limited	737 907	5 533 289	-	-
Métier Mixed Concrete Proprietary Limited	-	-	(3 309 696)	(3 182 400)
Dangote Cement South Africa Proprietary Limited	299 900	296 081	299 900	296 081
<b>Fees paid to/(received from) related parties for management services, overheads and salaries</b>				
Métier Mixed Concrete Proprietary Limited	-	-	(8 400 000)	(8 400 000)
<b>Consulting fees paid to/(received from) related parties</b>				
Plazatique Corp 27 CC	200 000	-	-	-
<b>Utilities paid to/(received from) related parties</b>				
WKRD Properties Proprietary Limited	788 419	6 717 753	-	-
Plazatique Corp 27 CC	519 217	527 854	-	-
Métier Mixed Concrete Proprietary Limited	-	-	(1 303 264)	(205 307)
<b>Administration fees paid to/(received from) related parties</b>				
WKRD Properties Proprietary Limited	7 800	-	-	-
<b>Recoveries received from related parties</b>				
Cato Ridge Quarry Proprietary Limited	-	40 754	-	-
Dangote Cement South Africa Proprietary Limited	-	5 000	-	-
<b>Interest paid to related parties</b>				
Métier Mixed Concrete Proprietary Limited	-	-	1 323 100	1 140 703

# FORM OF PROXY

For use only by shareholders who:

- hold shares in certificated form (certificated ordinary shareholders); or
- have dematerialised their ordinary shares (dematerialised ordinary shareholders) and are registered with “own name” registration,

at the annual general meeting (AGM) to be held on Thursday, 12 September 2019 at 11:00 at the The JSE Dining Room, 9th Floor, Johannesburg Stock Exchange, 2 Gwen Lane, Sandown in Sandton, or any postponement or adjournment of this meeting.

Dematerialised ordinary shareholders holding ordinary shares other than with “own name” registration who wish to attend the AGM must inform their Central Securities Depository Participant (CSDP) or broker of their intention to attend the AGM and request their CSDP or broker to issue them with the relevant Letter of Representation to attend the AGM in person or by proxy and vote. If they do not wish to attend the AGM in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. **These ordinary shareholders must not use this form of proxy.**



**Sephaku Holdings Limited**

Incorporated in the Republic of South Africa  
 Registration number: 2005/003306/06  
 JSE share code: SEP  
 ISIN: ZAE000138459

I/We (please print names in full)

of (address)

Contact numbers (landline)

(mobile)

Email address

being the registered holder(s) of

ordinary shares in the capital of Sephaku Holdings does hereby appoint:

1. \_\_\_\_\_ or failing him/her;

2. \_\_\_\_\_ or failing him/her;

the chairman of the AGM as my/our proxy to act for me/us and on my/our behalf at the AGM for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any postponement or adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name/s, in accordance with the following instructions:

		Number of ordinary shares		
		For	Against	Abstain
<b>Ordinary resolutions</b>				
1.	Reappointment of independent external auditor			
2.	Re-election of directors			
2.1	Re-election of MJ Janse van Rensburg as an independent non-executive director			
2.2	Re-election of MM Ngoasheng as an independent non-executive director			
3.	Election of the chairman and members of the audit and risk committee			
3.1	Election of MJ Janse van Rensburg as a member and chairman of the audit and risk committee			
3.2	Election of B Williams as a member of the audit and risk committee			
3.3	Election of B Bulu as a member of the audit and risk committee			
4.	Non-binding advisory vote (comprising non-binding advisory vote numbers 4.1 And 4.2, all inclusive)			
4.1	Endorsement of the remuneration policy			
4.2	Endorsement of the implementation report			
5.	Signature of documents			
6.	General authority to issue shares			
<b>Special resolutions</b>				
7.	General authority to repurchase securities			
8.	Non-executive directors' remuneration			
9.	Financial assistance for any beneficiary participating in any SepHold group incentive scheme			
10.	Financial assistance for present or future subsidiaries			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.

A member entitled to attend and vote at the AGM may appoint one or more proxies to attend and act in his stead. A proxy so appointed need not be a member of SepHold.

Signed at

on

2019

Signature:

Assisted by me (where applicable)

Landline number

Mobile number

# NOTES TO THE FORM OF PROXY

1. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in "own name".
  2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the AGM must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
  3. A shareholder entitled to attend and vote at the AGM may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of the Company) of the shareholder's choice in the space provided, with or without deleting "the chairman of the AGM". The person whose name stands first on this form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the chairman of the meeting.
  4. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
  5. A vote given in terms of an instrument of proxy shall be valid in relation to the AGM notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than 48 hours before the commencement of the AGM.
  6. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the AGM be proposed, such proxy shall be entitled to vote as he/she thinks fit.
  7. The chairman of the AGM may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
  8. A shareholder's authorisation to the proxy including the chairman of the AGM, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the AGM.
  9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
  10. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer secretaries or waived by the chairman of the AGM.
  11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the company.
  12. Where there are joint holders of ordinary shares:
    - any one holder may sign the form of proxy; and
    - the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the Company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
  13. Forms of proxy should be lodged with or mailed to The Meeting Specialist Proprietary Limited:

<b>Hand deliveries to:</b> The Meeting Specialist Proprietary Limited JSE Building One Exchange Square Gwen Lane Sandown 2196	<b>Postal deliveries to:</b> The Meeting Specialist Proprietary Limited PO Box 62043 Marshalltown 2107
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- To be received by no later than 11:00 on Tuesday, 10 September 2019 (or 48 hours before any postponement or adjournment of the AGM which date, if necessary, will be notified on SENS) or may be handed to the chairman of the AGM before voting on a particular resolution commences. Thereafter, forms of proxy may be handed to the chairman of the AGM, at the AGM, before voting on a particular resolution commences.
14. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.
  15. Summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act:
    - A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the relevant shareholders' meeting.
    - A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.
    - The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.
    - The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. 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 (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the company as required in the first sentence of this paragraph.
    - If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is 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 (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.
    - A proxy is entitled to exercise, or abstain from exercising, any voting rights of the shareholder without direction, except to the extent that the instrument appointing the proxy provides otherwise.
    - The appointment of the proxy utilising the form of proxy attached to the notice of AGM remains valid only until the end of the AGM or any postponement or adjournment thereof.

# CORPORATE INFORMATION

## DIRECTORS

B Williams\* (chairman)

MJ Janse van Rensburg\*

B Bulu\*

MM Ngoasheng\*

Dr L Mohuba<sup>o</sup> (chief executive officer)

NR Crafford-Lazarus<sup>o</sup> (financial director)

PF Fourie

<sup>o</sup> *Executive*

\* *Independent*

## COMPANY SECRETARY

Acorim Proprietary Limited

Email: [sephaku@acorim.co.za](mailto:sephaku@acorim.co.za)

Telephone: +27 11 325 6363

## REGISTERED OFFICE

Southdowns Office Park

First Floor, Block A

Cnr Karee and John Vorster Streets

Irene, X54

0062

PO Box 7651

Centurion

0046

Website: [www.sephakuholdings.com](http://www.sephakuholdings.com)

## TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited

Rosebank Towers, 15 Biermann Avenue,

Rosebank, Johannesburg, 2196

PO Box 61051, Marshalltown, 2107

Telephone: +27 11 370 5000

## JSE SPONSOR

Questco Corporate Advisory Proprietary Limited

Telephone: +27 11 011 9200

## AUDITORS

BDO South Africa Incorporated

Chartered Accountants (SA)

Registered auditors

## BANKERS

Nedbank

## MÉTIER MIXED CONCRETE (WHOLLY OWNED SUBSIDIARY)

Physical address: Romead Business Park, 23 Malone Road,

Maxmead, 3610

Postal address: Postnet Suite #546, Private Bag x4, Kloof, 3640

Telephone: +27 31 716 3600/0861 638437

Website: [www.metiersa.co.za](http://www.metiersa.co.za)

## DANGOTE CEMENT SOUTH AFRICA PROPRIETARY LIMITED (ASSOCIATE)

Physical address: Southdowns Office Park, Block A, Ground Floor

Cnr Karee and John Vorster Streets, Irene, X54, 0062

Postal address: PO Box 68149, Highveld, 0169

Telephone: +27 12 684 6300

Website: [www.sephakucement.co.za](http://www.sephakucement.co.za)

## INVESTOR RELATIONS

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